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

FORM T-3

FOR APPLICATION FOR QUALIFICATION OF INDENTURE
UNDER THE TRUST INDENTURE ACT OF 1939

USEC Inc.
United States Enrichment Corporation
(Name of Applicants)

Two Democracy Center
6903 Rockledge Drive
Bethesda, Maryland 20817
(Address of Principal Executive Offices)

SECURITIES TO BE ISSUED UNDER THE INDENTURE TO BE QUALIFIED

TITLE OF CLASS	AMOUNT
8.0% PIK Toggle Notes due 2019/2024	Aggregate principal amount of $240,380,000[1]

Approximate Date Of Proposed Public Offering:
On the Effective Date of USEC Inc.'s Plan of Reorganization

Peter B. Saba
Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary
Two Democracy Center
6903 Rockledge Drive
Bethesda, Maryland 20817
(301) 564-3391
(Name and Address of Agent for Service)

With a copy to:

Scott C. Herlihy, Esq.
Latham & Watkins, LLP
555 Eleventh Street, NW, Suite 1000
Washington, D.C. 20004-1304
(202) 637-2392

The Applicants hereby amend this Application for Qualification on such date or dates as may be necessary to delay its effectiveness until: (i) the 20th day after the filing of an amendment which specifically states that it shall supersede this Application for Qualification, or (ii) such date as the Securities and Exchange Commission, acting pursuant to Section 307(c) of the Trust Indenture Act of 1939, may determine upon the written request of the Applicants.

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[1] Subject to the payment of interest in the form of PIK Payments (as defined in the New Indenture) not to exceed $152.4 million in aggregate principal amount.

GENERAL

1. ***General Information.***

(a) (1) *The Issuer*. The issuer of the New Notes (as defined below) will be USEC Inc., a Delaware corporation (the "Issuer").

(2) *The Guarantor*. United States Enrichment Corporation, a Delaware corporation (the "Guarantor), will guarantee the New Notes.

The Issuer and the Guarantor are referred to collectively herein as the "Applicants."

(b) See the information provided in response to Item 1(a) hereto.

2. ***Securities Act Exemption Applicable.***

On March 5, 2014, the Issuer commenced a case under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") by filing a petition for relief in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") (Case No. 14-10475 (CSS)). The Issuer continues to manage its properties and operate its business as a "debtor-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with Sections 1107(a) and 1108 of the Bankruptcy Code. The Guarantor is a wholly-owned subsidiary and affiliate of the Issuer. The Guarantor has not filed for bankruptcy but is a co-proponent and participant in the Plan (as defined below) for the limited purpose set forth in the Plan.

On March 5, 2014, the Issuer filed a Plan of Reorganization (as subsequently amended, the "Plan") with the Bankruptcy Court. The terms of the Plan are described in the Disclosure Statement accompanying the Plan, dated as of July 11, 2014 (the "Disclosure Statement"), which is attached hereto as Exhibit T3E-1, and a copy of the Plan is appended to the Disclosure Statement. The Issuer expects to emerge from bankruptcy as soon as possible after the date that the Bankruptcy Court approves the Plan. We refer to the date that the Issuer emerges from bankruptcy as the "Effective Date."

The Issuer intends to offer its 8.0% PIK Toggle Notes due 2019/2024 (the "New Notes") pursuant to the Plan and the Disclosure Statement. The Issuer anticipates issuing on the Effective Date $240,380,000 in New Notes. Under the Plan, the Issuer expects to issue additional New Notes pursuant to PIK Payments during the time the New Notes are outstanding. The New Notes will be offered to (i) the holders of the Issuer's 3% Convertible Senior Notes due 2014 (the "Old Notes") and (ii) the two holders of the Issuer's outstanding Series B-1 12.75% convertible preferred stock (the "Old Preferred Stock") and outstanding warrants to purchase shares of the Old Preferred Stock (the "Warrants" and, together with the Old Preferred Stock, the "Preferred Stock Interests"), in each case in partial satisfaction of such claims and interests. The New Notes and any additional New Notes issued as PIK Payments are to be issued pursuant to the indenture to be qualified under this Form T-3 (the "New Indenture"), among the Issuer, the Guarantor and CSC Trust Company of Delaware, as trustee and collateral agent (the "Trustee"), a form of which is attached hereto as Exhibit T3C. The obligations of the Issuer under the New Indenture will be guaranteed on a limited basis by the Guarantor (the "Guarantee").

The Issuer and the Guarantor are relying on Section 1145(a)(1) of the Bankruptcy Code to exempt the offer, exchange and distribution of the New Notes and the Guarantee pursuant to the Plan from the registration requirements of the Securities Act of 1933, as amendment (the "Securities Act") and state securities and "blue sky" laws. Generally, Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a bankruptcy plan of reorganization from registration under the Securities Act and under equivalent state securities and "blue sky" laws if the following requirements are satisfied: (1) the securities are issued by the debtor or an affiliate of the debtor participating with the debtor under a plan of reorganization; (2) the recipients of the securities hold a claim against the debtor or such affiliate, an interest in the debtor or such affiliate or a claim for an administrative expense against the debtor or such affiliate; and (3) the securities are issued entirely in exchange for the recipient's claim against or interest in the debtor or such affiliate or are issued "principally" in such exchange and "partly" for cash or property. The Issuer, as the debtor under the Plan, and the Guarantor, as an affiliate of the debtor acting as a co-proponent and participant in the Plan, believe that the offer and issuance of the New Notes and the Guarantee for interests in the Old Notes and the Preferred Stock Interests as part of the consideration given to the holders of the Old Notes and the Preferred Stock Interests under the Plan will satisfy the requirements of Section 1145(a)(1) of the Bankruptcy Code and therefore are exempt from the registration requirements referred to above.

AFFILIATIONS

3. ***Affiliates.***

For purposes of this Application only, the directors and executive officers of each of the Applicants may be deemed to be "affiliates" of such Applicant. See Item 4 ("Directors and Executive Officers") for a list of the directors and executive officers of each Applicant, which is incorporated herein by reference.

The following list sets forth the entities that may be deemed to be affiliates of the Issuer and the Guarantor as of the date of this Application (note that the jurisdictions of incorporation or organization of all entities presented is Delaware, and that the term "owns" indicates 100% ownership of all voting securities unless another percentage is noted):

1. The Issuer owns (i) the Guarantor and (ii) American Centrifuge Holdings, LLC.
2. American Centrifuge Holdings, LLC owns:
   - (a) American Centrifuge Technology, LLC
   - (b) American Centrifuge Demonstration, LLC
   - (c) American Centrifuge Operating, LLC;
   - (d) American Centrifuge Enrichment, LLC; and
   - (e) American Centrifuge Manufacturing, LLC.

Following the completion of the transactions described in the Disclosure Statement, the organizational structure described above will remain the same from the level of the Issuer and below, and the ownership of the Issuer will be split among a number of persons, including holders of Old Notes, holders of Preferred Stock Interests and the existing holders of the Issuer's common stock, who will receive shares of new common stock pursuant to the Plan. Information concerning persons who are expected to own 10 percent or more of the voting securities of the Issuer immediately following the completion of the transactions described in the Disclosure Statement is set forth in Item 5 hereto ("Principal Owners of Voting Securities").

MANAGEMENT AND CONTROL

4. ***Directors and Executive Officers.***

As of the date of this Application, the names of the directors and executive officers of the Issuer are set forth below. The mailing address for each director and executive officer is: Two Democracy Center, 6903 Rockledge Drive, Bethesda, Maryland 20817, and each person's telephone number is (301) 564-3391:

Name	Position at Issuer
James R. Mellor	Chairman and Director
Joseph T. Doyle	Director
Sigmund L. Cornelius	Director
Michael Diament	Director
William J. Madia	Director
Hiroshi Sakamoto	Director
Walter E. Skowronski	Director
M. Richard Smith	Director
Mikel H. Williams	Director
John Welch	President and Chief Executive Officer
John Barpoulis	Senior Vice President and Chief Financial Officer
Peter Saba	Senior Vice President, General Counsel, Chief Compliance Officer & Corporate Secretary
Philip Sewell	Senior Vice President & Chief Development Officer
Robert Van Namen	Senior Vice President & Chief Operating Officer
Marian K. Davis	Vice President and Chief Audit Executive
John M.A. Donelson	Vice President, Marketing, Sales and Power
Stephen S. Greene	Vice President, Finance and Treasurer
J. Tracy Mey	Vice President and Chief Accounting Officer
E. John Neumann	Vice President, Government Relations
Stephen R. Penrod	Vice President, Enrichment Operations
Richard V. Rowland	Vice President, Human Resources
Paul E. Sullivan	Vice President, American Centrifuge and Chief Engineer

As of the date of this Application, the names of the directors and executive officers of the Guarantor are set forth below. The mailing address for each director and executive officer is: Two Democracy Center, 6903 Rockledge Drive, Bethesda, Maryland 20817, and each person's telephone number is (301) 564-3391:

Name	Position at Guarantor
John K. Welch	President and Chief Executive Officer and Director
James R. Mellor	Director
Arthur D. Kowaloff	Director
Richard Nevins	Director
James B. Shein	Director
John C. Barpoulis	Senior Vice President and Chief Financial Officer
Peter B. Saba	Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary
Philip G. Sewell	Senior Vice President and Chief Development Officer
Robert Van Namen	Senior Vice President and Chief Operating Officer
Marian Davis	Vice President and Chief Audit Executive
John M.A. Donelson	Vice President, Marketing, Sales and Power
Stephen S. Greene	Vice President, Finance and Treasurer
J. Tracy Mey	Vice President and Chief Accounting Officer
E. John Neumann	Vice President, Government Relations
Steven R. Penrod	Vice President, Enrichment Operations
Richard V. Rowland	Vice President, Human Resources
Paul E. Sullivan	Vice President and Chief Engineer

The Plan provides that the Issuer's executive officers will continue to serve in their same respective capacities after the Issuer is reorganized under the Plan until replaced or removed in accordance with the Issuer's new governing documents that will be entered into in connection with the Plan, subject to regulatory compliance. The Issuer's Board after the Plan will be an eleven-person board but will initially have ten members, with one position vacant. The following individuals have been designated to serve as the initial ten members of the Board after the Plan has been implemented: John K. Welch, Michael Diament, Osbert Hood, Patty Jamieson, W. Thomas Jagodinski, Suleman E. Lunat, William J. Madia, Michael P. Morrell, Hiroshi Sakamoto and Mikel H. Williams. Four of these individuals (Mr. Welch, Dr. Madia, Mr. Diament and Mr. Williams) will continue from the existing Board; one individual (Mr. Sakamoto) will continue as the designee of Toshiba America Nuclear Energy Corporation; and the remaining five will be new members (Mr. Hood, Ms. Jamieson, Mr. Jagodinski, Mr. Lunat and Mr. Morrell). The vacant position is available to be filled by Babcock & Wilcox Investment Company should it elect, at its discretion, to appoint a designee to the new Board. Toshiba America Nuclear Energy Corporation and Babcock & Wilcox Investment Company are both holders of Preferred Stock Interests and, following the Effective Date, will be holders of the Issuer's new Class B common stock and of the New Notes.

No change to the directors or executive officers of the Guarantor is currently contemplated after the Issuer is reorganized under the Plan.

The mailing address for each post-effective director and executive officer will be: Two Democracy Center, 6903 Rockledge Drive, Bethesda, Maryland 20817, and each person's telephone number is (301) 564-3391.

5. ***Principal Owners of Voting Securities.***

The ownership structure of Issuer and the Guarantor both prior to and following the completion of the transactions described in the Disclosure Statement is as set forth in Item 3 hereto ("Affiliates"). As of the date of this Application, there is no person who owns 10% or more of the currently outstanding voting securities of the Issuer.

The table below sets forth the name and complete address, title of class, amount owned and percentage of voting securities for each person who is expected to own 10 percent or more of any of the voting securities of the Issuer immediately following the completion of the transactions described in the Disclosure Statement, based on ownership of Old Notes and Preferred Stock Interests as of the date of this Application. Following the completion of the transactions described in the Disclosure Statement, the Guarantor will continue to be a wholly-owned subsidiary of the Issuer.

Name and Complete Mailing Address	Title of Class	Amount Owned (1)	Percentage of Voting Securities Owned(2)
Prospector Partners Asset Management, LLC 370 Church Street Guilford, CT 06437	Class A common stock	938,526 shares	12.4%

(1) Based on information available as of the date of this Application regarding ownership of the Old Notes. Holders of the Issuer's new Class B common stock will generally not be entitled to vote such shares, subject to the exceptions described in Item 7(b) hereof.

(2) Excludes 1,000,000 shares of class A common stock to be issued or reserved for issuance on account of stock options, stock appreciation rights, restricted stock units and/or other forms of equity-based awards granted under new management incentive plans.

UNDERWRITERS

6. ***Underwriters.***

(a) No person, within three years prior to the date of filing this Application, has acted as an underwriter of any of the Applicants' securities.

(b) Not applicable.

CAPITAL SECURITIES

7. ***Capitalization.***

(a) (1) *The Issuer.* As of the date of this Application, the Issuer had the following securities authorized and outstanding:

Title of Class	Amount Authorized	Amount Outstanding
Common stock, par value $0.10 per share	250,000,000 shares	4,948,135 shares
Series B-1 12.75% convertible preferred stock, par value $1.00 per share (1)	25,000,000 shares	75,000 shares
3% Convertible Senior Notes due 2014	$ 575,000,000	$ 530,000,000

(1) Holders of the preferred stock hold warrants to purchase shares of preferred stock convertible into 6.25 million shares of the Issuer's common stock upon the occurrence of certain events, including the sale of the Issuer.

Following the effectiveness of the Plan, the Issuer expects to have the following securities authorized and outstanding:

Title of Class	Amount Authorized	Amount Outstanding
Class A common stock, par value $1.00 per share	70,000,000 shares	7,563,600 shares(1)
Class B common stock, par value $1.00 per share	30,000,000 shares	1,436,400 shares
Preferred stock, par value $1.00 per share	20,000,000 shares	0 shares
8.0% PIK Toggle Notes due 2019/2024	$ 240,380,000(2)	$ 240,380,000(2)

(1) Excludes 1,000,000 shares of class A common stock to be issued or reserved for issuance on account of stock options, stock appreciation rights, restricted stock units and/or other forms of equity-based awards granted under new management incentive plans.

(2) Subject to the payment of interest in the form of PIK Payments not to exceed $152.4 million in aggregate principal amount.

(2) *The Guarantor*. The only securities currently authorized by the Guarantor are its common stock, par value $0.01 per share. As of the date of this Application, 1,000 shares of the Guarantor's common stock are authorized and 500 shares of the Guarantor's common stock are outstanding and held by the Issuer. The Guarantor's common stock will remain outstanding after the Issuer is reorganized under the Plan. The obligations of the Issuer under the New Indenture will be guaranteed on a limited basis by the Guarantor.

(b) (1) *The Issuer*.

(A) Holders of the Issuer's common stock are entitled to one vote per share.

(B) Holders of the Old Preferred Stock are generally not entitled to vote such shares, other than, subject to certain limitations, (i) to elect two directors and (ii) voting together as a single class to the exclusion of holders of the Issuer's common stock and any other series of preferred stock, with respect to (A) any amendment, alteration or repeal of any provision of the Issuer's new Certificate of Incorporation that will be executed in connection with the Plan or to the Certificate of Designations related to the Old Preferred Stock so as to adversely affect the power, preferences and relative participating, optional and other rights of holders of the Old Preferred Stock, (B) the declaration or payment of any dividend or distribution of common stock or other series of capital stock ranking junior to the Old Preferred Stock, (C) the purchase, redemption or other acquisition for consideration by the Issuer of any common stock or other series of capital stock ranking junior or equal to the Old Preferred Stock and (D) the issuance of any class or series of capital stock ranking equal or senior to the Old Preferred Stock.

(C) Holders of the Issuer's new Class A common stock to be issued on or after the Effective Date will be entitled to one vote for each Class A share held of record on all matters submitted to a vote of stockholders of the Issuer, *provided*, *however*, that unless otherwise required by law, Class A shares will not be entitled to vote on any amendment to the Issuer's new Certificate of Incorporation that will be executed in connection with the Plan and that relates solely to one or more outstanding series of preferred stock or Class B shares if the holders of such affected class are entitled to vote upon such amendment, either separately or together with another class or series of stock.

(D) The holders of the Issuer's new Class B common stock to be issued on or after the Effective Date will generally not be entitled to vote such shares, other than, subject to certain limitations, (i) to elect two directors and (ii) voting together with the Class A shares, as a single class, with respect to any merger or sale of substantially all of the Issuer's assets that must be submitted to the stockholders pursuant to Delaware law.

(E) No preferred stock of the Issuer will be issued pursuant to the Plan.

(2) *The Guarantor.* The holder of the Guarantor's common stock is entitled to one vote per share.

INDENTURE SECURITIES

8. ***Analysis of Indenture Provisions.***

The New Notes will be issued under the New Indenture. The following is a general description of certain provisions of the New Indenture, and the description is qualified in its entirety by reference to the Form of Indenture Relating to the New Notes filed as Exhibit T3C hereto. All capitalized and otherwise undefined terms shall have the meanings assigned to them in the New Indenture.

(a) Events of Default.

Each of the following constitutes an "Event of Default" under the New Indenture:

1. the Issuer defaults in the payment of interest on any Note when the same becomes due and payable and the Default continues for a period of thirty (30) days;

2. the Issuer defaults in the payment of principal (or premium, if any) on any Note when the same becomes due and payable at the Maturity Date, upon redemption, by acceleration or otherwise;

3. the Issuer defaults in the performance of or breaches the provisions of Article 5 of the New Indenture (Merger, Consolidation or Sale of Substantially All Assets);

4. either of the Issuer or the Guarantor fails to comply with any of its other agreements or covenants in, or provisions of, the Notes or the New Indenture and the Default continues for sixty (60) days after written notice thereof has been given to the Issuer and Guarantor by the Trustee or to the Issuer and the Trustee by the Holders of at least twenty-five percent (25%) in aggregate principal amount of the then outstanding Notes, such notice to state that it is a "Notice of Default" (other than a default referred to in clauses 1., 2. or 3. of this paragraph);

5. default under (after giving effect to any applicable grace periods or any extension of any maturity date) any mortgage, indenture, agreement or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by the Issuer or any Subsidiary (or the payment of which is guaranteed by the Issuer or any Subsidiary), whether such Indebtedness or guaranty now exists or is created after the Issue Date, if (A) either (1) such default results from the failure to pay principal of or interest on such Indebtedness or (2) as a result of such default the maturity of such Indebtedness has been accelerated, and (B) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness with respect to which such a payment default (after the expiration of any applicable grace period or any extension of the Maturity Date) has occurred, or the maturity of which has been so accelerated, exceeds $10,000,000 in the aggregate;

6. a final nonappealable judgment or judgments for the payment of money (other than judgments as to which a reputable insurance company has accepted full liability) is or are entered by a court or courts of competent jurisdiction against the Issuer or any Subsidiary and such judgment or judgments remain undischarged, unbonded or unstayed for a period of sixty (60) days after entry, *provided* that, the aggregate of all such judgments exceeds $5,000,000;

7. any failure by the Guarantor to comply with (after giving effect to any applicable grace periods) any material agreement or covenant in, or material provision of, any Security Document or the Intercreditor Agreement;

8. the Issuer or the Guarantor: (1) commences a voluntary case pursuant to or within the meaning of any Bankruptcy Code, (2) consents to the entry of an order for relief against it in an involuntary case pursuant to or within the meaning of any Bankruptcy Code, (3) consents to the appointment of a Custodian of it or for all or substantially all of its property, (4) makes a general assignment for the benefit of its creditors, or (5) generally is not paying its debts as the same become due;

9. a court of competent jurisdiction enters an order or decree under any Bankruptcy Code: (1) for relief against the Issuer or the Guarantor in an involuntary case, (2) appointing a Custodian of the Issuer or the Guarantor or for all or substantially all of their property, or (3) ordering the liquidation of the Issuer or the Guarantor, and such order or decree remains unstayed and in effect for sixty (60) days; and

10. the Guarantor denies or disaffirms its obligations under the New Indenture or any Guarantee and such Default continues for ten (10) days.

The New Indenture provides that the Trustee shall, within ninety (90) days of the occurrence of a Default or Event of Default, mail to the Holders a notice of Default of Event of Default if the Trustee has knowledge thereof. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

If an Event of Default specified in clause 8. or clause 9. of the first paragraph of this Item 8(a) occurs, with respect to the Issuer or the Guarantor, all outstanding Notes shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. Subject to the terms of the Intercreditor Agreement, if an Event of Default (other than an Event of Default specified in clause 8. or clause 9. of the first paragraph of this Item 8(a)) occurs and is continuing, the Trustee by written notice to the Issuer, or the Holders of at least twenty-five percent (25%) in principal amount of the then outstanding Notes by written notice to the Issuer and the Trustee, may declare the unpaid principal of and any accrued and unpaid interest on all the Notes to be due and payable. Such declaration may be rescinded or annulled with the written consent of the holders of a majority in aggregate principal amount of the Notes then outstanding upon the conditions provided in the New Indenture.

The New Indenture provides that, subject to the Intercreditor Agreement and the Security Documents, the Holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the New Indenture, the Intercreditor Agreement or the Security Documents that the Trustee determines may be unduly prejudicial to the rights of other Holders, or that may involve the Trustee in personal liability.

(b) Authentication and Delivery of the Notes and Application of Proceeds.

At least one Officer of the Issuer shall sign the Notes for the Issuer by manual or facsimile signature. If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note shall nevertheless be valid.

A Note signed by the Issuer in accordance with Section 2.02 of the New Indenture shall not be valid until authenticated by the manual signature of the Trustee. The signature of the Trustee shall be conclusive evidence that the Note has been authenticated under the New Indenture.

The Trustee shall, upon receipt of an Issuer Order, authenticate and deliver securities for original issue on the date of the New Indenture in the aggregate principal amount of $240,380,000. In addition, the Trustee shall, upon an Issuer Order, (i) authenticate PIK Notes (as defined in the New Indenture) that may be validly issued under the New Indenture and (ii) increase the principal amount of any Global Note as a result of a PIK Payment (as defined in the New Indenture), which amount shall be communicated to the Trustee. The aggregate principal amount of Notes that may be authenticated and delivered under the New Indenture is unlimited.

There will be no proceeds resulting from the issuance of the Notes on the date of the New Indenture.

(c) Release of Property Subject to Lien.

Subject to compliance with TIA Section 314(d) relating to the release of property from the security interests created by the New Indenture and the Security Documents and compliance with the other provisions of Section 10.05 of the New Indenture, Collateral shall be released from the Liens created by the Security Documents and the rights of the Holders of such Secured Obligations to the benefits and proceeds of the Liens on the Collateral, and the obligations of the Guarantor under the Security Documents, will automatically terminate and be discharged:

1. upon payment in full of the Notes and all other Obligations under the New Indenture, the Notes and the Security Documents then due and owing;

2. upon the sale, transfer, exchange or other disposition of such Collateral made in accordance with Section 4.10 of the New Indenture (Limitation on Transfers of Collateral);

3. pursuant to an amendment or waiver in accordance with Article 9 of the New Indenture (Amendments);

4. as permitted or required pursuant to the terms of the Security Documents or the Intercreditor Agreement;

5. upon satisfaction and discharge of the Notes pursuant to Article 12 of the New Indenture (Satisfaction and Discharge) or upon a Legal Defeasance or Covenant Defeasance; or

6. other than with respect to the Unconditional Interest Claim, upon (A) the involuntary termination by the PBGC of any of the qualified pension plans of the Issuer or the Guarantor, (B) the cessation of funding prior to completion of the RD&D Program or (C) both an ACP Termination and either (1) the efforts by the Issuer to commercialize another next generation enrichment technology funded at least in part by new capital provided or to be provided by the Guarantor have been terminated or are no longer being pursued or (2) the attainment of capital necessary to commercialize another next generation enrichment technology with respect to which the Issuer is involved which does not include new capital provided or to be provided by the Guarantor.

Upon release of the Collateral, or any portion thereof, from the Subordinated Liens, in each case in accordance with clause 2. or clause 4. of the preceding paragraph, all rights, title and interest of the Collateral Agent therein shall thereupon cease and, at the written request of the Guarantor and at the cost and expense the Guarantor, the Collateral Agent (i) shall execute such instruments as the Guarantor may reasonably request to evidence such release of record and (ii) if the Collateral so released is in possession of the Collateral Agent, the Collateral Agent shall deliver such Collateral to the Guarantor as directed in such written request. Upon release of the Collateral, or any portion thereof, from the Subordinated Liens in accordance with the requirements described above (other than clause 2. or clause 4.) of the preceding paragraph), the Trustee shall not direct the Collateral Agent to release any Subordinated Lien on any Collateral unless and until the Trustee shall have received an Officers' Certificate certifying that all conditions precedent hereunder have been met and such other documents required by TIA Section 314(d), as described in Section 10.05 of the New Indenture. Upon compliance with the above provisions, the Trustee shall direct the Collateral Agent to, at the request and expense of the Issuer, execute and deliver the release of any Collateral permitted to be released pursuant to the New Indenture or the Security Documents.

The release of any Collateral from the terms of the Security Documents shall not be deemed to impair the security under the New Indenture in contravention of the provisions described above and of the Security Documents if and to the extent the Collateral is released pursuant to the terms of the New Indenture and the Security Documents.

(d) Satisfaction and Discharge.

The New Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, except that the Issuer's and the Guarantor's obligations under Section 7.07 of the New Indenture (Compensation and Indemnity) and the Trustee's and the Paying Agent's obligations under Section 8.06 of the New Indenture (Repayment to the Issuer) and Section 8.07 of the New Indenture (Reinstatement) shall survive, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one (1) year and the Issuer or the Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and interest, if any, to the Maturity Date or redemption date;

(2) in respect of subclause (b) of clause (1) above, no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or the Guarantor is a party or by which the Issuer or the Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings);

(3) the Issuer or the Guarantor has paid or caused to be paid all sums payable by it under the New Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the New Indenture to apply the deposited money toward the payment of the Notes at the Maturity Date or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent under the New Indenture relating to the satisfaction and discharge have been satisfied.

(e) Evidence of Compliance with Conditions and Covenants.

The Issuer will deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate (*provided* that, one of the signatories to such Officers' Certificate shall be the principal executive officer, principal financial officer or principal accounting officer of the Issuer) stating that as to each such Officer signing such certificate, to the best of his or her knowledge, the Issuer and the Guarantor are not in default in the performance or observance of any of the terms, provisions and conditions of the New Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuer or the Guarantor, as applicable, is taking or proposes to take with respect thereto).

The Issuer will, upon any Officer becoming aware of any (i) any Default or Event of Default or (ii) any event of default under any mortgage, indenture or instrument referred to in Section 6.01(e) of the New Indenture, deliver to the Trustee an Officers' Certificate specifying such Default, Event of Default or other event of default and what action the Issuer is taking or proposes to take with respect thereto.

9. ***Other Obligors.***

None.

CONTENTS OF APPLICATION FOR QUALIFICATION

This Application comprises:

(a) Pages numbered 1 to 10, consecutively.

(b) The statement of eligibility and qualification of the Trustee under the New Indenture to be qualified on Form T-1 (filed herewith as Exhibit 25.1); and

(c) The following exhibits, in addition to those filed as part of the statement of eligibility and qualification of the Trustee:

(i) Exhibit T3A.1 — Certificate of Incorporation, as amended, of USEC Inc. (incorporated by reference to Exhibit 3.1 of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (Securities and Exchange Commission file number 1-14287)).

(ii) Exhibit T3A.2* — Certificate of Incorporation, as amended, of United States Enrichment Corporation.

(iii) Exhibit T3B.1 — Amended and Restated Bylaws of USEC Inc., dated May 6, 2013 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2013).

(iv) Exhibit T3B.2* — Bylaws of United States Enrichment Corporation.

(v) Exhibit T3C* — Form of Indenture Relating to the New Notes among the Issuer, the Guarantor and the Trustee.

(vi) Exhibit T3D — Not applicable.

(vii) Exhibit T3E-1* — Disclosure Statement with respect to Plan of Reorganization of the Issuer (including the Plan and all other appendices thereto), dated as of July 11, 2014.

(viii) Exhibit T3E-2* — Notice of Hearing to Consider Confirmation of, and Deadline for Objecting to, Plan of Reorganization, dated July 11, 2014.

(ix) Exhibit T3F — Cross reference sheet showing the location in the New Indenture of the provisions inserted therein pursuant to Sections 310 through 318(a), inclusive, of the Trust Indenture Act of 1939 (included as part of Exhibit T3C).

(x) Exhibit 25.1* — Form T-1 Qualifying Bank of CSC Trust Company of Delaware, as Trustee under the New Indenture to be qualified.

* Filed herewith

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, each of the Applicants has duly caused this Application to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the City of Bethesda, and State of Maryland, on August 6, 2014.

USEC INC.

By: /s/ JOHN C. BARPOULIS
Name: John C. Barpoulis
Title: Senior Vice President and Chief Financial Officer

UNITED STATES ENRICHMENT CORPORATION

By: /s/ JOHN C. BARPOULIS
Name: John C. Barpoulis
Title: Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
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Exhibit 25.1*	Form T-1 Qualifying Bank of CSC Trust Company of Delaware, as Trustee under the New Indenture to be qualified.

* Filed herewith

Exhibit T3A.2

CERTIFICATE OF INCORPORATION
OF
UNITED STATES ENRICHMENT CORPORATION
(a Delaware corporation)

FIRST: The name of the Corporation is United States Enrichment Corporation (hereinafter the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "DGCL").

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 10,000 shares of Common Stock, each having a par value of $.01.

FIFTH: The name and mailing address of the Sole Incorporator is as follows: Lynn Buckley, P.O. Box 636, Wilmington, DE 19899.

SIXTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(1) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(2) The directors shall have concurrent power with the stockholders to make, alter, amend, change, add to or repeal the By-Laws of the Corporation.

(3) The number of directors of the Corporation shall be as from time to time fixed by, or in the manner provided in, the By-Laws of the Corporation. Election of directors need not be by written ballot unless the By-Laws so provide.

(4) No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve international misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL or (iv) for any transaction for which the director derived an improper personal benefit. Any repeal or modification of this Article SIXTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

(5) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the DGCL, this Certificate of Incorporation, and any By-Laws adopted by the stockholders; provided however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

SEVENTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the DGCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

EIGHTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

NINTH: A. *Foreign Ownership Restrictions*. For purposes of this Article NINTH, the term "Foreign Ownership Restrictions" shall mean any one or more of the following: (i) the beneficial ownership of more than ten percent (10%) of the aggregate number of issued and outstanding shares of Common Stock of the Corporation by or for the account of a foreign person or persons; (ii) the beneficial ownership of any shares of Common Stock of the Corporation by or for the account of a Contravening Person (as defined below); (iii) the acquisition of control (direct or indirect) of the Company by a person or group of persons acting together in any transaction or series of transactions in which the arrangements for financing such person's or persons' acquisition of the Corporation involve or will involve receipt of money, from borrowing or otherwise, from one or more foreign persons in an amount in excess of ten percent (10%) of the purchase price of the Corporation's securities purchased by such person or group of persons, whether such funds are to be used for temporary or permanent financing; or (iv) any ownership of or exercise of rights with respect to shares of Common Stock of the Corporation or other exercise or attempt to exercise control of the Corporation that the Board of Directors determines is inconsistent with or in violation of the regulations, rules or restrictions of a governmental entity or agency which exercises regulatory power over the Corporation, its business, operations or assets or could jeopardize the continued operations of the Corporation's facilities.

B. *Information Request*. If the Corporation has reason to believe that the ownership or proposed ownership of, or exercise of rights with respect to, securities of the Corporation by any person, including record holders, beneficial owners and any person presenting any securities of the Corporation for transfer into its name (a "Proposed Transferee") may be inconsistent with, or in violation of the Foreign Ownership Restrictions, the Corporation may request of such person and such person shall furnish promptly to the Corporation such information (including, without limitation, information with respect to citizenship, other ownership interests and affiliations) as the Corporation shall reasonably request to determine whether the ownership of, or the exercise of any rights with respect to, securities of the Corporation by such person is

inconsistent with, or in violation of, the Foreign Ownership Restrictions. Any person who is or proposes to be a registered holder of securities of the Corporation shall be obliged to disclose to the Corporation, at the Corporation's request, the name and address of the beneficial owner of the securities of the Corporation.

Any person that has filed a Schedule 13D or a Schedule 14D-1 (or in either case, a successor form thereto required by the U.S. Securities and Exchange Commission (the "SEC")) with respect to the Corporation's securities and, in the case of the Schedule 13D, which filing indicates any plans or proposals which relate to or would result in the occurrence of any of the events described in Item 4 of Schedule 13D (or its equivalent, if and to the extent that such Item is amended, modified or superseded by another Item or another form of the SEC then in effect) may be requested by the Corporation to provide to the Corporation such information as the Board of Directors may require to confirm that such person's plans or proposals will not result in a violation of the Foreign Ownership Restrictions.

The Corporation may require that any information sought under this Section B of Article NINTH be given under oath. The Board of Directors shall be entitled to rely and to act in reliance on any declaration and the information contained therein.

C. *Suspension of Voting Rights; Refusal to Transfer*. If any person, including a Proposed Transferee, from whom information is requested should fail to respond to the Corporation's request pursuant to Section C of this Article NINTH or if the Corporation shall conclude that the ownership of, or the exercise of any rights of ownership with respect to, securities of the Corporation by any person, including a Proposed Transferee, could result in any inconsistency with, or violation of, the Foreign Ownership Restrictions, the Corporation may (i) refuse to permit the transfer of securities of the Corporation to such Proposed Transferee; and/or (ii) suspend or limit voting rights associated with stock ownership by such person or Proposed Transferee if the Board of Directors in good faith believes that the exercise of such voting rights would result in any inconsistency with, or violation of, the Foreign Ownership Restrictions. If the Board of Directors determines that the foregoing measures are not sufficient to ensure compliance with the Foreign Ownership Restrictions, the Corporation may take such action as may be authorized under this Article NINTH. Any action by the Corporation pursuant to the foregoing with respect to the Foreign Ownership Restrictions may remain in effect for as long as the Corporation determines is necessary to comply with the Foreign Ownership Restrictions.

D. *Legends*. The Corporation may note on the certificates of its securities that the shares represented by such certificates are subject to the restrictions set forth in this Article NINTH.

E. *Joint Ownership*. For purposes of this Article NINTH, where the same shares of Common Stock of the Corporation are held or beneficially owned by one or more persons, and any one of such persons is a foreign person or a Contravening Person, then such shares of Common Stock shall be deemed to be held or beneficially owned by a foreign person or Contravening Person, as applicable.

F. *Additional Provisions*. The Corporation is hereby authorized to take any other action it may deem necessary or appropriate to ensure compliance with the provisions of this Article NINTH, including, without limitation, suspending or limiting any and all rights of stock ownership which may violate or be inconsistent with the applicable Foreign Ownership Restrictions (other than the right to transfer stock ownership in a transaction consistent with the Foreign Ownership Restrictions). Further, the Corporation may exercise any and all appropriate remedies, at law or in equity in any court of competent jurisdiction, against any holder of its securities or rights with respect thereto or any Proposed Transferee, with a view towards obtaining the information set forth in Section B or preventing or curing any situation which would cause any inconsistency with, or violation of, the Foreign Ownership Restrictions.

G. *Redemption and Exchange*. Without limiting the generality of the foregoing and notwithstanding any other provision of this Certificate of Incorporation to the contrary, any shares held or beneficially owned by a foreign person or a Contravening Person shall always be subject to redemption or exchange by the Corporation by action of the Board of Directors, pursuant to Section 151 of the DGCL, or any other applicable provision of law, to the extent necessary in the judgment of the Board of Directors to comply with the Foreign Ownership Restrictions. As used in this Certificate of Incorporation, "redemption" and "exchange" are hereinafter collectively referred to as "redemption", references to shares being "redeemed" shall be deemed to include shares which are being "exchanged", and references to "redemption price" shall be deemed to include the amount and kind of securities for which any such shares are exchanged. The terms and conditions of such redemption shall be as follows:

(a) the redemption price of the shares to be redeemed pursuant to this Article NINTH shall be equal to the fair market value of the shares to be redeemed, as determined by the Board of Directors in good faith unless the Board determines in good faith that the holder of such shares knew or should have known its ownership or beneficial ownership would constitute a violation of the Foreign Ownership Restrictions, in which case the redemption price shall be equal to the lower of (i) the fair market value of the shares to be redeemed and (ii) such foreign person's or Contravening Person's purchase price for such shares;

(b) the redemption price of such shares may be paid in cash, securities or any combination thereof and the value of any securities constituting all or any part of the redemption price shall be determined by the Board in good faith;

(c) if less than all the shares held or beneficially owned by foreign persons are to be redeemed, the shares to be redeemed shall be selected in any manner determined by the Board of Directors to be fair and equitable;

(d) at least 30 days' written notice of the redemption date shall be given to the record holders of the shares selected to be redeemed (unless waived in writing by any such holder), provided that the redemption date may be the date on which written notice shall be given to record holders if the cash or redemption securities necessary to effect the redemption shall have been deposited in trust for the benefit of such record holders and subject to immediate withdrawal by them upon surrender of the stock certificates for their shares to be redeemed, duly endorsed in blank or accompanied by duly executed proper instruments of transfer;

(e) from and after the redemption date, the shares to be redeemed shall cease to be regarded as outstanding and any and all rights attaching to such shares of whatever nature (including without limitation any rights to vote or participate in dividends declared on stock of the same class or series as such shares) shall cease and terminate, and the holders thereof thenceforth shall be entitled only to receive the cash or securities payable upon redemption; and

(f) the redemption shall be subject to such other terms and conditions as the Board of Directors shall determine.

H. *Board Action*. The Board of Directors shall have the exclusive right to interpret all issues arising under this Article NINTH (including but not limited to determining whether a person is a foreign person or a Contravening Person, whether a person is an Affiliate of another person, whether a person controls or is controlled by another person and whether a person is the beneficial owner of the securities of the Corporation) and the determination of the Board under this Article shall be final and binding. The Bylaws of the Corporation may make appropriate provisions to effectuate the requirements of this Article NINTH to the extent set forth herein and the Board may, at any time and from time to time, adopt such other or additional reasonable procedures as the Board may deem desirable or necessary to comply with the Foreign Ownership Restrictions or to carry out the provisions of this Article NINTH.

I. *Certain Definitions*. For purposes of this Article NINTH,

"Affiliate" and "Affiliated" shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities and Exchange Act of 1934, as amended.

"Contravening Person" shall mean (i) a person having a significant commercial relationship with a Foreign Enrichment Provider with respect to uranium and uranium products or (ii) a Foreign Competitor.

"Foreign Competitor" shall mean a Foreign Enrichment Provider or a person Affiliated with a Foreign Enrichment Provider in such a manner as to warrant application of the Foreign Ownership Restrictions to such person.

"Foreign Enrichment Provider" shall mean any person incorporated, organized or having its principal place of business outside of the United States which is in the business of enriching uranium for use by nuclear reactors or any person incorporated, organized or having its principal place of business outside of the United States which is in the business of creating a fissile product capable of use as a fuel source for nuclear reactors in lieu of enriched uranium.

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

"person" shall include natural persons, corporations, partnerships, companies, associations, trusts, joint ventures and other entities.

J. *Amendment*. Any amendment, alteration, change or repeal of this Article NINTH shall require the affirmative vote of both (a) a majority of the members of the Board of Directors then in office and (b) the affirmative vote of holders of at least two-thirds of the voting power of all the shares of capital stock of the Corporation entitled to vote generally in the election of directors voting together as a single class.

I, THE UNDERSIGNED, being the Sole Incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the DGCL, do make this Certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 29th day of June, 1998.

/s/ Lynn Buckley
Lynn Buckley
Sole Incorporator

CERTIFICATE OF MERGER
OF
UNTIED STATES ENRICHMENT CORPORATION
(a Federally-chartered corporation)
INTO
UNITED STATES ENRICHMENT CORPORATION
(a Delaware corporation)

Pursuant to Section 252 of the
General Corporation Law of the State of Delaware

United States Enrichment Corporation, a Delaware corporation ("Newco"), does hereby certify to the following facts relating to the merger of United States Enrichment Corporation, a federally-chartered, wholly owned government corporation established pursuant to 42 U.S.C. § 2297 et seq. ("USEC"), with and into Newco (the "Merger"):

FIRST: The name and jurisdiction of incorporation of each of the constituent corporations to the Merger are as follows:

Name	Jurisdiction
United States Enrichment Corporation	Delaware
United States Enrichment Corporation	United States

and Newco is the surviving corporation of the Merger (hereinafter referred to as the "Surviving Company").

SECOND: An Agreement and Plan of Merger, dated July 22, 1998 has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with Section 252(c) of the General Corporation Law of the State of Delaware.

THIRD: The name of the corporation surviving the Merger is United States Enrichment Corporation, a Delaware corporation.

FOURTH: The Certificate of Incorporation of Newco shall constitute the Certificate of Incorporation of the Surviving Corporation, except that Article FOURTH shall be amended to read in its entirety as set forth below:

> FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 100,000,000 shares of Common Stock, each having a par value of $.01.

FIFTH: The executed Agreement and Plan of Merger is on file at the principal place of business of the Surviving Corporation, located at 2 Democracy Center, 6903 Rockledge Drive, Bethesda, MD 20817.

SIXTH: A copy of the Agreement and Plan of Merger will be furnished by the Surviving Corporation, upon request and without cost, to any stockholder of either constituent corporation.

SEVENTH: USEC has an authorized capitalization consisting of 30 million shares of common stock, $100 par value per share, and no shares of preferred stock.

IN WITNESS WHEREOF, the Surviving Corporation has caused this Certificate of Merger to be executed in its corporate name this 22nd day of July, 1998.

UNITED STATES ENRICHMENT CORPORATION,
a Delaware corporation

By: /s/ William H. Timbers, Jr.
Name: William H. Timbers, Jr.
Title: President and Chief Executive Officer

CERTIFICATE OF MERGER
OF
USEC MERGER CORP.
INTO
UNITED STATES ENRICHMENT CORPORATION
(a Delaware corporation)

Pursuant to Section 252 of the
General Corporation Law of the State of Delaware

United States Enrichment Corporation, a Delaware corporation ("Newco"), does hereby certify to the following facts relating to the merger of USEC Merger Corp., a Delaware corporation ("Mergerco"), with and into Newco (the "Merger"):

FIRST: The name and jurisdiction of incorporation of each of the constituent corporations to Merger are as follows:

Name	Jurisdiction
USEC Merger Corp.	Delaware
United States Enrichment Corporation	Delaware

and United States Enrichment Corporation is the surviving corporation of the Merger (hereinafter referred to as the "Surviving Corporation").

SECOND: An Agreement and Plan of Merger, dated July 22, 1998 has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with Section 251(c) of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Surviving Corporation has caused this Certificate of Merger to be executed in its corporate name this 22nd day of July, 1998.

UNITED STATES ENRICHMENT CORPORATION,
a Delaware corporation

By: /s/ William H. Timbers, Jr.
Name: William H. Timbers, Jr.
Title: President and Chief Executive Officer

CERTIFICATE OF AMENDMENT
TO THE
CERTIFICATE OF INCORPORATION
OF
UNITED STATES ENRICHMENT CORPORATION

Pursuant to Section 242 of the
General Corporation Law of the State of Delaware

United States Enrichment Corporation, a Delaware corporation (hereinafter called the "Corporation"), does hereby certify as follows:

FIRST: Article Fourth of the Corporation's Certificate of Incorporation is hereby amended to read in its entirety as set forth below:

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 1,000 shares of Common Stock, each having a par value of $.01.

SECOND: The foregoing amendment was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, United States Enrichment Corporation has caused this Certificate to be duly executed in its corporate name this 9th day of March, 1999.

UNITED STATES ENRICHMENT CORPORATION

By: /s/ William H. Timbers, Jr.
William H. Timbers, Jr.
President and Chief Executive Officer

Exhibit T3B.2

BY-LAWS
OF
UNITED STATES ENRICHMENT CORPORATION
(a Delaware corporation)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The Annual Meetings of Stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect by a plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting. Unless otherwise required by law, written notice of the Annual Meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 3. Special Meetings. Unless otherwise required by law or by the Certificate of Incorporation, Special Meetings of Stockholders, for any purpose or purposes, may be called by either (i) the Chairman, if there be one, (ii) the President, (iii) any Vice President, if there be one, (iv) the Secretary or (v) any Assistant Secretary, if there be one, and shall be called by any such officer at the request in writing of (i) the Board of Directors, (ii) a committee of the Board of Directors that has been designated by the Board of Directors and whose power and authority include the power to call such meetings or (iii) stockholders owning a majority of the capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. Unless otherwise required by law, written notice of a Special Meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. At a Special Meeting of Stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto).

Section 4. Quorum. Unless otherwise required by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place thereof, until a quorum shall be present and represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

Section 5. Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-Laws, any question brought before any meeting of stockholders, other than the election of directors, shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat. Each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 6. Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any Annual or Special Meeting of Stockholders of the Corporation, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided above in this section.

Section 7. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at

least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 8. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 7 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 9. Conduct of Meetings. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of the meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulation and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of not less than one nor more than fifteen members, the exact number of which shall initially be fixed by the Incorporator and thereafter from time to time by the Board of Directors. Except as provided in Section 2 of this Article, directors shall be elected by a plurality of the votes cast at Annual Meetings of Stockholders, and each director so elected shall hold office until the next Annual Meeting and until his successor is duly elected and qualified, or until his earlier death, resignation or removal. Any director may resign at any time upon written notice to the Corporation. Directors need not be stockholders.

Section 2. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the

directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, or until their earlier death, resignation or removal.

Section 3. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, or any directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 5. Quorum. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of the Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement of the time and place of the adjourned meeting, at the meeting, until a quorum shall be present.

Section 6. Actions by Written Consent. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 7. Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or committee, as the case may be, by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 7 shall constitute presence in person at such meeting.

Section 8. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee,

who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 9. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 10. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because the director's or officer's vote is counted for such purpose if (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, may also choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers.

Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors at its first meeting held after each Annual Meeting of Stockholders (or action by written consent of stockholders in lieu of an Annual Meeting of Stockholders), shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier death, resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persona.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors. The Board of Directors may, by resolution, from time to time confer like powers upon one or more Vice Chairman of the Board of Directors to serve in the absence or disability of the Chairman of the Board of Directors. If there shall be more than one Vice Chairman of the Board of Directors, they shall act as Chairman by order of their seniority on the Board of Directors or as otherwise determined by the Board of Directors.

Section 5. President. The President shall, subject to the control of the Board of Directors have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. If there be no Chairman of the Board of Directors, or if the Board of Directors shall otherwise designate, the President shall be the Chief Executive Officer of the Corporation. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors.

Section 6. Vice Presidents. At the request of the President or in the President's absence or in the event of the President's inability or refusal to act (and if there be no Chairman of the Board of Directors), the Vice President or the Vice Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors or the President from time to time may prescribe. If there be no Chairman or Vice Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he shall be.

Section 9. Assistant Secretaries. Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performances of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 11. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors or the President. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V

STOCK

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Section 2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificate.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-Laws. Transfers of stock shall be made on the books

of the Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to who transferred.

Section 5. Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in this State, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolutions taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distributions or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

ARTICLE VI

NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex or cable.

Section 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the DGCL and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with these By-Laws), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other Than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, or itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceedings, had reasonable cause to believe that his conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the

Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability by in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the

circumstances because he has met the applicable standards of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, any By-Law, agreement, contract, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article VIII by whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting

or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

Section 1. Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors, provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such meeting of stockholders of Board of Directors as the case may be. All such amendments must be approved by either the holders of a majority of the outstanding capital stock entitled to vote thereon or by a majority of the entire Board of Directors then in office.

Section 2. Entire Board of Directors. As used in this Article IX and in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, IN THE NOTES OR IN ANY SECURITY DOCUMENTS, ANY LIENS AND SECURITY INTERESTS SECURING OBLIGATIONS UNDER THIS INDENTURE, THE NOTES AND THE SECURITY DOCUMENTS, AND THE EXERCISE OF ANY RIGHT OR REMEDY WITH RESPECT THERETO, AND CERTAIN OF THE RIGHTS OF THE HOLDERS ARE SUBJECT TO THE PROVISIONS OF THE INTERCREDITOR AGREEMENT IN THE FORM ATTACHED HERETO THAT MAY BE ENTERED INTO AFTER ISSUANCE OF THE NOTES. UPON EXECUTION OF THE INTERCREDITOR AGREEMENT, IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF, ON THE ONE HAND, THE INTERCREDITOR AGREEMENT AND, ON THE OTHER HAND, THIS INDENTURE, THE NOTES OR ANY SECURITY DOCUMENT, THE TERMS OF THE INTERCREDITOR AGREEMENT SHALL GOVERN AND CONTROL. EACH HOLDER, BY ITS ACCEPTANCE OF ANY NOTE, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE INTERCREDITOR AGREEMENT.

[USEC Inc.,][1]
as Issuer

8.0% PIK Toggle Notes due 2019/2024

Guaranteed on a limited, secured basis to the extent described herein by

United States Enrichment Corporation,
as the Note Guarantor

INDENTURE

dated as of [ ], 2014

CSC Trust Company of Delaware,
as Trustee and Collateral Agent

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[1] Pursuant to Section 5.1 of its proposed plan of reorganization, USEC Inc. reserves the right to change its name as of the effective date of the plan. If such right is exercised in accordance with the plan, all references to USEC Inc. in this document will be changed to the new name.

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(b)	10.03
(c)(1)	13.04
(c)(2)	13.04
(c)(3)	N.A.
(d)	10.05
(e)	13.05
(f)	N.A.
315(a)	7.01(b)
(b)	7.05
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(a)(1)(A)	6.05
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(a)(2)	N.A.
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(c)	9.04
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04

Trust Indenture Act Section	*Indenture Section*
318(a)	13.01
(b)	N.A.
(c)	13.01

N.A. means not applicable.

* This Cross-Reference Table is not part of the Indenture.

INDENTURE, dated as of [ ], 2014, among USEC Inc., a Delaware corporation (the "*Issuer*"), United States Enrichment Corporation, a Delaware corporation (the "*Note Guarantor*"), and CSC Trust Company of Delaware, a Delaware state chartered trust company duly organized and existing under the laws of the State of Delaware, as Trustee and Collateral Agent (each as defined below).

The Issuer, the Note Guarantor and the Trustee (as defined herein) agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined herein) of the Issuer's 8.0% PIK Toggle Notes due 2019/2024.

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 *Definitions*.

"*ACP*" means American Centrifuge Holdings, LLC, a Delaware limited liability company, and any of its future direct and indirect subsidiaries, and any of its or their successors or assigns.

"*ACP Termination*" means a decision by the Issuer (as reflected in a public announcement or a decision by its Board of Directors) to abandon or terminate all activities under the American Centrifuge Project or to permanently wind down, demobilize or suspend all such activities.

"*Acquired Debt*" means Indebtedness of a Person existing at the time such Person is merged with or into the Note Guarantor, other than Indebtedness incurred in connection with, or in contemplation of, such Person merging with or into the Note Guarantor.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means (a) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise or (b) beneficial ownership of ten percent (10%) or more of the voting securities of such Person.

"*Agent*" means any Registrar, Paying Agent or co-registrar.

"*American Centrifuge Project*" means the design, manufacture, construction, development, start-up, completion, operation, financing, maintenance or improvement of U.S. non-gaseous diffusion uranium enrichment technology and related infrastructure, assets and properties.

"*Applicable Procedures*" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary that apply to such transfer or exchange.

"*Bankruptcy Code*" means title 11, U.S. Code, as amended from time to time, and any successor statute, or if the context so requires, any similar Federal or state law for the relief of debtors.

"*beneficial owner*" has the meaning attributed to it in Rules 13d-3 and 13d-5 under the Exchange Act, whether or not applicable.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means any day other than a Legal Holiday.

"*Capital Lease Obligation*" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP, and the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"*Capital Stock*" means, (i) with respect to any Person that is a corporation, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (ii) with respect to a limited liability company, any and all membership interests, and (iii) with respect to any other Person, any and all partnership, joint venture or other Equity Interests of such Person, but, in each case of clauses (i), (ii) and (iii), excluding any debt securities convertible into Capital Stock.

"*Change of Control*" means

(1) the sale, transfer or other conveyance, whether direct or indirect (other than by way of merger or consolidation), of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person (including any "person" (as such term is used in Section 13(d)(3) of the Exchange Act, whether or not applicable)), in one transaction or a series of related transactions;

(2) the consummation of any transaction (other than by way of merger or consolidation) the result of which is that any Person (including any "person" (as defined above)) is or becomes the "beneficial owner," directly or indirectly, of more than fifty percent (50%) of the total voting power in the aggregate of the Voting Stock of the Issuer; or

(3) the consummation of any transaction pursuant to which the Issuer consolidates with, or merges with or into, any Person or any Person consolidates with, or merges with or into, the Issuer, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Issuer or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Issuer outstanding immediately prior to such transaction constitutes or is converted into or exchanged for, a majority of the outstanding shares of the Voting Stock of such surviving or transferee Person (immediately after giving effect to such transaction);

provided that, an event that would otherwise be a Change of Control shall not be considered such if it results from (a) any issuance of Equity Interests intended to support the American Centrifuge Project or another next generation enrichment technology or (b) any sale of the Issuer to, or merger or consolidation of the Issuer with, any Person for the purpose of continuing to pursue (1) the American Centrifuge Project for commercial purposes or (2) another next generation enrichment technology.

"*Claim*" means (i) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or direct, indirect or evidenced by a guarantee or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

"*Collateral*" means any assets of the Note Guarantor defined as "Collateral" in any of the Security Documents and assets from time to time on which a Lien exists as security for any of the Secured Obligations hereunder or under the Security Documents.

"*Collateral Agent*" means CSC Trust Company of Delaware, a Delaware state chartered trust company duly organized and existing under the laws of the State of Delaware, in its capacity as Collateral Agent under the Security Documents, or any successor thereto.

"*Commission*" means the Securities and Exchange Commission and any successor thereto.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Corporate Trust Office*" shall be at the address of the Trustee specified in Section 13.02 hereof or such other address as the Trustee may specify by notice to the Issuer.

"*Credit Agreement*" means (a) that certain credit facility (which credit facility may consist of multiple sub-facilities), to be entered into on or after the Issue Date, among (i) one or more of the Issuer, the Note Guarantor and certain of their respective subsidiaries that are signatories thereto from time to time, if any, (ii) the lenders that are signatories thereto (which lenders may differ among the sub-facilities thereof) from time to time and (iii) the Credit Facility Agent (including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith), providing for revolving credit loans, term loans,

receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit or issuances of notes and (b) any amendment, restatement, modification, supplement, renewal, refunding, refinancing or replacement thereof in whole or in part from time to time (including any increase in principal amount whether or not with the same lenders, trustee or agents). For the avoidance of doubt, the Exit Facility Note shall not constitute a Credit Agreement.

"*Credit Facility Agent*" means that certain agent, in its capacity as arranger and administrative agent under the Credit Agreement or any replacement or successor agent under the Credit Agreement.

"*Custodian*" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Code.

"*Default*" means any event that is, or after notice or the passage of time or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"*Definitive Note*" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests or Increases/Decreases in the Global Note" attached thereto.

"*Depositary*" means the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes issuable in global form, until a successor shall have been appointed and become such pursuant to the applicable provision of this Indenture, and, thereafter, "Depositary" shall mean or include such successor.

"*Designated Senior Claims*" means all Obligations of, and all Claims against, the Note Guarantor (i) under the Credit Agreement, (ii) held by or for the benefit of the PBGC pursuant to any settlement of any actual or alleged ERISA Section 4062(e) event occurring (or alleged to have occurred) before or after the Issue Date, (iii) held by any party with respect to any Equity Investment or any commitment to make any such Equity Investment of the Issuer, in each case, made after the Issue Date with respect to the financing of the American Centrifuge Project, (iv) held by or for the benefit of the U.S. Department of Energy, export credit agencies or any other lenders or insurers providing financing or government support of the American Centrifuge Project and (v) held by the United States government.

"*Dip Credit Facility*" means that certain Debtor-in-Possession Credit Agreement dated as of March 6, 2014 between the Issuer, as borrower, and the Note Guarantor, as lender, as amended, modified or supplemented.

"*Discharge*" means, except to the extent otherwise provided in Section 3.21 of the Note Subordination Agreement (in the case of Issuer Senior Debt) or in Section 5.8 of the Intercreditor Agreement (in the case of Designated Senior Claims), with respect to any Issuer Senior Debt or any Designated Senior Claim, that each of the following has occurred:

(a) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any filing or proceeding under the Bankruptcy Code, whether or not such interest would be allowed in such proceeding) on all Indebtedness outstanding under the applicable documents governing or evidencing such Issuer Senior Debt or Designated Senior Claim;

(b) payment in full in cash of all other obligations under the applicable documents governing or evidencing such Issuer Senior Debt or Designated Senior Claim that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than any indemnification obligations for which no claim or demand for payment, whether oral or written, has been made at such time);

(c) termination or expiration of all commitments, if any, to extend credit that would constitute Issuer Senior Debt or a Designated Senior Claim (as the case may be) and;

(d) termination or cash collateralization (in an amount and manner reasonably satisfactory to the applicable letter of credit issuer, but in no event in an amount greater than 105% of the aggregate undrawn face amount), or the making of other arrangements satisfactory to the applicable letter of credit issuer of all letters of credit issued under the applicable documents governing or evidencing such Issuer Senior Debt or Designated Senior Claim.

The term "*Discharged*" has a corresponding meaning but neither "*Discharge*" nor "*Discharged*" shall apply to any use in the Indenture to the term "discharge" (or any of its corresponding forms) that is not capitalized.

"*Disqualified Capital Stock*" means any Equity Interest that (i) either by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) is or upon the happening of an event would be required to be redeemed or repurchased prior to the Maturity Date or is redeemable at the option of the holder thereof at any time prior to such Maturity Date, or (ii) is convertible into or exchangeable at the option of the issuer thereof or any other Person for debt securities.

"*DTC*" means The Depository Trust Company.

"*Equity Interests*" means Capital Stock or warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Investment*" in any Person means any capital contribution to (by means of any transfer of cash or other property (tangible or intangible) to others or any payment for property or services solely for the account or use of others, or otherwise), or any purchase or acquisition of any Equity Interests issued by, such Person.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Exit Facility Note*" means that certain Second Amended and Restated Demand Note dated as of the Issue Date between the Issuer and the Note Guarantor, as the same may be amended, modified or supplemented.

"*Extended Maturity Date*" means the date that is ten years from the Issue Date.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Issuer (unless otherwise provided in this Indenture).

"*Funding Condition*" means the initial draw or other initial funding, in each case of a material amount, under binding agreements providing for (i) the funding of the construction of the American Centrifuge Project in an aggregate amount of not less than $1.5 billion supported by the U.S. Department of Energy loan guarantee program or such other government support or government funding or (ii) the implementation and deployment of a National Security Train Program utilizing American Centrifuge technology with an expected total program cost to be funded by the government of not less than $750 million.

"*GAAP*" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession, and in the rules and regulations of the Commission, as in effect on the date of this Indenture.

"*Global Note Legend*" means the legend set forth in Section 2.01(c) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"*Global Notes*" means, individually and collectively, each of the Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests or Increases/Decreases in the Global Note" attached thereto, issued in accordance with Sections 2.01, 2.06 and 2.13 hereof.

"*Government Securities*" means (i) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Security or a specific payment of principal of or interest on any such Government Security held by such custodian for the account of the holder of such depository receipt; *provided* that, (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Security or the specific payment of principal of or interest on the Government Security evidenced by such depository receipt.

"*Governmental Authority*" means any agency, authority, board, bureau, commission, department, office or instrumentality of any nature whatsoever of the United States of America or foreign government, any state, province or any city or other political subdivision or otherwise and whether now or hereafter in existence, or any officer or official thereof, and any maritime authority.

"*guaranty*" or "*guarantee,*" used as a noun, means any guaranty (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other Obligation; "*guarantee*," used as a verb, has a correlative meaning.

"*Hedging Obligations*" means, with respect to any Person, the Obligations of such Person under (i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (ii) other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency rates or commodity prices.

"*Holder*" means the Person in whose name a Note is registered in the register of the Notes.

"*Indebtedness*" of any Person means (without duplication) (i) all liabilities and obligations, contingent or otherwise, of such Person (A) in respect of borrowed money (regardless of whether the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof), (B) evidenced by bonds, debentures, notes or other similar instruments, (C) representing the deferred purchase price of property or services (other than trade payables on customary terms incurred in the ordinary course of business), (D) created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (E) representing Capital Lease Obligations, (F) under bankers' acceptance and letter of credit facilities, (G) to purchase, redeem, retire, defease or otherwise acquire for value any Disqualified Capital Stock, or (H) net obligations in respect of Hedging Obligations; (ii) all Indebtedness of others that is guaranteed by such Person; and (iii) all Indebtedness of others that is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; *provided* that, the amount of such Indebtedness shall (to the extent such Person has not assumed or become liable for the payment of such Indebtedness) be the lesser of (x) the Fair Market Value of such property at the time of determination and (y) the amount of such Indebtedness. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date. Notwithstanding the foregoing, the term Indebtedness shall not include obligations arising from the honoring by a bank or other financial institution of a check, draft or

similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that, such obligation is extinguished within two (2) Business Days of its incurrence. The principal amount outstanding of any Indebtedness issued with original issue discount is the accreted value of such Indebtedness. The term "Indebtedness" shall not include (1) trade payables or other accrued liabilities incurred in the ordinary course of business or pursuant to an operational wind-down of a business of the Note Guarantor and payable in accordance with customary practices, (2) deferred tax obligations, (3) minority interest, (4) non-interest bearing installment obligations and accrued liabilities incurred in the ordinary course of business or pursuant to an operational wind-down of a business of the Note Guarantor and (5) obligations of the Issuer or any Subsidiary pursuant to contracts for, or options, puts or other arrangements relating to, the advance, loan, lease, purchase, sale or transfer of raw materials, inputs, inventory (including depleted, natural and enriched uranium and separative work units) or equipment, entered into in the ordinary course of business or pursuant to an operational wind-down of a business of the Note Guarantor. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness or Disqualified Capital Stock, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Capital Stock in the form of additional shares of Disqualified Capital Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Capital Stock for purposes of this Indenture.

"*Indenture*" means this Indenture as amended or supplemented from time to time and, for the avoidance of doubt, shall include the Guarantee set forth in Article 11 of this Indenture, as amended or supplemented from time to time.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Interest Period" means the period commencing on the Issue Date and running through [ ], 201 .

"*Initial Maturity Date*" means the date that is five years from the Issue Date.

"*Initial Notes*" means the first $240,380,000 aggregate principal amount of Notes issued under this Indenture on the date hereof.

"*Intercreditor Agreement*" means that certain Junior Lien Subordination and Intercreditor Agreement among the Trustee, Collateral Agent and one or more Representatives of holders of Designated Senior Claims and acknowledged and agreed to by the Note Guarantor, substantially in the form attached hereto as Exhibit D, entered into on or after the Issue Date in accordance with Section 7.01(g) hereof, as amended, modified, restated, supplemented from time to time.

"*Issue Date*" means the date upon which the Notes are first issued.

"*Issuer*" has the meaning ascribed to it in the introductory paragraph of this Indenture together with all successors thereto.

"*Issuer Order*" means a written request or order signed in the name of the Issuer by the President, the Chief Executive Officer, the Chief Financial Officer, a Senior Vice President or the Treasurer of the Issuer.

"Issuer Senior Debt" means:

(1) all Indebtedness of the Issuer outstanding under the Credit Agreement and all Obligations of the Issuer with respect thereto;

(2) all Obligations of, and all Claims against, the Issuer under any Equity Investment, or any commitment to make any such Equity Investment, with respect to the American Centrifuge Project, in each case made after the Issue Date;

(3) all Obligations of, and Claims with respect to, the Issuer under any arrangement with the U.S. Department of Energy, any export credit agencies or other lenders or insurers providing financing or government support of the American Centrifuge Project; and

(4) all Indebtedness of the Issuer to the Note Guarantor issued or incurred on or after the Issue Date and all Obligations with respect thereto, including, but not limited to, any draw under the Exit Facility Note on or after the Issue Date to repay Obligations due and owing under the DIP Credit Facility, but, for the avoidance of doubt, excluding the balance as of March 5, 2014 under any predecessor to the Exit Facility Note.

"*Legal Holiday*" means a Saturday, a Sunday or a day on which banking institutions in the City of New York, the city in which the Corporate Trust Office of the Trustee is located or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date in a place of payment is a Legal Holiday, payment shall be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

"*Lien*" means any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, regardless of whether filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

"*Maturity Date*" means the Initial Maturity Date, or, if a Maturity Date Extension Notice has been delivered to the Trustee, the Extended Maturity Date.

"*Maturity Date Extension Notice*" means a notice substantially in the form attached hereto as Exhibit F which states that (A) the Funding Condition has been satisfied (describing in reasonable detail the binding agreement that has satisfied such Funding Condition) and (B) as a result of satisfying the Funding Condition, the Maturity Date of the Notes shall be the Extended Maturity Date.

"*National Security Train Program*" means the design, manufacture, construction, development, start-up, completion, operation, financing, maintenance or improvement of a uranium enrichment facility suitable for producing enriched uranium for United States national security purposes utilizing non-gaseous diffusion uranium enrichment technology and related infrastructure, assets and properties.

"*Note Guarantor*" has the meaning ascribed to it in the introductory paragraph of this Indenture.

"Note Subordination Agreement" means that certain Junior Payment Subordination Agreement among the Trustee and one or more Representatives of holders of Issuer Senior Debt and acknowledged and agreed to by the Issuer, substantially in the form attached hereto as Exhibit C, entered into on or after the Issue Date in accordance with Section 7.01(g) hereof, as amended, modified, restated and supplemented from time to time.

"*Notes*" means any Notes authenticated and delivered under this Indenture. The Initial Notes and the PIK Notes (or any increase in the principal amount of a Global Note) shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and the PIK Notes (or any increase in the principal amount of a Global Note). For purposes of this Indenture, all references to "principal amount" of the Notes shall include any PIK Notes issued in respect thereof (and any increase in the principal amount of the Notes) as a result of the payment of PIK Interest.

"*Obligation*" means any principal, premium, interest (including any interest accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, federal or foreign law), penalty, fee, indemnification, reimbursement, damage and other obligation and liability payable under the documentation governing any liability.

"*Officers*" means the President, the Chief Executive Officer, the Chief Operating Officer, Chief Financial Officer, the Treasurer, any Assistant Treasurer, Controller, Secretary, any Assistant Secretary, any Vice President of such Person or any other senior executive officer of such Person designated by the Board of Directors of such Person.

"*Officers' Certificate*" means a certificate signed on behalf of the Issuer or the Note Guarantor, as applicable, by two Officers of such Person, one of whom must be the President, the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Treasurer, Controller or a Senior Vice President.

"*Opinion of Counsel*" means an opinion from legal counsel. Such counsel may be an employee of or counsel to the Issuer or any Subsidiary.

"*Outstanding Government Claim*" means a Claim within the meaning of clause (v) of the definition of Designated Senior Claims that is past due and unpaid.

"*Paducah Facility*" means the gaseous diffusion enrichment facility operated by the Note Guarantor in Paducah, Kentucky.

"*Paducah Transition*" means an orderly shutdown of operations at the Paducah Facility or the return of all or a portion of the Paducah Facility to the U.S. Department of Energy (including any steps taken towards implementation of such a shutdown and any steps to transition the Paducah Facility to the U.S. Department of Energy or its contractor) in accordance with the Issuer's agreements with the DOE and applicable law.

"*Participant*" means, with respect to the Depositary, a Person who has an account with the Depositary.

"*PBGC*" means the Pension Benefit Guaranty Corporation.

"*Permitted Liens*" means:

(1) Liens arising by reason of any judgment, decree or order of any court that does not constitute an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings;

(2) security for (including deposits to secure) the performance of bids, tenders, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business (including any financial assurances under any contract entered into in connection therewith or to support purchases by a third party on behalf of the Issuer, the Note Guarantor, ACP or any other Subsidiary of the Issuer), or letters of credit or guarantees issued in respect thereof;

(3) Liens for taxes, assessments or other governmental charges or levies not yet due or that are being contested in good faith and in compliance with Section 4.05 herein;

(4) Liens of carriers, warehousemen, mechanics, landlords, materialmen, repairmen or other like Liens arising by operation of law in the ordinary course of business and Liens on deposits made to obtain the release of such Liens if (a) the underlying obligations are not overdue for a period of more than thirty (30) days or (b) such Liens are being contested in good faith and by appropriate proceedings and adequate reserves with respect thereto are maintained on the books of the Issuer in accordance with GAAP;

(5) Liens arising by virtue of any contractual, statutory, or common law provision relating to bankers' liens, rights of setoff, or similar rights and remedies regarding deposit accounts or other funds maintained with a creditor depository institution;

(6) easements, rights of way, zoning and similar restrictions, covenants, conditions and restrictions and other encumbrances or title defects now existing or incurred in the ordinary course of business, consistent with industry practices that do not in any case materially detract from the value of the property subject thereto (as such property is used by the Note Guarantor) or interfere with the ordinary conduct of the business of the Note Guarantor; *provided* that, such Liens do not secure any monetary obligations;

(7) pledges or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security laws or regulations or letters of credit or guarantees issued in respect thereof;

(8) Liens securing Indebtedness incurred to refinance Indebtedness secured by Liens permitted pursuant to clause (15) below, provided, (a) such Liens do not extend to any additional property or asset or, if such Liens do extend to additional property or assets, then under the written agreements pursuant to which the original Lien arose, such additional property or assets could secure the original Indebtedness (plus improvements and accessions to, such property or assets or proceeds or distributions thereof); and (b) if the Liens securing the Indebtedness being refinanced were subordinated to or *pari passu* with the Liens securing the Notes, such new Liens are subordinated to or *pari passu* with such Liens to the same extent;

(9) Liens that secure Acquired Debt; *provided* that, such Liens do not extend to or cover any property or assets other than those of the Person being acquired and were not put in place in anticipation of such acquisition;

(10) defects and irregularities in title to any property, including those matters shown as exceptions to title on the title policies for such property, that do not in any case materially detract from the value of the property (as such property is used by the Note Guarantor) or interfere with the ordinary conduct of the business of the Note Guarantor;

(11) Liens securing the Secured Obligations;

(12) Senior Priority Liens;

(13) leases or subleases granted in the ordinary course of business not materially interfering with the conduct of the business of the Note Guarantor and rights of third parties to property of such parties advanced, leased or loaned, or of consignors to property consigned to the Note Guarantor in the ordinary course of business;

(14) Liens evidenced by precautionary Uniform Commercial Code financing statement filings regarding operating leases entered into by the Note Guarantor in the ordinary course of business;

(15) Liens existing on the Issue Date;

(16) Liens on property existing at the time of acquisition of the property by the Note Guarantor; provided that, such Liens were not incurred in contemplation of such acquisition or such Liens do not extend to or cover any property or assets other than those being acquired or developed;

(17) Liens in favor of custom and revenue authorities arising as a matter of law to secure payment of custom duties in connection with the importation of goods so long as such Liens attach only to the imported goods and are incurred in the ordinary course of business;

(18) Liens or retention of title in favor of vendors of goods or services securing the payment of all or part of the purchase price or other consideration therefor so long as such Liens attach only to the purchased goods or the goods on which services are performed or resulting from such services, and are incurred in the ordinary course of business;

(19) inchoate liens incident to transportation, construction on or maintenance of property; or liens incident to transportation, construction on or maintenance of property now or hereafter filed of record for which adequate reserves have been set aside (or deposits made pursuant to applicable Law) and which are being contested in good faith by appropriate proceedings and have not proceeded to judgment, provided that, by reason of nonpayment of the obligations secured by such liens, no such property is subject to a material impending risk of loss or forfeiture;

(20) rights reserved to or vested in any Governmental Authority to control or regulate, or obligations or duties to any Governmental Agency with respect to, any right, power, franchise, grant, license, permit or use of any property or the performance of any activity;

(21) covenants, conditions, and restrictions affecting the use of property which in the aggregate do not materially impair the fair market value or use of the property for the purposes for which it is or may reasonably be expected to be held;

(22) other non-consensual Liens incurred in the ordinary course of business but not in connection with the incurrence of any Indebtedness, which do not in the aggregate, when taken together with all other liens, materially impair the fair market value or use of the property for the purposes for which it is or may reasonably be expected to be held;

(23) Liens in favor of customers, processors or vendors on advances or deposits (including, but not limited to, of raw materials or inventory) provided by such customers, processors or vendors to or on behalf of the Note Guarantor in the ordinary course of business or pursuant to an operational wind-down of a business of the Note Guarantor, which liens secure the repayment of such advances or deposits;

(24) Liens to secure escrow arrangements incurred in the ordinary course of business; and

(25) Liens not otherwise covered by clauses (1) through (24) above that secure Indebtedness or otherwise in an amount not to exceed $10 million.

"*Person*" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other entity.

"*RD&D Program*" means (a) the American Centrifuge Cascade Demonstration Test Program (the "Demonstration Test Program") funded pursuant to that certain Cooperative Agreement among the U.S. Department of Energy, the Issuer and American Centrifuge Demonstration, LLC, dated June 12, 2012, as the same may be amended or supplemented from time to time and (b) any successor program to the Demonstration Test Program however this program may be funded.

"*Representative*" means the trustee, agent or representative (if any) for any Designated Senior Claims; *provided* that (i) for purposes of holders of Claims contemplated by clause (v) of the definition of "Designated Senior Claims," the Note Guarantor shall act as the Representative of such holders; and (ii) in all other cases, if, and for so long as, such Designated Senior Claim lacks such a Representative, then the Representative for such Designated Senior Claim shall at all times constitute the holder or holders of a majority in outstanding principal amount of obligations under such Designated Senior Claims or its or their designee.

"*Responsible Officer*" means when used with respect to the Trustee, any officer or authorized signatory within the corporate trust department of the Trustee or any other officer of the Trustee customarily performing functions similar to those performed by any of the designated officers, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject and, in each case, who shall have direct responsibility for the administration of this Indenture.

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

"*Security Agreement*" means that certain Pledge and Security Agreement to encumber the Collateral, in favor of the Collateral Agent, for the ratable benefit of the Trustee and the Holders of the Notes, substantially in the form attached hereto as Exhibit D, as the same may be amended in accordance with the terms thereof and this Indenture.

"*Security Documents*" means, collectively, the Security Agreement and any other agreements, instruments, financing statements or other documents that evidence, set forth or limit the Lien of the Collateral Agent in the Collateral but excluding the Intercreditor Agreement.

"*Senior Priority Liens*" means all Liens that secure the Designated Senior Claims.

"*Subordinated Liens*" means all Liens securing the Secured Obligations.

"*subsidiary*" means, with respect to any Person, (i) any corporation, association or other business entity (including a limited liability company) of which more than fifty percent (50%) of the total voting power of shares of Voting Stock thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person or a combination thereof and (ii) any partnership in which such Person or any of its subsidiaries is a general partner.

"*Subsidiary*" means any subsidiary of the Issuer.

"*TIA*" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb), as amended, as in effect on the date hereof until such time as this Indenture is qualified under the TIA, and thereafter as in effect on the date on which this Indenture is qualified under the TIA.

"*transfer*" means, with respect to any asset, any direct or indirect sale, assignment, transfer, lease, loan, advance, conveyance, or other disposition (including, without limitation, by way of merger or consolidation).

"*Trustee*" means CSC Trust Company of Delaware, a Delaware state chartered trust company duly organized and existing under the laws of the State of Delaware, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"*U.S. Government Obligations*" means direct obligations of the United States of America, or any agency or instrumentality thereof, for the payment of which the full faith and credit of the United States of America is pledged.

"*Unconditional Interest Claim*" means Obligations representing, without duplication, (i) the due and punctual payment of (A) the principal and premium, if any, of those Notes issued as a result of the payment of PIK Interest either in the form of PIK Notes or as an increase in the principal amount of a Global Note and excluding the Initial Notes, and (B) unpaid interest on the Notes at the applicable interest rate on the Notes of eight percent (8.0%) per annum through, but not including, the Unconditional Interest Termination Date and (ii) notwithstanding anything contained in Section 4.01 hereof to the contrary, the due and punctual payment of unpaid interest on the overdue principal and premium, if any, of and interest on the Notes at the applicable interest rate on the Notes of eight percent (8.0%) per annum through, but not including, the Unconditional Interest Termination Date.

"*Unconditional Interest Guarantee*" means that portion of the Guarantee representing only the unconditional guarantee to each Holder and the Trustee irrespective of the validity or enforceability of the Indenture, the Notes or the Obligations of the Issuer hereunder or thereunder of any and all Unconditional Interest Claims.

"*Unconditional Interest Termination Date*" means the date that is the earlier of (i) the occurrence of any event referred to in Section 6.01(h)(1) through (4) or Section 6.01(i) hereof with respect to the Note Guarantor and (ii) the Maturity Date of the Notes.

"*Voting Stock*" means, with respect to any Person, (i) one or more classes of the Capital Stock of such Person having general voting power to elect at least a majority of the Board of Directors, managers or trustees of such Person (regardless of whether at the time Capital Stock of any other class or classes have or might have voting power by reason of the happening of any contingency) and (ii) any Capital Stock of such Person convertible or exchangeable without restriction at the option of the holder thereof into Capital Stock of such Person described in clause (i) above.

Section 1.02 *Other Definitions*.

Term	Defined in Section
"*Authentication Order*"	2.06
"*Change of Control Offer*"	4.09
"*Change of Control Payment*"	4.09
"*Change of Control Payment Date*"	4.09
"*Covenant Defeasance*"	8.03
"*Event of Default*"	6.01
"*Guarantee*"	11.01
"*Initial PIK Election*"	4.01
"*Legal Defeasance*"	8.02
"*Notes Payment Blockage Notice*"	2.17
"*Payment Blockage Notice*"	11.10
"*Paying Agent*"	2.03
"*PIK Interest*"	2.01
"*PIK Notes*"	2.01
"*PIK Notice*"	4.01
"*PIK Payment*"	2.01
"*Registrar*"	2.03
"*Secured Obligations*"	10.01
"*Security Document Order*"	10.02
"*Tax Issue Price*"	10.02
"*Tax Reporting Determination*"	13.16
"*Tax Reporting Determination Notice*"	13.16
"*Tax Reporting Rules*"	13.16
"*Termination Event*"	10.04

Section 1.03 *Incorporation By Reference of Trust Indenture Act*.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA term used in this Indenture has the following meaning:

"*obligor*" on the Notes means the Issuer, the Note Guarantor and any successor obligor upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule under the TIA have the meanings so assigned to them.

Section 1.04 *Rules of Construction*.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular;

(5) provisions apply to successive events and transactions;

(6) the words "includes" or "including" shall mean "including, but not limited to";

(7) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision, and the terms "Article," "Section," and "Exhibit," unless otherwise specified or indicated by the context in which used, mean the corresponding article or section of, or the corresponding exhibit to, this Indenture;

(8) references to agreements and other instruments include subsequent amendments, supplements and waivers to such agreements or instruments but only to the extent not prohibited by this Indenture; and

(9) references to "ordinary course of business", when such term is used in reference to the business of the Note Guarantor, includes, without limitation, any operational wind down of a business of the Note Guarantor.

ARTICLE 2
THE NOTES

Section 2.01 *Form and Dating; Terms.*

The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A attached hereto, the terms of which are incorporated in and made a part of this Indenture. The Notes shall mature, and all amounts due and payable hereunder shall be paid, on the Initial Maturity Date, unless the Issuer shall have delivered to the Trustee a Maturity Date Extension Notice pursuant to Section 4.01 below, in which event the Notes shall mature, and all amounts due and payable hereunder shall be paid, on the Extended Maturity Date.

The Notes may have notations, legends or endorsements required by usage or law, stock exchange rule or agreements to which the Issuer is subject. Each Note shall be dated the date of its authentication. Subject to the issuance of additional Definitive Notes (the "*PIK Notes*") or the increase in the principal amount of a Global Note in order to evidence payment-in-kind interest ("*PIK Interest*") (which PIK Notes or increased principal amount of a Global Note shall be in denominations of $1.00 or any integral multiple of $1.00 in excess thereof), the Notes shall be issued in denominations of $[1.00] and integral multiples of $[1.00] in excess thereof. On any

interest payment date on which the Issuer pays PIK Interest (a "*PIK Payment*") with respect to a Global Note, the Trustee, or the Custodian at the written direction of the Trustee, shall increase the principal amount of such Global Note by an amount equal to the PIK Interest payable, rounded down to the nearest whole dollar, for the relevant interest period on the principal amount of such Global Note, to the credit of the Holders on the relevant record date and an adjustment shall be made on the books and records of the Trustee with respect to such Global Note to reflect such increase. With respect to any interest payment date on which the Issuer makes a PIK Payment with respect to a Definitive Note, the Issuer shall deliver to the Trustee to be received no later than five (5) Business Days prior to such interest payment date executed PIK Notes sufficient to make such PIK Payment rounded down to the nearest whole dollar, for the relevant interest period on the principal amount of such Definitive Note together with an Authentication Order. For purposes of this Indenture, all references to "principal amount" of the Notes shall include any increase in the principal amount of the Notes as a result of a PIK Payment or delivery of PIK Notes.

Each Global Note shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon; *provided* that, the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof or, in the case of an increase resulting from the payment of PIK Interest, in accordance with the provisions hereof.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Issuer, the Note Guarantor and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(a) *Issuance of Global Notes*. The Notes shall be issued in the form of a Global Note (in the form of Exhibit A hereto, (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests or Increases/Decreases in the Global Note" attached thereto), which shall be deposited with the Trustee at its Corporate Trust Office, as custodian for the Depositary and registered in the name of the Depositary or the nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided, to the extent such Notes at that time are DTC-eligible securities. The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary as hereinafter provided. The Issuer initially appoints DTC to act as Depositary with respect to the Global Notes.

(b) *Global Notes in General*. Each Global Note shall represent such of the outstanding Securities as shall be specified therein and each shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect the payment of PIK Interest, exchanges, redemptions and conversions.

(c) *Book-Entry Provisions*. The Issuer shall execute and the Trustee shall, upon receipt of an Authentication Order and in accordance with this Section 2.01(c) and Section 2.02 hereof, authenticate and deliver initially one or more Global Notes that (a) shall be registered in the name of the Depositary, (b) shall be delivered by the Trustee to the Depositary or pursuant to the Depositary's instructions and (c) shall bear the legend substantially to the following effect:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITORY TRUST COMPANY (THE "*DEPOSITARY*") OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(A) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DEPOSITARY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(d) *Definitive Notes*. Notes not issued as interests in the Global Notes will be issued in definitive form substantially in the form of Exhibit A attached hereto, and in accordance with the applicable requirements of the Global Notes but without the Global Note legend thereon and without the "Schedule of Exchanges of Interests or Increases/Decreases in the Global Note" attached thereto.

Section 2.02 *Execution and Authentication*.

At least one Officer of the Issuer shall sign the Notes for the Issuer by manual or facsimile signature. If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note shall nevertheless be valid.

A Note signed by the Issuer in accordance with this Section 2.02 shall not be valid until authenticated by the manual signature of the Trustee. The signature of the Trustee shall be conclusive evidence that the Note has been authenticated under this Indenture. The form of Trustee's certificate of authentication to be borne by the Notes shall be substantially as set forth in Exhibit A attached hereto.

The Trustee shall, (a) upon receipt of an Issuer Order, requesting authentication pursuant to Section 2.02 hereof (an "Authentication Order"), authenticate (i) for original issue on the Issue Date Notes in an aggregate principal amount of $240,380,000 and (ii) PIK Notes, that may be validly issued under this Indenture, and (b) upon receipt of an Issuer Order, increase the principal amount of any Global Note as a result of a PIK Payment, which such amount shall be communicated to the Trustee. The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited. The Issuer shall be responsible for making all calculations and determinations with respect to accrued interest payable, including with respect to any PIK Notes or the increase of principal amount of any Global Note as a result of a PIK Payment contemplated hereby. The Issuer shall make all such calculations and determinations in good faith and, absent manifest error, the Issuer's calculations shall be final and binding on Holders. Upon written request, the Issuer shall promptly provide a schedule of its calculations to the Trustee.

The Trustee may appoint an authenticating agent reasonably acceptable to the Issuer to authenticate Notes. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authenticating by the Trustee includes authenticating by such agent. An authenticating agent has the same rights as an Agent to deal with the Issuer or an Affiliate of the Issuer.

The Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving payment of principal of and (subject to the provisions of this Indenture and the Notes with respect to record dates) interest on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

Section 2.03 *Registrar, Paying Agent and Depositary*.

The Issuer shall maintain (i) an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and (ii) an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Issuer initially appoints the Trustee as Registrar and Paying Agent for which it is entitled to appropriate compensation. The Registrar shall keep a register of the Notes and of their transfer and exchange.

The Issuer may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Issuer shall notify the Trustee in writing of the name and address of each such agent or registrar. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuer fails to appoint or maintain another entity as

Registrar or Paying Agent, the Trustee shall act as such. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar, except that for purposes of Article 3 and Article 8 and Section 4.09, neither the Issuer nor any of its Subsidiaries shall act as Paying Agent.

The Issuer shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the provisions of the TIA. The agreement shall implement the provisions of this Indenture that relate to such Agent.

The Issuer initially appoints DTC to act as Depositary with respect to the Global Notes. The Trustee shall act as custodian for the Depositary with respect to the Global Notes.

Section 2.04 *Paying Agent to Hold Money in Trust*.

The Issuer shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes and shall notify the Trustee in writing of any default by the Issuer in making any such payment. While any such default continues, the Paying Agent shall be required to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer or a Subsidiary) shall have no further liability for the money delivered to the Trustee. If the Issuer or a Subsidiary acts as Paying Agent (subject to Section 2.03 hereof), it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization related to the Issuer, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05 *Holder Lists*.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee at least seven (7) Business Days before each interest payment date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders, including the aggregate principal amount of Notes held by each such Holder, and the Issuer shall otherwise comply with TIA Section 312(a).

Section 2.06 *Transfer and Exchange of Global Notes.*

(a) A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Issuer for Definitive Notes if:

(1) the Issuer delivers to the Trustee written notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Issuer within 120 days after the date of such written notice from the Depositary;

(2) the Issuer in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

Upon the occurrence of either of the preceding events in clause (1) or (2) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Section 2.07 and Section 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or Section 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Sections 2.06(b) and (c) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes*. The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in a Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(a) both:

(A) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(B) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(b) both:

(A) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(B) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in subparagraph (1) above.

(c) *Additional Legends*. The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) *Original Issue Discount Legend*. Each Note will bear a legend in substantially the following form:

"THIS NOTE HAS BEEN ISSUED WITH "ORIGINAL ISSUE DISCOUNT" (WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED). UPON WRITTEN REQUEST TO THE ISSUER AT USEC INC., TWO DEMOCRACY CENTER, 6903 ROCKLEDGE DRIVE, BETHESDA, MARYLAND 20817, ATTENTION: CHIEF FINANCIAL OFFICER, THE ISSUER WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THIS NOTE THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND ISSUE DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE OR, IF APPLICABLE, THE YIELD TO MATURITY OF THE NOTE."

(2) *General Legend*. Each Note will bear a legend in substantially the following form:

"ANYTHING HEREIN OR IN THE INDENTURE TO THE CONTRARY NOTWITHSTANDING, THE LIENS AND SECURITY INTERESTS SECURING THE OBLIGATIONS EVIDENCED BY THIS NOTE, ANY OTHER NOTE, THE INDENTURE OR ANY RELATED SECURITY DOCUMENT, THE EXERCISE OF ANY RIGHT OR REMEDY WITH RESPECT THERETO, AND CERTAIN OF THE RIGHTS OF THE HOLDER HEREOF ARE SUBJECT TO THE PROVISIONS OF THE INTERCREDITOR AGREEMENT (AS DEFINED IN THE INDENTURE). IN THE EVENT OF ANY CONFLICT BETWEEN, ON THE ONE HAND, THE TERMS OF THE INTERCREDITOR AGREEMENT AND, ON THE OTHER HAND, THIS NOTE, THE INDENTURE OR ANY SECURITY DOCUMENT RELATED THERETO, THE TERMS OF THE INTERCREDITOR AGREEMENT SHALL GOVERN AND CONTROL. EACH HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE INTERCREDITOR AGREEMENT."

(d) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee upon written notice to the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee upon written notice to the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(e) *Other*. The following provisions shall also apply to transfers and exchanges of the Notes:

(1) To permit registrations of transfers and exchanges, the Issuer will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06 and 9.05 hereof).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) Neither the Registrar nor the Issuer will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business fifteen (15) days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuer may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuer shall be affected by notice to the contrary.

(7) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Section 2.07 *Replacement Notes*.

If any mutilated Note is surrendered to the Trustee, or the Issuer and the Trustee each receive evidence to their satisfaction of the destruction, loss or theft of any Note, the Issuer shall issue and the Trustee shall authenticate a replacement Note if the Trustee's requirements for replacements of Notes are met. If required by the Trustee or the Issuer, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of (i) the Trustee to protect the Trustee and (ii) the Issuer to protect the Issuer, the Trustee, any Agent or any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Issuer or the Trustee may charge for their expenses in replacing a Note.

Every replacement Note is an obligation of the Issuer and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 *Outstanding Notes.*

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding.

If a Note is replaced pursuant to Section 2.07 hereof, the replaced Note ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

Subject to Section 2.09 hereof, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note; *provided*, *however*, Notes held by the Trustee shall not be deemed to be outstanding for purposes of Section 3.07 hereof.

If the Paying Agent (other than the Issuer, a Subsidiary or an Affiliate of any thereof) holds, in its capacity as Paying Agent, on a redemption date or Maturity Date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.09 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer or any Affiliate of the Issuer shall be considered as though not outstanding, except that for purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows to be so owned shall be considered as not outstanding.

Section 2.10 *Temporary Notes.*

Pending the preparation of Definitive Notes, the Issuer (and the Note Guarantor) may execute, and upon receipt of an Authentication Order the Trustee shall, within a reasonable time period, authenticate and deliver, temporary Notes that are printed, lithographed, typewritten, mimeographed or otherwise reproduced, in any authorized denomination, substantially of the tenor of the Definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Officers executing such Notes may determine, as conclusively evidenced by their execution of such Notes.

If temporary Notes are issued, the Issuer (and the Note Guarantor) shall cause Definitive Notes to be prepared without unreasonable delay. The Definitive Notes shall be printed, lithographed or engraved, or provided by any combination thereof, or in any other manner permitted by the rules and regulations of any principal national securities exchange, if any, on which the Notes are listed, all as determined by the Officers executing such Definitive Notes. After the preparation of Definitive Notes, the temporary Notes shall be exchangeable for Definitive Notes upon surrender of the temporary Notes at the office or agency maintained by the Issuer for such purpose pursuant to Section 4.02 hereof, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Issuer (and the Note Guarantor) shall execute, and the Trustee shall authenticate and deliver, within a reasonable time period, in exchange therefor the same aggregate principal amount of Definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as Definitive Notes.

Section 2.11 *Cancellation*.

The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, redemption, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, redemption, exchange, payment, replacement or

cancellation and shall destroy cancelled Notes (subject to the record retention requirement of the Exchange Act and the Trustee). Certification of confirmation of the cancellation of all cancelled Notes shall be delivered to the Issuer upon its written request therefor. The Issuer may not issue new Notes to replace Notes that have been redeemed or paid or that have been delivered to the Trustee for cancellation. All cancelled Notes held by the Trustee shall be disposed of by the Trustee in its customary manner.

Section 2.12 *Defaulted Interest*.

If the Issuer defaults in a payment of interest on the Notes, the Issuer shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, which date shall be at the earliest practicable date but in all events at least five (5) Business Days prior to the payment date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Issuer shall fix or cause to be fixed each such special record date and payment date. At least fifteen (15) days before the special record date, the Issuer (or, upon the written request of the Issuer, the Trustee, in the name of and at the expense of the Issuer) shall mail to the Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13 *Deposit of Moneys*.

Subject to Section 3.05 hereof, prior to 11:00 a.m. (New York City time) on each date on which the principal of, premium, if any, and interest on the Notes are due, the Issuer shall deposit with the Trustee or Paying Agent in immediately available funds, money sufficient to make cash payments, if any, due on such date in a timely manner that permits the Trustee or the Paying Agent to remit payment to the Holders on such date.

Section 2.14 *CUSIP Numbers*.

The Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; *provided* that, any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

Section 2.15 *Agreement to Subordinate the Notes.*

The Issuer agrees, and each Holder by accepting a Note agrees, that the Indebtedness evidenced by the Notes is subordinated in right of payment, to the extent and in the manner provided in this Article 2, to the prior payment in full of all Issuer Senior Debt (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of and enforceable by holders of Issuer Senior Debt. The Indebtedness evidenced by the Notes shall in all respects rank *pari passu* in right of payment with all existing and future unsubordinated Indebtedness of the Issuer (other than Issuer Senior Debt) and will be senior in right of payment to all existing and future subordinated Indebtedness

of the Issuer; and only Indebtedness that is Issuer Senior Debt shall rank senior to the Indebtedness evidenced by the Notes in accordance with the provisions set forth herein. All provisions of this Article 2 shall be subject to Section 2.25 hereof.

Section 2.16 *Liquidation, Dissolution, Bankruptcy.*

Upon any payment or distribution of the assets of the Issuer to creditors upon a total or partial liquidation or a total or partial dissolution of the Issuer or in a bankruptcy, reorganization, insolvency, receivership of or similar proceeding relating to the Issuer or its property, in an assignment for the benefit of creditors or in any marshaling of the Issuer's assets and liabilities:

(1) holders of Issuer Senior Debt shall be entitled to receive payment in full in cash of such Issuer Senior Debt (including interest accruing after, or which would accrue but for, the commencement of any such proceeding at the rate specified in the applicable Issuer Senior Debt, whether or not a claim for such interest would be allowed) before the Holders of Notes shall be entitled to receive any payment with respect to the Notes; and

(2) until all Obligations with respect to the Issuer Senior Debt (as provided in clause (1) above) are paid in full in cash, any payment or distribution to which Holders of Notes would be entitled but for this Article 2 shall be made to holders of Issuer Senior Debt as their interests may appear.

Section 2.17 *Default on Issuer Senior Debt.*

(a) The Issuer may not make any payment or distribution to the Trustee or any Holder in respect of Obligations with respect to the Notes and may not acquire from the Trustee or any Holder any Notes for cash or property until all principal and other Obligations with respect to the Issuer Senior Debt have been paid in full if:

(1) a payment default on Issuer Senior Debt occurs and is continuing; or

(2) any other default occurs and is continuing on any Issuer Senior Debt that permits the holders of such Issuer Senior Debt to accelerate its maturity, or otherwise demand its payment, and the Trustee receives a notice of such default (a "*Notes Payment Blockage Notice*") from the Issuer or the holders of such Issuer Senior Debt.

(b) The Issuer may and will resume payments or any distributions in respect of the Notes and may acquire them upon the earlier of:

(1) in the case of a payment default with respect to any Issuer Senior Debt, the date upon which such default is cured or waived, and

(2) in the case of a nonpayment default with respect to any Issuer Senior Debt, upon the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Notes Payment Blockage Notice is received, unless in the case of this clause (2), the maturity of any Issuer Senior Debt has been accelerated or demand for payment of such Issuer Senior Debt made, and such acceleration or demand for payment has not been waived or cancelled,

if this Article 2 otherwise permits such payment, distribution or acquisition at the time of such payment, distribution or acquisition.

Section 2.18 *Demand for Payment.*

If payment of the Notes is accelerated because of an Event of Default, the Issuer or the Trustee will promptly notify holders of the Issuer Senior Debt, of the acceleration; *provided* that any failure to give such notice shall have no effect whatsoever on the provisions of this Article 2. If any Issuer Senior Debt is outstanding, the Issuer may not make a payment of the Notes until ten (10) Business Days after holders of such Issuer Senior Debt receive notice of such acceleration and, thereafter, may make a payment of any Obligations with respect to the Notes only if this Indenture and Federal law otherwise permits payment at that time.

Section 2.19 *When Distribution Must Be Paid Over.*

In the event that the Trustee or any Holder of the Notes receives any payment of, or any distributions with respect to, any Obligations with respect to the Notes at a time when the payment is prohibited by Section 2.17 hereof and the Trustee or the Holder, as applicable, has actual knowledge that the payment is prohibited by Section 2.17 hereof, such payment will be held by the Trustee or such Holder, in trust for the benefit of, and will be paid forthwith over and delivered upon written request to, holders of Issuer Senior Debt as their interests may appear under the agreement, indenture or other document (if any) pursuant to which any Issuer Senior Debt may have been issued or incurred, for application to the payment of all Obligations with respect to Issuer Senior Debt remaining unpaid to the extent necessary to pay such Obligations in full in accordance with their terms, after giving effect to any concurrent payment or distribution to or for the holders of Issuer Senior Debt.

Section 2.20 *Subrogation.*

After all Issuer Senior Debt has been Discharged and until the Notes are paid in full, Holders of Notes will be subrogated to the rights of the holders of Issuer Senior Debt to receive distributions applicable to such Issuer Senior Debt to the extent that distributions otherwise payable to the Holders of Notes have been applied to the payment of such Issuer Senior Debt. A distribution made under this Article 2 to the holders of Issuer Senior Debt that otherwise would have been made to Holders of Notes is not, as between the Issuer and Holders, a payment by the Issuer on the Notes.

Section 2.21 *Relative Rights.*

This Article 2 defines the relative rights of Holders of Notes and holders of Issuer Senior Debt. Nothing in this Indenture will:

(1) impair, as between the Issuer and Holders of Notes, the obligation of the Issuer, which is absolute and unconditional, to pay principal of, premium on, if any, and interest, if any, on, the Notes in accordance with their terms;

(2) affect the relative rights of Holders of Notes and creditors of the Issuer other than their rights in relation to holders of Issuer Senior Debt; or

(3) prevent the Trustee or any Holder of Notes from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders of Issuer Senior Debt to receive distributions and payments otherwise payable to Holders of Notes and such other rights of holders of Issuer Senior Debt as set forth herein.

Section 2.22 *Subordination May Not Be Impaired by the Issuer.*

No right of the holders of Issuer Senior Debt to enforce the subordination of the Indebtedness evidenced by the Notes may be impaired by any act or failure to act by the Issuer or any Holder or by the failure of the Issuer or any Holder to comply with this Indenture.

Section 2.23 *Rights of Trustee and Paying Agent.*

(a) Notwithstanding the provisions of this Article 2 or any other provision of this Indenture, the Trustee will not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee, and the Trustee and the Paying Agent may continue to make payments on the Notes, unless the Trustee has received at its Corporate Trust Office at least three (3) Business Days prior to the date of such payment written notice of facts that would cause the payment of any Obligations with respect to the Notes to violate this Article 2. Only the Issuer or holders of Issuer Senior Debt may give the notice. Nothing in this Article 2 will impair the claims of, or payments to, the Trustee under or pursuant to Section 7.07 hereof.

(b) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in, DTC or other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption or purchase) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes.

All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to the registered Holders (which shall be DTC or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Trustee may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among DTC participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.24 *Article 2 Not to Prevent Events of Default or Limit Right to Demand Payment.*

The failure of the Issuer to make a payment on the Notes by reason of any provision in this Article 2 shall not be construed as preventing the occurrence of a Default by the Issuer. Nothing in this Article 2 shall have any effect on the right of the Holders or the Trustee to make a demand for payment on the Notes pursuant to this Article 2.

Section 2.25 *Trust Moneys Not Subordinated.*

Notwithstanding anything contained herein to the contrary, payments from money or the proceeds of Government Securities held in trust by the Trustee for the payment of principal of and interest on the Notes pursuant to Article 8 or Article 12 hereof shall not be subordinated to the prior payment of any Issuer Senior Debt or subject to the restrictions set forth in this Article 2, and none of the Holders shall be obligated to pay over any such amount to the Issuer or holders of Issuer Senior Debt or any other creditor of the Issuer, *provided* that, the subordination provisions of this Article 2 were not violated at the time the applicable amounts were deposited in trust pursuant to Article 8 or Article 12 hereof, as the case may be.

Section 2.26 *Trustee Entitled to Rely.*

Upon any payment or distribution of assets of the Issuer referred to in this Article 2, the Trustee and the Holders of Notes will be entitled to rely upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 2.26 hereof are pending or upon any certificate of such representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders of Notes for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Issuer Senior Debt and other Indebtedness of the Issuer, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 2. In the event that the Trustee determines, in good faith, that evidence is required with respect to the right of the holders of Issuer Senior Debt to participate in any payment or distribution pursuant to this Article 2, the Trustee shall be entitled to request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Issuer Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article 2 and, if such evidence is not furnished, the Trustee shall be entitled to defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Section 7.01 and Section 7.02 hereof shall be applicable to all actions or omissions of actions by the Trustee pursuant to this Article 2.

Section 2.27 *Trustee to Effectuate Subordination.*

Each Holder of Notes, by the Holder's acceptance thereof, authorizes and expressly directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article 2, and appoints the Trustee to act as such Holder's attorney-in-fact for any and all such purposes.

Section 2.28 *Trustee Not Fiduciary for Holders of Issuer Senior Debt.*

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Issuer Senior Debt and shall not be liable to any such holder if it shall mistakenly pay over or distribute to or on behalf of Holders or any other Person, money or assets to which holders of Issuer Senior Debt shall be entitled by virtue of this Article 2 or otherwise, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

Section 2.29 *Reliance by Holders of Senior Debt on Subordinated Provisions.*

Each Holder, by accepting a Note, acknowledges and agrees that the provisions of Section 2.15 through Section 2.30 hereof are, and are intended to be, an inducement and a consideration to holders of Issuer Senior Debt, whether such Issuer Senior Debt was created or acquired before or after the issuance of the Notes, to acquire and continue to hold, or to continue to hold, such Issuer Senior Debt and holders of such Issuer Senior Debt shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Issuer Senior Debt. If requested by a holder of Issuer Senior Debt, or a representative of such a holder, the Trustee shall execute the Note Subordination Agreement.

Without in any way limiting the generality of the foregoing paragraph, holders of Issuer Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders, without incurring liability to the Trustee or the Holders and without impairing or releasing the subordination provided in this Article 2 or the obligations hereunder of the Holders to holders of Issuer Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, any Issuer Senior Debt, or otherwise amend or supplement in any manner any Issuer Senior Debt, or any instrument evidencing the same or any agreement under which any Issuer Senior Debt is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing any Issuer Senior Debt; (iii) release any Person liable in any manner for the payment or collection of any Issuer Senior Debt; and (iv) exercise or refrain from exercising any rights against the Issuer and any other Person.

Section 2.30 *Amendments.*

The provisions of Section 2.15 through Section 2.30 hereof may not be amended or modified without the written consent of holders of Issuer Senior Debt.

ARTICLE 3
REDEMPTION

Section 3.01 *Notices to Trustee*.

If the Issuer elects to redeem Notes pursuant to Section 3.07 hereof, the Issuer shall furnish to the Trustee, at least thirty (30) days but not more than sixty (60) days before a redemption date, an Officers' Certificate setting forth (i) that the redemption shall occur pursuant to Section 3.07 hereof, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) that the redemption price shall equal one hundred percent (100%) of the principal amount of the Notes to be redeemed, plus any accrued and unpaid interest, if any, up to, but not including, the redemption date.

Section 3.02 *Selection of Notes to be Redeemed*.

If less than all of the Notes are to be redeemed pursuant to Section 3.07 hereof, the Trustee shall select the Notes to be redeemed in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed (and such listing is known to the Trustee), or, if the Notes are not so listed, on a *pro rata* basis or by such other method that most nearly approximates a *pro rata* selection to the extent practicable, in each case with respect to any Global Notes, the procedures of the Depositary.

The Trustee shall promptly notify the Issuer in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in denominations of [$1.00][2] and integral multiples of [$1.00] in excess thereof (or if a PIK Payment has been made, in denominations of $1.00 and any integral multiple of $1.00 in excess thereof with respect to a PIK Note or the portion of a Global Note constituting PIK Interest). Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.03 *Notice of Redemption*.

At least thirty (30) days but not more than sixty (60) days before a redemption date, the Issuer shall mail a notice of redemption by first class mail (and, to the extent permitted by applicable procedures or regulations, electronically) to the Trustee and each Holder whose Notes are to be redeemed at such Holder's registered address.

The notice shall identify the Notes to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price;

(3) if any Note is being redeemed in part only, the portion of the principal amount of such Note to be redeemed and that, after the redemption date, upon cancellation of the original Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Issuer defaults in making such redemption payment, interest on Notes or portions of Notes called for redemption ceases to accrue on and after the redemption date;

2 Discuss minimum denomination.

(7) the paragraph of the Notes and/or the section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Issuer's written request, the Trustee shall give the notice of redemption in the name of the Issuer and at the Issuer's expense; *provided* that the Issuer shall deliver to the Trustee, at least fifteen (15) days (unless a shorter period is acceptable to the Trustee) prior to the date such notice is to be given, an Officers' Certificate requesting that the Trustee give such notice and a copy of the notice to be provided to the Holders. The notice mailed or distributed electronically in the manner herein provided shall be conclusively presumed to have been duly given whether or not a Holder receives such notice. In any case, failure to give such notice by mail or electronic distribution or any defect in the notice to the Holder of any Note shall not affect the validity of the proceeding for the redemption of any other Note.

Notwithstanding the foregoing, notice of redemption may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes pursuant to Article 8 hereof or a satisfaction and discharge of this Indenture pursuant to Article 12 hereof.

Section 3.04 *Effect of Notice of Redemption*.

Once notice of redemption has been mailed or distributed electronically to the Holders in accordance with Section 3.03 hereof, Notes called for redemption become due and payable on the redemption date at the redemption price. At any time prior to the mailing of a notice of redemption to the Holders pursuant to Section 3.03 hereof, the Issuer may withdraw, revoke or rescind any notice of redemption delivered to the Trustee without any continuing obligation to redeem the Notes as contemplated by such notice of redemption.

Section 3.05 *Deposit of Redemption Price.*

At or before 11:00 a.m. (New York City time) on the redemption date, the Issuer shall deposit with the Trustee (to the extent not already held by the Trustee) or with the Paying Agent money in immediately available funds sufficient to pay the redemption price of and accrued and unpaid interest on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Issuer any money deposited with the Trustee or the Paying Agent by the Issuer in excess of the amounts necessary to pay the redemption price of, and accrued and unpaid interest on, all Notes to be redeemed.

Interest on the Notes to be redeemed shall cease to accrue on the applicable redemption date, whether or not such Notes are presented for payment, if the Issuer makes or deposits the redemption payment in accordance with this Section 3.05. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest should be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be paid upon surrender for redemption because of the failure of the Issuer to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 *Notes Redeemed in Part*.

Upon surrender of a Note that is redeemed in part, the Issuer shall issue, and the Trustee, upon receipt of an Authentication Order, shall authenticate for the Holder at the expense of the Issuer, a new Note equal in principal amount to the unredeemed portion of the Note surrendered; *provided* that, each new Note will be in a principal amount of $[1.00] or an integral multiple of $[1.00] in excess thereof (or if a PIK Payment has been made, in denominations of $1.00 and any integral multiple of $1.00 in excess thereof with respect to a PIK Note or the portion of a Global Note constituting PIK Interest).

Section 3.07 *Optional Redemption*.

The Notes shall be subject to redemption at the option of the Issuer, in whole or in part, at any time, at a price equal to one hundred percent (100%) of the principal amount of the Notes to be redeemed, plus any accrued and unpaid interest, if any, up to, but not including, the redemption date (subject to the rights of Holders of Notes on the relevant interest record date to receive interest on the relevant interest payment date).

Section 3.08 *No Mandatory Redemption*.

The Issuer shall not be required to make mandatory redemption payments with respect to the Notes. The Notes shall not have the benefit of any sinking fund.

ARTICLE 4
COVENANTS

Section 4.01 *Payment of Notes*.

The Issuer shall pay the principal and premium, if any, of, and interest on, the Notes on the dates and in the manner provided in the Notes. With respect to the Initial Interest Period, the Issuer has, pursuant hereto, elected to pay 1.5% per annum of interest due for such period in the form of a PIK Payment (the "*Initial PIK Election*"). After the Initial Interest Period, in the event that the Issuer shall determine to pay any interest in the form of a PIK Payment, the Issuer shall deliver to the Trustee and the Paying Agent (if other than the Trustee), with respect to each interest period subsequent to the Initial Interest Period, no later than one (1) Business Day prior to the beginning of the relevant interest period, a written notice (the "*PIK Notice*") setting forth whether the Issuer has elected to pay any portion of the interest payment for such period in the form of a PIK Payment and, if so, the percentage of interest to be paid in the form of a PIK Payment. The Trustee shall promptly deliver a corresponding notice to the Holders. In the absence of an election for any interest payment date, interest on the Notes shall be payable according to the method of payment set forth in the PIK Notice (excluding for this purpose, the Initial PIK Election) for the previous interest payment date, or notwithstanding the Initial PIK Election, if no prior PIK Notice was delivered to the Trustee for the previous interest payment date, the Issuer shall be deemed to have elected to pay interest due on such interest payment date in the form of a PIK Payment at the maximum percentage permitted hereunder and under the Notes.

Principal, premium, if any, and interest shall be considered paid on the date due:

(a) if the Paying Agent, other than the Issuer or a Subsidiary, holds as of 11:00 a.m. Eastern Time on such date money deposited by the Issuer in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due; or

(b) only to the extent the Issuer has elected to pay any part of the interest then due in the form of a PIK Payment or PIK Notes, if on such date the Trustee has received (i) an Issuer Order, pursuant to Section 2.02 hereof, to increase the balance of any Global Note to reflect such PIK Payment or (ii) PIK Notes duly executed by the Issuer together with an Authentication Order.

Such Paying Agent shall return to the Issuer, no later than three (3) Business Days following the date of payment, any money that exceeds such amount of principal, premium, if any, and interest then due and payable on the Notes.

To the extent lawful, the Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Code) on overdue principal in cash at the rate equal to two percent (2%) per annum in excess of the then applicable interest rate on the Notes; the Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Code) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful and in the same method of payment as the previous interest period.

In order for the Maturity Date to be the Extended Maturity Date, the Issuer shall deliver to the Trustee a Maturity Date Extension Notice no later than the earlier of (x) ten (10) Business Days prior to the Initial Maturity Date and (y) five (5) Business Days after the Funding Condition has been satisfied. Upon receiving such Maturity Date Extension Notice, the Trustee shall promptly deliver a corresponding notice to Holders. If the Maturity Date Extension Notice is not delivered within the time periods specified in the preceding sentence (whether or not the Funding Condition has been satisfied), the Maturity Date shall be the Initial Maturity Date.

Section 4.02 *Maintenance of Office or Agency*.

The Issuer shall maintain an office or agency (which may be an office of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency, or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided* that, no such designation or rescission shall in

any manner relieve the Issuer of its obligation to maintain an office or agency for such purposes. The Issuer shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Issuer in accordance with Section 2.03 hereof (and not as an agent or office for the service of legal process).

Section 4.03 *Reports*.

(a) Notwithstanding that the Issuer may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the Commission, the Issuer shall file with the Commission (and provide the Trustee and holders with copies thereof, without cost to each holder, and to the Trustee, within fifteen (15) days after it files them with the Commission),

(1) within the time period specified in the Commission's rules and regulations, annual reports on Form 10-K (or any successor or comparable form) containing the information required to be contained therein (or required in such successor or comparable form),

(2) within the time period specified in the SEC's rules and regulations, reports on Form 10-Q (or any successor or comparable form) containing the information required to be contained therein (or required in such successor or comparable form),

(3) promptly from time to time after the occurrence of an event required to be therein reported (and in any event within the time period specified in the SEC's rules and regulations), such other reports on Form 8-K (or any successor or comparable form), and

(4) any other information, documents and other reports which the Issuer would be required to file with the Commission if it were subject to Section 13 or 15(d) of the Exchange Act;

provided, *however*, that the Issuer shall not be so obligated to file such reports with the Commission if the Commission does not permit such filing, in which event the Issuer will make available such information to each prospective purchaser, market maker or securities analyst that provides its email address to the Issuer and certifies that it is a prospective purchaser, market maker (or intends to be a market maker) or securities analyst, as the case may be, of the Notes in addition to providing such information in writing to the Trustee and the Holders, in each case within fifteen (15) days after the time the Issuer would be required to file such information with the Commission if it were subject to Section 13 or 15(d) of the Exchange Act.

(b) In addition, the Issuer will make such information available to prospective investors, market makers and securities analysts that request such information by providing their email address to the Issuer and certifying that they are a prospective purchaser, market maker (or intend to be a market maker) or securities analyst, as the case may be. In addition, the Issuer has agreed that, for so long as any Notes remain outstanding during any period when it is not subject

to Section 13 or 15(d) of the Exchange Act, or otherwise permitted to furnish the Commission with certain information pursuant to Rule 12g3-2(b) of the Exchange Act, it will furnish to the holders of the Notes and to prospective investors, market makers and securities analysts upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) of the Securities Act.

Notwithstanding the foregoing, the Issuer will be deemed to have furnished such reports referred to above to the Trustee and the Holders if the Issuer has filed such reports with the Commission via the EDGAR filing system and such reports are publicly available. In addition, the requirements of this Section 4.03 shall be deemed satisfied by the posting of reports that would be required to be provided to the Trustee and the Holders on the Issuer's public website.

(c) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 4.04 *Compliance Certificate*.

(a) The Issuer shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate (*provided* that, one of the signatories to such Officers' Certificate shall be the principal executive officer, principal financial officer or principal accounting officer of the Issuer) stating that, as to each such Officer signing such certificate, to the best of his or her knowledge, the Issuer and the Note Guarantor are not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuer or the Note Guarantor, as applicable, is taking or proposes to take with respect thereto).

(b) So long as any of the Notes are outstanding, the Issuer shall deliver to the Trustee forthwith upon any Officer becoming aware of (i) any Default or Event of Default or (ii) any event of default under any mortgage, indenture or instrument referred to in Section 6.01(e) hereof, an Officers' Certificate specifying such Default, Event of Default or other event of default and what action the Issuer is taking or proposes to take with respect thereto.

Section 4.05 *Taxes*.

The Issuer shall, and shall cause its Subsidiaries to, pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all material taxes, assessments and governmental charges or levies and (2) all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a lien upon the property of the Issuer or any Subsidiary; *provided, however*, that the Issuer shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge, levy or claim (a) whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which reserves have been established in accordance with GAAP or (b) where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06 *Stay, Extension and Usury Laws*.

The Issuer (and the Note Guarantor) covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension, usury or other law, wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer and the Note Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Existence*.

Subject to Article 5, the Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its company existence, and the corporate, limited liability company, partnership or other existence of the Note Guarantor, in accordance with their respective organizational documents (as the same may be amended from time to time), and (ii) its (and the Note Guarantor's) rights (charter and statutory), licenses and franchises; *provided* that the Issuer shall not be required to preserve any such right, license or franchise, (A) if the Board of Directors of the Issuer on behalf of the Issuer shall determine in good faith that the preservation thereof is no longer desirable in the conduct of the business of the Issuer and the Note Guarantor taken as a whole and that the loss thereof is not adverse in any material respect to the Holders and (B) in connection with or related to the Paducah Transition or any ACP Termination.

Section 4.08 *Limitation on Liens*.

The Note Guarantor shall not, directly or indirectly, create, incur, assume or suffer to exist any Lien on any asset (including, without limitation, all real, tangible or intangible property) of the Note Guarantor, whether now owned or hereafter acquired, or on any income or profits therefrom, or assign or convey any right to receive income therefrom, except Permitted Liens.

Section 4.09 *Repurchase Upon Change of Control*.

Upon the occurrence of a Change of Control, the Issuer shall offer to repurchase all of the Notes then outstanding (the "*Change of Control Offer*") at a purchase price equal to one hundred one percent (101%) of the aggregate principal amount thereof, plus accrued and unpaid interest thereon to the date of repurchase, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date (the "*Change of Control Payment*"), *provided*, *however*, that notwithstanding the occurrence of a Change of Control, the Issuer shall not be obligated to repurchase any Notes pursuant to this Section 4.09 in the event that the Issuer has previously or concurrently exercised its right to redeem such Notes in accordance with Section 3.07 of this Indenture.

To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.09, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.09 by virtue thereof.

Within thirty (30) days following any Change of Control, the Issuer shall commence the Change of Control Offer by mailing by first class, postage prepaid, with return receipt or electronically to the Trustee and each Holder a notice, which shall govern the terms of the Change of Control Offer, and shall state that:

(a) the Change of Control Offer is being made pursuant to this Section 4.09 and that all Notes tendered will be accepted for payment,

(b) the purchase price and the purchase date, which shall be a Business Day no earlier than thirty (30) days nor later than (forty-five) 45 days from the date such notice is mailed (the "*Change of Control Payment Date*"),

(c) that any Note not tendered for payment pursuant to the Change of Control Offer shall continue to accrue interest,

(d) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest on the Change of Control Payment Date,

(e) that any Holder electing to have Notes purchased pursuant to a Change of Control Offer shall be required to surrender such Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date,

(f) that any Holder shall be entitled to withdraw such election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes such Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased,

(g) that a Holder whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $1.00 and any integral multiple of $1.00 in excess thereof,

(h) the instructions that Holders must follow in order to tender their Notes, and

(i) the circumstances and relevant facts regarding such Change of Control.

On the Change of Control Payment Date, the Issuer shall, to the extent lawful, (i) accept for payment the Notes or portions thereof tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered and not withdrawn, and (iii) deliver or cause to be delivered to the Trustee the Notes so accepted, together with an Officers' Certificate stating that the Notes or portions thereof tendered to the Issuer are accepted for payment. The Paying Agent

shall promptly deliver to each Holder of Notes so accepted payment in an amount equal to the purchase price for such Notes, and the Trustee shall authenticate upon receipt of an Authentication Order and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that, each such new Note will be in the principal amount of $1.00 and any integral multiple of $1.00 in excess thereof.

The Issuer shall announce to the Holders the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date. For the purposes of this Section 4.09, the Trustee shall act as the Paying Agent.

The Issuer shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.09 and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

Section 4.10 *Limitation on Transfers of Collateral*.

(a) The Note Guarantor shall not, and the Issuer shall not cause the Note Guarantor to, transfer any Collateral, unless the Liens on such transferred Collateral securing the Secured Obligations shall remain valid and perfected Liens securing such Secured Obligations, subject only to Permitted Liens, and junior in priority only to any Senior Priority Liens.

(b) The limitations in Section 4.10(a) hereof shall not apply to:

(1) the transfer of inventory and other assets in the ordinary course of business of the Note Guarantor;

(2) the transfer of damaged, worn out, scrap, surplus or other obsolete property in the ordinary course of business, in each case so long as such property is no longer necessary for the proper conduct of the business of the Note Guarantor;

(3) sales or grants of non-exclusive licenses to use the patents, trade secrets, know-how and other intellectual property (to the extent such items constitute Collateral) of the Note Guarantor to the extent that such licenses are granted in the ordinary course of business, do not prohibit the Note Guarantor from using the intellectual property licensed and do not require the Note Guarantor to pay any fees for any such use;

(4) a transfer pursuant to any foreclosure of assets or other remedy provided by contract or applicable law by a creditor of the Note Guarantor with a Senior Priority Lien on such assets;

(5) the lease or sublease of any real or personal property (i) in support of the operations or development of the American Centrifuge Project or development of another next generation enrichment technology or (ii) in the ordinary course of business of the Note Guarantor;

(6) any transfer constituting a taking, condemnation or other eminent domain proceeding;

(7) the granting of Liens not prohibited by the provisions of Section 4.08 hereof;

(8) the exchange, loan, advance or other transfer of assets with, to or from the U.S. Department of Energy, customers and suppliers in the ordinary course of business of the Note Guarantor or in support of the operations or development of the American Centrifuge Project;

(9) (A) the transfer of cash by the Note Guarantor to the Issuer or to its Subsidiaries (i) for general corporate purposes of the Issuer, (ii) to make any payments with respect to the Notes or any Obligations under this Indenture, (iii) in support of the operations or development of the American Centrifuge Project or development of another next generation enrichment technology and (iv) pursuant to and in accordance with the Exit Facility Note and (B) the making of cash payments in the ordinary course of business (including for the scheduled repayment of Indebtedness) from cash that is at any time part of the Collateral that are not otherwise prohibited by the Indenture and the Security Documents; and

(10) the transfer of non-cash assets by the Note Guarantor to the Issuer or to its Subsidiaries that is determined by the Issuer in good faith to be beneficial to the continued operations or development of the American Centrifuge Project or development of another next generation enrichment technology.

Section 4.11 *Maintenance of Properties*.

The Issuer shall, and shall cause each of its Subsidiaries to, maintain their properties and assets in normal working order and condition as on the date of this Indenture (reasonable wear and tear excepted) and make all necessary repairs, renewals, replacements, additions, betterments and improvements thereto, as shall be reasonably necessary for the proper conduct of the business of the Issuer and the Subsidiaries taken as a whole; *provided* that nothing herein shall prevent the Issuer or any of the Subsidiaries from discontinuing any maintenance of any such properties or assets if (i) the Issuer determines that such discontinuance is desirable in the conduct of the business of the Issuer and the Subsidiaries taken as a whole or (ii) in connection with or related to the Paducah Transition or any ACP Termination.

Section 4.12 *Maintenance of Insurance*.

The Issuer shall, and shall cause each of its Subsidiaries to, maintain liability, casualty and other insurance (including self-insurance consistent with prior practice) with responsible insurance companies in such amounts and against such risks as is in accordance with customary industry practice in the general areas in which the Issuer and the Subsidiaries operate.

ARTICLE 5
SUCCESSORS

Section 5.01 *Merger, Consolidation or Sale of Substantially All Assets*.

(a) The Issuer shall not consolidate or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets (determined on a consolidated basis for the Issuer and its Subsidiaries taken as a whole) in one or more related transactions to, any other Person, unless:

(1) the Issuer is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is an entity organized and existing under the laws of the United States of America, any state or territory thereof or the District of Columbia; and, if such entity is not a corporation, a co-obligor of the Notes is a corporation organized or existing under such laws;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition has been made assumes all the Obligations of the Issuer, pursuant to a supplemental indenture, under the Notes, this Indenture and the Security Documents; and

(3) immediately after giving effect to such transaction on a pro forma basis, no Default or Event of Default exists.

(b) The Note Guarantor may not consolidate with or merge with or into (whether or not the Note Guarantor is the surviving Person) another Person, whether or not affiliated with the Note Guarantor, unless:

(1) either:

(a) the Note Guarantor will be the surviving or continuing Person; or

(b) the Person formed by or surviving any such consolidation or merger assumes, by supplemental indenture in standard form and substance, all of the obligations of the Note Guarantor under the Guarantee, this Indenture and the Security Documents; and

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing.

The Issuer shall deliver to the Trustee prior to the consummation of any proposed transaction an Officers' Certificate to the foregoing effect, an Opinion of Counsel, stating that all conditions precedent to the proposed transaction provided for in this Indenture have been complied with.

For purposes of this Section 5.01, the transfer of all or substantially all of the properties and assets of one or more Subsidiaries in one or more related transaction to any other Person, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer to such Person. This Section 5.01 will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Issuer and its Subsidiaries.

Section 5.02 *Successor Substituted*.

In the event of any transaction (other than a lease or a transfer of less than all of the Issuer's or the Note Guarantor's assets, as applicable) contemplated by Section 5.01 hereof in which the Issuer or the Note Guarantor, as applicable, is not the surviving Person, the successor formed by such consolidation or into or with which the applicable Issuer or Note Guarantor is merged or to which such transfer is made, or formed by such reorganization, as the case may be, shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the Note Guarantor, as applicable, and the Issuer and the Note Guarantor, as applicable, shall be discharged from its Obligations under this Indenture, the Security Documents and the Notes with the same effect as if such successor Person had been named as the Issuer or Note Guarantor, as applicable, herein or therein. The Trustee shall have the right to require any such Person to ensure, by executing and delivering appropriate instruments and Opinions of Counsel, that the Trustee continues to hold a Lien on all Collateral for the benefit of the Trustee and the Holders.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01 *Events of Default*.

Each of the following is an "*Event of Default*":

(a) The Issuer defaults in the payment of interest on any Note when the same becomes due and payable and the Default continues for a period of thirty (30) days;

(b) The Issuer defaults in the payment of principal (or premium, if any) on any Note when the same becomes due and payable at the Maturity Date, upon redemption, by acceleration or otherwise;

(c) the Issuer defaults in the performance of or breaches the provisions of Article 5;

(d) either of the Issuer or the Note Guarantor fails to comply with any of its other agreements or covenants in, or provisions of, the Notes or this Indenture and the Default continues for sixty (60) days after written notice thereof has been given to the Issuer and Note Guarantor by the Trustee or to the Issuer and the Trustee by the Holders of at least twenty-five percent (25%) in aggregate principal amount of the then outstanding Notes, such notice to state that it is a "Notice of Default" (other than a default referred to in clauses (a), (b) or (c) of this Section 6.01);

(e) default under (after giving effect to any applicable grace periods or any extension of any maturity date) any mortgage, indenture, agreement or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by the Issuer or any Subsidiary (or the payment of which is guaranteed by the Issuer or any Subsidiary), whether such Indebtedness or guaranty now exists or is created after the Issue Date, if (A) either (1) such default results from the failure to pay principal of or interest on such Indebtedness or (2) as a result of such default the maturity of such Indebtedness has been accelerated, and (B) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness with respect to which such a payment default (after the expiration of any applicable grace period or any extension of the Maturity Date) has occurred, or the maturity of which has been so accelerated, exceeds $10,000,000 in the aggregate;

(f) a final nonappealable judgment or judgments for the payment of money (other than judgments as to which a reputable insurance company has accepted full liability) is or are entered by a court or courts of competent jurisdiction against the Issuer or any Subsidiary and such judgment or judgments remain undischarged, unbonded or unstayed for a period of sixty (60) days after entry, *provided* that, the aggregate of all such judgments exceeds $5,000,000;

(g) any failure by the Note Guarantor to comply with (after giving effect to any applicable grace periods) any material agreement or covenant in, or material provision of, any Security Document or the Intercreditor Agreement;

(h) the Issuer or the Note Guarantor:

(1) commences a voluntary case pursuant to or within the meaning of any Bankruptcy Code,

(2) consents to the entry of an order for relief against it in an involuntary case pursuant to or within the meaning of any Bankruptcy Code,

(3) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(4) makes a general assignment for the benefit of its creditors, or

(5) generally is not paying its debts as the same become due;

(i) a court of competent jurisdiction enters an order or decree under any Bankruptcy Code:

(1) for relief against the Issuer or the Note Guarantor in an involuntary case,

(2) appointing a Custodian of the Issuer or the Note Guarantor or for all or substantially all of their property, or

(3) ordering the liquidation of the Issuer or the Note Guarantor, and such order or decree remains unstayed and in effect for (sixty) 60 days; and

(j) the Note Guarantor denies or disaffirms its obligations under this Indenture or any Guarantee and such Default continues for ten (10) days.

The Issuer shall, upon becoming aware of any Default or Event of Default, deliver to the Trustee a written notice specifying such Default or Event of Default and what action the Issuer is taking or propose to take with respect thereto.

Section 6.02 *Acceleration*.

Subject to the terms of the Intercreditor Agreement, if an Event of Default (other than an Event of Default specified in Section 6.01(h) or (i) hereof) occurs and is continuing, the Trustee by written notice to the Issuer, or the Holders of at least twenty-five percent (25%) in principal amount of the then outstanding Notes by written notice to the Issuer and the Trustee, may declare the unpaid principal of, and any accrued and unpaid interest on, all the Notes to be due and payable. Upon such declaration the principal and interest shall be due and payable immediately. If an Event of Default specified in Section 6.01(h) or (i) hereof occurs with respect to the Issuer or the Note Guarantor, all outstanding Notes shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

Section 6.03 *Other Remedies*.

If an Event of Default occurs and is continuing, subject to the terms of the Intercreditor Agreement, the Trustee may pursue any available remedy (under this Indenture or otherwise) to collect the payment of principal or interest on the Notes or to enforce the performance of any provision of the Notes, this Indenture or the Security Documents.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of, or acquiescence in, the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of a majority of the aggregate principal amount of the then outstanding Notes, by written notice to the Trustee, may on behalf of the Holders of all of the Notes waive, rescind or cancel any declaration of an existing or past Default or Event of Default and its consequences under this Indenture if such waiver, rescission or cancellation would not conflict with any judgment or decree except a continuing Default or Event of Default in the payment of interest on, or the principal of, any Note or an Event of Default with respect to any covenant or provision which cannot be modified or amended without the consent of the Holder of each outstanding Note affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

In the event of an Event of Default arising from Section 6.01(e) hereof, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if prior to twenty (20) days after such Event of Default arose, the Issuer delivers an Officers' Certificate to the Trustee stating that (x) the Indebtedness that is the basis of such Event of Default has been discharged or (y) the Holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (z) the default that is the basis of such Event of Default has been cured.

Section 6.05 *Control by Majority*.

Subject to the Intercreditor Agreement and the Security Documents, the Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, the Intercreditor Agreement or the Security Documents that the Trustee determines may be unduly prejudicial to the rights of other Holders, or that may involve the Trustee in personal liability.

Section 6.06 *Limitation on Suits.*

Subject to the Intercreditor Agreement and the Security Documents, a Holder may pursue a remedy with respect to this Indenture, the Notes or the Security Documents only if all of the following conditions are met:

(a) the Holder gives to the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least twenty-five percent (25%) in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer and, if requested, provide to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within sixty (60) days after receipt of the request and the offer and, if requested, the provision of security or indemnity; and

(e) during such sixty (60)-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

Section 6.07 *Rights of Holders to Receive Payment*.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal and interest on the Note, on or after the respective due dates expressed in the Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder; *provided*

that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture or the Security Documents upon any property subject to such Lien.

Section 6.08 *Collection Suit by Trustee*.

If an Event of Default specified in Section 6.01(a) or (b) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Issuer or the Note Guarantor for the whole amount of principal and interest remaining unpaid on the Notes and interest on overdue principal (and premium, if any) and, to the extent lawful, interest on overdue interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 *Trustee may File Proofs of Claim*.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Issuer (or any other obligor under the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders of the Notes may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities*.

Subject to the terms of the Intercreditor Agreement, if the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Notes for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest, respectively;

Third: without duplication, to Holders for any other Obligations owing to the Holders under the Notes or this Indenture; and

Fourth: to the Issuer or to such party as a court of competent jurisdiction shall direct. The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs*.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof, or a suit by Holders of more than ten percent (10%) in principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

Section 7.01 *Duties of Trustee*.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Except during the continuance of an Event of Default:

(1) The duties of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee need perform only those duties that are specifically set forth in this Indenture and the Security Documents and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture and the Security Documents. However, in the case of certificates specifically required by any provision hereof to be furnished to it, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture and the Security Documents (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This paragraph does not limit the effect of paragraph (b) of this Section 7.01.

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee may refuse to (i) perform any duty, (ii) exercise any right or power or (iii) take any action requested at the direction of Holders, unless it receives security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) The Trustee is hereby authorized and directed to enter into each of the Note Subordination Agreement and the Intercreditor Agreement in the manner contemplated in this Indenture upon execution thereof by the other parties thereto.

Section 7.02 *Rights of Trustee*.

(a) The Trustee may conclusively rely upon any document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both, *provided* that no Officers' Certificate shall be required in connection with instructions to act or refrain from acting provided by the Holders pursuant to Article 6. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of, or for the supervision of, any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture or, subject to Section 10.09, in its role hereunder, including, without limitation as Collateral Agent.

(e) Unless otherwise specifically provided in this Indenture or the Security Documents, any demand, request, direction or notice from the Issuer shall be sufficient if signed by an Officer of the Issuer, on behalf of the Issuer.

(f) Except with respect to Section 4.01 hereof, the Trustee shall have no duty to inquire as to the performance of the Issuer's covenants in Article 4. In addition, the Trustee shall not be deemed to have knowledge of any Default or Event of Default except (i) any Event of Default occurring pursuant to Sections 6.01(a), (b) and 4.01 hereof, or (ii) any Default or Event of Default of which a Responsible Officer of the Trustee shall have received written notification from the Issuer or the Holders of at least twenty-five percent (25%) in aggregate principal amount of the then outstanding Notes.

The Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, unless an Officer of the Collateral Agent shall have received written notice of the same referring to this Indenture, describing such Default or Event of Default and stating that such notice is a "notice of default." The Collateral Agent shall take such action with respect to such Default or Event of Default as may be requested by the Trustee. After the occurrence of an Event of Default, the Trustee, acting in accordance with the terms of this Indenture, may direct the Collateral Agent in connection with any action required or permitted by this Indenture, the Security Documents or the Intercreditor Agreement.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(h) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer, and shall not incur liability or additional liability of any kind by reason of such inquiry or investigation.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder (including as Collateral Agent), and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Issuer deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified

actions pursuant to this Indenture, which Officers' Certificate may be signed by any individual authorized to sign an Officers' Certificate, including any individual specified as so authorized in any such certificate previously delivered and not superseded.

(k) In no event shall the Trustee be responsible or liable for special, indirect, punitive, exemplary or consequential loss or damage of any kind whatsoever (including loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(l) The permissive rights of the Trustee to take certain actions under this Indenture shall not be construed as a duty unless so specified herein.

Section 7.03 *Individual Rights of Trustee*.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes, makes loans to, accept deposits from and perform services for the Issuer or its Affiliates and may otherwise deal with the Issuer or an Affiliate of the Issuer with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest (as defined in the TIA) it must eliminate such conflict within (ninety) 90 days, apply to the Commission for permission to continue as trustee or resign. Any Agent may do the same with like rights. The Trustee is also subject to Section 7.10 and Section 7.11 hereof.

Section 7.04 *Trustee's Disclaimer*.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Security Documents, the Notes or as to the adequacy of the security for the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes or any money paid to the Issuer or upon the Issuer's direction under any provision hereof, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication. The Trustee makes no representation as to the validity, value or condition of any property covered or intended to be covered by the Subordinated Lien of the Security Documents or any part thereof or as to title of the Issuer thereto or as to the security afforded by the Security Documents or hereby. The Trustee shall be under no obligation to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Indenture, the Guarantees, the Notes, the Security Documents or the Intercreditor Agreement or to inspect the properties, books, or records of the Issuer or any of its affiliates. For the avoidance of doubt, this Section 7.04 also applies to the Collateral Agent.

Section 7.05 *Notice of Defaults*.

If a Default or Event of Default occurs and is continuing and if the Trustee has knowledge thereof (within the meaning of Section 7.02(f) hereof), the Trustee shall mail to the Holders a notice of the Default or Event of Default within ninety (90) days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 *Reports by Trustee to Holders.*

Within sixty (60) days after each [ ] beginning with the [ ] following the date of this Indenture, the Trustee shall mail to the Holders a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve (12) months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

Commencing at the time this Indenture is qualified under the TIA, a copy of each report at the time of its mailing to the Holders shall be filed with the Commission and each stock exchange on which the Notes are listed. The Issuer shall promptly notify the Trustee in writing when the Notes are listed on any stock exchange or any delisting thereof.

Section 7.07 *Compensation and Indemnity.*

The Issuer shall pay to the Trustee from time to time such compensation for its acceptance of this Indenture and services hereunder and under the Security Documents as the Issuer and the Trustee may from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee promptly upon request for all disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the compensation, disbursements and expenses of the Trustee's agents and counsel, except such disbursements, advances and expenses as shall be determined to have been caused by its own negligence or willful misconduct.

Except as set forth below, the Issuer and the Note Guarantor jointly and severally shall indemnify the Trustee and its officers, directors and employees against any and all losses, liabilities, claims, damages or expenses incurred by it without negligence or bad faith on its part arising out of or in connection with the acceptance or administration of its duties under this Indenture and the Security Documents, including the costs and expenses of enforcing this Indenture or the Security Documents against the Issuer and defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Trustee shall notify the Issuer and the Note Guarantor promptly of any claim of which it has received written notice for which it may seek indemnity. Failure by the Trustee to so notify the Issuer and the Note Guarantor shall not relieve the Issuer or the Note Guarantor of its obligations hereunder. The Issuer shall defend the claim and the Trustee shall cooperate in the defense. In the event that, in the reasonable opinion of the Trustee, a conflict of interest or conflicting defenses would arise in connection with the representation of the Issuer and the Trustee by the same counsel, the Trustee may have separate counsel and the Issuer shall pay the reasonable fees and expenses of such counsel. Neither the Issuer nor the Note Guarantor shall be obligated to pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Issuer and the Note Guarantor under this Section 7.07 shall survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee.

To secure the Issuer's and the Note Guarantor's payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that money or property held in trust to pay principal of (and premium, if any) and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(h) or (i) hereof occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Code.

The Trustee will comply with the provisions of TIA Section 313(b)(2) to the extent applicable.

Section 7.08 *Replacement of Trustee.*

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08*, provided* that costs have been paid to the Trustee prior to effectiveness of such removal or resignation.

The Trustee may resign at any time and be discharged from the trust hereby created by so notifying the Issuer in writing. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing. The Issuer may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10 hereof;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Code;

(c) a Custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer shall promptly appoint a successor Trustee. Within one (1) year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer.

If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Holders of at least ten percent (10%) in principal amount of the then outstanding Notes may petition, at the Issuer's expense, any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee after written request by any Holder who has been a Holder for at least six (6) months fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to the Holders. Upon payment of its charges hereunder, the retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, *provided* that, all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee, and the Issuer shall pay to any such replaced or removed Trustee all amounts owed under Section 7.07 hereof upon such replacement or removal.

Section 7.09 *Successor Trustee by Merger, etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation or banking association, the successor corporation without any further act shall be the successor Trustee.

Section 7.10 *Eligibility; Disqualification.*

There shall at all times be a Trustee hereunder that shall (a) be a corporation organized and doing business under the laws of the United States of America or of any state thereof or of the District of Columbia authorized under such laws to exercise corporate trustee power, (b) be subject to supervision or examination by Federal or state or the District of Columbia authority, and (c) have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Sections 310(a)(1), 310(a)(2) and 310(a)(5). The Trustee is subject to TIA Section 310(b); *provided* that, there shall be excluded from the operations of TIA Section 310(b)(1) any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Issuer are outstanding, if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met.

Section 7.11 *Preferential Collection of Claims Against Issuer.*

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein. The provisions of TIA Section 311 shall apply to the Issuer, as obligor on the Notes.

Section 7.12 *Electronic Communication.*

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by e-mail, pdf or facsimile transmission. If the Issuer elects to provide the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's reasonable understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon, and compliance with, such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk or interception and misuse by third parties.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance.*

The Issuer may elect at any time to have Section 8.02 or Section 8.03 hereof, at the Issuer's option, applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02 *Legal Defeasance and Discharge.*

Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, except as set forth below, the Issuer and the Note Guarantor shall be deemed to have been discharged from their respective Obligations with respect to all outstanding Notes and the Guarantee on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). Following such Legal Defeasance, (a) the Issuer shall be deemed to have paid and discharged the entire indebtedness outstanding hereunder, and this Indenture shall cease to be of further effect as to all outstanding Notes and Guarantee, (b) the Issuer and the Note Guarantor shall be deemed to have satisfied all other of their respective obligations under the Notes, the Guarantee, this Indenture and the Security Documents (and the Trustee or Collateral Agent, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due from the trust described in Section 8.05 hereof;

(2) the Issuer's obligations under Sections 2.04, 2.06, 2.07, 2.10, 4.02, 8.05, 8.06 and 8.07 hereof; and

(3) the rights, powers, trusts, duties and immunities of the Trustee or Collateral Agent hereunder and the Issuer's and the Note Guarantor's obligations in connection therewith.

Subject to compliance with the provisions of this Article 8, the Issuer may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 *Covenant Defeasance.*

Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuer and the Note Guarantor shall be released from their respective obligations under the covenants contained in Sections 4.03, 4.04, and 4.08 through 4.12 hereof, and Article 5 on and after the date the conditions set forth below are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder. Following such Covenant Defeasance, (a) neither the Issuer nor the Note Guarantor need comply with, and none of them shall have any liability in respect of, any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document, but, except as specified above, the remainder of this Indenture, the Notes and the Guarantee shall be unaffected thereby, and (b) Sections 6.01(c) through (g) and (j) hereof shall not constitute Events of Default with respect to the Notes.

Section 8.04 *Conditions to Legal Defeasance or Covenant Defeasance.*

The following shall be the conditions to the application of either Section 8.02 or Section 8.03 hereof to the outstanding Notes:

(a) the Issuer shall irrevocably have deposited or caused to be deposited with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding Notes on the Maturity Date or on the applicable redemption date, as the case may be, and the Issuer shall specify whether the Notes are being defeased to the Maturity Date or to a particular redemption date;

(b) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel confirming that (A) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders will not recognize income, gain or loss for Federal income tax purposes as a result of such Legal Defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel confirming that the Holders will not recognize income, gain or loss for Federal income tax purposes as a result of such Covenant Defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(e) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Indenture) to which the Issuer or any of the Subsidiaries is a party or by which the Issuer or any of the Subsidiaries is bound;

(f) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others; and

(g) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating, subject to certain factual assumptions and bankruptcy and insolvency exceptions, that all conditions precedent provided for in this Indenture relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05 *Deposited Cash and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions.*

Subject to Section 8.06 hereof, all cash and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05) pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Paying Agent, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any other Paying Agent as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of outstanding Notes.

Section 8.06 *Repayment to the Issuer.*

(a) The Trustee or the Paying Agent shall deliver or pay to the Issuer from time to time upon the request of the Issuer any cash or U.S. Government Obligations held by it as provided in Section 8.04 hereof which in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(g) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

(b) Subject to any applicable unclaimed property laws, any cash and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two (2) years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Issuer on its request; and the Holder of such Note shall thereafter look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease; *provided* that, the Trustee or such Paying Agent, before being required to make any such repayment, shall at the expense of the Issuer cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any cash or U.S. Government Obligations in accordance with Section 8.02 or Section 8.03 hereof, as the case may be, by reason of any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, or if any event occurs at any time in the period ending on the ninety-first (91st) day after the date of deposit pursuant to Section 8.02 or Section 8.03 hereof which event would constitute an Event of Default under Section 6.01(h) or (i) hereof had Legal Defeasance or Covenant Defeasance, as the case may be, not occurred, then the Issuer's and the Note Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or Section 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply such money in accordance with Section 8.02 or Section 8.03 hereof, as the case may be; *provided* that, if the Issuer makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the cash or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENTS

Section 9.01 *Without Consent of Holders.*

The Issuer, the Note Guarantor, the Trustee and the Collateral Agent may amend or supplement this Indenture, the Notes, the Security Documents and the Intercreditor Agreement, without the consent of any Holder:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(c) to comply with Article 5;

(d) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights of any Holder under this Indenture or under the Notes;

(e) to comply with requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA;

(f) to conform and evidence the release, termination or discharge of the Guarantee as permitted by this Indenture;

(g) in the event that PIK Notes are issued in certificated form, to make appropriate amendments to this Indenture to reflect an appropriate minimum denomination of certificated PIK Notes and establish minimum redemption amounts for certificated PIK Notes;

(h) to allow the Note Guarantor to execute a supplemental indenture and/or a Guarantee with respect to the Notes in accordance with the terms of this Indenture;

(i) to add security to or for the benefit of the Notes and, in the case of the Security Documents, to or for the benefit of the other secured parties named therein or to conform and evidence the release, termination or discharge of the Lien securing the Secured Obligations when such release, termination or discharge is permitted by this Indenture and the Security Documents or as required by the Intercreditor Agreement;

(j) to modify the Security Documents and/or the Intercreditor Agreement to secure additional extensions of credit and add additional secured creditors not prohibited by the provisions of this Indenture;

(k) to comply with the requirements of the Trustee and the Depositary (including its nominees) with respect to transfers of beneficial interests in the Notes.

No amendment of, or supplement or waiver to, this Indenture, the Notes or the Security Documents shall be permitted to be effected which is in violation of or inconsistent with the terms of the Intercreditor Agreement. No amendment of, or supplement to, the Intercreditor Agreement shall be permitted to be effected without the consent of the Collateral Agent and of any Representative for any Designated Senior Claims as may be required thereunder.

Upon the request of the Issuer, accompanied by a resolution of its Board of Directors authorizing the execution of any such supplemental indenture or amendment, and upon receipt by the Trustee of the documents described in Section 9.06 hereof required or requested by the Trustee, the Trustee shall join with the Issuer in the execution of any supplemental indenture or amendment authorized or permitted by the terms of this Indenture, but the Trustee shall not be obligated to enter into such supplemental indenture or amendment that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.02 *With Consent of Holders.*

(a) Except as provided below in this Section 9.02, the Issuer, the Note Guarantor (to the extent any amendment or supplement relates to the Guarantee) and the Trustee may amend or

supplement this Indenture (including the Guarantee), the Notes, the Security Documents or the Intercreditor Agreement with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Section 6.04 and Section 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium on, if any, interest on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture (including the Guarantee), the Notes, the Security Documents or the Intercreditor Agreement may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

(b) Upon the request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as contemplated in this Section 9.02 and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee will join with the Issuer and the Note Guarantor in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental Indenture.

(c) It is not necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

(d) After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuer will mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuer to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

(e) Notwithstanding any other provision hereof, without the consent of each Holder affected, an amendment or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of, or the premium (including, without limitation, redemption premium) on, or change the fixed maturity of any Note or alter the provisions with respect to the payment on redemption of the Notes; or alter the price at which repurchases of the Notes may be made pursuant to Section 4.09 after a Change of Control has occurred;

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on, the Notes (except a rescission of acceleration of the Notes by the Holders of a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in Section 6.04 or Section 6.07 hereof or in this Section 9.02;

(7) waive a redemption payment with respect to any Note in a redemption made pursuant to Article 3; or

(8) except as is expressly provided in the Intercreditor Agreement, adversely affect the contractual ranking of the Notes or Guarantee or make any change to any subordination provisions of this Indenture that adversely affects the rights of any Holder of Notes.

(f) Unless otherwise provided in this Indenture, without the consent of the Holders of not less than 66 2/3% in aggregate principal amount of the Notes at the time outstanding, the Issuer, the Note Guarantor and the Trustee may not amend or supplement the Security Documents to release Collateral from the Liens created by the Security Documents if the Fair Market Value of such Collateral exceeds $5,000,000.

Section 9.03 *Compliance with Trust Indenture Act.*

If, at the time of an amendment to this Indenture or the Notes, this Indenture shall be qualified under the TIA, every amendment to this Indenture or the Notes shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

Section 9.04 *Revocation and Effect of Consents.*

Until a supplemental indenture, an amendment or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. A supplemental indenture, amendment or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

The Issuer may fix a record date for determining which Holders must consent to such supplemental indenture, amendment or waiver. If the Issuer fixes a record date, the record date shall be fixed at (i) the later of thirty (30) days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee prior to such solicitation pursuant to Section 2.05 hereof, or (ii) such other date as the Issuer shall designate.

Section 9.05 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about a supplemental indenture, amendment or waiver on any Note thereafter authenticated. The Issuer in exchange for all Notes may issue and the Trustee shall authenticate new Notes that reflect the amendment or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment or waiver.

Section 9.06 *Trustee to Sign Amendments, etc.*

The Trustee shall sign any amendment or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplemental indenture does not adversely affect the rights, duties, liabilities or immunities of the Trustee. In executing any amendment or supplemental indenture, the Trustee shall be entitled to receive and, subject to Section 7.01 hereof, shall be fully protected in relying upon, the documents required by Section 13.04 hereof, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amendment or supplemental indenture is authorized and permitted by this Indenture. Neither the Issuer nor the Note Guarantor may sign an amendment or supplemental indenture until the Board of Directors of the Issuer (in the case of an amendment or supplemental indenture being signed by the Issuer) or of the Note Guarantor (in the case of an amendment or supplemental indenture being signed by the Note Guantor) approves it.

ARTICLE 10
COLLATERAL AND SECURITY

Section 10.01 *Security Documents.*

The due and punctual payment of the principal and premium, if any, of, and interest on, the Notes when and as the same shall be due and payable, whether on an interest payment date, at the Maturity Date, by acceleration, repurchase, redemption or otherwise, interest on the overdue principal of and interest (to the extent permitted by law), if any, by the Note Guarantor pursuant to its Guarantee, and the payment and performance of all other Obligations of the Note Guarantor under this Indenture and the Security Documents (the "*Secured Obligations*"), shall be secured as provided in the Security Documents, which the Note Guarantor has entered into simultaneously with the execution of this Indenture and will be secured as provided in the Security Documents hereafter determined as required or permitted by this Indenture.

Each Holder, by its acceptance of a Note, consents and agrees to the terms of each Security Document (including, without limitation, the provisions providing for foreclosure, the provisions providing for release of collateral and the provisions providing for the automatic amendment or waiver of the Security Documents, in each case, pursuant to the terms of the Intercreditor Agreement), as the same may be in effect or may be amended from time to time in accordance with its respective terms, and authorizes and directs the Collateral Agent and the Trustee to enter into this Indenture, the Intercreditor Agreement and, to the extent applicable, the Security Documents to which it is a party and to perform its obligations and exercise its rights thereunder in accordance therewith. The Collateral Agent hereunder shall have only such duties and responsibilities as are explicitly set forth herein, in the Intercreditor Agreement and in the

respective Security Documents and no others; *provided* that the Collateral Agent hereunder shall only take action with respect to or under the Security Documents in accordance with the written instructions of the Trustee acting on behalf of the Holders, and shall apply any proceeds from the enforcement of any security as set forth therein subject in all cases to the Intercreditor Agreement. The provisions of Article 7 hereof relating to the Trustee acting in such capacity shall apply to the Collateral Agent hereunder to the extent applicable. In addition, the Issuer and the Note Guarantor, jointly and severally, hereby agree to indemnify the Collateral Agent hereunder on the same basis as their indemnity to the Trustee in Article 7 hereof with respect to actions taken or not taken by it in accordance with this Indenture and the Security Documents.

The Note Guarantor shall do or cause to be done, and the Issuer shall cause the Note Guarantor to do or cause to be done, all such acts and things as may be necessary or proper, or as may be required by the provisions of the Security Documents or the Intercreditor Agreement, to assure and confirm to the Collateral Agent the security interest in the Collateral contemplated hereby and by the Security Documents, as from time to time constituted, so as to render the same available for the security and benefit of the Secured Obligations secured hereby, according to the intent and purposes herein and therein expressed. The Note Guarantor shall, and the Issuer shall cause the Note Guarantor to, take any and all actions reasonably required to cause the Security Documents to create and maintain, as security for the Secured Obligations, valid and enforceable, perfected (except as expressly provided herein or in the Security Documents) Liens in and on all the Collateral, in favor of the Collateral Agent, superior to and prior to the rights of all third Persons, and subject to no other Liens, other than Permitted Liens as provided herein and therein; *provided* that, the Collateral Agent's Lien securing the Secured Obligations shall be subordinated to the extent and pursuant to the terms of this Indenture and, if applicable, the Intercreditor Agreement.

Section 10.02 *Collateral Agent.*

Subject to Section 10.09, the Collateral Agent shall have no obligation whatsoever to ensure that the Collateral exists or is owned by the Issuer or is cared for, proected, or insured or has been encumbered, or that the Collateral Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, maintained or enforced or are entitled to any particular priority. Upon the receipt by the Collateral Agent of a written request of the Issuer signed by two Officers (a "*Security Document Order*"), the Collateral Agent is hereby authorized to execute and enter into, and shall execute and enter into, without the further consent of any Holder or the Trustee, any Security Document to be executed after the Issue Date. Any such execution of a Security Document shall be at the direction and expense of the Issuer, upon delivery to the Collateral Agent of an Officers' Certificate and Opinion of Counsel stating that all conditions precedent to the execution and delivery of the Security Document have been satisfied. The Holders, by their acceptance of the Notes, hereby authorize and direct the Security Agent to execute such Security Documents.

Section 10.03 *Opinions.*

The Issuer shall furnish or cause to be furnished to the Trustee within three (3) months after each anniversary of the Issue Date, an Opinion of Counsel, dated as of such date, stating either that (i) in the opinion of such counsel, all action has been taken with respect to the

recording, registering, filing, re-recording, re-registering and refiling of all supplemental indentures, financing statements, continuation statements or other instruments of further assurance as is necessary to maintain the Liens of the Security Documents and reciting the details of such action, subject to customary assumptions and exclusions or (ii) in the opinion of such Counsel, no such action is necessary to maintain such Liens, which Opinion of Counsel also shall state what actions it then believes are necessary to maintain the effectiveness of such liens during the next year, subject to customary assumptions and exclusions.

Section 10.04 *Release of Collateral.*

(a) Subject to compliance with Section 10.05 hereof, Collateral shall be released from the Liens created by the Security Documents and the rights of the Holders of such Secured Obligations to the benefits and proceeds of the Liens on the Collateral, and the obligations of the Note Guarantor under the Security Documents, will automatically terminate and be discharged:

(1) upon payment in full of the Notes and all other Obligations under this Indenture, the Notes and the Security Documents then due and owing,

(2) upon the sale, transfer, exchange or other disposition of such Collateral made in accordance with Section 4.10,

(3) pursuant to an amendment or waiver in accordance with Article 9 hereof,

(4) as permitted or required pursuant to the terms of the Security Documents or the Intercreditor Agreement,

(5) upon satisfaction and discharge of the Notes pursuant to Article 12 hereof or upon a Legal Defeasance or Covenant Defeasance; or

(6) other than with respect to the Unconditional Interest Claim, upon (A) the involuntary termination by the PBGC of any of the qualified pension plans of the Issuer or the Note Guarantor, (B) the cessation of funding prior to completion of the RD&D Program or (C) both an ACP Termination and either (1) the efforts by the Issuer to commercialize another next generation enrichment technology funded at least in part by new capital provided or to be provided by the Note Guarantor have been terminated or are no longer being pursued or (2) the attainment of capital necessary to commercialize another next generation enrichment technology with respect to which the Issuer is involved which does not include new capital provided or to be provided by the Note Guarantor (each of clauses (A), (B) and (C), a "*Termination Event*";

Upon release of the Collateral, or any portion thereof, from the Subordinated Liens, in each case in accordance with Section 10.04(a)(2) or 10.04(a)(4), all rights, title and interest of the Collateral Agent therein shall thereupon cease and, at the written request of the Note Guarantor and at the cost and expense the Note Guarantor, the Collateral Agent (i) shall execute such instruments as the Note Guarantor may reasonably request to evidence such release of record and (ii) if the Collateral so released is in possession of the Collateral Agent, the Collateral Agent shall deliver such Collateral to the Note Guarantor as directed in such written request. Upon release of the Collateral, or any portion thereof, from the Subordinated Liens in accordance with this

Section 10.04 (other than Section 10.04(a)(2) or 10.04(a)(4)), the Trustee shall not direct the Collateral Agent to release any Subordinated Lien on any Collateral unless and until the Trustee shall have received an Officers' Certificate certifying that all conditions precedent hereunder have been met and such other documents required by Section 10.05 hereof. Upon compliance with the above provisions, the Trustee shall direct the Collateral Agent to, at the request and expense of the Issuer, execute and deliver the release of any Collateral permitted to be released pursuant to this Indenture or the Security Documents.

(b) The release of any Collateral from the terms of the Security Documents shall not be deemed to impair the security under this Indenture in contravention of the provisions hereof and of the Security Documents if and to the extent the Collateral is released pursuant to the terms of this Indenture and the Security Documents.

Section 10.05 *Certificates of the Issuer.*

The Issuer shall furnish to the Trustee, prior to each proposed release of Collateral, all documents required by TIA Section 314(d). The Trustee may, to the extent permitted by Section 7.01 hereof, accept as conclusive evidence of compliance with the foregoing provisions the appropriate statements contained in such instruments. Any certificate or opinion required by TIA Section 314(d) may be made by an Officer of the Issuer, except in cases where TIA Section 314(d) requires that such certificate or opinion be made by an independent engineer, appraiser or other expert within the meaning of TIA Section 314(d). Notwithstanding anything to the contrary in this Section 10.05, the Issuer will not be required to comply with all or any portion of TIA Section 314(d) if it determines, in good faith based on advice of counsel, that under the terms of the TIA Section 314(d) and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including "no action" letters or exemptive orders, all or any portion of TIA Section 314(d) is inapplicable to one or a series of released Collateral, including in connection with the sale, transfer, exchange or other disposition of inventory by, or of damaged, worn out, scrap or other obsolete property of, the Note Guarantor in the ordinary course of business.

Section 10.06 *Certificates to the Trustee.*

In the event that the Note Guarantor wishes to release Collateral in accordance with the Security Documents, the Issuer or the Note Guarantor shall deliver to Trustee the certificates required by Section 10.04 and Section 10.05 hereof, together with an Opinion of Counsel stating that such documents satisfy the documentary requirements of TIA Section 314(d), in connection with such release and, based on such determination, will deliver a certificate to the Collateral Agent setting forth such determination.

Section 10.07 *Authorization of Actions to be Taken by Trustee Under Security Documents.*

Subject to the terms of the Intercreditor Agreement, the Trustee may, without the consent of the Holders, on behalf of the Holders, take or direct the Collateral Agent to take all actions the Trustee deems necessary or appropriate in order to (a) enforce any of the terms of the Security Documents and (b) collect and receive any and all amounts payable in respect of the Secured Obligations of the Note Guarantor. Subject to the terms of the Intercreditor Agreement, the

Trustee shall have the power to institute and to maintain such suits and proceedings to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings to preserve or protect its interest and the interests of the Holders in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders or the Trustee). Subject to Section 10.09, neither the Trustee nor the Collateral Agent shall have any duty as to any Collateral in its possession or control of a bailee or any income derived therefrom or as to the preservation of parties or rights.

Section 10.08 *Authorization of Receipt of Funds by Trustee Under Security Documents.*

The Trustee is authorized to receive any funds for the benefit of the Holders distributed under the Security Documents, and, subject to the Intercreditor Agreement, to make further distributions of such funds to the Holders according to the provisions of this Indenture and the Security Documents.

Section 10.09 *Collateral Agent.*

(a) The Collateral Agent is authorized and empowered to appoint one or more co-Collateral Agents as it deems necessary or appropriate.

(b) Subject to Section 7.01 hereof, neither the Trustee nor the Collateral Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral, for the legality, enforceability, effectiveness or sufficiency of the Security Documents or Intercreditor Agreement, or liability in connection with enforcing the provisions of these documents, for the creation, perfection, priority, sufficiency or protection of any Subordinated Lien, or for any defect or deficiency as to any such matters or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Subordinated Liens or Security Documents or any delay in doing so. The Collateral Agent will be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral Agent accords to its own property, and the Collateral Agent will not be liable or responsible for any loss or diminution in the value of any of the Collateral by reason of the act or omission of any carrier, forwarding agent or other agent or bailee selected by the Collateral Agent in good faith.

(c) The Collateral Agent (subject to the terms of the Intercreditor Agreement) will be subject to such directions as may be given it by the Trustee from time to time (as required or permitted by this Indenture).

(d) The Collateral Agent will be accountable only for amounts that it actually receives as a result of the enforcement of the Subordinated Liens or Security Documents.

(e) In acting as Collateral Agent, the Collateral Agent may rely upon and enforce and shall have each and all of the rights, privileges, protections, powers, immunities, indemnities and benefits of the Trustee under Article 7 hereof.

(f) The Holders of Notes agree that the Collateral Agent shall be entitled to the rights, privileges, protections, immunities, indemnities and benefits provided to the Collateral Agent by the Security Documents

Section 10.10 *Relative Rights; Intercreditor Agreement.*

The Issuer and the Note Guarantor each agree, and each Holder by accepting a Note agrees, that notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any Liens securing the Secured Obligations or any Secured Priority Liens securing the Designated Senior Claims, and notwithstanding any defect or deficiencies in, or failure to perfect or lapse in perfection of, or avoidance as a fraudulent conveyance or otherwise of, any such Liens, the security interest in the Collateral securing the Secured Obligations shall be junior in priority to all Liens securing any Designated Senior Claims. The foregoing lien subordination is for the benefit of and enforceable by holders of Designated Senior Claims. If requested by the holder of any Designated Senior Claim or a representative of such a holder, the Trustee and the Collateral Agent each shall execute the Intercreditor Agreement. The Intercreditor Agreement defines the relative rights of holders of the Subordinated Liens and the holders of the Senior Priority Liens that will exist upon execution of the Intercreditor Agreement. Notwithstanding anything to the contrary contained herein, in the Notes or in any Security Documents, upon execution of the Intercreditor Agreement, any Subordinated Liens securing the Secured Obligations, and the exercise of any right or remedy with respect thereto, will be subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of, on the one hand, the Intercreditor Agreement and, on the other hand, any Note, this Indenture or any Security Document, upon execution of the Intercreditor Agreement the terms of the Intercreditor Agreement shall govern and control. Each Holder, by its acceptance of any Note, irrevocably agrees to be bound by the provisions of the Intercreditor Agreement and each Holder by its acceptance of any Note hereby directs, and the Trustee and Collateral Agent shall and are hereby authorized, to enter into the Intercreditor Agreement. Each Holder by its acceptance of the Notes agrees that it will be bound by, and will take no action contrary to, the provisions of the Intercreditor Agreement. The foregoing provisions are intended as an inducement to the present and future holders of the Designated Senior Claims and such holders are intended third party beneficiaries of the Intercreditor Agreement. Each Note and each Security Document shall bear a conspicuous legend that the Liens securing the Secured Obligations under this Indenture, and rights and remedies related thereto, are subordinated pursuant to the terms of the Intercreditor Agreement, in each case in the manner set forth therein.

ARTICLE 11
GUARANTEES

Section 11.01 *Guarantee.*

Subject to this Article 11, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Note Guarantor, hereby unconditionally guarantees (such

guarantee, the "*Guarantee*") to each Holder and the Trustee irrespective of the validity or enforceability of this Indenture, the Notes, the Security Documents or the Obligations of the Issuer hereunder or thereunder: (i) the due and punctual payment of the principal and premium, if any, of, and interest on, the Notes, whether at the Maturity Date or on an interest payment date, by acceleration, call for redemption or otherwise; (ii) the due and punctual payment of interest on the overdue principal and premium, if any, of, and interest on, the Notes, if lawful; (iii) the due and punctual payment and performance of all other Obligations of the Issuer under the Notes, this Indenture and the Security Documents, all in accordance with the terms set forth herein and in the Notes and the Security Documents; and (iv) in case of any extension of time of payment or renewal of any Notes or any of such other Obligations hereunder or under the Notes or the Security Documents, the due and punctual payment or performance thereof in accordance with the terms of the extension or renewal, whether at the Maturity Date, by acceleration or otherwise.

The Note Guarantor hereby agrees that, subject to this Article 11, (i) its obligations hereunder shall be unconditional irrespective of the validity, regularity or enforceability of the Notes, this Indenture, the Security Documents or the Obligations of the Issuer hereunder or thereunder, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof, any releases of Collateral, any amendment of this Indenture, the Notes or the Security Documents, any delays in obtaining or realizing upon or failures to obtain or realize upon Collateral, the recovery of any judgment against the Issuer or any of the Subsidiaries, any action to enforce the same, or any other circumstance that might otherwise constitute a legal or equitable discharge or defense of the Note Guarantor and (ii) the Guarantee will not be discharged except by complete payment and performance of the Obligations of the Issuer under the Notes, this Indenture and the Security Documents or as otherwise provided in Section 11.07 hereof.

The Note Guarantor hereby agrees that it shall not be entitled to and irrevocably waives (to the extent lawful) (i) diligence, presentment, demand of payment, filing of claim with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and (ii) any claim or other rights that it may now or hereafter acquire against the Issuer that arise from the existence or performance of its Obligations under its Guarantee, including, without limitation, any right to participate in any claim or remedy of a Holder against the Issuer or any Collateral that a Holder now has or hereafter acquires, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, and including, without limitation, the right to take or receive from the Issuer or any of the Subsidiaries, directly or indirectly, in cash or other property, by setoff or in any other manner, payment or security on account of such claim or other rights.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuer or the Note Guarantor, trustee, liquidator, or other similar official acting in relation to either the Issuer or the Note Guarantor, any amount paid by the Issuer or the Note Guarantor to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect; *provided* that, following the occurrence of a Termination Event, the Guarantee shall only be reinstated to the extent of the Unconditional Interest Guarantee.

The Note Guarantor agrees that, as between the Note Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Section 6.02 hereof for the purposes of the Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration as to the Issuer of the Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of those Obligations as provided in Section 6.02 hereof, those Obligations (whether or not due and payable) will forthwith become due and payable by the Note Guarantor for the purpose of the Guarantee.

The obligations of the Note Guarantor under its Guarantee, this Indenture and the Security Documents are not obligations of, or guaranteed as to principal or interest by, the United States of America.

Section 11.02 *Execution and Delivery of Guarantee.*

To evidence its Guarantee set forth in Section 11.01 hereof, the Note Guarantor hereby agrees that a notation of such Guarantee substantially in the form of Exhibit B hereto will be endorsed by an Officer of the Note Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture will be executed on behalf of the Guarantor by one of its Officers. The Note Guarantor hereby agrees that its Guarantee set forth in Section 11.01 hereof will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Guarantee.

If an Officer whose signature is on the Indenture or on the Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Guarantee is endorsed, the Guarantee will be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee set forth in this Indenture on behalf of the Note Guarantor. Neither the Issuer nor the Note Guarantor shall be required to make a notation on the Notes to reflect the Guarantee or any release, termination or discharge thereof and any such notation shall not be a condition to the validity of the Guarantee.

Section 11.03 *Limitation on Note Guarantor's Liability.*

The Note Guarantor and by its acceptance hereof each Holder hereby confirms that it is the intention of all such parties that the guarantee by the Note Guarantor pursuant to its Guarantee not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar Federal or state law. To effectuate the foregoing intention, the Trustee, the Holders and the Note Guarantor hereby irrevocably agree that the Obligations of the Note Guarantor under its Guarantee shall be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of the Note Guarantor, result in the Obligations of the Note Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under Federal or state law or render the Note Guarantor insolvent.

Section 11.04 *Rights Under the Guarantee.*

(a) No payment by the Note Guarantor pursuant to the provisions hereof shall entitle the Note Guarantor to any payment out of any Collateral or give rise to any claim of the Note Guarantor against the Trustee or any Holder.

(b) The Note Guarantor waives notice of the issuance, sale and purchase of the Notes and notice from the Trustee or the Holders from time to time of any of the Notes of their acceptance and reliance on the Guarantee.

(c) No set-off, counterclaim, reduction or diminution of any obligation or any defense of any kind or nature (other than performance by the Note Guarantor of its obligations hereunder and other than (except with respect to the Unconditional Interest Claim) the occurrence of a Termination Event) that the Note Guarantor may have or assert against the Trustee or any Holder shall be available hereunder to the Note Guarantor.

(d) The Note Guarantor shall pay all reasonable costs and expenses (including all reasonable attorneys' fees), that may be incurred by the Trustee in enforcing or attempting to enforce the Guarantee.

Section 11.05 *Guaranty of Payment Not Collection.*

The Obligations of the Note Guarantor hereunder shall constitute a guaranty of payment when due and not a guaranty of collection. The Note Guarantor agrees that its Obligations hereunder are independent of the Obligations of the Issuer, and that a separate action may be brought against it, whether such action is brought against the Issuer or whether the Issuer is joined in such action. The Note Guarantor agrees that its liability hereunder shall be immediate and shall not be contingent upon the exercise or enforcement by the Trustee or the Holders of whatever remedies they may have against the Issuer, or the enforcement of any lien or realization upon any security the Collateral Agent or the Trustee may at any time possess. The Note Guarantor agrees that any release that may be given by the Collateral Agent, Trustee or the Holders to the Issuer shall not release the Note Guarantor.

Section 11.06 *No Subrogation.*

Notwithstanding any payment or payments made by the Note Guarantor hereunder, the Note Guarantor shall not be entitled to be subrogated to any of the rights of the Trustee or any Holder against the Issuer or any collateral security or guarantee or right of offset held by the Trustee or any Holder for the payment of the Note Guarantor's Obligations under its Guarantee, nor shall the Note Guarantor seek or be entitled to seek any contribution or reimbursement from the Issuer in respect of payments made by the Note Guarantor hereunder, until all amounts owing to the Trustee and the Holders by the Issuer under the Notes and the Issuer's Obligations thereunder and hereunder are paid in full. If any amount shall be paid to the Note Guarantor on account of such subrogation rights at any time when the Notes and the Issuer's Obligations thereunder and hereunder shall not have been paid in full, such amount shall be held by the Note Guarantor in trust for the Trustee and the Holders, segregated from other funds of the Note Guarantor, and shall, forthwith upon receipt by the Note Guarantor, be turned over to the Trustee in the exact form received by the Note Guarantor (duly indorsed by the Note Guarantor to the Trustee, if required), to be applied against the Note Guarantor's Obligations under its Guarantee.

Section 11.07 *Release of the Note Guarantor*

The Note Guarantor will be automatically and unconditionally released and discharged from all of its Obligations under its Guarantee of the Notes and this Indenture (i) in connection with a Legal Defeasance or Covenant Defeasance of this Indenture in accordance with Article 8 hereof or upon satisfaction and discharge of this Indenture in accordance with Article 12 hereof or (ii) other than with respect to the Unconditional Interest Guarantee, upon the occurrence of a Termination Event.

Section 11.08 *Agreement to Subordinate the Guarantee.*

The Note Guarantor agrees, and each Holder by accepting a Note agrees, that the obligations of the Note Guarantor under its Guarantee are subordinated in right of payment, to the extent and in the manner provided in this Article 11, to the prior payment in full of all Designated Senior Claims (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed) and that the subordination is for the benefit of and enforceable by the holders of such Designated Senior Claims. The Note Guarantor's obligations under its Guarantee shall in all respects rank *pari passu* in right of payment with all existing and future unsubordinated Indebtedness (other than Designated Senior Claims) of the Note Guarantor, and will be senior in right of payment to all existing and future subordinated Indebtedness of the Note Guarantor; and only Indebtedness of the Note Guarantor that is Designated Senior Claims shall rank senior to the obligations of the Note Guarantor under its Guarantee in accordance with the provisions set forth herein. All provisions of this Article 11 shall be subject to Section 11.19 hereof.

Section 11.09 *Liquidation, Dissolution, Bankruptcy.*

Upon any payment or distribution of the assets of the Note Guarantor to creditors upon a total or partial liquidation or a total or partial dissolution of the Note Guarantor or in a bankruptcy, reorganization, insolvency, receivership of or similar proceeding relating to the Note Guarantor or its property in an assignment for the benefit of creditors or in any marshaling of the Note Guarantor's assets and liabilities:

(a) the holders of Designated Senior Claims of the Note Guarantor shall be entitled to receive payment in full in cash of such Designated Senior Claims (including interest accruing after, or which would accrue but for, the commencement of any such proceeding at the rate specified in the applicable Designated Senior Claims, whether or not a claim for such interest would be allowed) before Holders of the Notes shall be entitled to receive any payment with respect to the Note Guarantor's Guarantee; and

(b) until all Obligations with respect to the Designated Senior Claims of the Note Guarantor (as provided in clause (a) above) are paid in full in cash, any payment or distribution to which Holders of the Notes would be entitled but for this Article 11 shall be made to holders of such Designated Senior Claims as their interests may appear.

Section 11.10 *Default on Designated Senior Claims of the Note Guarantor.*

(a) The Note Guarantor may not make any payment or distribution to the Trustee or any Holder in respect of Obligations with respect to the Note Guarantor's Guarantee and may not acquire from the Trustee or any Holder any Notes for cash or property until all principal and other Obligations with respect to the Designated Senior Claims have been paid in full if (1) a payment default on Designated Senior Claims occurs and is continuing; or (2) any other default occurs and is continuing on any Designated Senior Claims that permits holders of such Designated Senior Claims to accelerate its maturity, or otherwise demand its payment, and the Trustee receives a notice of such default (a "*Payment Blockage Notice*") from the Issuer or the Note Guarantor or the Representative of any Designated Senior Claims. For purposes of this Article 11 of this Indenture, the existence of an Outstanding Government Claim shall constitute a payment default with respect to any Claims within the meaning of clause (v) of the definition of Designated Senior Claims.

(b) The Note Guarantor may and will resume payments on any distributions in respect of such Note Guarantor's Guarantee and may acquire Notes upon the earlier of:

(1) in the case of a payment default with respect to the Designated Senior Claims, upon the date upon which such default is cured or waived, and

(2) in the case of a nonpayment default with respect to the Designated Senior Claims, upon the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received, unless, in the case of this clause (2), the maturity of any Designated Senior Claim has been accelerated or demand for payment of such Designated Senior Claim made, and such acceleration or demand for payment has not been waived or cancelled;

if this Article 11 otherwise permits such payment, distribution or acquisition at the time of such payment, distribution or acquisition.

Section 11.11 *Demand for Payment.*

If payment of the Notes is accelerated because of an Event of Default and a demand for payment is made on the Note Guarantor pursuant to this Article 11, the Issuer, the Trustee or the Note Guarantor shall promptly notify the holders of the Designated Senior Claims or the Representative of such Designated Senior Claims of such demand; *provided* that any failure to give such notice shall have no effect whatsoever on the provisions of this Article 11. If any Designated Senior Claim is outstanding, the Note Guarantor may not pay its Guarantee until ten (10) Business Days after the Representatives of all the issuers of such Designated Senior Claim receive notice of such acceleration and, thereafter, may pay its Guarantee only if this Indenture and Federal law otherwise permits payment at that time.

Section 11.12 *When Distribution Must Be Paid Over.*

In the event that the Trustee or any Holder of the Notes receives any payment of, or any distributions with respect to, any Obligations with respect to the Note Guarantor's Guarantee at a time when the payment is prohibited by Section 11.10 hereof and the Trustee or the Holder, as

applicable, has actual knowledge that the payment is prohibited by Section 11.10 hereof, such payment will be held by the Trustee or such Holder, in trust for the benefit of, and will be paid forthwith over and delivered, upon written request, to, the holders of Designated Senior Claims as their interests may appear or their Representative under the agreement, indenture or other document (if any) pursuant to which Designated Senior Claims may have been issued or incurred, as the case may be, as their respective interests may appear, for application to the payment of all Obligations with respect to Designated Senior Claims remaining unpaid to the extent necessary to pay such Obligations in full in accordance with their terms, after giving effect to any concurrent payment or distribution to or for the holders of Designated Senior Claims.

Section 11.13 *Subrogation.*

After all Designated Senior Claims have been Discharged and until the Notes are paid in full, Holders shall be subrogated to the rights of holders of such Designated Senior Claims to receive distributions applicable to such Designated Senior Claims to the extent that distributions otherwise payable to Holders of Notes under the Note Guarantor's Guarantee have been applied to the payment of Designated Senior Claims. A distribution made under this Article 11 to holders of such Designated Senior Claims which otherwise would have been made to Holders is not, as between the Note Guarantor and Holders, a payment by the Note Guarantor on the Guarantee.

Section 11.14 *Relative Rights.*

This Article 11 defines the relative rights of Holders and holders of Designated Senior Claims of the Note Guarantor. Subject to the Intercreditor Agreement, nothing in this Indenture shall:

(a) impair, as between the Note Guarantor and Holders, the obligation of the Note Guarantor, which is absolute and unconditional, to make payments under its Guarantee in accordance with its terms;

(b) prevent the Trustee or any Holder from exercising its available remedies upon a default by the Note Guarantor under its obligations with respect to its Guarantee, subject to the rights of holders of Designated Senior Claims of the Note Guarantor to receive payments or distributions otherwise payable to Holders and such other rights of such holders of Designated Senior Claims as set forth herein; or

(c) affect the relative rights of Holders and creditors of the Note Guarantor other than their rights in relation to holders of Designated Senior Claims.

Section 11.15 *Subordination May Not Be Impaired by the Note Guarantor.*

No right of any holder of Designated Senior Claims of the Note Guarantor to enforce the subordination of the obligations of the Note Guarantor under its Guarantee shall be impaired by any act or failure to act by the Note Guarantor or by its failure to comply with this Indenture.

Section 11.16 *Rights of Trustee and Paying Agent.*

Notwithstanding Section 11.10 hereof, the Trustee or any Paying Agent may continue to make payments on the Notes and shall not be charged with knowledge of the existence of facts that would prohibit the making of any payments unless, not less than three (3) Business Days prior to the date of such payment, a Responsible Officer of the Trustee receives notice that payments may not be made under this Article 11. Only the Issuer, the Note Guarantor or a Representative or a holder of Designated Senior Claims shall be entitled to give the notice; *provided, however*, that, if any Designated Senior Claim has a Representative, only the Representative shall be entitled to give the notice.

Section 11.17 *Distribution or Notice to Representative*.

Whenever a distribution is to be made or a notice given to holders of any Designated Senior Claim of the Note Guarantor, the distribution may be made and the notice given to their Representative, if any.

Section 11.18 *Article 11 Not to Prevent Events of Default or Limit Right to Demand Payment*.

The failure of the Note Guarantor to make a payment pursuant its Guarantee by reason of any provision in this Article 11 shall not be construed as preventing the occurrence of a default by the Note Guarantor under its Guarantee. Nothing in this Article 11 shall have any effect on the right of the Holders or the Trustee to make a demand for payment on the Note Guarantor pursuant to this Article 11.

Section 11.19 *Trust Moneys Not Subordinated*.

Notwithstanding anything contained herein to the contrary, payments from money or the proceeds of Government Securities held in trust by the Trustee for the payment of principal of and interest on the Notes pursuant to Article 8 or Article 12 hereof shall not be subordinated to the prior payment of any Designated Senior Claim of the Note Guarantor or subject to the restrictions set forth in this Article 11, and none of the Holders shall be obligated to pay over any such amount to the Note Guarantor or any holder of any Designated Senior Claim of the Note Guarantor or any other creditor of the Note Guarantor, *provided* that, the subordination provisions of this Article 11 were not violated at the time the applicable amounts were deposited in trust pursuant to Article 8 or Article 12 hereof, as the case may be.

Section 11.20 *Trustee Entitled to Rely*.

Upon any payment or distribution pursuant to this Article 11, the Trustee and the Holders shall be entitled to rely (a) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 11.09 hereof are pending, (b) upon a certificate of the liquidating trustee or agent or other Person making such payment or distribution to the Trustee or to the Holders or (c) upon the Representatives of Designated Senior Claims of the Note Guarantor for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of such Designated Senior Claims of the Note Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 11. In the event that the Trustee determines, in good

faith, that evidence is required with respect to the right of any Person as a holder of Designated Senior Claims of the Note Guarantor to participate in any payment or distribution pursuant to this Article 11, the Trustee shall be entitled to request such Person to furnish evidence as to the amount of such Designated Senior Claim held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article 11, and, if any such evidence is not furnished, the Trustee shall be entitled to defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Section 7.01 and Section 7.02 hereof shall be applicable to all actions or omissions of actions by the Trustee pursuant to this Article 11.

Section 11.21 *Trustee to Effectuate Subordination*.

A Holder, by its acceptance of a Note, agrees to be bound by this Article 11 and authorizes and expressly directs the Trustee in writing, on such Holder's behalf, to take such action as may be necessary or appropriate to effectuate the subordination between the Holders and the holders of Designated Senior Claims of the Note Guarantor as provided in this Article 11 and appoints the Trustee as attorney-in-fact for any and all such purposes.

Section 11.22 *Trustee Not Fiduciary for Holders of Designated Senior Claims of the Note Guarantor*.

The Trustee shall not be deemed to owe any fiduciary duty to the holders of any Designated Senior Claims of the Note Guarantor and shall not be liable to any such holders if it shall mistakenly pay over or distribute to or on behalf of Holders or the Note Guarantor or any other Person, money or assets to which any holders of any Designated Senior Claims of the Note Guarantor shall be entitled by virtue of this Article 11 or otherwise, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

Section 11.23 *Reliance by Holders of Designated Senior Claims of the Note Guarantor on Subordinated Provisions*.

Each Holder, by accepting a Note, acknowledges and agrees that the provisions of Section 11.08 through Section 11.24 hereof are, and are intended to be, an inducement and a consideration to each holder of any Designated Senior Claim of the Note Guarantor, whether such Designated Senior Claim was created or acquired before or after the issuance of the Notes, to acquire and continue to hold, or to continue to hold, such Designated Senior Claim and such holder of such Designated Senior Claim shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Designated Senior Claim.

Without in any way limiting the generality of the foregoing paragraph, the holders of Designated Senior Claims of the Note Guarantor may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders, without incurring liability to the Trustee or the Holders and without impairing or releasing the subordination provided in this Article 11 or the obligations hereunder of the Holders to the holders of the Designated Senior Claims of the Note Guarantor, do any one or more of the following: (i) change the manner, place or terms of

payment or extend the time of payment of, or renew or alter, any Designated Senior Claim of the Note Guarantor, or otherwise amend or supplement in any manner any Designated Senior Claim of the Note Guarantor, or any instrument evidencing the same or any agreement under which any Designated Senior Claim of the Note Guarantor is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing any Designated Senior Claim of the Note Guarantor; (iii) release any Person liable in any manner for the payment or collection of any Designated Senior Claim of the Note Guarantor; and (iv) exercise or refrain from exercising any rights against the Note Guarantor and any other Person.

Section 11.24 *Amendments*.

The provisions of Section 11.08 through Section 11.24 hereof may not be amended or modified without the written consent of holders of all Designated Senior Claims.

ARTICLE 12
SATISFACTION AND DISCHARGE

Section 12.01 *Satisfaction and Discharge*.

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, except that the Issuer's and the Note Guarantor's obligations under Section 7.07 hereof and the Trustee's and the Paying Agent's obligations under Section 8.06 and Section 8.07 hereof shall survive, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one (1) year and the Issuer or the Note Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and interest, if any, to the Maturity Date or redemption date;

(2) in respect of subclause (b) of clause (1) of this Section 12.01, no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or the Note Guarantor is a party or by which the Issuer or the Note Guarantor is bound (other

than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings);

(3) the Issuer or the Note Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at the Maturity Date or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section 12.01, the provisions of Sections 8.06, 8.07 and 12.02 hereof will survive. In addition, nothing in this Section 12.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 12.02 *Application of Trust Money*.

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, and interest, if any, for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and the Note Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01 hereof; *provided* that if the Issuer has made any payment of principal of, premium on, if any, or interest, if any, on, any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 13
MISCELLANEOUS

Section 13.01 *Trust Indenture Act Controls*.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), the imposed duties shall control.

Section 13.02 *Notices*.

Any notice or communication by the Issuer or the Trustee to the others is duly given if in writing and delivered in person or mailed by first-class mail (registered or certified, return receipt requested), facsimile or overnight air courier guaranteeing next day delivery, to the others' addresses:

If to the Issuer or the Note Guarantor:

c/o USEC Inc.
Two Democracy Center
6903 Rockledge Drive
Bethesda, Maryland 20817
Attention: General Counsel
Facsimile No.: (301) 564-3206

If to the Trustee:

CSC Trust Company of Delaware
2711 Centerville Road, Suite 220
Wilmington, Delaware 19808
Attention: Corporate Trust Administration
Facsimile No.: 302-636-8666
Email: csctrust@cscinfo.com

With a copy to counsel:

Mark R. Somerstein, Esq
Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036-8704
Email: mark.somerstein@ropesgray.com

The Issuer or the Trustee by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given at the time delivered by hand, if personally delivered; upon receipt, if deposited in the mail, postage prepaid; when receipt acknowledged, if sent via facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. All notices and communications to the Trustee shall be deemed to have been duly given only if actually received by the Trustee.

Any notice or communication to a Holder shall be mailed by first-class mail, certified or registered, return receipt requested, to his address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Issuer mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any notice of redemption or purchase) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Depositary for such Note (or its designee) pursuant to the standing instructions from such Depositary

Section 13.03 *Communication by Holders with Other Holders*.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Issuer, the Trustee, the Registrar and any other person shall have the protection of TIA Section 312(c).

Section 13.04 *Certificate and Opinion as to Conditions Precedent*.

Upon any request or application by the Issuer to the Trustee to take any action under this Indenture, the Issuer shall furnish to the Trustee:

(a) an Officers' Certificate in customary form and substance (which shall include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in customary form and substance (which shall include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

Section 13.05 *Statements Required in Certificate or Opinion*.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with, *provided* that, with respect to matters of fact, an Opinion of Counsel may rely upon an Officers' Certificate or a certificate of a public official.

Section 13.06 *Force Majeure*.

The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God, earthquakes, fires, floods, wars, civil or military disturbances, sabotage, epidemics, riots, loss or malfunctions of utilities, computer (hardware or software) or communications service disruptions, labor disputes, acts of civil or military authority, or governmental, judicial or regulatory actions, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

Section 13.07 *Legal Holidays*.

If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

Section 13.08 *No Recourse Against Others*.

No director, member, manager, officer, employee, incorporator, stockholder or controlling person of the Issuer or the Note Guarantor, as such, shall have any liability for any obligations of the Issuer or the Note Guarantor under the Notes, this Indenture or the Security Documents or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release shall be part of the consideration for the issuance of the Notes and the Guarantee.

Notwithstanding the foregoing, nothing in this provision shall be construed as a waiver or release of any claims under the Federal securities laws. Further, notwithstanding the foregoing, nothing in this provision shall, or shall be construed in any way to, modify the rights or obligations of the Issuer or the Note Guarantor as the Issuer or Note Guarantor, respectively.

Section 13.09 *Governing Law*.

THIS AGREEMENT, THE NOTES AND THE GUARANTEE SHALL BE CONSTRUED, INTERPRETED AND THE RIGHTS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND NEW YORK CIVIL PRACTICE LAWS AND RULES 327(b). THE ISSUER, THE NOTE GUARANTOR, THE TRUSTEE, THE PAYING AGENT, THE REGISTRAR AND THE COLLATERAL AGENT EACH HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE GENERAL JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY FEDERAL COURT

SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES OR THE GUARANTEE AND IRREVOCABLY ACCEPTS FOR ITSELF AND (IN THE CASE OF THE ISSUER AND THE NOTE GUARANTOR) IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS. THE ISSUER, THE NOTE GUARANTOR, THE TRUSTEE, THE PAYING AGENT, THE REGISTRAR AND THE COLLATERAL AGENT EACH IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, TRIAL BY JURY AND ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE ISSUER AND THE NOTE GUARANTOR EACH IRREVOCABLY CONSENTS, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE ISSUER AT ITS ADDRESS SET FORTH HEREIN, SUCH SERVICE TO BECOME EFFECTIVE THIRTY (30) DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY PURCHASER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE ISSUER IN ANY OTHER JURISDICTION.

Section 13.10 *No Adverse Interpretation of Other Agreements*.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Issuer or any of the Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.11 *Successors*.

All agreements of the Issuer and the Note Guarantor in this Indenture and the Notes shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successor.

Section 13.12 *Severability*.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13.13 *Counterpart Originals*.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 13.14 *Table of Contents, Headings, etc*.

The Table of Contents, Cross-Reference Table and Headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Section 13.15 *Trustee Authorization*.

The Trustee and the Collateral Agent are authorized and directed to enter into the Intercreditor Agreement and the Security Documents, as applicable.

Section 13.16 *Tax Reporting*.

(a) The Issuer shall determine whether the Notes are "traded on an established market" for purposes of Treasury Regulation Section 1.1273-2(f)(9), the "issue price" of the Notes for Federal income tax purposes (the "*Tax Issue Price*") and whether Treasury Regulation Sections 1.1272-1(c) or (d) or 1.1275-4(b) (the "*Tax Reporting Rules*") apply to the Notes (the "*Tax Reporting Determination*").

(b) No more than seventy-five (75) days after the Issue Date, the Issuer shall provide notice to the Trustee and the Holders of the Tax Reporting Determination (the "*Tax Reporting Determination Notice*"). The Tax Reporting Determination Notice shall include the following information: (i) whether the Notes are "traded on an established market" for purposes of Treasury Regulation Section 1.1273-2(f)(9), (ii) the Tax Issue Price, and (iii) the Tax Reporting Rules that the Issuer has determined to apply to the Notes, including, if applicable, the "comparable yield" and "projected payment schedule" or the applicable payment schedule.

(c) The Tax Reporting Determination Notice shall be sufficiently delivered if in writing and mailed, first class postage prepaid (and, to the extent permitted by applicable procedures or regulations, electronically) to the Trustee and to each Holder at such Holder's registered address. At the Issuer's request, the Trustee shall give the Tax Reporting Determination Notice to each Holder in the name of the Issuer and at the Issuer's expense within ten (10) days of the Trustee's receipt of such Tax Reporting Determination Notice; provided that the Issuer shall deliver to the Trustee at least ten (10) days (unless a shorter period is acceptable to the Trustee) prior to the date such Tax Reporting Determination Notice must be given by the Trustee, an Officer's Certificate requesting that the Trustee give such Tax Reporting Determination Notice and a copy of the Tax Reporting Determination Notice to be provided to the Holders. For purposes of this Section 13.16, the Tax Reporting Determination Notice mailed or distributed electronically in the manner herein provided shall be conclusively presumed to have been duly given whether or not a Holder receives such Tax Reporting Determination Notice. In any case, failure to give the Tax Reporting Determination Notice to a Holder of any Note shall not affect the validity of the Tax Reporting Determination Notice with respect to any other Holder. Any Holder may waive in writing the right to receive the Tax Reporting Determination Notice either before or after the event, and such waiver shall be the equivalent of delivery to such Holder of such Tax Reporting Determination Notice. Such waivers shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(d) Each Holder, by its acceptance of the Notes, agrees to use the Tax Issue Price and to apply the Tax Reporting Rules that the Issuer has determined to apply to the Notes, including, if applicable, the "comparable yield" and "projected payment schedule" or the applicable payment schedule, for its own tax reporting and return filing.

[*Remainder of page intentionally left blank*]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Indenture as of the date first written above.

THE ISSUER:

USEC INC.

By: _____
Name:
Title:

THE NOTE GUARANTOR:

UNITED STATES ENRICHMENT CORPORATION

By: _____
Name:
Title:

THE TRUSTEE:

CSC Trust Company of Delaware, as Trustee

By: _____
Name:
Title:

THE COLLATERAL AGENT:

CSC Trust Company of Delaware, as Collateral Agent

By: _____
Name:
Title:

EXHIBIT A

(Face of Note)

THIS NOTE HAS BEEN ISSUED WITH "ORIGINAL ISSUE DISCOUNT" (WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED). UPON WRITTEN REQUEST TO THE ISSUER AT USEC INC., TWO DEMOCRACY CENTER, 6903 ROCKLEDGE DRIVE, BETHESDA, MARYLAND 20817, ATTENTION: CHIEF FINANCIAL OFFICER, THE ISSUER WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THIS NOTE THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND ISSUE DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE OR, IF APPLICABLE, THE YIELD TO MATURITY OF THE NOTE.

THIS GLOBAL NOTE IS HELD BY THE DEPOSITORY TRUST COMPANY (THE "*DEPOSITARY*") OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DEPOSITARY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.[3]

[3] The second and third paragraphs should be included only if the Note is issued in global form.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, IN THE INDENTURE OR IN ANY SECURITY DOCUMENTS, ANY LIENS AND SECURITY INTERESTS SECURING OBLIGATIONS UNDER THE INDENTURE, THE NOTES AND THE SECURITY DOCUMENTS AND THE EXERCISE OF ANY RIGHT OR REMEDY WITH RESPECT THERETO, AND CERTAIN OF THE RIGHTS OF THE HOLDERS ARE SUBJECT TO THE PROVISIONS OF THE INTERCREDITOR AGREEMENT IN THE FORM ATTACHED TO THE INDENTURE THAT MAY BE ENTERED INTO AFTER ISSUANCE OF THE NOTES. UPON EXECUTION OF THE INTERCREDITOR AGREEMENT, IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF, ON THE ONE HAND, THE INTERCREDITOR AGREEMENT AND, ON THE OTHER HAND, THIS NOTE, THE INDENTURE OR ANY SECURITY DOCUMENT, THE TERMS OF THE INTERCREDITOR AGREEMENT SHALL GOVERN AND CONTROL. EACH HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE INTERCREDITOR AGREEMENT.

[Face of Note]

CUSIP

8.0% PIK TOGGLE NOTE DUE 2019/2024

No. $240,380,000

USEC INC.

USEC Inc., a Delaware corporation (the "*Issuer*"), as obligor, for value received promise to pay to Cede & Co. or registered assigns, the principal sum of TWO HUNDRED FORTY MILLION THREE HUNDRED EIGHTY THOUSAND Dollars on , 2019 (the "*Initial Maturity Date*") or , 2024 (the "*Extended Maturity Date*") if extended under the terms of Section 2.01 of the Indenture.

Interest Payment Dates: [ ] and [ ] and on the Initial Maturity Date or Extended Maturity Date, as the case may be.

Record Dates: [ ] and [ ] (whether or not a Business Day).

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed manually or by facsimile by its duly authorized officers.

THE ISSUER:

USEC INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Trustee's Certificate of Authentication:

Dated:

This is one of the Notes referred to in the within-mentioned Indenture:

CSC Trust Company of Delaware, as Trustee

By: _____
Authorized Signatory

(Back of Note)

[PIK Note][4]

8.0% PIK TOGGLE NOTE DUE 2019/2024

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. *Interest*. USEC Inc., a Delaware corporation (the "*Issuer*"), as obligor, promises to pay interest on the principal amount of this Note at the rate and in the manner specified below.

The Issuer shall pay, in cash, interest on the principal amount of this Note, at the rate of 8.0% per annum; *provided* that (a) for any Interest Payment Date (as defined below) between the Issue Date and September 30, 2014, the Issuer may elect to pay up to 1.5% per annum of interest then due in PIK Notes or PIK Interest (b) for any Interest Payment Date between October 1, 2014 and September 30, 2015, the Issuer may elect to pay up to 3% per annum of interest then due in PIK Notes or PIK Interest and (c) for any Interest Payment Date from October 1, 2015 through the Initial Maturity Date or the Extended Maturity Date, as the case may be, the Issuer may elect to pay up to 5.5% per annum of interest then due in PIK Notes or PIK Interest. The Issuer shall pay interest semi-annually on [ ] and [ ] of each year, and on the Maturity Date, commencing on [ ], 2014, or if any such day is not a Business Day, on the next succeeding Business Day (each an "*Interest Payment Date*").

Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date. To the extent lawful, the Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Code) on overdue principal in cash at the rate of 2% per annum in excess of the then applicable interest rate on the Notes; the Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Code) on overdue installments of interest (without regard to any applicable grace periods) at the same rate to the extent lawful and in the same method of payment as the previous interest period.

2. *Method of Payment*. With respect to the Initial Interest Period, the Issuer has made the Initial PIK Election. After the Initial Interest Period, in the event that the Issuer shall determine to pay any interest in the form of a PIK Payment, the Issuer shall deliver to the Trustee and the Paying Agent (if other than the Trustee), with respect to each interest period subsequent to the Initial Interest Period, no later than one (1) Business Day prior to the beginning of the relevant interest period a PIK Notice setting forth whether the Issuer has elected to pay any portion of the interest payment for such period in the form of a PIK Payment and, if so, the percentage of interest to be paid in the form of a PIK Payment. The Trustee shall promptly deliver a corresponding notice to the Holders. In the absence of an election for an interest payment date, interest on the Notes shall be payable according to the method of payment set forth in the PIK Notice (excluding for the purpose, the Initial PIK Election) for the previous

[4] Only for PIK Notes.

interest payment date, or if no prior PIK Notice was delivered to the Trustee for the previous interest payment date, notwithstanding the Initial PIK Election, the Issuer shall be deemed to have elected to pay interest due on such interest payment date in the form of a PIK Payment at the maximum percentage permitted under the Indenture and the Notes.

The Issuer shall pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the record date next preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date. The Holder must surrender this Note to a Paying Agent to collect principal payments. The Issuer shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Issuer may pay principal and interest by check to a Holder's registered address.

At all times, PIK Interest on the Notes will be payable (x) with respect to Notes represented by one or more Global Notes registered in the name of, or held by, DTC or its nominee on the relevant record date, by increasing the principal amount of the outstanding Global Note by an amount equal to the amount of PIK Interest for the applicable interest period (rounded down to the nearest whole dollar) as provided in an Issuer Order from the Issuer to the Trustee and (y) with respect to Notes represented by Definitive Notes, by issuing PIK Notes in certificated form in an aggregate principal amount equal to the amount of PIK Interest for the applicable interest period (rounded down to the nearest whole dollar), and the Trustee will, upon receipt of an Authentication Order, authenticate and deliver such PIK Notes for original issuance to the Holders on the relevant record date, as shown by the records of the register of Holders. Following an increase in the principal amount of the outstanding Global Notes as a result of a PIK Payment, the Global Note will bear interest on such increased principal amount from and after the Interest Payment Date related to the PIK Payment. Any PIK Notes issued certificated form will be dated as of the applicable Interest Payment Date and will bear interest from and after such date. All Notes issued pursuant to a PIK Payment will mature on [✕], 2019 (or on [✕], 2024 if the Maturity Date of the Notes has been extended under the terms of Section 2.01 of the Indenture) and will be governed by, and subject to, the terms, provisions and conditions of, the Indenture and shall have the same rights and benefits as the Notes issued on the Issue Date.

3. *Paying Agent and Registrar*. Initially, the Trustee shall act as Paying Agent and Registrar. The Issuer may change any Paying Agent, Registrar or co-registrar without notice to any Holder. Subject to certain exceptions, any Subsidiary may act in any such capacity.

4. *Indenture*. The Issuer issued the Notes under an Indenture dated as of [ ], 2014 (the "*Indenture*") among the Issuer, the Note Guarantor named therein, the Trustee and the Collateral Agent. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the "*TIA*") (15 U.S. Code Sections 77aaa-77bbbb) as in effect on the date of the Indenture until such time as the Indenture is qualified under the TIA and thereafter as in effect on the date the Indenture is so qualified. The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. The terms of the Indenture shall govern any inconsistencies between the Indenture and the Notes. Terms not otherwise defined herein shall have the meanings assigned in the Indenture.

5. *Optional Redemption*. The Notes shall be subject to redemption at the option of the Issuer, in whole or in part, at any time, at a price equal to 100% of the principal amount of the Notes to be redeemed, plus any accrued and unpaid interest, up to the redemption date.

6. *Mandatory Redemption*. There shall be no mandatory redemption of the Notes.

7. *Denominations, Transfer, Exchange*. The Notes are in registered form without coupons in denominations of [$1.00] and integral multiples of [$1.00], except that PIK Notes or increased principal amount of a Global Note shall be in denominations of $1.00 or any integral multiple of $1.00 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee shall require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Registrar and the Issuer need not exchange or register the transfer (i) of any Note or portion of a Note selected for redemption or (ii) of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

8. *Persons Deemed Owners*. The registered Holder of a Note may be treated as its owner for all purposes, subject to the provisions of the Indenture with respect to the record dates for the payment of interest.

9. *Amendments and Waivers*. Subject to certain exceptions, the Indenture or the Notes may be amended with the written consent of the Holders of at least a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for Notes), and any existing Default or Event of Default (except certain payment defaults) may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for Notes). Without the consent of any Holders, the Indenture, the Notes, the Security Documents and the Intercreditor Agreement, may be amended or supplemented to cure any ambiguity, omission, defect or inconsistency, to provide for assumption of the Issuer's obligations to the Holders in the case of a merger or consolidation, to provide for uncertificated Notes in addition to or in place of certificated Notes, to make any change that would provide any additional rights or benefits to the Holders of the Notes, or that does not adversely affect the legal rights hereunder or under the Indenture or the Security Documents of any Holder, to release the Guarantee of the Notes permitted to be released under the terms of the Indenture, to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the TIA, or to comply with the requirements of the Trustee and the Depositary (including its nominees) with respect to transfers of beneficial interests in the Notes. Notwithstanding the foregoing, without the consent of not less than a majority in aggregate principal amount of the Notes at the time outstanding, the Issuer, the Note Guarantor and the Collateral Agent may not amend or supplement the Security Documents or waive or modify the rights of the Holders thereunder or the provisions of the Indenture relating thereto, in either case, in a manner adverse to the Holders. In addition, unless otherwise provided in this Indenture, without the consent of the Holders of not less than 66 ⅔% in aggregate principal amount of the Notes at the time outstanding, the Issuer, the Note Guarantor and the Trustee may not amend or supplement the Security Documents to release Collateral from the Liens created by the Security Documents if the Fair Market Value of such Collateral exceeds $5,000,000.

10. *Defaults and Remedies*. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare by written notice to the Issuer and the Trustee all the Notes to be due and payable immediately, except that in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes become due and payable immediately without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require security and indemnity satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, Holders of 66 2/3% in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Issuer must furnish an annual compliance certificate to the Trustee.

11. *Subordination of the Notes*. Payment of principal of, premium on, if any, and interest, if any, on, the Notes is subordinated to the prior payment of Issuer Senior Debt on the terms provided in the Indenture.

12. *Trustee Dealings with Issuer*. The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Issuer or its Affiliates, and may otherwise deal with the Issuer or its Affiliates, as if it were not Trustee.

13. *No Recourse Against Others*. No director, member, manager, officer, employee, incorporator, stockholder or controlling person of the Issuer or the Note Guarantor, as such, shall have any liability for any obligations of the Issuer or the Note Guarantor under the Notes, the Indenture or the Security Documents or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Guarantee. Notwithstanding the foregoing, nothing in this provision shall be construed as a waiver or release of any claims under the Federal securities laws.

14. *Authentication*. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

15. *Abbreviations*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

16. *CUSIP Numbers*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

17. *Governing Law*. This Note and the Indenture shall be construed, interpreted and the rights of the parties hereunder and thereunder shall be determined in accordance with the

laws of the State of New York, as applied to contracts made and performed within the State of New York, including, without limitation, Sections 5-1401 and 5-1402 of the New York General Obligations Law and New York Civil Practice Laws and Rules 327(b).

The Issuer shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to: USEC Inc., Two Democracy Center, 6903 Rockledge Drive, Bethesda, Maryland 20817, Attention: General Counsel.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to _____

(Insert assignee's legal name)

_____

(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

Your Tax ID Number: _____

Signature Guarantee*:

* NOTICE: The signature must be guaranteed by an institution which is a member of one of the following recognized signature guarantee programs:

(1) The Securities Transfer Agent Medallion Program (STAMP);

(2) The New York Stock Exchange Medallion Program (MSP);

(3) The Stock Exchange Medallion Program (SEMP).

SCHEDULE OF EXCHANGES OF INTERESTS OR INCREASES/DECREASES IN THE GLOBAL NOTE[5]

The initial outstanding principal amount of this Global Note is $240,380,000. The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global or Definitive Note for an interest in this Global Note, or increase/decrease in the principal amount of this Global Note as a result of a PIK Payment, have been made:

Date of Exchange or Increase/Decrease	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized officer of Trustee

5 This schedule should be included only if the Note is issued in global form.

EXHIBIT B

FORM OF NOTATION OF GUARANTEE

For value received, United States Enrichment Corporation (the "*Note Guarantor*") (which term includes any successor Person under the Indenture) has unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture dated as of [ ], 2014 (the "*Indenture*") among USEC Inc., (the *"Issuer"*), the Note Guarantor and [ ], as trustee and collateral agent (the "*Trustee*"), (i) the due and punctual payment of the principal and premium, if any, of, and interest on, the Notes, whether at the Maturity Date or on an interest payment date, by acceleration, call for redemption or otherwise; (ii) the due and punctual payment of interest on the overdue principal and premium, if any, of, and interest on, the Notes, if lawful; (iii) the due and punctual payment and performance of all other Obligations of the Issuer under the Notes, the Indenture and the Security Documents, all in accordance with the terms set forth in the Indenture and in the Notes and the Security Documents; and (iv) in case of any extension of time of payment or renewal of any Notes or any of such other Obligations under the Indenture or under the Notes or the Security Documents, the due and punctual payment or performance thereof in accordance with the terms of the extension or renewal, whether at the Maturity Date, by acceleration or otherwise. The obligations of the Note Guarantor to the Holders of Notes and to the Trustee pursuant to the Guarantee and the Indenture are expressly set forth in Article 11 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee. Each Holder of a Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose.

The obligations of the Note Guarantor under its Guarantee, the Indenture and the Security Documents are not obligations of, or guaranteed as to principal or interest by, the United States of America.

Capitalized terms used but not defined herein have the meanings given to them in the Indenture.

UNITED STATES ENRICHMENT CORPORATION

By: _____
Name:
Title:

EXHIBIT C

FORM OF JUNIOR PAYMENT SUBORDINATION
AND AGREEMENT

NOTE SUBORDINATION AGREEMENT

THIS NOTE SUBORDINATION AGREEMENT (this "**Agreement**") is entered into as of this 2014, by and among [**INITIAL ISSUER SENIOR DEBT REPRESENTATIVE**] ("[ ]"), as Issuer Senior Debt Representative for the [Initial Issuer Senior Debt Claimholders (as defined below)] (in such capacity and together with its successors from time to time in such capacity, the "**Initial Issuer Senior Debt Representative**"), **CSC TRUST COMPANY OF DELAWARE,** a Delaware state chartered trust company duly organized and existing under the laws of the State of Delaware, as Trustee, for the Holders under the Indenture (as defined below) (in such capacity and together with its successors from time to time in such capacity, the "**Trustee**"), and each additional Issuer Senior Debt Representative that from time to time becomes a party hereto pursuant to Section 3.7 hereof, and acknowledged and agreed to by **USEC Inc.**[1] **(the** "**Issuer**"). Capitalized terms used in this Agreement have the meaning assigned to them in Section 1 below and capitalized terms used and not otherwise defined herein have the meaning set forth in the Indenture as in effect on , 2014 .

RECITALS

[*describe initial first Payment agreement*, dated as of the date hereof (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Initial Issuer Senior Debt Agreement**")];

The Issuer, United States Enrichment Corporation, the Trustee and CSC Trust Company of Delaware as collateral agent have previously entered into the Indenture, dated as of , 2014 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Indenture**");

The obligations of the Issuer under the Indenture are subordinated in right of payment to all Issuer Senior Debt on the terms set forth herein;

Certain holders of Issuer Senior Debt (or their agent(s)) are or may become a party hereto as provided herein and any holder of Issuer Senior Debt that does not become a party hereto is intended to be an express third party beneficiary hereof;

The Indenture provides, among other things, that the Trustee will execute and deliver this Agreement at the request of any holder of Issuer Senior Debt or their representative; and

In consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, each of the Initial Issuer Senior Debt Representative (for itself and on behalf of

[1] "Pursuant to Section 5.1 of the proposed plan of reorganization, USEC Inc. reserves the right to change its name as of the effective date of the plan. If such right is exercised in accordance with the plan, all references to USEC Inc. in this document will be changed to the new name."

each other Initial Issuer Senior Debt Claimholder), the Trustee (for itself and on behalf of each Holder) and each additional Issuer Senior Debt Representative (for itself and on behalf of each other Additional Issuer Senior Debt Claimholder represented by it), intending to be legally bound, hereby agrees as follows:

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Definitions. The following terms shall have the following meaning in this Agreement:

"**Agreement**" has the meaning given to such term in the preamble hereto.

"Additional Issuer Senior Debt Claimholders" means, with respect to each Additional Issuer Senior Debt Representative, all Persons who from time to time hold Issuer Senior Debt with respect to which such Additional Senior Debt Representative is the agent, trustee or other representative. In the event any Additional Issuer Senior Debt Representative is not acting in a representative capacity, then references to the Additional Issuer Senior Debt Claimholders for such Series will refer to such Additional Issuer Senior Debt Representative.

"Additional Issuer Senior Debt Representative" means each Person who becomes a party hereto as an Issuer Senior Debt Representative after the date hereof in accordance with Section 3.6 hereof.

"Claimholder" means the Issuer Senior Debt Claimholders, the Trustee and the Holders.

"Company" means United States Enrichment Corporation.

"**Discharge**" means, except to the extent otherwise provided in Section 3.21 hereof, with respect to any Series of Issuer Senior Debt, that each of the following has occurred:

(a) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any filing or proceeding under the Bankruptcy Code, whether or not such interest would be allowed in such proceeding) on all Indebtedness outstanding under the applicable documents governing or evidencing such Series of Issuer Senior Debt ;

(b) payment in full in cash of all other obligations under the applicable documents governing or evidencing such Series of Issuer Senior Debt that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than any indemnification obligations for which no claim or demand for payment, whether oral or written, has been made at such time);

(c) termination or expiration of all commitments, if any, to extend credit that would constitute Issuer Senior Debt under such Series; and

(d) termination or cash collateralization (in an amount and manner reasonably satisfactory to the applicable letter of credit issuer, but in no event in an amount greater than 105% of the aggregate undrawn face amount), or the making of other arrangements satisfactory to the applicable letter of credit issuer of all letters of credit issued under the applicable documents governing or evidencing such Series of Issuer Senior Debt.

The term "**Discharged**" has a corresponding meaning.

"**Indenture**" has the meaning given to such term in the recitals hereto.

"**Trustee**" has the meaning given to such term in the preamble hereto.

"**Initial Issuer Senior Debt Agreement**" has the meaning given to such term in the recitals hereto.

"**Initial Issuer Senior Debt Claimholders**" means all Persons who from time to time hold Issuer Senior Debt with respect to which the Initial Senior Debt Representative is the agent, trustee or other representative.

"**Initial Issuer Senior Debt Representative**" has the meaning given to such term in the preamble hereto.

"**Issuer**" has the meaning given to such term in the preamble hereto.

"Issuer Senior Debt Claimholders" means the Initial Issuer Senior Debt Claimholders and any Additional Issuer Senior Debt Claimholders.

"Notes Payment Blockage Notice" has the meaning given to such term in Section 2.3(a)(ii).

"Recovery" has the meaning given to such term in Section 3.22.

"**Refinance**" means, in respect of any Indebtedness, to refinance, extend, renew, defease, amend, modify, supplement, restructure, replace, refund or repay, or to issue other Issuer Senior Debt in exchange or replacement for, such Issuer Senior Debt in whole or in part and regardless of whether the principal amount of such Refinancing Indebtedness is the same, greater than, or less than the principal amount of the Refinanced Indebtedness. "**Refinanced**" and "**Refinancing**" shall have correlative meanings.

"**Series**" means the Issuer Senior Debt described under any of clauses (1) through (4) of the definition of Issuer Senior Debt in the Indenture with the Issuer Senor Debt described in each such clause constituting a separate Series of Issuer Senior Debt.

2. Subordination.

2.1 Subordination of Subordinated Debt to Senior Debt. The Issuer agrees, and the Trustee agrees on behalf of each Holder, that the Indebtedness evidenced by the Notes is subordinated in right of payment, to the extent and in the manner provided in this Article 2, to the prior payment in full of all Issuer Senior Debt (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of and enforceable by holders of Issuer Senior Debt. The Indebtedness evidenced by the Notes shall in all respects rank *pari passu* in right of payment with all existing and future unsubordinated Indebtedness of the Issuer (other than Issuer Senior Debt) and will be senior in right of payment to all existing and future subordinated Indebtedness of the Issuer; and only Indebtedness that is Issuer Senior Debt shall rank senior to the Indebtedness evidenced by the Notes in accordance with the provisions set forth herein. All provisions of this Article 2 shall be subject to Section 2.11 hereof.

2.2 Liquidation, Dissolution, Bankruptcy. Upon any payment or distribution of the assets of the Issuer to creditors upon a total or partial liquidation or a total or partial dissolution of the Issuer or in a bankruptcy, reorganization, insolvency, receivership of or similar proceeding relating to the Issuer or its property, in an assignment for the benefit of creditors or in any marshaling of the Issuer's assets and liabilities:

(a) holders of Issuer Senior Debt shall be entitled to receive payment in full in cash of such Issuer Senior Debt (including interest accruing after, or which would accrue but for, the commencement of any such proceeding at the rate specified in the applicable Issuer Senior Debt, whether or not a claim for such interest would be allowed) before the Holders of Notes shall be entitled to receive any payment with respect to the Notes; and

(b) until all Obligations with respect to the Issuer Senior Debt (as provided in clause (a) above) are paid in full in cash, any payment or distribution to which Holders of Notes would be entitled but for this Article 2 shall be made to holders of Issuer Senior Debt as their interests may appear.

2.3 Default on Issuer Senior Debt.

(a) The Issuer may not make any payment or distribution to the Trustee or any Holder in respect of Obligations with respect to the Notes and may not acquire from the Trustee or any Holder any Notes for cash or property until all principal and other Obligations with respect to the Issuer Senior Debt have been paid in full if:

(i) a payment default on Issuer Senior Debt occurs and is continuing; or

(ii) any other default occurs and is continuing on any Issuer Senior Debt that permits the holders of such Issuer Senior Debt to accelerate its maturity, or otherwise demand its payment, and the Trustee receives a notice of such default (a "**Notes Payment Blockage Notice**") from the Issuer or the holders of such Issuer Senior Debt.

(b) The Issuer may and will resume payments or any distributions in respect of the Notes and may acquire them upon the earlier of:

(i) in the case of a payment default with respect to any Issuer Senior Debt, the date upon which such default is cured or waived, and

(ii) in the case of a nonpayment default with respect to any Issuer Senior Debt, upon the earlier of the date on which such nonpayment default is cured or waived and 179 days after the date on which the applicable Notes Payment Blockage Notice is received, unless in the case of this clause (ii), the maturity of any Issuer Senior Debt has been accelerated or demand for payment of such Issuer Senior Debt made, and such acceleration or demand for payment has not been waived or cancelled,

if this Article 2 otherwise permits such payment, distribution or acquisition at the time of such payment, distribution or acquisition.

2.4 Demand for Payment. If payment of the Notes is accelerated because of an Event of Default, the Issuer or the Trustee will promptly notify holders of the Issuer Senior Debt, of the acceleration; provided that any failure to give such notice shall have no effect whatsoever on the provisions of this Article 2. If any Issuer Senior Debt is outstanding, the Issuer may not make a payment of the Notes until ten (10) Business Days after holders of such Issuer Senior Debt receive notice of such acceleration and, thereafter, may make a payment of any Obligations with respect to the Notes only if this Agreement, the Indenture and federal law otherwise permits payment at that time.

2.5 When Distribution Must be Paid Over. In the event that the Trustee or any Holder of the Notes receives any payment of, or any distributions with respect to, any Obligations with respect to the Notes at a time when the payment is prohibited by Section 2.3 hereof and the Trustee or the Holder, as applicable, has actual knowledge that the payment is prohibited by Section 2.3 hereof, such payment will be held by the Trustee or such Holder, in trust for the benefit of, and will be paid forthwith over and delivered upon written request to, holders of Issuer Senior Debt as their interests may appear under the agreement, indenture or other document (if any) pursuant to which any Issuer Senior Debt may have been issued or incurred, for application to the payment of all Obligations with respect to Issuer Senior Debt remaining unpaid to the extent necessary to pay such Obligations in full in accordance with their terms, after giving effect to any concurrent payment or distribution to or for the holders of Issuer Senior Debt.

2.6 Subrogation. After all Issuer Senior Debt is Discharged and until the Notes are paid in full, Holders of Notes will be subrogated to the rights of the holders of Issuer Senior Debt to receive distributions applicable to such Issuer Senior Debt to the extent that distributions otherwise payable to the Holders of Notes have been applied to the payment of such Issuer Senior Debt. A distribution made under this Article 2 to the holders of Issuer Senior Debt that otherwise would have been made to Holders of Notes is not, as between the Issuer and Holders, a payment by the Issuer on the Notes.

2.7 Relative Rights. This Article 2 defines the relative rights of Holders of Notes and holders of Issuer Senior Debt. Nothing in this Agreement will:

(a) impair, as between the Issuer and Holders of Notes, the obligation of the Issuer, which is absolute and unconditional, to pay principal of, premium on, if any, and interest, if any, on, the Notes in accordance with their terms;

(b) affect the relative rights of Holders of Notes and creditors of the Issuer other than their rights in relation to holders of Issuer Senior Debt; or

(c) prevent the Trustee or any Holder of Notes from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders of Issuer Senior Debt to receive distributions and payments otherwise payable to Holders of Notes and such other rights of holders of Issuer Senior Debt as set forth herein.

2.8 Subordination May Not Be Impaired by the Issuer. No right of the holders of Issuer Senior Debt to enforce the subordination of the Indebtedness evidenced by the Notes may be impaired by any act or failure to act by the Issuer or any Holder or by the failure of the Issuer or any Holder to comply with the Indenture or this Agreement.

2.9 Rights of Trustee and Paying Agent.

(a) Notwithstanding the provisions of this Article 2 or any provision of the Indenture, the Trustee will not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee, and the Trustee and the Paying Agent may continue to make payments on the Notes, unless the Trustee has received at its Corporate Trust Office at least three (3) Business Days prior to the date of such payment written notice of facts that would cause the payment of any Obligations with respect to the Notes to violate this Article 2. Only the Issuer or holders of Issuer Senior Debt may give the notice. Nothing in this Article 2 will impair the claims of, or payments to, the Trustee under or pursuant to Section 7.07 of the Indenture.

(b) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in, DTC or other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption or purchase) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes.

All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to the registered Holders (which shall be DTC or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Trustee may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among DTC participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

2.10 Article 2 Not to Prevent Events of Default or Limit Right to Demand Payment. The failure of the Issuer to make a payment on the Notes by reason of any provision in this Article 2 shall not be construed as preventing the occurrence of a Default by the Issuer. Nothing in this Article 2 shall have any effect on the right of the Holders or the Trustee to make a demand for payment on the Notes pursuant to Article 2 of the Indenture.

2.11 Trust Moneys Not Subordinated. Notwithstanding anything contained herein to the contrary, payments from money or the proceeds of Government Securities held in trust by the Trustee for the payment of principal of and interest on the Notes pursuant to Article 8 or Article 12 of the Indenture shall not be subordinated to the prior payment of any Issuer Senior Debt or subject to the restrictions set forth in this Article 2, and none of the Holders shall be obligated to pay over any such amount to the Issuer or holders of Issuer Senior Debt or any other creditor of the Issuer, provided that, the subordination provisions of this Article 2 were not violated at the time the applicable amounts were deposited in trust pursuant to Article 8 or Article 12 of the Indenture, as the case may be.

2.12 Trustee Entitled to Rely. Upon any payment or distribution of assets of the Issuer referred to in this Article 2, the Trustee and the Holders of Notes will be entitled to rely upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 2.12 hereof are pending or upon any certificate of such representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders of Notes for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Issuer Senior Debt and other Indebtedness of the Issuer, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 2. In the event that the Trustee determines, in good faith, that evidence is required with respect to the right of the holders of Issuer Senior Debt to participate in any payment or distribution pursuant to this Article 2, the Trustee shall be entitled to request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Issuer Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article 2 and, if such evidence is not furnished, the Trustee shall be entitled to defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Section 7.01 and Section 7.02 of the Indenture shall be applicable to all actions or omissions of actions by the Trustee pursuant to this Article 2.

2.13 Trustee to Effectuate Subordination. This Agreement is intended to effectuate the subordination provided in Article 2 of the Indenture as contemplated by Section 2.27 of the Indenture.

2.14 Trustee Not Fiduciary for Holders of Issuer Senior Debt. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Issuer Senior Debt and shall not be liable to any such holder if it shall mistakenly pay over or distribute to or on behalf of Holders or any other Person, money or assets to which holders of Issuer Senior Debt shall be entitled by virtue of this Article 2 or otherwise, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

2.15 Reliance by Holders of Senior Debt on Subordinated Provisions. Each Holder pursuant to the Indenture and by accepting a Note, has acknowledged and agreed that provisions comparable to those in this Article 2 hereof are, and are intended to be, an inducement and a consideration to holders of Issuer Senior Debt, whether such Issuer Senior Debt was created or acquired before or after the issuance of the Notes, to acquire and continue to hold, or to continue to hold, such Issuer Senior Debt and holders of such Issuer Senior Debt shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Issuer Senior Debt.

Without in any way limiting the generality of the foregoing paragraph, holders of Issuer Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders, without incurring liability to the Trustee or the Holders and without impairing or releasing the subordination provided in this Article 2 or the obligations hereunder of the Holders to holders of Issuer Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, any

Issuer Senior Debt, or otherwise amend or supplement in any manner any Issuer Senior Debt, or any instrument evidencing the same or any agreement under which any Issuer Senior Debt is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing any Issuer Senior Debt; (iii) release any Person liable in any manner for the payment or collection of any Issuer Senior Debt; and (iv) exercise or refrain from exercising any rights against the Issuer and any other Person.

3. Miscellaneous

3.1 Integration/Conflicts. This Agreement and the Indenture represent the entire agreement with respect to the subject matter hereof and thereof, and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. There are no promises, undertakings, representations or warranties by the Trustee or the Holders relative to the subject matter hereof and thereof not expressly set forth or referred to herein or therein. In the event of any conflict between the provisions of this Agreement and the provisions of the Indenture, the provisions of this Agreement shall govern and control.

3.2 Effectiveness; Continuing Nature of this Agreement; Severability. This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement of payment subordination and the Issuer Senior Debt Claimholders may continue, at any time and without notice to the Trustee or any Holder, to extend credit and other financial accommodations and lend monies to or for the benefit of the Issuer constituting Issuer Senior Debt in reliance hereon. The terms of this Agreement shall survive, and shall continue in full force and effect, in any filing or proceeding under the Bankruptcy Code. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to those of the invalid, illegal or unenforceable provisions. All references to the Issuer shall include the Issuer as debtor and debtor-in-possession and any receiver, trustee or similar person acting for the Issuer (as the case may be) in any proceeding under the Bankruptcy Code. This Agreement shall terminate and be of no further force and effect:

(a) with respect to any Issuer Senior Debt Representative and the Issuer Senior Debt Claimholders represented by it and their Issuer Senior Debt Obligations, on the date on which the Issuer Senior Debt Obligations of such Issuer Senior Debt Claimholders are Discharged subject to the rights of such Issuer Senior Debt Claimholders under Section 3.20 and Section 3.21 ; and

(b) with respect to the Trustee and the Holders on the date that all Issuer Senior Debt has been Discharged subject to the rights of such Issuer Senior Debt Claimholders under Section 3.20 and Section 3.21;

provided, however, that in each case, such termination shall not relieve any such party of its obligations incurred hereunder prior to the date of such termination.

3.3 Amendments; Waivers

(a) No amendment, modification or waiver of any of the provisions of this Agreement shall be deemed to be made unless the same shall be in writing signed on behalf of each party hereto or its authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. Notwithstanding the foregoing, the Issuer shall not have any right to consent to or approve any amendment, modification or waiver of any provision of this Agreement except to the extent its rights are directly and adversely affected.

(b) Notwithstanding the foregoing, without the consent of the Issuer or any party hereto any Person holding Issuer Senior Debt or their agent, trustee or representative may become a party hereto by execution and delivery of a Joinder Agreement in accordance with Section 3.7 of this Agreement and upon such execution and delivery, such Additional Issuer Senior Representative and the Additional Issuer Senior Debt Claimholders represented thereby shall be subject to the terms hereof.

3.4 Information Concerning Financial Condition of the Issuer and its Subsidiaries. The Issuer Senior Debt Representatives and the Issuer Senior Debt Claimholders, on the one hand, and the Holders, on the other hand, shall each be responsible for keeping themselves informed of (a) the financial condition of the Issuer, its Subsidiaries and any endorsers and guarantors of the Issuer Senior Debt Obligations or the Notes and (b) all other circumstances bearing upon the risk of nonpayment of the Issuer Senior Debt Obligations or the Notes. The Issuer Senior Debt Representatives and the other Issuer Senior Debt Claimholders, on the one hand, and the Holders, on the other hand, shall have no duty to advise of information known to it or them regarding such condition or any such circumstances or otherwise. In the event any Claimholder, in its sole discretion, undertakes at any time or from time to time to provide any such information to any other Claimholder, it shall be under no obligation:

(a) to make, and such Claimholder shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided;

(b) to provide any additional information or to provide any such information on any subsequent occasion;

(c) to undertake any investigation; or

(d) to disclose any information, which pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

3.5 Subrogation. With respect to the value of any payments or distributions in cash, property or other assets that any of the Trustee or the Holders pays over to any of the Issuer Senior Debt Representatives or the other Issuer Senior Debt Claimholders under the terms of this Agreement, the Trustee or such Holders shall be subrogated to the rights of such Issuer Senior Debt Representatives or the other Issuer Senior Debt Claimholders; provided that the Trustee, on behalf of itself and each Holder, hereby agrees not to assert or enforce any such rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of all Issuer Senior Debt has occurred. The Company acknowledges and agrees that the value of any

payments or distributions in cash, property or other assets received by the Trustee or any Holder that are paid over to any Issuer Senior Debt Representatives or the other Issuer Senior Debt Claimholders pursuant to this Agreement shall not reduce any of the obligations under the Indenture.

3.6 Application of Payments. All payments received by any Issuer Senior Debt Representative or other Issuer Senior Debt Claimholder may be applied, reversed and reapplied, in whole or in part, to such part of the Issuer Senior Debt Obligations provided for in the applicable Issuer Senior Debt or the documents evidencing or governing such Issuer Senior Debt (subject to any agreement among the Issuer Senior Debt Representatives). The Trustee, on behalf of itself and each Holder, agrees to any extension or postponement of the time of payment of the Issuer Senior Debt Obligations or any part thereof and to any other indulgence with respect thereto, to any substitution, exchange or release of any payment which may at any time secure any part of the Issuer Senior Debt Obligations and to the addition or release of any other Person primarily or secondarily liable therefor.

3.7 Additional Issuer Senior Debt Claims. Any Person holding Issuer Senior Debt or their agent, trustee or representative may, but is not obligated to, become a party hereto by execution and delivery of a joinder agreement in substantially the form of Exhibit A hereto.

3.8 Agency Capacities. [ ] is acting in the capacity of Initial Issuer Senior Debt Representative solely for the Initial Issuer Senior Debt Claimholders. Each other Issuer Senior Debt Representative is acting in the capacity of Issuer Senior Debt Representative solely for the Issuer Senior Debt Claimholders for which it has been appointed agent, trustee or other representative. The Trustee is acting as Trustee solely for the Holders.

3.9 Submission to Jurisdiction; Certain Waivers. Each of the Issuer and each Issuer Senior Debt Representative and the Trustee, on behalf of itself and each other applicable Claimholder represented by it, hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement (whether arising in contract, tort or otherwise) to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan, the courts of the United States for the Southern District of New York sitting in the Borough of Manhattan, and appellate courts from any thereof;

(b) agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York state court or, to the fullest extent permitted by applicable law, in such federal court;

(c) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law and that nothing in this Agreement shall affect any right that any Claimholder may otherwise have to bring any action or proceeding relating to this Agreement against the Issuer or any of its assets in the courts of any jurisdiction;

(d) waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (a) of this Section 3.9 (and irrevocably waives to the fullest extent permitted by applicable law the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court);

(e) consents to service of process in any such proceeding in any such court by registered or certified mail, return receipt requested, to the applicable party at its address provided in accordance with Section 3.11 (and agrees that nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law);

(f) agrees that service as provided in clause (e) above is sufficient to confer personal jurisdiction over the applicable party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect; and

(g) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover any special, exemplary, punitive or consequential damages.

3.10 WAIVER OF JURY TRIAL.

EACH PARTY HERETO AND THE COMPANY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT, BREACH OF DUTY, COMMON LAW, STATUTE OR ANY OTHER THEORY). EACH PARTY HERETO AND THE COMPANY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY HERETO AND THE ISSUER FURTHER REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

3.11 Notices. All notices to the Holders and the Issuer Senior Debt Claimholders permitted or required under this Agreement shall also be sent to the Trustee and the applicable Issuer Senior Debt Representative, respectively. Unless otherwise specifically provided herein, any notice hereunder shall be in writing and may be personally served or sent by facsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of facsimile or three Business Days after depositing it in the United States mail with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties hereto shall be as set forth below each party's name on the signature pages hereto or in the Joinder Agreement pursuant to which it becomes a party hereto, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

3.12 Further Assurances. Each Issuer Senior Debt Representative, on behalf of itself and each other Issuer Senior Debt Claimholder represented by it, the Trustee, on behalf of itself and each Holder, and the Issuer agrees that it shall take such further action and shall execute and deliver such additional documents and instruments (in recordable form) as is required for any Issuer Senior Debt Representative to effectuate the terms of and the payment priorities contemplated by this Agreement.

3.13 APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED, INTERPRETED AND THE RIGHTS OF THE PARTIES DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND NEW YORK CIVIL PRACTICE LAWS AND RULES 327(b).

3.14 Binding on Successors and Assigns. This Agreement shall be binding upon the Issuer Senior Debt Representatives, the other Issuer Senior Debt Claimholders, the Trustee, the Holders, the Issuer and its successors and assigns from time to time. If any of the Issuer Senior Debt Representatives or the Trustee resigns or is replaced pursuant to the applicable documents evidencing or governing the applicable Issuer Senior Debt or the Indenture, its successor shall be deemed to be a party to this Agreement and shall have all the rights of, and be subject to all the obligations of, this Agreement. No provision of this Agreement will inure to the benefit of a trustee, debtor-in-possession, creditor trust or other representative of an estate or creditor of the Issuer.

3.15 Section Headings. The section headings and table of contents used in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose, be given any substantive effect, affect the construction hereof or be taken into consideration in the interpretation hereof.

3.16 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic imaging means), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission (e.g. a document in "pdf" or "tif" format sent by electronic mail) shall be effective as delivery of a manually executed counterpart hereof.

3.17 Authorization. By its signature, each Person executing this Agreement, on behalf of such Person but not in his or her personal capacity as a signatory, represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement.

3.18 Third Party Beneficiaries/ Provisions Solely to Define Relative Rights. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the Issuer Senior Debt Claimholders and the Holders and their respective successors and assigns from time to time. Each holder of any Issuer Senior Debt that is not (either directly or through an agent) a party hereto shall be an express third party beneficiary hereof. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the Issuer Senior Debt Representatives and the other Issuer Senior Debt Claimholders on the one hand and the Trustee and the Holders on the other hand. Other than as set forth in Section 3.3 and in Section 3.6, none of the Issuer or any other creditor thereof shall have any rights hereunder and

the Issuer may not rely on the terms hereof. Nothing in this Agreement is intended to or shall impair the obligations of the Issuer, which are absolute and unconditional, to pay the obligations under Issuer Senior Debt and the Notes, the Indenture and the Security Documents as and when the same shall become due and payable in accordance with their terms.

3.19 No Indirect Actions. Unless otherwise expressly stated, if a party may not take an action under this Agreement, then it may not take that action indirectly, or support any other Person in taking that action directly or indirectly. "Taking an action indirectly" means taking an action that is not expressly prohibited for the party but is intended by the party to have substantially the same effects as the prohibited action.

3.20 When Discharge of Obligations Deemed to Not Have Occurred. If contemporaneously with the Discharge of Issuer Senior Debt, the Company enters into any Refinancing of such Issuer Senior Debt, then such Discharge of Issuer Senior Debt shall automatically be deemed not to have occurred for all purposes of this Agreement and the obligations under such Refinancing of the applicable Issuer Senior Debt shall automatically be treated as Issuer Senior Debt for all purposes of this Agreement.

3.21 Avoidance Issues. If any Issuer Senior Debt Claimholder is required as a result of any filing or proceeding under the Bankruptcy Code or otherwise to turn over or otherwise pay to the estate of the Issuer any amount paid in respect of Issuer Senior Debt Obligations (a "**Recovery**"), then such Issuer Senior Debt Claimholder shall be entitled to a reinstatement of its Issuer Senior Debt Obligations with respect to all such recovered amounts on the date of such Recovery, and from and after the date of such reinstatement the Discharge of Issuer Senior Debt Obligations shall be deemed not to have occurred for all purposes hereunder. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto from such date of reinstatement. This Section 3.21 shall survive termination of this Agreement.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Note Subordination Agreement as of the date first written above.

[INSERT NAME]

as Initial Issuer Senior Debt Representative

By: _____
Name:
Title:

[NOTICE ADDRESS]

CSC TRUST COMPANY OF DELAWARE,
as Trustee

By: _____
Name:
Title:

[NOTICE ADDRESS]

Acknowledged and Agreed to by:

USEC Inc.

By: _____

Name:

Title:

[NOTICE ADDRESS]

[FORM OF] JOINDER AGREEMENT NO. [ ] dated as of [ ], 20[ ] to the NOTE SUBORDINATION AGREEMENT dated as of [ ], 20[ ] (the "**Note Subordination Agreement**"), among [INSERT NAME], as Initial Issuer Senior Debt Representative, CSC TRUST COMPANY OF DELAWARE, as Trustee, and the additional Issuer Senior Debt Representatives from time to time a party thereto, and acknowledged and agreed to by [USEC Inc.], a [ ] (the "**Issuer**").

Capitalized terms used herein but not otherwise defined herein shall have the meaning assigned to such terms in the Note Subordination Agreement.

The undersigned Additional Issuer Senior Debt Representative (the "**New Representative**") is executing this Joinder Agreement in accordance with the requirements of the Note Subordination Agreement.

Accordingly, the New Representative agrees to be subject to and bound by, the Note Subordination Agreement with the same force and effect as if the New Representative had originally been named therein as a Issuer Senior Debt Representative and the New Representative, on behalf of itself and each other Additional Issuer Senior Debt Claimholders represented by it, hereby agrees to all the terms and provisions of the Note Subordination Agreement applicable to it as an Issuer Senior Debt Representative. The Note Subordination Agreement is hereby incorporated herein by reference.

The New Representative represents and warrants to the other Representatives, and the other Claimholders that (i) it has full power and authority to enter into this Joinder Agreement, in its capacity as [agent][trustee], (ii) this Joinder Agreement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms and the terms of the Note Subordination Agreement.

This Joinder Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Joinder Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually signed counterpart of this Joinder Agreement.

Except as expressly supplemented hereby, the Note Subordination Agreement shall remain in full force and effect.

THIS JOINDER AGREEMENT SHALL BE CONSTRUED, INTERPRETED AND THE RIGHTS OF THE PARTIES DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND NEW YORK CIVIL PRACTICE LAWS AND RULES 327(b).

Any provision of this Joinder Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Note Subordination Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The

parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to those of the invalid, illegal or unenforceable provisions.

All communications and notices hereunder shall be in writing and given as provided in Section 3.11 of the Note Subordination Agreement. All communications and notices hereunder to the New Representative shall be given to it at the address set forth below its signature hereto.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the New Representative have duly executed this Joinder Agreement to the Note Subordination Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],
as [ ] for the holders of
[ ]

By: _____
Name:
Title:

Address for notices:

_____

_____

attention of: _____
Telecopy: _____

EXHIBIT D

FORM OF JUNIOR LIEN SUBORDINATION
AND INTERCREDITOR AGREEMENT

EXHIBIT D TO INDENTURE

FORM OF

JUNIOR LIEN SUBORDINATION AND INTERCREDITOR AGREEMENT

Dated as of [ ]

among

[ ],
as the Initial Senior Lien Representative and Initial Senior Lien Collateral Agent
for the Initial Senior Lien Claimholders,

CSC Trust Company of Delaware, as Trustee,
as the Initial Junior Lien Representative,

CSC Trust Company of Delaware,
as the Initial Junior Lien Collateral Agent

and

each additional Representative and Collateral Agent from time to time party hereto

and acknowledged and agreed to by

United States Enrichment Corporation,
as the Company

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JUNIOR LIEN SUBORDINATION AND INTERCREDITOR AGREEMENT

This **JUNIOR LIEN SUBORDINATION AND INTERCREDITOR AGREEMENT** (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "**Agreement**"), dated as of **[DATE]**, and entered into by and among [**SENIOR LIEN REPRESENTATIVE**] ("[ ]**"**), as Senior Lien Representative for the [Initial Senior Lien Claimholders (as defined below)] (in such capacity and together with its successors from time to time in such capacity, the "**Initial Senior Lien Representative**"**)** and [administrative agent][collateral agent] for the Initial Senior Lien Claimholders (in such capacity and together with its successors from time to time in such capacity, the "**Initial Senior Lien Collateral Agent**"), **CSC TRUST COMPANY OF DELAWARE, as Trustee**, a Delaware state chartered trust company duly organized and existing under the laws of the State of Delaware, as Junior Lien Representative for the Initial Junior Lien Claimholders (in such capacity and together with its successors from time to time in such capacity, the "**Initial Junior Lien Representative**"), **CSC TRUST COMPANY OF DELAWARE**, a Delaware state chartered trust company duly organized and existing under the laws of the State of Delaware, as collateral agent for the Initial Junior Lien Claimholders (as defined below) (in such capacity and together with its successors from time to time in such capacity, the "**Initial Junior Lien Collateral Agent**") and each additional Senior Lien Representative, Senior Lien Collateral Agent, Junior Lien Representative and Junior Lien Collateral Agent that from time to time becomes a party hereto pursuant to Section 8.7, and acknowledged and agreed to by United States Enrichment Corporation, a Delaware corporation (the "**Company**"). Capitalized terms used in this Agreement have the meanings assigned to them in Section 1 below. Capitalized terms used and not otherwise defined herein have the meaning set forth in the Initial Junior Lien Indenture as in effect on , 2014.

RECITALS

[*describe initial first lien agreement*, dated as of the date hereof (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Initial Senior Lien Agreement**")];

The Company, USEC, the Initial Junior Lien Representative and the Initial Junior Lien Collateral Agent have previously entered into the Indenture, dated as of , 2014 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Initial Junior Lien Indenture**");

The obligations of the Company under all Senior Lien Obligations will be secured by, among other things, one or more liens on Collateral (as hereinafter defined) which Liens securing the Senior Lien Obligations will be senior in priority to the Liens on the Collateral securing the Initial Junior Lien Indenture and the other Junior Lien Obligations;

Certain holders of Designated Senior Claims (or their agent(s)) are or may become a party hereto as provided herein and any holder of Designated Senior Claims that does not become a party hereto is intended to be an express third party beneficiary hereof;

The Senior Lien Documents and the Junior Lien Documents provide, among other things, that the parties thereto shall set forth in this Agreement their respective rights and remedies with respect to the Collateral; and

In consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, each of the Initial Senior Lien Representative (for itself and on behalf of each other Initial Senior Lien Claimholder), the Initial Senior Lien Collateral Agent (for itself and on behalf of each other Initial Senior Lien Claimholder), the Initial Junior Lien Representative (for itself and on behalf of each other Initial Junior Lien Claimholder), the Initial Junior Lien Collateral Agent (for itself and on behalf of each other Initial Junior Lien Claimholder), each additional Senior Lien Representative (for itself and on behalf of each other Additional Senior Lien Claimholder represented by it), each additional Senior Lien Collateral Agent (for itself and on behalf of each other Additional Senior Lien Claimholder represented by it), each additional Junior Lien Representative (for itself and on behalf of each other Additional Junior Lien Claimholder represented by it) and each additional Junior Lien Collateral Agent (for itself and on behalf of each other Additional Junior Lien Claimholder represented by it), intending to be legally bound, hereby agrees as follows:

SECTION 1. Definitions.

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meaning:

"**Additional Collateral Agent**" means any one or more Additional Senior Lien Collateral Agent and Additional Junior Lien Collateral Agent, as the context may require.

"**Additional Junior Lien Claimholders**" means, with respect to any Series of Additional Junior Lien Debt, the holders of such Indebtedness, the Junior Lien Representative with respect thereto, the Junior Lien Collateral Agent with respect thereto, any trustee or agent therefor under any related Additional Junior Lien Documents and the beneficiaries of each indemnification obligation undertaken by the Company under any related Additional Junior Lien Documents and the holders of any other Additional Junior Lien Obligations secured by the Junior Lien Collateral Documents for such Series of Additional Junior Lien Debt.

"**Additional Junior Lien Collateral Agent**" has the meaning set forth in the definition of "Junior Lien Collateral Agent".

"**Additional Junior Lien Debt**" means any Indebtedness and guarantees thereof that is incurred, issued or guaranteed by the Company (other than the Initial Junior Lien Debt) which Refinances the Initial Junior Lien Debt in full and which Indebtedness and guarantees are secured by the Junior Lien Collateral (or a portion thereof) on a basis junior to the Senior Lien Obligations; provided, however, that with respect to any such Indebtedness incurred after the date hereof (i) such Indebtedness is permitted to be incurred, secured and guaranteed on such basis by each Senior Lien Documents and Junior Lien Documents, (ii) unless already a party with respect to that Series of Additional Junior Lien Debt, each of the Junior Lien Representative and the Junior Lien Collateral Agent for the holders of such Indebtedness shall have become

party to this Agreement pursuant to, and by satisfying the conditions set forth in, Section 8.7 hereof; and (iii) each of the other requirements of Section 8.7 shall have been complied with. The requirements of clause (i) shall be tested only as of (x) the date of execution of such Joinder Agreement by the applicable Additional Junior Lien Collateral Agent and Additional Junior Lien Representative if pursuant to a commitment entered into at the time of such Joinder Agreement, and (y) with respect to any later commitment or amendment to those terms to permit such Indebtedness, as of the date of such commitment or amendment.

"**Additional Junior Lien Documents**" means, with respect to any Series of Additional Junior Lien Debt, the loan agreements, promissory notes, indentures and other operative agreements evidencing or governing such Indebtedness, any document governing reimbursement obligations in respect of letters of credit issued pursuant to any Additional Junior Lien Documents and the Junior Lien Collateral Documents securing such Series of Additional Junior Lien Debt.

"**Additional Junior Lien Obligations**" means, with respect to any Series of Additional Junior Lien Debt, (a) principal, interest (including without limitation any Post-Petition Interest), premium (if any), penalties, fees, expenses (including, without limitation, fees, expenses and disbursements of agents, professional advisors and legal counsel), indemnifications, reimbursements, damages, statutory claims and other liabilities, and guarantees of the foregoing amounts, in each case whether or not allowed or allowable in an Insolvency or Liquidation Proceeding, payable with respect to such Additional Junior Lien Debt, (b) all other amounts payable to the related Additional Junior Lien Claimholders under the related Additional Junior Lien Documents (other than in respect of any Indebtedness not constituting Additional Junior Lien Debt) and (c) any renewals or extensions of the foregoing.

"**Additional Junior Lien Representative**" has the meaning set forth in the definition of "Junior Lien Representative".

"**Additional Obligations**" means the Additional Senior Lien Obligations and the Additional Junior Lien Obligations.

"**Additional Representative**" means any one or more Additional Senior Lien Representative and Additional Junior Lien Representative, as the context may require.

"**Additional Senior Lien Claims**" means any Designated Senior Claims incurred, issued or guaranteed by the Company (other than the Initial Senior Lien Obligations) which Designated Senior Claims are secured by the Senior Lien Collateral (or a portion thereof) on a basis senior to the Junior Lien Obligations. The Senior Lien Representative and Senior Lien Collateral Agent for any Series of Senior Lien Claims may, but is not obligated to, become a party hereto pursuant to Section 8.7 hereof.

"**Additional Senior Lien Claimholders**" means, with respect to any Series of Additional Senior Lien Claims, the holders of such Indebtedness, the Senior Lien Representative with respect thereto, the Senior Lien Collateral Agent with respect thereto, any trustee or agent therefor under any related Additional Senior Lien Documents and the beneficiaries of each indemnification obligation undertaken by the Company under any related Additional Senior Lien Documents and the holders of any other Additional Senior Lien Obligations secured by the Senior Lien Collateral Documents for such Series of Additional Senior Lien Claims.

"**Additional Senior Lien Collateral Agent**" has the meaning set forth in the definition of "Senior Lien Collateral Agent".

"**Additional Senior Lien Documents**" means, with respect to any Series of Additional Senior Lien Claims, the loan agreements, promissory notes, indentures and other operative agreements evidencing or governing such Additional Senior Lien Claims, any document governing reimbursement obligations in respect of letters of credit issued pursuant to any Additional Senior Lien Documents and the Senior Lien Collateral Documents securing such Series of Additional Senior Lien Claims.

"**Additional Senior Lien Obligations**" means, with respect to any Series of Additional Senior Lien Claims, (a) all principal, interest (including any Post-Petition Interest), premium (if any), penalties, fees, expenses (including fees, expenses and disbursements of agents, professional advisors and legal counsel), indemnifications, reimbursements, damages, statutory claims and other liabilities, and guarantees of the foregoing amounts, in each case whether or not allowed or allowable in an Insolvency or Liquidation Proceeding, payable with respect to such Additional Senior Lien Claims, (b) all other amounts payable to the related Additional Senior Lien Claimholders under the related Additional Senior Lien Documents (other than in respect of any Indebtedness not constituting Additional Senior Lien Claims), (c) subject to Section 5.8 hereof, any Hedging Obligations and Bank Product Obligations secured under the Senior Lien Collateral Documents securing such Series of Additional Senior Lien Claims and (d) any renewals or extensions of the foregoing.

"**Additional Senior Lien Representative**" has the meaning set forth in the definition of "Senior Lien Representative".

"**Affiliate**" means, with respect to a specified Person, (a) any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with the Person specified or is a director or executive officer of the Person specified or (b) any other Person that directly or indirectly owns 10% or more of any class of equity interests of the Person specified.

"**Agreement**" has the meaning set forth in the Preamble to this Agreement.

"**Bank Product Obligations**" means, all obligations and liabilities (whether direct or indirect, absolute or contingent, due or to become due or now existing or hereafter incurred) of the Company, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise, which may arise under, out of, or in connection with any treasury, investment, depository, clearing house, wire transfer, overdrafts and interstate depository network services, cash management or automated clearing house transfers of funds services, credit cards for commercial customers, stored value cards or any related services, to any Person permitted to be a secured party in respect of such obligations under the applicable Senior Lien Documents.

"**Bankruptcy Case**" means a case under the Bankruptcy Code or any other Bankruptcy Law.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"**Bankruptcy Law**" means the Bankruptcy Code and any similar federal, state or foreign law for the relief of debtors.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"**Claimholders**" means any one or more of the Senior Lien Claimholders and the Junior Lien Claimholders, as the context may require.

"**Collateral**" means, at any time, all of the assets and property of the Company, whether real, personal or mixed, in which the holders of Senior Lien Obligations under at least one Series of Senior Lien Obligations and the holders of Junior Lien Obligations under at least one Series of Junior Lien Obligations (or their respective Collateral Agents or Representatives) hold, purport to hold or are required to hold, a security interest at such time (or, in the case of the Senior Lien Obligations, are deemed pursuant to Section 3.3 to hold a security interest), including any property subject to Liens granted pursuant to Section 6 to secure both Senior Lien Obligations and Junior Lien Obligations.

"**Collateral Agent**" means any Senior Lien Collateral Agent and/or any Junior Lien Collateral Agent, as the context may require.

"**Collateral Documents**" means the Senior Lien Collateral Documents and the Junior Lien Collateral Documents.

"**Collateral Enforcement Action**" means any action to:

(a) foreclose, execute, levy, or collect on, take possession or control of, sell or otherwise realize upon (judicially or non-judicially), or lease, license, or otherwise dispose of (whether publicly or privately), Collateral or Restricted Assets, or otherwise exercise or enforce remedial rights with respect to Collateral or Restricted Assets under the Senior Lien Documents or the Junior Lien Documents (including by way of setoff, recoupment, notification of a public or private sale or other disposition pursuant to the UCC or other applicable law, notification to account debtors, notification to depositary banks under deposit account control agreements, or exercise of rights under landlord consents, if applicable);

(b) solicit bids from third Persons, approve bid procedures for any proposed disposition of Collateral or Restricted Assets, conduct the liquidation or disposition of Collateral or Restricted Assets or engage or retain sales brokers, marketing agents, investment bankers, accountants, appraisers, auctioneers, or other third Persons for the purposes of valuing, marketing, promoting, and selling Collateral or Restricted Assets;

(c) receive a transfer of Collateral or Restricted Assets in satisfaction of Indebtedness or any other Obligation secured thereby;

(d) otherwise enforce a security interest or exercise another right or remedy, as a secured creditor or otherwise, pertaining to the Collateral at law, in equity, or pursuant to the Senior Lien Documents or Junior Lien Documents (including the commencement of applicable legal proceedings or other actions with respect to all or any portion of the Collateral to facilitate the actions described in the preceding clauses, and exercising voting rights in respect of equity interests comprising Collateral or Restricted Assets); or

(e) the Disposition of Collateral or Restricted Assets by the Company after the occurrence and during the continuation of an event of default under any of the Senior Lien Documents or the Junior Lien Documents with the consent of the applicable Senior Lien Collateral Agent (or Senior Lien Claimholders) or Junior Lien Collateral Agent (or Junior Lien Claimholders).

"**Company**" has the meaning set forth in the Preamble to this Agreement.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have meanings correlative thereto.

"**Designated Senior Claims**" has the meaning set forth in the Initial Junior Lien Indenture as of the date of execution thereof but shall also include any Refinancing thereof.

"**Designated Senior Lien Collateral Agent**" means (i) if at any time there is only one Series of Senior Lien Obligations with respect to which the Discharge of Senior Lien Obligations has not occurred, the Senior Lien Collateral Agent for the Senior Lien Claimholders in such Series and (ii) at any time when clause (i) does not apply, the "Applicable Collateral Agent" (as defined in the Senior Lien Intercreditor Agreement) at such time or, in the case of this clause (ii) if there is no Senior Lien Intercreditor Agreement in effect, the representative or, if none, the holder of the largest amount of Designated Senior Claims shall be the Designated Senior Lien Collateral Agent hereunder.

"**Designated Senior Lien Representative**" means (i) if at any time there is only one Series of Senior Lien Obligations with respect to which the Discharge of Senior Lien Obligations has not occurred, the Senior Lien Representative for the Senior Lien Claimholders in such Series and (ii) at any time when clause (i) does not apply, the "Applicable Representative" (as defined in the Senior Lien Intercreditor Agreement) at such time or, in the case of this clause (ii) if there is no Senior Lien Intercreditor Agreement in effect, the representative or, if none, the holder of the largest amount of Designated Senior Claims shall be the Designated Senior Lien Representative hereunder.

"**Designation**" means a designation of Additional Senior Lien Claims or Additional Junior Lien Debt in substantially the form of Exhibit C attached hereto.

"**DIP Financing**" has the meaning set forth in Section 6.1.

"**Discharge**" means, except to the extent otherwise provided in Section 5.8, with respect to any Series of Senior Lien Obligations or Series of Junior Lien Obligations, that such Series of

Senior Lien Obligations or Series of Junior Lien Obligations, as the case may be, are no longer secured by, and no longer required to be secured by, the Collateral pursuant to the terms of the applicable Senior Lien Documents or Junior Lien Documents. The term "**Discharged**" shall have a corresponding meaning.

"**Discharge of Initial Senior Lien Obligations**" means, except to the extent otherwise provided in Section 5.8, the Discharge of all Initial Senior Lien Obligations has occurred.

"**Discharge of Junior Lien Obligations**" means, except to the extent otherwise provided in Section 5.8, the Discharge of each Series of Junior Lien Obligations has occurred.

"**Discharge of Senior Lien Obligations**" means, except to the extent otherwise provided in Section 5.8, the Discharge of Initial Senior Lien Obligations and the Discharge of each additional Series of Senior Lien Obligations has occurred.

"**Disposition**" has the meaning set forth in Section 5.3(b).

"**Distribution**" means, with respect to any Indebtedness, obligation, or security, (a) any payment or distribution by any Person of cash, securities or other property, by set-off or otherwise, on account of such Indebtedness, obligation, or security, (b) any redemption, purchase or other acquisition of such Indebtedness, obligation, or security by any Person, or (c) the granting of any lien or security interest to or for the benefit of the holders of such Indebtedness, obligation, or security in or upon any property of any Person.

"**Enforcement Action**" means:

(a) to take from or for the account of the Company, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by the Company or any such other guarantor with respect to the Junior Lien Obligations in violation of the payment block provisions of Section 2.2 hereof;

(b) to sue for payment of, or to initiate or participate with others in any suit, action or proceeding including, but not limited to, any Insolvency or Liquidation Proceeding, against the Company to (i) enforce payment of or to collect the whole or any part of the Junior Lien Obligations or (ii) commence judicial enforcement of any of the rights and remedies under the Junior Lien Documents or applicable law with respect to the Junior Lien Obligations;

(c) to accelerate the Junior Lien Obligations; or

(d) to exercise any put option or to cause the Company to honor any redemption or mandatory prepayment obligation under any Junior Lien Document.

"**Governmental Authority**" means any federal, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government.

"**Hedge Agreement**" means a Swap Contract entered into by the Company with a counterparty as permitted under the Senior Lien Documents or the Junior Lien Documents, as the case may be.

"**Hedging Obligation**" of any Person means any obligation of such Person pursuant to any Hedge Agreement.

"**Indebtedness**" means and includes all indebtedness for borrowed money; for the avoidance of doubt, "Indebtedness" shall not include reimbursement or other obligations in respect of letters of credit, Hedging Obligations or Bank Product Obligations.

"**Initial Junior Lien Claimholders**" means the holders of any Initial Junior Lien Obligations, the Initial Junior Lien Collateral Agent and the Initial Junior Lien Representative.

"**Initial Junior Lien Collateral Agent**" has the meaning set forth in the Preamble to this Agreement.

"**Initial Junior Lien Debt**" means the Indebtedness and guarantees thereof now or hereafter incurred pursuant to the Initial Junior Lien Documents.

"**Initial Junior Lien Documents**" means that certain Initial Junior Lien Indenture, the "Notes" (as defined in the Initial Junior Lien Indenture), the Initial Junior Lien Security Agreement, any other Initial Junior Lien Security Documents and any other document or agreement entered into for the purpose of evidencing, governing, securing or perfecting the Initial Junior Lien Obligations.

"**Initial Junior Lien Indenture**" has the meaning set forth in the Recitals.

"**Initial Junior Lien Obligations**" means the "Obligations" and "Secured Obligations" (as defined in the Initial Junior Lien Documents) under the Initial Junior Lien Documents.

"**Initial Junior Lien Security Agreement**" means the Pledge and Security Agreement, by and among the Initial Junior Lien Collateral Agent and the Company, dated as of [ ], 2014.

"**Initial Junior Lien Security Documents**" means the Initial Junior Lien Indenture, the Initial Junior Lien Security Agreement and the other "Security Documents" as defined in the Initial Junior Lien Indenture and any other document or agreement entered into for the purpose of evidencing, governing, securing or perfecting the Initial Junior Lien Obligations.

"**Initial Junior Lien Representative**" has the meaning set forth in the Preamble to this Agreement.

"**Initial Senior Lien Agreement**" has the meaning set forth in the Recitals.

"**Initial Senior Lien Claimholders**" means the "Secured Parties" as defined in the Initial Senior Lien Agreement.

"**Initial Senior Lien Claims**" means the Indebtedness and guarantees thereof now or hereafter incurred pursuant to the Initial Senior Lien Documents.

"**Initial Senior Lien Collateral Agent**" has the meaning set forth in the Preamble to this Agreement.

"**Initial Senior Lien Documents**" means the Initial Senior Lien Agreement and the other "Loan Documents" as defined in the Initial Senior Lien Agreement and any other document or agreement entered into for the purpose of evidencing, governing, securing or perfecting the Initial Senior Lien Obligations.

"**Initial Senior Lien Obligations**" means the "Secured Obligations" as defined in the Initial Senior Lien Agreement.

"**Initial Senior Lien Representative**" has the meaning set forth in the Preamble to this Agreement.

"**Insolvency or Liquidation Proceeding**" means:

(a) any voluntary or involuntary case or proceeding under the Bankruptcy Code with respect to the Company;

(b) any other voluntary or involuntary insolvency, reorganization or Bankruptcy Case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to the Company or with respect to a material portion of its assets;

(c) any liquidation, dissolution, reorganization or winding up of the Company whether voluntary or involuntary and whether or not involving insolvency or bankruptcy; or

(d) any assignment for the benefit of creditors or any other marshaling of assets and liabilities of the Company.

"**Joinder Agreement**" means a supplement to this Agreement in the form of Exhibit A or Exhibit B hereto, as applicable, required to be delivered by a Representative and a Collateral Agent to each other then-existing Representative and Collateral Agent pursuant to Section 8.7 hereof in order to include Additional Senior Lien Claims or Additional Junior Lien Debt hereunder and to become the Representative or Collateral Agent, as the case may be, hereunder in respect thereof for the applicable Additional Senior Lien Claimholders or applicable Additional Junior Lien Claimholders, as the case may be, under such Additional Senior Lien Claims or Additional Junior Lien Debt.

"**Junior Lien Adequate Protection Payments**" has the meaning set forth in Section 6.3(b).

"**Junior Lien Claimholders**" means the Initial Junior Lien Claimholders and any Additional Junior Lien Claimholders.

"**Junior Lien Collateral**" means any "Collateral" as defined in any Junior Lien Documents or any other assets of the Company with respect to which a Lien is granted, purported to be granted or required to be granted pursuant to any Junior Lien Document as security for any Junior Lien Obligations and shall include any property or assets subject to replacement Liens or adequate protection Liens in favor of any Junior Lien Claimholder.

"**Junior Lien Collateral Agent**" means (i) in the case of any Initial Junior Lien Obligations or the Initial Junior Lien Claimholders, the Initial Junior Lien Collateral Agent and (ii) in the case of any Additional Junior Lien Obligations and the Additional Junior Lien Claimholders in respect thereof, the Person serving as collateral agent (or the equivalent) for such Additional Junior Lien Obligations and that is named as the Junior Lien Collateral Agent in respect of such Additional Junior Lien Obligations in the applicable Joinder Agreement (each, in the case of this clause (ii), together with its successors and assigns in such capacity, an "**Additional Junior Lien Collateral Agent**").

"**Junior Lien Collateral Documents**" means the "Security Documents" or "Collateral Documents" (as defined in the applicable Junior Lien Documents) and any other agreement, document or instrument pursuant to which a Lien is granted securing any Junior Lien Obligations or pursuant to which any such Lien is perfected.

"**Junior Lien Debt**" means the Initial Junior Lien Debt and any Additional Junior Lien Debt.

"**Junior Lien Declined Lien**" has the meaning set forth in Section 3.3.

"**Junior Lien Documents**" means the Initial Junior Lien Documents and any Additional Junior Lien Documents.

"**Junior Lien Mortgages**" means a collective reference to each mortgage, deed of trust and any other document or instrument under which any Lien on real property owned or leased by the Company is granted to secure any Junior Lien Obligations or under which rights or remedies with respect to any such Liens are governed.

"**Junior Lien Obligations**" means the Initial Junior Lien Obligations and any Additional Junior Lien Obligations.

"**Junior Lien Representative**" means (i) in the case of the Initial Junior Lien Obligations or the Initial Junior Lien Claimholders, the Initial Junior Lien Representative and (ii) in the case of any Additional Junior Lien Obligations and the Additional Junior Lien Claimholders in respect thereof, each trustee, administrative agent, collateral agent, security agent and similar agent that is named as the Junior Lien Representative in respect of such Additional Junior Lien Obligations in the applicable Joinder Agreement (each, in the case of this clause (ii), together with its successors and assigns in such capacity, an "**Additional Junior Lien Representative**").

"**Lien**" means any lien (including, judgment liens and liens arising by operation of law), mortgage, pledge, assignment, security interest, charge or encumbrance of any kind, (any conditional sale or other title retention agreement, and any lease in the nature thereof) and, in the case of securities, any purchase option, call or similar right of a third party with respect to such securities and any right of set-off or recoupment.

"Master Agreement" has the meaning set forth in the definition of "Swap Contract".

"Note Subordination Agreement" means that certain Note Subordination Agreement executed pursuant to Section 2.27 of the Initial Junior Lien Indenture.

"Payment Blockage Notice" hs the meaning set forth in Section 2.2(a).

"**Obligations**" means all obligations of every nature of the Company from time to time owed to any agent or trustee, the Senior Lien Claimholders, the Junior Lien Claimholders or any of them or their respective Affiliates under the Senior Lien Documents, the Junior Lien Documents or Hedge Agreements, whether for principal, interest or payments for early termination of Swap Contracts, fees, expenses, indemnification or otherwise and all guarantees of any of the foregoing and including any interest and fees that accrue after the commencement by or against any Person of any proceeding under any Bankruptcy Law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"**Pay-Over Amount**" has the meaning set forth in Section 6.3(b).

"**Person**" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"**Pledged Collateral**" has the meaning set forth in Section 5.7.

"**Post-Petition Interest**" means interest, fees, expenses and other charges that pursuant to the Senior Lien Documents or the Junior Lien Documents, as applicable, continue to accrue after the commencement of any Insolvency or Liquidation Proceeding, whether or not such interest, fees, expenses and other charges are allowed or allowable under the Bankruptcy Law or in any such Insolvency or Liquidation Proceeding.

"**Recovery**" has the meaning set forth in Section 6.5.

"**Refinance**" means, in respect of any Indebtedness, to refinance, extend, renew, defease, amend, modify, supplement, restructure, replace, refund or repay, or to issue other Indebtedness in exchange or replacement for, such Indebtedness in whole or in part and regardless of whether the principal amount of such Refinancing Indebtedness is the same, greater than, or less than the principal amount of the Refinanced Indebtedness. "**Refinanced**" and "**Refinancing**" shall have correlative meanings.

"**Representative**" means any Senior Lien Representative and/or any Junior Lien Representative, as the context may require.

"**Responsible Officer**" means the chief executive officer, president, chief financial officer or treasurer of the Company.

"**Restricted Assets**" means all licenses, permits, franchises, approvals or other authorizations from any Governmental Authority from time to time granted to or otherwise held by the Company to the extent the same constitute "Excluded Assets" under (and as defined in) the Senior Lien Documents or the Junior Lien Documents or are similarly carved out from the granting clause or the collateral thereunder.

"**Sale Proceeds**" means (i) the net proceeds from the sale of the Company as a going concern or from the sale of the Restricted Assets as a going concern, or (ii) any other economic value (whether in the form of cash or otherwise) received or distributed that is associated with the Restricted Assets.

"**Senior Lien Claimholders**" means the Initial Senior Lien Claimholders and any Additional Senior Lien Claimholders.

"**Senior Lien Claims**" means the Initial Senior Lien Claims and any Additional Senior Lien Claims.

"**Senior Lien Collateral**" means any "Collateral" as defined in any Senior Lien Documents or any other assets of the Company with respect to which a Lien is granted or purported to be granted or required to be granted pursuant to a Senior Lien Documents as security for any Senior Lien Obligations and shall include any property or assets subject to replacement Liens or adequate protection Liens in favor of any Senior Lien Claimholder.

"**Senior Lien Collateral Agent**" means (i) in the case of any Initial Senior Lien Obligations or the Initial Senior Lien Claimholders, the Initial Senior Lien Collateral Agent and (ii) in the case of any Additional Senior Lien Obligations and the Additional Senior Lien Claimholders in respect thereof, the Person serving as collateral agent (or the equivalent) for such Additional Senior Lien Obligations and that is named as the Senior Lien Collateral Agent in respect of such Additional Senior Lien Obligations in the applicable Joinder Agreement if such Person becomes a party to this Agreement or, if not, as named in the applicable Senior Lien Documents (each, in the case of this clause (ii) together with its successors and assigns in such capacity, an "**Additional Senior Lien Collateral Agent**"). In the case of any Senior Lien Obligations that are not represented by an agent, all references herein to Senior Lien Collateral Agent or Additional Senior Lien Collateral Agent shall refer to the holder of such Senior Lien Obligations.

"**Senior Lien Collateral Documents**" means the "Security Documents" or "Collateral Documents" (as defined in the applicable Senior Lien Documents) and any other agreement, document or instrument pursuant to which a Lien is granted securing any Senior Lien Obligations or pursuant to which any such Lien is perfected.

"**Senior Lien Documents**" means the Initial Senior Lien Documents and any Additional Senior Lien Documents.

"**Senior Lien Obligations**" means the Initial Senior Lien Obligations and any Additional Senior Lien Obligations.

"**Senior Lien Intercreditor Agreement**" means an agreement among each Senior Lien Representative and each Senior Lien Collateral Agent allocating rights among the various Series of Senior Lien Obligations.

"**Senior Lien Representative**" means (i) in the case of any Initial Senior Lien Obligations or the Initial Senior Lien Claimholders, the Initial Senior Lien Representative and (ii) in the case of any Additional Senior Lien Obligations and the Additional Senior Lien Claimholders in respect thereof, each trustee, administrative agent, collateral agent, security agent and similar agent that is named as the Senior Lien Representative in respect of such Additional Senior Lien Obligations in the applicable Joinder Agreement if such Person becomes a party to this Agreement or, if not, as named in the applicable Senior Lien Documents (each, in the case of this clause (ii), together with its successors and assigns in such capacity, an "**Additional Senior Lien Representative**"). In the case of any Senior Lien Obligations that are not represented by an agent, all references herein to Senior Lien Representative or Additional Senior Lien Representative shall refer to the holder of such Senior Lien Obligations.

"**Series**" means, (x) with respect to Junior Lien Debt or Junior Lien Obligations, all Junior Lien Debt or Junior Lien Obligations, as applicable, represented by the same Representative acting in the same capacity and (y) with respect to Senior Lien Claims or Senior Lien Obligations, each of the following shall constitute a separate Series: all Senior Lien Claims or Senior Lien Obligations against, the Company (i) under the Credit Agreement and the Initial Senior Lien Documents, (ii) held by or for the benefit of the PBGC pursuant to any settlement of any actual or alleged ERISA Section 4062(e) event occurring (or alleged to have occurred) before or after the Issue Date, (iii) held by any party with respect to any Equity Investment or any commitment to make any such Equity Investment of USEC, in each case, made after the , 2014[1] with respect to the financing of the American Centrifuge Project, (iv) held by or for the benefit of the U.S. Department of Energy, export credit agencies or any other lenders or insurers providing financing or government support of the American Centrifuge Project and (v) otherwise held by the United States government.

"**Short Fall**" has the meaning set forth in Section 6.3(b).

"**Standstill Period**" has the meaning set forth in Section 4.1(a)(1).

"**Subsidiary**" means, with respect to any Person, of which more than 50% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or Controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"**Swap Contract**" means (a) any and all interest rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or

[1] Insert Issue date in blank.

bond index swaps or options for forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "**Master Agreement**"), including such obligations or liabilities under any Master Agreement.

"**UCC**" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

"**USEC**" means USEC Inc., a Delaware corporation[2].

1.2 Terms Generally. The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise:

(a) any definition of or reference herein to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as amended, restated, amended and restated, supplemented or otherwise modified from time to time and any reference herein to any statute or regulations shall include any amendment, renewal, extension or replacement thereof;

(b) any reference herein to any Person shall be construed to include such Person's successors and assigns from time to time;

(c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(d) all references herein to Sections shall be construed to refer to Sections of this Agreement; and

(e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

2 "Pursuant to Section 5.1 of the proposed plan of reorganization, USEC Inc. reserves the right to change its name as of the effective date of the plan. If such right is exercised in accordance with the plan, all references to USEC Inc. in this document will be changed to the new name."

SECTION 2. Payment Subordination and Payment Block.

2.1 Subordination of Junior Lien Obligations to Senior Lien Obligations. The Company covenants and agrees, and the Junior Lien Claimholders likewise covenant and agree, notwithstanding anything to the contrary contained in any of the Junior Lien Documents, that the payment of any and all of the Junior Lien Obligations shall be subordinate and subject in right and time of payment, to the extent and in the manner hereinafter set forth, to the prior Payment in Full of all Senior Lien Obligations. Each holder of Senior Lien Obligations, whether now outstanding or hereafter created, incurred, assumed or guaranteed, shall be deemed to have acquired Senior Lien Obligations in reliance upon the provisions contained in this Agreement.

2.2 Junior Lien Obligations Payment Restrictions.

(a) Notwithstanding the terms of the Junior Lien Documents, the Company hereby agrees that it may not make to the Junior Lien Representative or any other Junior Lien Claimholder, and the Junior Lien Collateral Agent on behalf of itself and each Junior Lien Claimholders hereby agrees that it will not accept, any payment or distribution in respect of Junior Lien Obligations with respect to the Company's guarantee of the Junior Lien Obligations and the Company may not acquire from the Junior Lien Representative or any other Junior Lien Claimholder any Notes (as defined in the Initial Junior Lien Indenture) for cash or property until all principal and other Obligations with respect to the Senior Lien Obligations have been paid in full, in each case, if (1) a payment default on Senior Lien Obligations has occurred and is continuing or (2) any other default has occurred and is continuing on any Senior Lien Obligations that permits holders of such Senior Lien Obligations to accelerate its maturity, or otherwise demand its payment, and the Junior Lien Representative receives a notice of such default (a "**Payment Blockage Notice**") from the Company, any Senior Lien Representative or any other holder of Designated Senior Claims. For purposes of this Section 2.2, the existence of an Outstanding Government Claim (as defined in the Junior Lien Documents on the date hereof) shall constitute a payment default with respect to any Claims within the meaning of clause (v) of the definition of Designated Senior Claims.

(b) The Company may and will resume payments or any distributions in respect of the Company's guarantee of the Junior Lien Obligations and may acquire the Junior Lien Obligations upon the earlier of:

(1) in the case of a payment default on the Senior Lien Obligations, upon the date upon which such default is cured or waived, and

(2) in the case of a nonpayment default on the Senior Lien Obligations, upon the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received, unless, in the case of this clause (2), the maturity of any Senior Lien Obligations has been accelerated or demand for payment of such Senior Lien Obligations made, and such acceleration or demand for payment has not been waived, satisfied or cancelled;

if the Initial Junior Lien Indenture or other applicable Junior Lien Documents otherwise permits such payment, distribution or acquisition at the time of such payment, distribution or acquisition.

2.3 Junior Lien Obligations Standstill Provisions.

The Junior Lien Representative shall not, without the prior written consent of the Designated Senior Lien Representative, take any Enforcement Action with respect to the Junior Lien Obligations (for the avoidance of doubt, Collateral Enforcement Actions shall be governed by Section 3.1, below and not this Section 2.3), until the earliest to occur of the following:

(a) acceleration of the Senior Lien Obligations (provided, however, that if, following any such acceleration of the Senior Lien Obligations, such acceleration in respect of the Senior Lien Obligations is rescinded, then all Enforcement Actions taken by any Junior Lien Claimholders shall likewise be rescinded if the Junior Lien Claimholders would not otherwise have any right under the last paragraph of this Section 2.3 to take any Enforcement Action);

(b) an Insolvency or Liquidation Proceeding with respect to the Company shall have been commenced (provided, however, that if such Insolvency or Liquidation Proceeding is dismissed, the corresponding prohibition against the Junior Lien Claimholders taking any Enforcement Action shall automatically be reinstated as of the date of dismissal as if such Insolvency or Liquidation Proceeding had not been initiated, unless the Junior Lien Claimholder shall have the right to take any Enforcement Action under the last paragraph of this Section 2.3); or

(c) the stated final maturity of the Junior Lien Obligations.

Any Distributions on account of a Junior Lien Obligation or other proceeds of any Enforcement Action obtained by any Junior Lien Claimholders shall in any event be held in trust by it for the benefit of the Senior Lien Obligations and promptly be paid or delivered to the Designated Senior Lien Collateral Agent in the form received until all Senior Lien Obligations are paid in full.

Anything contained in this Agreement to the contrary notwithstanding, no provision herein shall prevent any Junior Lien Claimholders from (i) filing lawsuits to prevent the expiration of any applicable statute of limitations or other similar restrictions on claims, or (ii) seeking specific performance or other injunctive relief to compel the Company to comply with a non-payment obligation under the Junior Lien Documents.

2.4 Liquidation, Dissolution, Bankruptcy.

In the event of any Insolvency or Liquidation Proceeding that is continuing involving the Company:

This Agreement shall remain in full force and effect and enforceable pursuant to its terms, and all references herein to the Company shall be deemed to apply to the Company as debtor-in-possession and to any Person claiming through or on their behalf, including a trustee in bankruptcy, receiver, assignee for the benefit of creditors, liquidating trustee or agent for the estate of the Company, or otherwise.

All Senior Lien Obligations shall first be paid in full before any Distribution, whether in cash, securities or other property, shall be made to any Junior Lien Claimholder (or any Person claiming through or on behalf of any Junior Lien Claimholder, including a trustee in bankruptcy, receiver, assignee for the benefit of creditors, liquidating trustee or agent, or otherwise) on account of any Junior Lien Obligations.

Any Distribution, whether in cash, securities or other property, which would otherwise, but for the terms hereof, be payable or deliverable in respect of the Junior Lien Obligations shall be paid or delivered directly to the Designated Senior Lien Collateral Agent until all Senior Lien Obligations are paid in full. Each Junior Lien Claimholder by its acceptance of the Junior Lien Documents irrevocably authorizes, empowers and directs any debtor, debtor in possession, receiver, trustee, liquidator, custodian, conservator or other Person having authority, to pay or otherwise deliver all such Distributions in respect of the Junior Lien Obligations to the Designated Senior Collateral Agent. Each Junior Lien Claimholder by its acceptance of the Junior Lien Documents also irrevocably authorizes and empowers the Designated Senior Lien Collateral Agent, in the name of such Junior Lien Claimholder, to demand, sue for, collect and receive any and all such Distributions. Neither any Senior Lien Collateral Agent nor any Senior Lien Claimholder shall have any liability to any Junior Lien Claimholder in connection with any action taken pursuant to this paragraph.

Each Junior Lien Claimholder by its acceptance of the Junior Lien Documents agrees not to initiate, prosecute, support or participate in any claim, action or other proceeding challenging the enforceability, validity, perfection or priority of the Senior Lien Obligations or any liens and security interests securing the Senior Lien Obligations.

Each Junior Lien Claimholder may execute, verify, deliver and file any proofs of claim in respect of the Junior Lien Obligations.

SECTION 3. Lien Priorities.

3.1 Relative Priorities. Notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any Liens securing the Junior Lien Obligations granted on the Collateral or of any Liens securing the Senior Lien Obligations granted on the Collateral and notwithstanding any provision of the UCC or any other applicable law or the Junior Lien Documents or any defect or deficiencies in, or failure to perfect or lapse in perfection of, or avoidance as a fraudulent conveyance or otherwise of, the Liens securing the Senior Lien Obligations, the subordination of such Liens to any other Liens, or any other circumstance whatsoever, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, hereby agrees that:

(a) any Lien on the Collateral securing any Senior Lien Obligations now or hereafter held by or on behalf of any Senior Lien Representative, any Senior Lien

Collateral Agent or any Senior Lien Claimholders or any agent or trustee therefor, regardless of how acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be senior in all respects and prior to any Lien on the Collateral securing any Junior Lien Obligations; and

(b) any Lien on the Collateral securing any Junior Lien Obligations now or hereafter held by or on behalf of any Junior Lien Representative, any Junior Lien Collateral Agent, any Junior Lien Claimholders or any agent or trustee therefor regardless of how acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens on the Collateral securing any Senior Lien Obligations. All Liens on the Collateral securing any Senior Lien Obligations shall be and remain senior in all respects and prior to all Liens on the Collateral securing any Junior Lien Obligations for all purposes, whether or not such Liens securing any Senior Lien Obligations are subordinated to any Lien securing any other obligation of the Company or any other Person.

3.2 Prohibition on Contesting Liens; No Marshaling. Each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, and each Senior Lien Representative and each Senior Lien Collateral Agent, for itself and on behalf of each other Senior Lien Claimholder represented by it, agrees that it will not (and hereby waives any right to) directly or indirectly contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), the priority, validity, perfection, extent or enforceability of a Lien held, or purported to be held, by or on behalf of any of the Senior Lien Claimholders in the Senior Lien Collateral or by or on behalf of any of the Junior Lien Claimholders in the Junior Lien Collateral, as the case may be, or the provisions of this Agreement; provided that nothing in this Agreement shall be construed to prevent or impair the rights of any Senior Lien Representative, any Senior Lien Collateral Agent or any Senior Lien Claimholder to enforce this Agreement, including the provisions of this Agreement relating to the priority of the Liens securing the Senior Lien Obligations as provided in Sections 3.1 and 4.1. Until the Discharge of Senior Lien Obligations, no Junior Lien Representative, Junior Lien Collateral Agent or Junior Lien Claimholder will assert any marshaling, appraisal, valuation or other similar right that may otherwise be available to a junior secured creditor.

3.3 No New Liens. So long as the Discharge of Senior Lien Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, the parties hereto agree that the Company shall not:

(a) grant or permit any additional Liens on any asset or property to secure any Junior Lien Obligation unless it has granted or concurrently grants a Lien on such asset or property to secure one or more Series of Senior Lien Obligations, the parties hereto agreeing that any such Lien shall be subject to Section 3.1 hereof; or

(b) grant or permit any additional Liens on any asset or property to secure any Senior Lien Obligations unless it has granted or concurrently grants a Lien on such asset or property to secure the Junior Lien Obligations; provided that this provision will not be violated with respect to any particular Series of Junior Lien Obligations if the applicable

Junior Lien Collateral Agent is given a reasonable opportunity to accept a Lien on any asset or property and such Junior Lien Collateral Agent states in writing that the Junior Lien Documents in respect thereof prohibit such Junior Lien Collateral Agent from accepting a Lien on such asset or property or the applicable Junior Lien Collateral Agent otherwise expressly declines to accept a Lien on such asset or property (any such prohibited or declined Lien with respect to a particular Series of Junior Lien Obligations, a "**Junior Lien Declined Lien**").

If any Junior Lien Representative, any Junior Lien Collateral Agent or any Junior Lien Claimholder shall hold any Lien on any assets or property of the Company securing any Junior Lien Obligations that are not also subject to one or more first-priority Liens securing Senior Lien Obligations under the Senior Lien Collateral Documents, such Junior Lien Representative, Junior Lien Collateral Agent or Junior Lien Claimholder shall notify the Designated Senior Lien Representative promptly upon having actual knowledge thereof and, unless the Company shall promptly grant a similar Lien on such assets or property to each Senior Lien Collateral Agent as security for the Senior Lien Obligations represented by it, such Junior Lien Representative, Junior Lien Collateral Agent and Junior Lien Claimholders shall be deemed to hold and have held such Lien for the benefit of each Senior Lien Representative, Senior Lien Collateral Agent and the other Senior Lien Claimholders, other than any Senior Lien Claimholders whose Senior Lien Documents prohibit them from taking such Liens, as security for the Senior Lien Obligations. To the extent that the foregoing provisions are not complied with for any reason, without limiting any other rights and remedies available to any one or more Senior Lien Representative, Senior Lien Collateral Agent and the Senior Lien Claimholders, each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of each Junior Lien Claimholder represented by it, agrees that any amounts received by or distributed to any of them pursuant to or as a result of Liens granted in contravention of this Section 3.3 shall be subject to Section 5.2.

Except as provided in the next paragraph, if any Senior Lien Representative, any Senior Lien Collateral Agent or any Senior Lien Claimholder shall hold any Lien on any assets or property of the Company securing any Senior Lien Obligations that are not also subject to one or more Liens securing Junior Lien Obligations under the Junior Lien Collateral Documents, such Senior Lien Representative, Senior Lien Collateral Agent or Senior Lien Claimholder shall notify the Designated Junior Lien Representative promptly upon having actual knowledge thereof and, unless the Company shall promptly grant a similar Lien, other than any such Lien that would constitute a Junior Lien Declined Lien, on such assets or property to each Junior Lien Collateral Agent as security for the Junior Lien Obligations represented by it, such Senior Lien Representative, Senior Lien Collateral Agent and Senior Lien Claimholders shall be deemed to hold and have held such Lien for the benefit of each Junior Lien Representative, Junior Lien Collateral Agent and the other Junior Lien Claimholders (subject to the priorities set forth herein),other than any Junior Lien Claimholders whose Junior Lien Documents prohibit them from taking such Liens, as security for the Junior Lien Obligations. To the extent that the foregoing provisions are not complied with for any reason, without limiting any other rights and remedies available to any any one or more Junior Lien Representative, Junior Lien Collateral Agent and the Junior Lien Claimholders, each Senior Lien Representative and each Senior Lien Collateral Agent, on behalf of each Senior Lien Claimholder represented by it, agrees that any amounts received by or distributed to any of them pursuant to or as a result of Liens granted in contravention of this Section 3.3 shall be subject to Section 5.2.

Notwithstanding anything in this Agreement to the contrary, prior to the Discharge of Senior Lien Obligations, cash and cash equivalents may be pledged to secure Senior Lien Obligations consisting of reimbursement obligations in respect of letters of credit issued pursuant to the Senior Lien Documents without granting a Lien thereon to secure any other Senior Lien Obligations or any other Junior Lien Obligations.

3.4 Perfection of Liens. Except for the arrangements contemplated by Section 5.7, none of the Senior Lien Representatives, Senior Lien Collateral Agents or the Senior Lien Claimholders shall be responsible for perfecting and maintaining the perfection of Liens with respect to the Collateral for the benefit of the Junior Lien Representatives, the Junior Lien Collateral Agents or the Junior Lien Claimholders. The provisions of this Agreement are intended solely to govern the respective Lien priorities as between the Senior Lien Claimholders on the one hand and the Junior Lien Claimholders on the other hand and such provisions shall not impose on the Senior Lien Representatives, Senior Lien Collateral Agents, the Senior Lien Claimholders, the Junior Lien Representatives, the Junior Lien Collateral Agents, the Junior Lien Claimholders or any agent or trustee therefor any obligations in respect of the disposition of proceeds of any Collateral which would conflict with prior-perfected claims therein in favor of any other Person or any order or decree of any court or Governmental Authority or any applicable law.

3.5 Nature of Senior Lien Obligations. Each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, acknowledges that a portion of the Senior Lien Obligations represents, or may in the future represent, debt that is revolving in nature and that the amount thereof that may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed, and that the terms of the Senior Lien Obligations may be modified, extended or amended from time to time, and that the aggregate amount of the Senior Lien Obligations may be increased, replaced or refinanced, in each event, without notice to or consent by the Junior Lien Claimholders and without affecting the provisions hereof. The lien priorities provided in Section 3.1 shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or refinancing of either the Senior Lien Obligations or the Junior Lien Obligations, or any portion thereof. In addition, as among the Senior Claimholders, their respective rights and obligations shall be governed by the Senior Lien Intercreditor Agreement which among other things may provide for various levels of Lien priority and/or payment priority as among the Senior Claimholders without affecting the provisions hereof.

SECTION 4. Enforcement.

4.1 Exercise of Remedies.

(a) Until the Discharge of Senior Lien Obligations has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, the Junior Lien Representatives, the Junior Lien Collateral Agents and the Junior Lien Claimholders:

(1) will not commence or maintain, or seek to commence or maintain, any Collateral Enforcement Action or otherwise exercise any rights or remedies with respect to the Collateral; provided that any one or more of the Junior Lien Representative and the Junior Lien Collateral Agent may, in accordance with any relevant Junior Lien Security Document, but is not required to, commence a Collateral Enforcement Action or otherwise exercise any or all such rights or remedies after the passage of a period of at least 180 days has elapsed since the later of (i) the date on which a Junior Lien Representative declared the existence of any Event of Default under (and as defined in) any Junior Lien Documents and demanded the repayment of all the principal amount of any Junior Lien Obligations thereunder; and (ii) the date on which the Senior Lien Representatives received notice from such Junior Lien Representative of such declarations of such Event of Default and demand for payment (the "**Standstill Period**"); provided, further, that notwithstanding anything herein to the contrary, in no event shall any Junior Lien Representative, any Junior Lien Collateral Agent or any Junior Lien Claimholder exercise any rights or remedies with respect to the Collateral if, notwithstanding the expiration of the Standstill Period, any Senior Lien Representative, any Senior Lien Collateral Agent or any applicable Senior Lien Claimholder(s) shall have commenced and is pursuing a Collateral Enforcement Action or other exercise of its or their rights or remedies in each case with respect to all or any material portion of the Collateral (prompt written notice of such exercise to be given to the Junior Lien Representative);

(2) will not contest, protest or object to (i) any foreclosure proceeding or action brought by any Senior Lien Representative, any Senior Lien Collateral Agent or any Senior Lien Claimholder or (ii) any other exercise by any Senior Lien Representative, any Senior Lien Collateral Agent or any Senior Lien Claimholder of any rights and remedies relating to the Collateral under the Senior Lien Documents or otherwise (including any Collateral Enforcement Action initiated by or supported by any Senior Lien Representative, any Senior Lien Collateral Agent or any Senior Lien Claimholder); and

(3) subject to their rights under clause (a)(1) above will not object to the forbearance by any Senior Lien Representative, any Senior Lien Collateral Agent or any Senior Lien Claimholder from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Collateral,

in each case so long as any proceeds received by any Senior Lien Representative in excess of those necessary to achieve a Discharge of Senior Lien Obligations are distributed in accordance with Section 5.1 hereof and applicable law.

(b) Until the Discharge of Senior Lien Obligations has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, subject to Section 4.1(a)(1), the Senior Lien Representatives, the Senior Lien Collateral Agents and the Senior Lien Claimholders shall have the exclusive right to (i) commence and maintain a Collateral Enforcement Action or otherwise enforce rights,

exercise remedies (including set-off, recoupment and the right to credit bid their debt, except that Junior Lien Representatives shall have the credit bid rights set forth in Section 4.1(c)(6)), and (ii) subject to Section 5.3, make determinations regarding the release, disposition, or restrictions with respect to the Collateral without any consultation with or the consent of any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder; provided that, in each case, any proceeds received by any Senior Lien Representative in excess of those necessary to achieve a Discharge of Senior Lien Obligations are distributed in accordance with Section 5.1 hereof and applicable law. In commencing or maintaining any Collateral Enforcement Action or otherwise exercising rights and remedies with respect to the Collateral, the Senior Lien Representatives, Senior Lien Collateral Agents and the Senior Lien Claimholders may enforce the provisions of the Senior Lien Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion in compliance with any applicable law and without consultation with any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder and regardless of whether any such exercise is adverse to the interest of any Junior Lien Claimholder. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of Collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured creditor under the UCC and under Bankruptcy Law of any applicable jurisdiction.

(c) Notwithstanding the foregoing, any Junior Lien Representative, any Junior Lien Collateral Agent, in accordance with any relevant Junior Lien Security Document, and any other Junior Lien Claimholder may:

(1) file a claim or statement of interest with respect to the Junior Lien Obligations; provided that an Insolvency or Liquidation Proceeding has been commenced by or against the Company;

(2) take any action not adverse to the priority status of the Liens on the Collateral securing the Senior Lien Obligations, or the rights of any Senior Lien Representative, any Senior Lien Collateral Agent or the Senior Lien Claimholders to exercise remedies in respect thereof, in order to create, perfect, preserve or protect its Lien on the Collateral;

(3) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Junior Lien Claimholders, including any claims secured by the Collateral, if any, in each case in accordance with the terms of this Agreement;

(4) vote on any plan of reorganization, arrangement, compromise or liquidation, file any proof of claim, make other filings and make any arguments and motions that are, in each case, in accordance with the terms of this Agreement, with respect to the Junior Lien Obligations and the Collateral; provided that no filing of any claim or vote, or pleading related to such claim or

vote, to accept or reject a disclosure statement, plan of reorganization, arrangement, compromise or liquidation, or any other document, agreement or proposal similar to the foregoing by any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder, may be inconsistent with the provisions of this Agreement;

(5) exercise any of its rights or remedies with respect to the Collateral after the termination of the Standstill Period to the extent permitted by Section 4.1(a)(1); and

(6) bid for or purchase Collateral at any public, private or judicial foreclosure upon such Collateral initiated by any Senior Lien Representative, any Senior Lien Collateral Agent or any other Senior Lien Claimholder, or any sale of Collateral during an Insolvency or Liquidation Proceeding; provided that such bid may not include a "credit bid" in respect of any Junior Lien Obligations unless the cash proceeds of such bid are otherwise sufficient to cause the Discharge of Senior Lien Obligations.

Each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, agrees that it will not take or receive any Collateral or any proceeds of Collateral in connection with the exercise of any right or remedy (including set-off and recoupment) with respect to any Collateral in its capacity as a creditor, unless and until the Discharge of Senior Lien Obligations has occurred, except in connection with any foreclosure that is expressly permitted by Section 4.1(a)(1) to pursue after the expiration of the Standstill Period to the extent such Junior Lien Representative or such Junior Lien Collateral Agent and Junior Lien Claimholders represented by it are permitted to retain the proceeds thereof in accordance with Section 5.2 of this Agreement. Without limiting the generality of the foregoing, unless and until the Discharge of Senior Lien Obligations has occurred, except as expressly provided in Sections 4.1(a), 6.3(b) and this Section 4.1(c), the sole right of the Junior Lien Representatives, the Junior Lien Collateral Agents and the other Junior Lien Claimholders with respect to the Collateral is to hold a Lien on the Collateral pursuant to the Junior Lien Collateral Documents for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, after the Discharge of Senior Lien Obligations has occurred.

(d) Subject to Sections 4.1(a) and (c) and Section 6.3(b):

(1) each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, agrees that such Junior Lien Representative or such Junior Lien Collateral Agent and such Junior Lien Claimholders represented by it will not take any action that would hinder any exercise of remedies under the Senior Lien Documents or that is otherwise prohibited hereunder, including any sale, lease, exchange, transfer or other disposition of the Collateral, whether by foreclosure or otherwise;

(2) each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, hereby waives any and all rights such Junior Lien Representative or such Junior Lien Collateral Agent and such Junior Lien Claimholders represented by it may have as a junior lien creditor or otherwise to object to the manner in which any Senior Lien Representative, any Senior Lien Collateral Agent or any other Senior Lien Claimholder seeks to enforce or collect the Senior Lien Obligations or Liens securing the Senior Lien Obligations granted in any of the Senior Lien Collateral undertaken in accordance with this Agreement, regardless of whether any action or failure to act by or on behalf of any Senior Lien Representative, any Senior Lien Collateral Agent or any other Senior Lien Claimholder is adverse to the interest of any Junior Lien Claimholder; and

(3) each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, hereby acknowledges and agrees that no covenant, agreement or restriction contained in any Junior Lien Documents (other than this Agreement) shall be deemed to restrict in any way the rights and remedies of any Senior Lien Representative, any Senior Lien Collateral Agent or any other Senior Lien Claimholder with respect to the Collateral as set forth in this Agreement and the Senior Lien Documents.

(e) Except as specifically set forth in this Agreement, Article II of the Initial Junior Lien Indenture and the Note Subordination Agreement, the Junior Lien Representatives, the Junior Lien Collateral Agents and the other Junior Lien Claimholders may exercise rights and remedies as unsecured creditors against the Company that has guaranteed or granted Liens to secure the Junior Lien Obligations in accordance with the terms of the Junior Lien Documents and applicable law (other than initiating or joining in an involuntary case or proceeding under any Insolvency or Liquidation Proceeding with respect to the Company); provided that in the event that any Junior Lien Claimholder becomes a judgment Lien creditor in respect of Collateral as a result of its enforcement of its rights as an unsecured creditor with respect to the Junior Lien Obligations, such judgment Lien shall be subject to the terms of this Agreement for all purposes (including in relation to the Senior Lien Obligations) in the same manner as the other Liens securing the Junior Lien Obligations are subject to this Agreement.

(f) Except as specifically set forth in Sections 4.1(a) and (d), and without limiting Article II of the Initial Junior Lien Indenture or the Note Subordination Agreement, nothing in this Agreement shall prohibit the receipt by any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder of the required payments of interest, principal and other amounts owed in respect of the Junior Lien Obligations so long as such receipt is not the direct or indirect result of the exercise by any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder of rights or remedies as a secured creditor (including set-off and recoupment) or enforcement in contravention of this Agreement of any Lien held by any of them or as a result of any other violation by any Junior Lien Claimholder of the express terms of this Agreement. Nothing in this Agreement impairs or otherwise

adversely affects any rights or remedies any Senior Lien Representative, any Senior Lien Collateral Agent or other Senior Lien Claimholder may have with respect to the Senior Lien Collateral.

4.2 Actions Upon Breach; Specific Performance. If any Junior Lien Claimholder, in contravention of the terms of this Agreement, in any way takes, attempts to or threatens to take any action with respect to the Collateral (including any attempt to realize upon or enforce any remedy with respect to this Agreement), or fails to take any action required by this Agreement, this Agreement shall create an irrebutable presumption and admission by such Junior Lien Claimholder that relief against such Junior Lien Claimholder by injunction, specific performance and/or other appropriate equitable relief is necessary to prevent irreparable harm to the Senior Lien Claimholders, it being understood and agreed by each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of each Junior Lien Claimholder represented by it, that (i) the Senior Lien Claimholders' damages from actions of any Junior Lien Claimholder may at that time be difficult to ascertain and may be irreparable and (ii) each Junior Lien Claimholder waives any defense that either or both the Company and the Senior Lien Claimholders cannot demonstrate either or both damage and be made whole by the awarding of damages. Each of the Senior Lien Representatives and Senior Lien Collateral Agents may demand specific performance of this Agreement. Each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance in any action which may be brought by any Senior Lien Representative, any Senior Lien Collateral Agent or any other Senior Lien Claimholder. No provision of this Agreement shall constitute or be deemed to constitute a waiver by any Senior Lien Representative or any Senior Lien Collateral Agent on behalf of itself and each other Senior Lien Claimholder represented by it, of any right to seek damages from any Person in connection with any breach or alleged breach of this Agreement.

SECTION 5. Payments.

5.1 Application of Proceeds. So long as the Discharge of Senior Lien Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, any Collateral or any proceeds thereof, Restricted Assets or any proceeds thereof or Sale Proceeds received in connection with any Collateral Enforcement Action or other exercise of remedies by any Senior Lien Representative, any Senior Lien Collateral Agent or any Senior Lien Claimholder, shall be applied by the Senior Lien Collateral Agents or the Senior Lien Representatives, as applicable, to the Senior Lien Obligations in such order as specified in the relevant Senior Lien Documents and, if then in effect, the Senior Lien Intercreditor Agreement; provided, that any non-cash Collateral or non-cash proceeds may be held by the applicable Senior Lien Collateral Agent as Collateral unless the failure to apply such amounts would be commercially unreasonable. Upon the Discharge of Senior Lien Obligations, each Senior Lien Collateral Agent shall (x) unless a Discharge of Junior Lien Obligations has already occurred,

deliver any remaining proceeds of Collateral, Restricted Assets and Sale Proceeds held by it to the Junior Lien Collateral Agent, to be applied by the Junior Lien Collateral Agent and the other Junior Lien Collateral Agents or Junior Lien Representatives, as applicable, to the applicable Junior Lien Obligations in such order as specified in the applicable Junior Lien Documents and (y) if a Discharge of Junior Lien Obligations has already occurred, deliver such proceeds of Collateral, Restricted Assets and Sale Proceeds to the Company or to whomever may be lawfully entitled to receive the same. Without limiting the generality of the foregoing, it is the intention of the parties hereto that no amount of any Sale Proceeds will in any event be allocated to any Restricted Assets, and no Junior Lien Representative, Junior Lien Collateral Agent or other Junior Lien Claimholder will, in any forum (including in any Insolvency or Liquidation Proceeding), assert that any amount of any Sale Proceeds should be allocated to any Restricted Assets.

5.2 Payments Over.

(a) So long as the Discharge of Senior Lien Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, any Collateral or any proceeds thereof, Restricted Assets or proceeds thereof and all Sale Proceeds (including assets or proceeds subject to Liens referred to in the second to last paragraph of Section 3.3 and any assets or proceeds subject to Liens that have been avoided or otherwise invalidated) received by any Junior Lien Representative, Junior Lien Collateral Agent or any other Junior Lien Claimholder in connection with any Collateral Enforcement Action or other exercise of any right or remedy relating to the Collateral or the Restricted Assets, in all cases shall be segregated and held in trust and forthwith paid over to the Designated Senior Lien Collateral Agent for the benefit of the Senior Lien Claimholders in the same form as received, with any necessary endorsements (which endorsements shall be without recourse and without any representations or warranties) or as a court of competent jurisdiction may otherwise direct. The Designated Senior Lien Collateral Agent is hereby authorized to make any such endorsements as agent for the Junior Lien Representatives, Junior Lien Collateral Agents or any such other Junior Lien Claimholder. This authorization is coupled with an interest and is irrevocable until the Discharge of Senior Lien Obligations.

(b) So long as the Discharge of Senior Lien Obligations has not occurred, if in any Insolvency or Liquidation Proceeding any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder shall receive any distribution of money or other property in respect of the Collateral, Restricted Assets or Sale Proceeds (including any assets or proceeds subject to Liens that have been avoided or otherwise invalidated), such money or other property shall be segregated and held in trust and forthwith paid over to the Designated Senior Lien Collateral Agent for the benefit of the Senior Lien Claimholders in the same form as received, with any necessary endorsements (which endorsements shall be without recourse and without any representations or warranties). Any Lien received by any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder in respect of any of the Junior Lien Obligations in any Insolvency or Liquidation Proceeding shall be subject to the terms of this Agreement.

5.3 Releases.

(a) If in connection with any Collateral Enforcement Action by any Senior Lien Representative or any Senior Lien Collateral Agent or any other exercise of any Senior Lien Representative's or any Senior Lien Collateral Agent's remedies in respect of

the Collateral, in each case prior to the Discharge of Senior Lien Obligations, such Senior Lien Collateral Agent, for itself or on behalf of any of the Senior Lien Claimholders represented by it, releases any of its Liens on any part of the Collateral, then the Liens, if any, of each Junior Lien Collateral Agent, for itself or for the benefit of the Junior Lien Claimholders, on such Collateral, shall be automatically, unconditionally and simultaneously released. Each Junior Lien Representative and each Junior Lien Collateral Agent, for itself or on behalf of any Junior Lien Claimholder represented by it, shall, within a reasonable time following such request, execute and deliver to the Senior Lien Representatives, Senior Lien Collateral Agents or the Company, such termination statements, releases and other documents as any Senior Lien Representative, Senior Lien Collateral Agent or the Company may request in writing to effectively confirm the foregoing releases, provided that the Junior Lien Representative and Junior Lien Collateral Agent shall not be required to take any action if such actions would violate applicable law or court order.

(b) If in connection with any sale, lease, exchange, transfer or other disposition of any Collateral by the Company (collectively, a **"Disposition"**) permitted under the terms of the Senior Lien Documents and not expressly prohibited under the terms of the Junior Lien Documents (other than in connection with a Collateral Enforcement Action or other exercise of any one or more Senior Lien Representative's and Senior Lien Collateral Agent's remedies in respect of the Collateral, which shall be governed by Section 5.3(a) above above), any Senior Lien Collateral Agent, for itself or on behalf of any Senior Lien Claimholder represented by it, releases any of its Liens on any part of the Collateral, other than (A) in connection with, or following, the Discharge of Senior Lien Obligations or (B) after the occurrence and during the continuance of any Event of Default under (and as defined in) any Junior Lien Documents, then the Liens, if any, of each Junior Lien Collateral Agent, for itself or for the benefit of the Junior Lien Claimholders represented by it, on such Collateral shall be automatically, unconditionally and simultaneously released. Each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, shall, promptly execute and deliver to the Senior Lien Representatives, the Senior Lien Collateral Agents or the Company such termination statements, releases and other documents as any Senior Lien Representative, Senior Lien Collateral Agent or the Company may request to effectively confirm such release, provided that the Junior Lien Representative and Junior Lien Collateral Agent shall not be required to take any action if such actions would violate applicable law or court order.

(c) Until the Discharge of Senior Lien Obligations occurs, each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, hereby irrevocably constitutes and appoints the Designated Senior Lien Collateral Agent and any officer or agent of the Designated Senior Lien Collateral Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Junior Lien Representative, such Junior Lien Collateral Agent and such Junior Lien Claimholders or in the Designated Senior Lien Collateral Agent's own name, from time to time in the Designated Senior Lien Collateral Agent's discretion, for the purpose of carrying out the terms of this Section 5.3, to take any and all appropriate action and to

execute any and all documents and instruments which may be necessary to accomplish the purposes of this Section 5.3, including any endorsements or other instruments of transfer or release. This power is coupled with an interest and is irrevocable until the Discharge of Senior Lien Obligations.

(d) Until the Discharge of Senior Lien Obligations occurs, to the extent that any Senior Lien Collateral Agent, any Senior Lien Representative or Senior Lien Claimholders (i) has released any Lien on Collateral and any such Liens are later reinstated or (ii) obtains any new Liens from the Company, then each Junior Lien Collateral Agent, for itself and for the Junior Lien Claimholders represented by it, shall be granted a Lien on any such Collateral (except to the extent such Lien represents a Junior Lien Declined Lien with respect to the Junior Lien Debt represented by such Junior Lien Collateral Agent), subject to the lien subordination provisions of this Agreement, and each Junior Lien Representative, for itself and for the Junior Lien Claimholders represented by it, shall be granted an additional lien.

5.4 Insurance. Unless and until the Discharge of Senior Lien Obligations has occurred, the Senior Lien Representatives, the Senior Lien Collateral Agents and the other Senior Lien Claimholders shall have the sole and exclusive right, subject to the rights of the Company under the Senior Lien Documents, to adjust settlement for any insurance policy covering the Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting the Collateral. Subject to the rights of the Company under the Senior Lien Documents, all proceeds of any such policy and any such award (or any payments with respect to a deed in lieu of condemnation) if in respect of the Collateral shall be applied in the order of priority set forth in Section 5.1. Until the Discharge of Senior Lien Obligations has occurred, if any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder shall, at any time, receive any proceeds of any such insurance policy or any such award or payment in contravention of this Agreement, then it shall segregate and hold in trust and forthwith pay such proceeds over to the Designated Senior Lien Collateral Agent in accordance with the terms of Section 5.2.

5.5 Amendments to Senior Lien Documents and Junior Lien Documents.

(a) The Senior Lien Documents of any Series may be amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with their terms and the Senior Lien Claims of any Series may be Refinanced subject to Section 5.8 and Section 8.7, in each case, without notice to, or the consent of, any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder, all without affecting the lien subordination or other provisions of this Agreement; provided that any such amendment, supplement or modification or Refinancing is not inconsistent with the terms of this Agreement and, in the case of a Refinancing, the holders of such Refinancing debt or their agent bind themselves in a writing addressed to each Junior Lien Collateral Agent to the terms of this Agreement.

(b) The Junior Lien Documents may be amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with their

terms and the Junior Lien Debt of any Series may be Refinanced in full but not in part subject to Section 5.8 and Section 8.7, in each case, without notice to, or the consent of, any Senior Lien Representative, any Senior Lien Collateral Agent or any other Senior Lien Claimholder, all without affecting the lien subordination or other provisions of this Agreement, provided that any such amendment, restatement, supplement or modification or Refinancing is not inconsistent with the terms of this Agreement and, in the case of any Refinancing, the holders of such Refinancing debt or their agent bind themselves in a writing addressed to each Senior Lien Collateral Agent to the terms of this Agreement; and provided further that any such amendment, restatement, supplement, modification or Refinancing shall not, without the consent of each Senior Lien Representative:

(1) increase the then-outstanding principal amount of the Junior Lien Debt of that Series, provided, that the foregoing shall not restrict any increases in principal resulting from any "payment in kind";

(2) increase the "Applicable Margin" or similar component of the interest rate or yield provisions applicable to the Indebtedness outstanding under the Junior Lien Documents of that Series in a manner that would result in the total yield thereon to exceed by more than 3% per annum the total yield on Indebtedness thereunder as in effect on the date such Indebtedness became Junior Lien Debt (excluding increases resulting from the accrual of interest at the default rate);

(3) amend or otherwise modify any "Default" or "Event of Default" (as each such term is defined in the Junior Lien Documents for that Series) thereunder in a manner adverse to the loan parties thereunder;

(4) accelerate any date upon which a scheduled payment of principal or interest is due, or otherwise decrease the weighted average life to maturity;

(5) modify (or undertake any action having the effect of a modification of) the mandatory prepayment provisions of the Junior Lien Documents for that Series in a manner adverse to the Senior Lien Claimholders; or

(6) increase materially the obligations of the obligor thereunder or confer any additional material rights of the Junior Lien Lenders (or a representative on their behalf) which would be adverse to any Senior Lien Claimholders.

(c) In the event any Senior Lien Collateral Agent or the applicable Senior Lien Claimholders and the Company enter into any amendment, waiver or consent in respect of any of the Senior Lien Collateral Documents for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any Senior Lien Collateral Document or changing in any manner the rights of the applicable Senior Lien Collateral Agent, Senior Lien Claimholders, or the Company thereunder, then such amendment, waiver or consent shall apply automatically to any comparable provision of a Junior Lien Collateral Document without the consent of any Junior Lien

Representative, Junior Lien Collateral Agent or other Junior Lien Claimholder and without any action by any Junior Lien Representative, any Junior Lien Collateral Agent, any other Junior Lien Claimholder, or the Company, provided that:

(1) no such amendment, waiver or consent shall have the effect of:

(A) removing assets subject to the Lien of the Junior Lien Collateral Documents, except to the extent that a release of such Lien is permitted or required by Section 5.3 and provided that there is a corresponding release of the Liens securing any Senior Lien Obligations;

(B) imposing duties on any Junior Lien Collateral Agent or any Junior Lien Representative without its consent;

(C) permitting other Liens on the Collateral not permitted under the terms of the Junior Lien Documents or Section 6 hereof; or

(D) being prejudicial to the interests of the Junior Lien Claimholders to a materially greater extent than the Senior Lien Claimholders (other than by virtue of their relative priority and the rights and obligations hereunder); and

(2) notice of such amendment, waiver or consent shall have been given to each Junior Lien Collateral Agent within ten (10) Business Days after the effective date of such amendment, waiver or consent.

5.6 Confirmation of Subordination in Junior Lien Collateral Documents. The Company agrees that each Junior Lien Collateral Document shall include the following language (or language to similar effect approved by the Designated Senior Lien Collateral Agent):

"Notwithstanding anything herein to the contrary, the lien and security interest granted to the [collateral agent] pursuant to this Agreement and the exercise of any right or remedy by the [collateral agent] hereunder are subject to the provisions of the Junior Lien Subordination and Intercreditor Agreement, dated as of [ ] (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Junior Lien Subordination and Intercreditor Agreement**"), among [ ], as Initial Senior Lien Representative, [ ], as Initial Senior Lien Collateral Agent, [ ], as Initial Junior Lien Representative, [ ], as Initial Junior Lien Collateral Agent and certain other persons party to the Junior Lien Subordination and Intercreditor Agreement or that may become party thereto from time to time. In the event of any conflict between the terms of the Junior Lien Subordination and Intercreditor Agreement and this Agreement, the terms of the Junior Lien Subordination and Intercreditor Agreement shall govern and control."

5.7 Gratuitous Bailee/Agent for Perfection; Rights of Initial Senior Collateral Agent and Initial Senior Lien Representative.

(a) Each Senior Lien Collateral Agent agrees to hold that part of the Collateral that is in its possession or control (or in the possession or control of its agents or bailees) to the extent that possession or control thereof is taken to perfect a Lien thereon under the UCC (such Collateral being the "**Pledged Collateral**") as collateral agent for the Senior Lien Claimholders and gratuitous bailee for the Junior Lien Collateral Agents (such bailment being intended, among other things, to satisfy the requirements of Sections 8-106(d)(3), 8-301(a)(2) and 9-313(c) of the UCC) and any assignee thereof solely for the purpose of perfecting the security interest granted under the Senior Lien Documents and the Junior Lien Documents, respectively, subject to the terms and conditions of this Section 5.7. Solely with respect to any deposit accounts under the control (within the meaning of Section 9-104 of the UCC) of any Senior Lien Collateral Agent, such Senior Lien Collateral Agent hereby agrees to also hold control over such deposit accounts as gratuitous agent for the Junior Lien Collateral Agents, subject to the terms and conditions of this Section 5.7.

(b) No Senior Lien Collateral Agent shall have any obligation whatsoever to the Junior Lien Representatives, the Junior Lien Collateral Agents or the Junior Lien Claimholders to ensure that the Pledged Collateral is genuine or owned by the Company, to perfect the security interests of the Junior Lien Collateral Agents or other Junior Lien Claimholders or to preserve rights or benefits of any Person except as expressly set forth in this Section 5.7. The duties or responsibilities of any Senior Lien Collateral Agent under this Section 5.7 shall be limited solely to holding the Pledged Collateral as gratuitous bailee [(and with respect to deposit accounts, agent)] in accordance with this Section 5.7 and delivering the Pledged Collateral upon a Discharge of Senior Lien Obligations as provided in paragraph (d) below.

(c) No Senior Lien Collateral Agent or any other Senior Lien Claimholder shall have by reason of the Senior Lien Collateral Documents, the Junior Lien Collateral Documents, this Agreement or any other document, a fiduciary relationship in respect of any Junior Lien Representative or any other Junior Lien Claimholder and the Junior Lien Representatives, the Junior Lien Collateral Agents and the Junior Lien Claimholders hereby waive and release the Senior Lien Collateral Agents and the other Senior Lien Claimholders from all claims and liabilities arising pursuant to any Senior Lien Collateral Agent's role under this Section 5.7 as gratuitous bailee and gratuitous agent with respect to the Pledged Collateral. It is understood and agreed that the interests of the Senior Lien Collateral Agents and the other Senior Lien Claimholders, on the one hand, and the Junior Lien Representatives, the Junior Lien Collateral Agents and the other Junior Lien Claimholders on the other hand, may differ and the Senior Lien Collateral Agents and the other Senior Lien Claimholders shall be fully entitled to act in their own interest without taking into account the interests of the Junior Lien Representatives, the Junior Lien Collateral Agents or other Junior Lien Claimholders.

(d) Upon the Discharge of Senior Lien Obligations, each Senior Lien Collateral Agent shall deliver the remaining Pledged Collateral in its possession (if any)

together with any necessary endorsements (which endorsement shall be without recourse and without any representation or warranty), (x) unless a Discharge of Junior Lien Obligations has not already occurred, to the Junior Lien Collateral Agent and (y) if a Discharge of Junior Lien Obligations has already occurred, to the Company or to whomever may be lawfully entitled to receive the same. Following the Discharge of Senior Lien Obligations, each Senior Lien Collateral Agent further agrees to take all other action required or requested by any Junior Lien Collateral Agent at the expense of the Company in connection with the Junior Lien Collateral Agents obtaining a first-priority security interest in the Collateral. After the Discharge of Senior Lien Obligations has occurred, upon the Discharge of Junior Lien Obligations, each Junior Lien Collateral Agent shall deliver the remaining Pledged Collateral in its possession (if any) together with any necessary endorsements (which endorsement shall be without recourse and without any representation or warranty, to the Company or to whomever may be lawfully entitled to receive the same.

(e) Upon execution of this Agreement, each Junior Lien Representative and Junior Lien Collateral Agent shall, promptly following such requirements or requests, (x) enter into such documents and agreements as the Company or the Initial Senior Lien Representative and/or the Initial Senior Lien Collateral Agent or Initial Senior Lien Representative shall reasonably request in order to provide to the Initial Senior Lien Collateral Agent and Initial Senior Lien Representative the rights contemplated hereby, in each case consistent in all material respects with the terms of this Agreement and (y) deliver to such Initial Senior Lien Collateral Agent any Pledged Collateral held by it together with any necessary endorsements (or otherwise allow such Initial Senior Lien Collateral Agent to obtain control of such Pledged Collateral), provided that the Junior Lien Representative or Junior Lien Collateral Agent shall not be required to take any action if such actions would violate applicable law or court order.

5.8 When Discharge of Obligations Deemed to Not Have Occurred. If, at any time after the Discharge of Senior Lien Obligations has occurred or contemporaneously therewith, the Company enters into any Refinancing of any Senior Lien Documents evidencing a Senior Lien Obligation, then such Discharge of Senior Lien Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement (other than with respect to any actions taken as a result of the occurrence of such first Discharge of Senior Lien Obligations), and, from and after the date on which the Additional Senior Lien Representative and Additional Senior Lien Collateral Agent in respect of such Refinancing each becomes a party to this Agreement in accordance with Section 8.7(b), the obligations under such Refinancing of the applicable Senior Lien Documents shall automatically be treated as Senior Lien Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, and the Additional Senior Lien Representative and the Additional Senior Lien Collateral Agent under such new Senior Lien Documents shall be a Senior Lien Representative and Senior Lien Collateral Agent, respectively, for all purposes of this Agreement. Upon receipt of a Designation from the Company in accordance with Section 8.7(b)(2) of this Agreement, each Junior Lien Representative and Junior Lien Collateral Agent shall, promptly following such requests, (x) enter into such documents and agreements (including amendments or supplements to this Agreement) as the Company or any one or more such Additional Senior Lien Representative and such Additional Senior Lien Collateral Agent

shall reasonably request in order to provide to such Additional Senior Lien Representative and such Additional Senior Lien Collateral Agent the rights contemplated hereby, in each case consistent in all material respects with the terms of this Agreement and (y) deliver to such Additional Senior Lien Collateral Agent any Pledged Collateral held by it together with any necessary endorsements (or otherwise allow such Additional Senior Lien Collateral Agent to obtain control of such Pledged Collateral), provided that the Junior Lien Representative and Junior Lien Collateral Agent shall not be required to take any action if such actions would violate applicable law or court order. If the Additional Senior Lien Obligations under the Additional Senior Lien Documents in respect of such Refinancing are secured by assets of the Company constituting Collateral that do not also secure the Junior Lien Obligations, then the Junior Lien Obligations shall be secured at such time by a junior-priority Lien on such assets to the same extent provided in the Junior Lien Collateral Documents and this Agreement except to the extent, with respect to any Series of Junior Lien Obligations, such Lien on such assets constitutes a Junior Lien Declined Lien.

SECTION 6. Insolvency or Liquidation Proceedings.

6.1 Finance and Sale Issues. Until the Discharge of Senior Lien Obligations has occurred, if the Company shall be subject to any Insolvency or Liquidation Proceeding and any Senior Lien Representative shall desire to permit the use of "Cash Collateral" (as such term is defined in Section 363(a) of the Bankruptcy Code) on which such Senior Lien Representative, such Senior Lien Collateral Agent or any other creditor has a Lien, or to permit the Company to obtain financing, whether from the Senior Lien Claimholders or any other Person under Section 364 of the Bankruptcy Code or any similar Bankruptcy Law ("**DIP Financing**"), then each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, will not object to such Cash Collateral use or DIP Financing (including any proposed orders for either or both such Cash Collateral use and DIP Financing which are acceptable to any Senior Lien Representative) and to the extent the Liens securing the Senior Lien Obligations are subordinated to or pari passu with such DIP Financing, each Junior Lien Collateral Agent will subordinate its Liens in the Collateral to the Liens securing such DIP Financing (and all Obligations relating thereto) and each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, will not request adequate protection or any other relief in connection therewith (except as expressly agreed by the Designated Senior Lien Representative or to the extent permitted by Section 6.3); provided that the Junior Lien Representatives and the other Junior Lien Claimholders retain the right to object to any ancillary agreements or arrangements regarding Cash Collateral use or the DIP Financing that are materially prejudicial to their interests. No Junior Lien Claimholder may provide DIP Financing to the Company secured by Liens equal or senior in priority to the Liens securing any Senior Lien Obligations. Each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, agrees that it will not seek consultation rights in connection with, and it will not object to or oppose, a motion to sell, liquidate or otherwise dispose of Collateral under Section 363 of the Bankruptcy Code if the requisite Senior Lien Claimholders have consented to such sale, liquidation or other disposition. Each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, further agrees that it will not directly or indirectly oppose or impede entry of any order in connection with such sale, liquidation or other

disposition, including orders to retain professionals or set bid procedures in connection with such sale, liquidation or disposition, if the requisite Senior Lien Claimholders have consented to (i) such retention of professionals and bid procedures in connection with such sale, liquidation or disposition of such assets and (ii) the sale, liquidation or disposition of such assets, in which event the Junior Lien Claimholders will be deemed to have consented to the sale or disposition of Collateral pursuant to Section 363(f) of the Bankruptcy Code and such order does not materially impair the rights of the Junior Lien Claimholders under Section 363(k) of the Bankruptcy Code.

Notwithstanding any other provision hereof to the contrary, each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, agrees that (A) without the consent of the Senior Lien Claimholders, none of such Junior Lien Representative or such Junior Lien Collateral Agent, the Junior Lien Claimholders represented by it or any agent or the trustee on behalf of any of them shall, for any purpose during any Insolvency or Liquidation Proceeding or otherwise, support, endorse, propose or submit, whether directly or indirectly, any valuation of the Company or their respective assets that allocates or ascribes any value whatsoever to any of the Restricted Assets and (B) without the consent of the Senior Lien Claimholders, none of such Junior Lien Representative or such Junior Lien Collateral Agent, the Junior Lien Claimholders represented by it or any agent or trustee on behalf of any of them shall for any purpose during any Insolvency or Liquidation Proceeding or otherwise, challenge, dispute or object, whether directly or indirectly, to any valuation of the Company or its assets, or otherwise take any position with respect to such valuation, that is proposed, supported or otherwise arises in any Insolvency or Liquidation Proceeding, on grounds that such valuation does not allocate or ascribe adequate or appropriate value to any of the Restricted Assets.

6.2 Relief from the Automatic Stay. Until the Discharge of Senior Lien Obligations has occurred, each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, agrees that none of them shall: (i) seek (or support any other Person seeking) relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of the Collateral or the Restricted Assets, without the prior written consent of all of the Senior Lien Representatives, unless a motion for adequate protection permitted under Section 6.3 has been denied by a bankruptcy court or (ii) oppose (or support any other Person in opposing) any request by any Senior Lien Representative or Senior Lien Collateral Agent for relief from such stay.

6.3 Adequate Protection.

(a) Each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, agrees that none of them shall contest (or support any other Person contesting):

(1) any request by any Senior Lien Representative, any Senior Lien Collateral Agent or other Senior Lien Claimholder for adequate protection under any Bankruptcy Law; or

(2) any objection by any Senior Lien Representative, any Senior Lien Collateral Agent or other Senior Lien Claimholder to any motion, relief, action or proceeding based on such Senior Lien Representative, Senior Lien Collateral Agent or Senior Lien Claimholder claiming a lack of adequate protection.

(b) Notwithstanding the foregoing provisions in this Section 6.3, in any Insolvency or Liquidation Proceeding:

(1) if the Senior Lien Claimholders (or any subset thereof) are granted adequate protection in the form of additional collateral in connection with any Cash Collateral use or DIP Financing, then each Junior Lien Collateral Agent, for itself or on behalf of any other Junior Lien Claimholder represented by it, may seek or request adequate protection in the form of a Lien on such additional collateral, which Lien will be subordinated to the Liens securing the Senior Lien Obligations and such Cash Collateral use or DIP Financing (and all Obligations relating thereto) on the same basis as the other Liens securing the Junior Lien Obligations are so subordinated to the Senior Lien Obligations under this Agreement; and

(2) the Junior Lien Representatives, the Junior Lien Collateral Agents and Junior Lien Claimholders shall only be permitted to seek adequate protection with respect to their rights in the Collateral in any Insolvency or Liquidation Proceeding in the form of (A) additional collateral; provided that as adequate protection for the Senior Lien Obligations, each Senior Lien Collateral Agent, on behalf of the Senior Lien Claimholders represented by it, is also granted a Lien on such additional collateral, which Lien shall be senior to any Lien of the Junior Lien Representatives, the Junior Lien Collateral Agents and the Junior Lien Claimholders on such additional collateral; (B) replacement Liens on the Collateral; provided that as adequate protection for the Senior Lien Obligations, each Senior Lien Collateral Agent, on behalf of the Senior Lien Claimholders represented by it, is also granted replacement Liens on the Collateral, which Liens shall be senior to the Liens of the Junior Lien Representatives, the Junior Lien Collateral Agents and the Junior Lien Claimholders on the Collateral; (C) an administrative expense claim; provided that as adequate protection for the Senior Lien Obligations, each Senior Lien Representative, on behalf of the Senior Lien Claimholders represented by it, is also granted an administrative expense claim which is senior and prior to the administrative expense claim of the Junior Lien Representatives and the other Junior Lien Claimholders; and (D) cash payments with respect to interest on the Junior Lien Obligations; provided that (1) as adequate protection for the Senior Lien Obligations, each Senior Lien Representative, on behalf of the Senior Lien Claimholders represented by it, is also granted cash payments with respect to interest on the Senior Lien Obligation represented by it and (2) such cash payments do not exceed an amount equal to the interest accruing on the principal amount of Junior Lien Obligations outstanding on the date such relief is granted at the interest rate under the applicable Junior Lien Documents and accruing from the date the applicable Junior Lien Representative is granted such relief. If any Junior Lien Claimholder receives Post-Petition Interest and/or adequate protection payments in an Insolvency or Liquidation Proceeding ("**Junior Lien Adequate Protection**

Payments") and the Senior Lien Claimholders do not receive payment in full in cash of all Senior Lien Obligations upon the effectiveness of the plan of reorganization for, or conclusion of, that Insolvency or Liquidation Proceeding, then each Junior Lien Claimholder shall pay over to the Senior Lien Claimholders an amount (the "**Pay-Over Amount**") equal to the lesser of (i) the Junior Lien Adequate Protection Payments received by such Junior Lien Claimholder and (ii) the amount of the short-fall (the "**Short Fall**") in payment in full in cash of the Senior Lien Obligations; provided that to the extent any portion of the Short Fall represents payments received by the Senior Lien Claimholders in the form of promissory notes, equity or other property equal in value to the cash paid in respect of the Pay-Over Amount, the Senior Lien Claimholders shall, upon receipt of the Pay-Over Amount, transfer those promissory notes, equity or other property, equal in value to the cash paid in respect of the Pay-Over Amount, to the applicable Junior Lien Claimholders pro rata in exchange for the Pay-Over Amount. Notwithstanding anything herein to the contrary, the Senior Lien Claimholders shall not be deemed to have consented to, and expressly retain their rights to object to, the grant of adequate protection in the form of cash payments to the Junior Lien Claimholders made pursuant to this Section 6.3(b).

6.4 No Waiver. Subject to Section 6.7(b), nothing contained herein shall prohibit or in any way limit any Senior Lien Representative or any other Senior Lien Claimholder from objecting in any Insolvency or Liquidation Proceeding or otherwise to any action taken by any Junior Lien Representative or any other Junior Lien Claimholder, including the seeking by any Junior Lien Representative or any other Junior Lien Claimholder of adequate protection or the asserting by any Junior Lien Representative or any other Junior Lien Claimholder of any of its rights and remedies under the Junior Lien Documents or otherwise.

6.5 Avoidance Issues. If any Senior Lien Claimholder is required in any Insolvency or Liquidation Proceeding or otherwise to turn over or otherwise pay to the estate of the Company any amount paid in respect of Senior Lien Obligations (a "**Recovery**"*)*, then such Senior Lien Claimholder shall be entitled to a reinstatement of its Senior Lien Obligations with respect to all such recovered amounts on the date of such Recovery, and from and after the date of such reinstatement the Discharge of Senior Lien Obligations shall be deemed not to have occurred for all purposes hereunder. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto from such date of reinstatement. This Section 6.5 shall survive termination of this Agreement.

6.6 Reorganization Securities. If, in any Insolvency or Liquidation Proceeding, debt obligations of the reorganized debtor secured by Liens upon any property of the reorganized debtor are distributed pursuant to a plan of reorganization, arrangement, compromise or liquidation or similar dispositive restructuring plan, both on account of Senior Lien Obligations and on account of Junior Lien Obligations, then, to the extent the debt obligations distributed on account of the Senior Lien Obligations and on account of the Junior Lien Obligations are secured by Liens upon the same property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

6.7 Post-Petition Interest.

(a) None of any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder shall oppose or seek to challenge any claim by any Senior Lien Representative, any Senior Lien Collateral Agent or any other Senior Lien Claimholder for allowance in any Insolvency or Liquidation Proceeding of Senior Lien Obligations consisting of Post-Petition Interest to the extent of the value of the Lien of the Senior Lien Collateral Agents on behalf of the Senior Lien Claimholders on the Collateral or any other Senior Lien Claimholder's Lien on the Collateral, without regard to the existence of the Liens of the Junior Lien Collateral Agents or the other Junior Lien Claimholders on the Collateral.

(b) None of any Senior Lien Representative, Senior Lien Collateral Agent or any other Senior Lien Claimholder shall oppose or seek to challenge any claim by any Junior Lien Representative, Junior Lien Collateral Agent or any other Junior Lien Claimholder for allowance in any Insolvency or Liquidation Proceeding of Junior Lien Obligations consisting of Post-Petition Interest to the extent of the value of the Lien of the Junior Lien Collateral Agents, on behalf of the Junior Lien Claimholders, on the Collateral (after taking into account the amount of the Senior Lien Obligations).

6.8 Waiver. Each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, waives any claim it may hereafter have against any Senior Lien Claimholder arising out of the election of any Senior Lien Claimholder of the application of Section 1111(b)(2) of the Bankruptcy Code, and out of any cash collateral or financing arrangement or out of any grant of a security interest in connection with the Collateral in any Insolvency or Liquidation Proceeding so long as such actions are not in express contravention of the terms of this Agreement.

6.9 Separate Grants of Security and Separate Classification. Each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, and each Senior Lien Representative and each Senior Lien Collateral Agent, for itself and on behalf of each other Senior Lien Claimholder represented by it, acknowledges and agrees that:

(a) the grants of Liens pursuant to the Senior Lien Collateral Documents and the Junior Lien Collateral Documents constitute two separate and distinct grants of Liens; and

(b) because of, among other things, their differing rights in the Collateral, the Junior Lien Obligations are fundamentally different from the Senior Lien Obligations and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency or Liquidation Proceeding.

To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the Senior Lien Claimholders and the Junior Lien

Claimholders in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then each of the parties hereto hereby acknowledges and agrees that all distributions shall be made as if there were separate classes of senior and junior secured claims against the Company in respect of the Collateral (with the effect being that, to the extent that the aggregate value of the Collateral is sufficient (for this purpose ignoring all claims held by the Junior Lien Claimholders), the Senior Lien Claimholders shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing (or that would be owing if there were such separate classes of senior and junior secured claims) in respect of Post-Petition Interest (including any additional interest payable pursuant to the Senior Lien Documents, arising from or related to a default, which is disallowed as a claim in any Insolvency or Liquidation Proceeding) before any distribution is made in respect of the claims held by the Junior Lien Claimholders with respect to the Collateral, with each Junior Lien Representative and each Junior Lien Collateral Agent, for itself and on behalf of each other Junior Lien Claimholder represented by it, hereby acknowledging and agreeing to turn over to the Designated Senior Lien Collateral Agent, for itself and on behalf of each other Senior Lien Claimholder, Collateral or proceeds of Collateral otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Junior Lien Claimholders).

6.10 Effectiveness in Insolvency or Liquidation Proceedings. The Parties acknowledge that this Agreement is a "subordination agreement" under section 510(a) of the Bankruptcy Code, which will be effective before, during and after the commencement of an Insolvency or Liquidation Proceeding. All references in this Agreement to the Company will include such Person as a debtor-in-possession and any receiver or trustee for such Person in an Insolvency or Liquidation Proceeding.

SECTION 7. Reliance; Waivers.

7.1 Reliance. Other than any reliance on the terms of this Agreement, each Senior Lien Representative and each Senior Lien Collateral Agent, on behalf of itself and each other Senior Lien Claimholder represented by it, acknowledges that it and such Senior Lien Claimholders have, independently and without reliance on any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each of the Senior Lien Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the Senior Lien Documents or this Agreement. Each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, acknowledges that it and such Junior Lien Claimholders have, independently and without reliance on any Senior Lien Representative, any Senior Lien Collateral Agent or any other Senior Lien Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each of the Junior Lien Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the Junior Lien Documents or this Agreement.

7.2 No Warranties or Liability. Each Senior Lien Representative and each Senior Lien Collateral Agent, on behalf of itself and each other Senior Lien Claimholder represented by it, acknowledges and agrees that no Junior Lien Representative or other Junior Lien Claimholder has made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the Junior Lien Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon. Except as otherwise provided herein, the Junior Lien Claimholders will be entitled to manage and supervise their respective extensions of credit under the Junior Lien Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. Each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, acknowledges and agrees that no Senior Lien Representative or other Senior Lien Claimholder has made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the Senior Lien Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon. Except as otherwise provided herein, the Senior Lien Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under the Senior Lien Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. The Junior Lien Representatives, the Junior Lien Collateral Agents and the other Junior Lien Claimholders shall have no duty to the Senior Lien Representatives, the Senior Lien Collateral Agents or any of the other Senior Lien Claimholders, and the Senior Lien Representatives, the Senior Lien Collateral Agents and the other Senior Lien Claimholders shall have no duty to the Junior Lien Representative, the Junior Lien Collateral Agents or any of the other Junior Lien Claimholders, to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with the Company (including the Senior Lien Documents and the Junior Lien Documents), regardless of any knowledge thereof which they may have or be charged with.

7.3 No Waiver of Lien Priorities.

(a) No right of the Senior Lien Claimholders, the Senior Lien Representatives, the Senior Lien Collateral Agents or any of them to enforce any provision of this Agreement or any Senior Lien Documents shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any Senior Lien Claimholder, Senior Lien Representative or Senior Lien Collateral Agent, or by any noncompliance by any Person with the terms, provisions and covenants of this Agreement, any of the Senior Lien Documents or any of the Junior Lien Documents, regardless of any knowledge thereof which any Senior Lien Representative, Senior Lien Collateral Agent or any Senior Lien Claimholder, or any of them, may have or be otherwise charged with.

(b) Without in any way limiting the generality of the foregoing paragraph (but subject to the rights of the Company under the Senior Lien Documents and subject to the provisions of Section 5.5(a)), the Senior Lien Claimholders, the Senior Lien Representatives, the Senior Lien Collateral Agents and any of them may, at any time and from time to time in accordance with either or both the Senior Lien Documents and applicable law, without the consent of, or notice to, any Junior Lien Representative, any

Junior Lien Collateral Agent or any other Junior Lien Claimholder, without incurring any liabilities to any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder and without impairing or releasing the Lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of any Junior Lien Representative, any Junior Lien Collateral Agent or any other Junior Lien Claimholder is affected, impaired or extinguished thereby) do any one or more of the following:

(1) change the manner, place or terms of payment or change or extend the time of payment of, or amend, renew, exchange, increase or alter, the terms of any of the Senior Lien Obligations or any Lien on any Senior Lien Collateral or guaranty of any of the Senior Lien Obligations or any liability of the Company, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of the Senior Lien Obligations, without any restriction as to the tenor or terms of any such increase or extension) or otherwise amend, renew, exchange, extend, modify or supplement in any manner any Liens held by any Senior Lien Representative, any Senior Lien Collateral Agent or any of the other Senior Lien Claimholders, the Senior Lien Obligations or any of the Senior Lien Documents;

(2) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the Senior Lien Collateral or any liability of the Company to any of the Senior Lien Claimholders, the Senior Lien Representatives or the Senior Lien Collateral Agents, or any liability incurred directly or indirectly in respect thereof, including, without limitation, by agreeing to waive, modify, replace or eliminate any provision of the Senior Lien Documents or Senior Lien Collateral Documents in any manner;

(3) settle or compromise any Senior Lien Obligation or any other liability of the Company or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including the Senior Lien Obligations) in any manner or order; and

(4) exercise or delay in or refrain from exercising any right or remedy against the Company or any other Person or any security, and elect any remedy and otherwise deal freely with the Company, or any Senior Lien Collateral and any security and any guarantor or any liability of the Company to the Senior Lien Claimholders or any liability incurred directly or indirectly in respect thereof.

(c) Except as otherwise expressly provided herein, each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, also agrees that the Senior Lien Claimholders, the Senior Lien Representatives and the Senior Lien Collateral Agents shall have no liability to such Junior Lien Representative, such Junior Lien Collateral Agent or any such Junior Lien Claimholders, and such Junior Lien Representative and such Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented

by it, hereby waives any claim against any Senior Lien Claimholder, any Senior Lien Representative or any Senior Lien Collateral Agent arising out of any and all actions which the Senior Lien Claimholders, any Senior Lien Representative or any Senior Lien Collateral Agent may take or permit or omit to take with respect to:

(1) the Senior Lien Documents (other than this Agreement);

(2) the collection of the Senior Lien Obligations; or

(3) the foreclosure upon, or sale, liquidation or other disposition of, any Senior Lien Collateral.

Each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, agrees that the Senior Lien Claimholders, the Senior Lien Representatives and the Senior Lien Collateral Agents have no duty to them in respect of the maintenance or preservation of the Senior Lien Collateral, the Senior Lien Obligations or otherwise.

(d) Until the Discharge of Senior Lien Obligations, each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of any marshaling, appraisal, valuation or other similar right that may otherwise be available under applicable law with respect to any Senior Lien Collateral or any other similar rights a junior secured creditor may have under applicable law.

7.4 Obligations Unconditional. All rights, interests, agreements and obligations of the Senior Lien Representatives, the Senior Lien Collateral Agents and the other Senior Lien Claimholders and the Junior Lien Representatives, the Junior Lien Collateral Agents and the other Junior Lien Claimholders, respectively, hereunder shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any Senior Lien Documents or any Junior Lien Documents;

(b) except as otherwise expressly set forth in this Agreement, any change in the time, manner or place of payment of, or in any other terms of, all or any of the Senior Lien Obligations or Junior Lien Obligations, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of any Senior Lien Documents or any Junior Lien Documents;

(c) except as otherwise expressly set forth in this Agreement, any exchange of any security interest in any Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the Senior Lien Obligations or Junior Lien Obligations or any guaranty thereof;

(d) the commencement of any Insolvency or Liquidation Proceeding in respect of the Company; or

(e) any other circumstances which otherwise might constitute a defense available to, or a discharge of, the Company in respect of any Senior Lien Representative, any Senior Lien Collateral Agent, the Senior Lien Obligations, any Senior Lien Claimholder, any Junior Lien Representative, any Junior Lien Collateral Agent, the Junior Lien Obligations or any Junior Lien Claimholder in respect of this Agreement.

SECTION 8. Miscellaneous.

8.1 Integration/Conflicts. This Agreement, the Senior Lien Documents and the Junior Lien Documents represent the entire agreement by and among the Company, the Senior Lien Claimholders and the Junior Lien Claimholders with respect to the subject matter hereof and thereof, and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. There are no promises, undertakings, representations or warranties by the Senior Lien Claimholders or the Junior Lien Claimholders relative to the subject matter hereof and thereof not expressly set forth or referred to herein or therein. In the event of any conflict between the provisions of this Agreement and the provisions of the Senior Lien Documents or the Junior Lien Documents, the provisions of this Agreement shall govern and control.

8.2 Effectiveness; Continuing Nature of this Agreement; Severability. This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement of lien subordination and the Senior Lien Claimholders may continue, at any time and without notice to any Junior Lien Representative or any other Junior Lien Claimholder, to extend credit and other financial accommodations and lend monies to or for the benefit of the Company or USEC Inc. constituting Senior Lien Obligations in reliance hereon. Each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, hereby waives any right it may have under applicable law to revoke this Agreement or any of the provisions of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency or Liquidation Proceeding. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to those of the invalid, illegal or unenforceable provisions. All references to the Company shall include the Company as debtor and debtor-in-possession and any receiver, trustee or similar person acting for the Company (as the case may be) in any Insolvency or Liquidation Proceeding. This Agreement shall terminate and be of no further force and effect:

(a) with respect to any Senior Lien Representative and any Senior Lien Collateral Agent, the Senior Lien Claimholders represented by them and their Senior Lien Obligations, on the date on which the Senior Lien Obligations of such Senior Lien Claimholders are Discharged, subject to the rights of such Senior Lien Claimholders under Sections 5.8 and 6.5; and

(b) with respect to any Junior Lien Representative and any Junior Lien Collateral Agent, the Junior Lien Claimholders represented by them and their Junior Lien Obligations, on the date on which the Junior Lien Obligations of such Junior Lien Claimholders are Discharged subject to the rights of such Junior Lien Claimholders under Sections 5.8 and 6.5;

provided, however, that in each case, such termination shall not relieve any such party of its obligations incurred hereunder prior to the date of such termination.

8.3 Amendments; Waivers

(a) No amendment, modification or waiver of any of the provisions of this Agreement shall be deemed to be made unless the same shall be in writing signed on behalf of each party hereto or its authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. Notwithstanding the foregoing, the Company shall not have any right to consent to or approve any amendment, modification or waiver of any provision of this Agreement except to the extent their rights are directly and adversely affected.

(b) Notwithstanding the foregoing, without the consent of any Senior Lien Claimholder or Junior Lien Claimholder, any Representative and Collateral Agent may become a party hereto by execution and delivery of a Joinder Agreement in accordance with Section 8.7 of this Agreement and upon such execution and delivery, such Representative and Collateral Agent and the Additional Senior Lien Claimholders and Additional Senior Lien Obligations or Additional Junior Lien Claimholders and Additional Junior Lien Obligations of the Series for which such Representative and Collateral Agent is acting shall be subject to the terms hereof.

(c) Notwithstanding the foregoing, without the consent of any other Representative, Collateral Agent or Senior Lien Claimholder, the Designated Senior Lien Representative may effect amendments and modifications to this Agreement to the extent necessary to reflect any incurrence of any Additional Senior Lien Obligations or Additional Junior Lien Obligations in compliance with this Agreement.

8.4 Information Concerning Financial Condition of the Company and its Subsidiaries. The Senior Lien Representatives, the Senior Lien Collateral Agents and the Senior Lien Claimholders, on the one hand, and the holders of the Junior Lien Obligations, on the other hand, shall each be responsible for keeping themselves informed of (a) the financial condition of the Company and its Subsidiaries and any endorsers or guarantors of the Senior Lien Obligations or the Junior Lien Obligations and (b) all other circumstances bearing upon the risk of nonpayment of the Senior Lien Obligations or the Junior Lien Obligations. The Senior Lien Representatives, the Senior Lien Collateral Agents and the other Senior Lien Claimholders, on the one hand, and

the Junior Lien Representatives, the Junior Lien Collateral Agents and any other Junior Lien Claimholder, on the other hand, shall have no duty to advise of information known to it or them regarding such condition or any such circumstances or otherwise. In the event any Claimholder, in its sole discretion, undertakes at any time or from time to time to provide any such information to any other Claimholder, it shall be under no obligation:

(a) to make, and such Claimholder shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided;

(b) to provide any additional information or to provide any such information on any subsequent occasion;

(c) to undertake any investigation; or

(d) to disclose any information, which pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

8.5 Subrogation. With respect to the value of any payments or distributions in cash, property or other assets that any of the Junior Lien Representatives, the Junior Lien Collateral Agents or the other Junior Lien Claimholders pays over to any of the Senior Lien Representatives, the Senior Lien Collateral Agents or the other Senior Lien Claimholders under the terms of this Agreement, such Junior Lien Claimholders, Junior Lien Representatives and Junior Lien Collateral Agents shall be subrogated to the rights of such Senior Lien Representatives, Senior Lien Collateral Agents and Senior Lien Claimholders; provided that each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, hereby agrees not to assert or enforce any such rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of Senior Lien Obligations has occurred. The Company acknowledges and agrees that the value of any payments or distributions in cash, property or other assets received by any Junior Lien Representative, Junior Lien Collateral Agent or other Junior Lien Claimholder that are paid over to any Senior Lien Representative, Senior Lien Collateral Agent or other Senior Lien Claimholder pursuant to this Agreement shall not reduce any of the Junior Lien Obligations.

8.6 Application of Payments. All payments received by any Senior Lien Representative, Senior Lien Collateral Agent or other Senior Lien Claimholder may be applied, reversed and reapplied, in whole or in part, to such part of the Senior Lien Obligations provided for in the Senior Lien Documents (subject to the Senior Lien Intercreditor Agreement, if then in effect). Each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, agrees to any extension or postponement of the time of payment of the Senior Lien Obligations or any part thereof and to any other indulgence with respect thereto, to any substitution, exchange or release of any Lien which may at any time secure any part of the Senior Lien Obligations and to the addition or release of any other Person primarily or secondarily liable therefor.

8.7 Additional Senior Lien Claims and Additional Junior Debt.

(a) To the extent, but only to the extent, permitted by the provisions of the Senior Lien Documents and the Junior Lien Documents and Section 5.5, the Company may incur or issue or guarantee any one or more Designated Senior Claims that the Company designates as Additional Senior Lien Claims and one or more series or classes of Indebtedness that Refinances the Initial Junior Lien Debt in full and that the Company designates as Additional Junior Lien Debt.

Any such series or class of Additional Senior Lien Claims may be secured by a first-priority, senior Lien on the Collateral, in each case under and pursuant to the Senior Lien Collateral Documents for such Series of Additional Senior Lien Claims. The Senior Lien Representative and Senior Lien Collateral Agent in respect of any Additional Senior Lien Claims may elect to become a party hereto by satisfying the conditions set forth in clauses (1) through (3) of Section 8.7(b).

Any such Additional Junior Lien Debt may be secured by a junior-priority, subordinated Lien on the Collateral, in each case under and pursuant to the relevant Junior Lien Collateral Documents for such Series of Additional Junior Lien Debt, if and subject to the condition, the Additional Junior Lien Representative and Additional Junior Lien Collateral Agent of any such Additional Junior Lien Debt each becomes a party to this Agreement by satisfying the conditions set forth in clauses (1) through (3) of Section 8.7(b). Upon any Additional Junior Lien Representative and Additional Junior Lien Collateral Agent so becoming a party hereto, all Additional Junior Lien Obligations of such Series shall also be entitled to be so secured by a subordinated Lien on the Collateral in accordance with the terms hereof and thereof.

(b) In order for an Additional Representative and an Additional Collateral Agent to become a party to this Agreement:

(1) such Additional Representative and such Additional Collateral Agent shall have executed and delivered to each other then-existing Representative a Joinder Agreement substantially in the form of Exhibit A hereto (if such Representative is an Additional Junior Lien Representative and such Collateral Agent is an Additional Junior Lien Collateral Agent, with such changes as may be reasonably approved by the Designated Senior Lien Representative and such Representative and such Collateral Agent) or Exhibit B hereto (if such Representative is an Additional Senior Lien Representative and such Collateral Agent is an Additional Senior Lien Collateral Agent, with such changes as may be reasonably approved by the Designated Senior Lien Representative and such Representative and such Collateral Agent) pursuant to which such Additional Representative becomes a Representative hereunder, such Additional Collateral Agent becomes a Collateral Agent hereunder and the related Senior Lien Claimholders or Junior Lien Claimholders, as applicable, become subject hereto and bound hereby;

(2) the Company shall have delivered a Designation to each other then-existing Collateral Agent substantially in the form of Exhibit C hereto, pursuant to which a Responsible Officer of the Company shall (A) identify the

Designated Senior Claim to be designated as Additional Senior Lien Claims, or the Indebtedness to be designated as Additional Junior Lien Debt, as applicable, and the initial aggregate principal amount of such Indebtedness, (B) specify the name and address of the applicable Additional Representative and Additional Collateral Agent and (C) certify that such Additional Senior Lien Claim or Additional Junior Lien Debt is permitted to be incurred, secured and guaranteed by each of the Senior Lien Documents and Junior Lien Documents, respectively, and that the conditions set forth in this Section 8.7 are satisfied with respect to such Additional Senior Lien Claim or Additional Junior Lien Debt, as applicable; and

(3) the Company shall have delivered to each other Collateral Agent true and complete copies of each of the Senior Lien Documents or Junior Lien Documents, as applicable, relating to such Additional Senior Lien Claims or Additional Junior Lien Debt, as applicable.

(c) The Additional Junior Lien Documents or Additional Senior Lien Documents, as applicable, relating to such Additional Obligations shall provide that each of the applicable Claimholders with respect to such Additional Obligations will be subject to and bound by the provisions of this Agreement.

8.8 Agency Capacities.

(a) Except as expressly provided herein, [ ] is acting in the capacity of Initial Senior Lien Representative and Initial Senior Lien Collateral Agent solely for the Initial Senior Lien Claimholders. Except as expressly provided herein, each other Representative and Collateral Agent is acting in the capacity of Representative and Collateral Agent, respectively, solely for the Claimholders under the Senior Lien Documents or Junior Lien Documents for which it is the named Representative or Collateral Agent, as the case may be, in the applicable Joinder Agreement.

8.9 Submission to Jurisdiction; Certain Waivers. Each of the Company and each Representative and each Collateral Agent, on behalf of itself and each other applicable Claimholder represented by it, hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the Collateral Documents (whether arising in contract, tort or otherwise) to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan, the courts of the United States for the Southern District of New York sitting in the Borough of Manhattan, and appellate courts from any thereof;

(b) agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York state court or, to the fullest extent permitted by applicable law, in such federal court;

(c) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law and that nothing in this Agreement or any other Senior Lien Documents shall affect any right that any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Senior Lien Documents or Junior Lien Documents against the Company or any of its assets in the courts of any jurisdiction;

(d) waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Collateral Document in any court referred to in paragraph (a) of this Section 8.9 (and irrevocably waives to the fullest extent permitted by applicable law the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court);

(e) consents to service of process in any such proceeding in any such court by registered or certified mail, return receipt requested, to the applicable party at its address provided in accordance with Section 8.11 (and agrees that nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law);

(f) agrees that service as provided in clause (e) above is sufficient to confer personal jurisdiction over the applicable party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect; and

(g) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover any special, exemplary, punitive or consequential damages.

8.10 WAIVER OF JURY TRIAL.

EACH PARTY HERETO, THE COMPANY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, BREACH OF DUTY, COMMON LAW, STATUTE OR ANY OTHER THEORY). EACH PARTY HERETO AND THE COMPANY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY HERETO AND THE COMPANY FURTHER REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

8.11 Notices. All notices to the Junior Lien Claimholders and the Senior Lien Claimholders permitted or required under this Agreement shall also be sent to the applicable Junior Lien Representative and the applicable Senior Lien Representative, respectively. Unless otherwise specifically provided herein, any notice hereunder shall be in writing and may be personally served, or sent by facsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of facsimile, or three Business Days after depositing it in the United States mail with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties hereto shall be as set forth below each party's name on the signature pages hereto or in the Joinder Agreement pursuant to which it becomes a party hereto, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

8.12 Further Assurances. Each Senior Lien Representative and each Senior Lien Collateral Agent, on behalf of itself and each other Senior Lien Claimholder represented by it, each Junior Lien Representative and each Junior Lien Collateral Agent, on behalf of itself and each other Junior Lien Claimholder represented by it, and the Company agrees that it shall take such further action and shall execute and deliver such additional documents and instruments (in recordable form) as is required or any Senior Lien Representative and Senior Lien Collateral Agent or any Junior Lien Representative and Junior Lien Collateral Agent may request to effectuate the terms of and the Lien priorities contemplated by this Agreement.

8.13 APPLICABLE LAW. **THIS AGREEMENT SHALL BE CONSTRUED, INTERPRETED AND THE RIGHTS OF THE PARTIES DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND NEW YORK CIVIL PRACTICE LAWS AND RULES 327(b).**

8.14 Binding on Successors and Assigns. This Agreement shall be binding upon the Senior Lien Representatives, the Senior Lien Collateral Agents, the other Senior Lien Claimholders, the Junior Lien Representatives, the Junior Lien Collateral Agents, the other Junior Lien Claimholders, the Company and its successors and assigns from time to time. If any of the Senior Lien Representatives, the Senior Lien Collateral Agents, the Junior Lien Representatives or the Junior Lien Collateral Agents resigns or is replaced pursuant to the Senior Lien Documents or the Junior Lien Documents, as applicable, its successor shall be deemed to be a party to this Agreement and shall have all the rights of, and be subject to all the obligations of, this Agreement. No provision of this Agreement will inure to the benefit of a trustee, debtor-in-possession, creditor trust or other representative of an estate or creditor of the Company, including where any such trustee, debtor-in-possession, creditor trust or other representative of an estate is the beneficiary of a Lien securing Collateral by virtue of the avoidance of such Lien in an Insolvency or Liquidation Proceeding.

8.15 Section Headings. The section headings and table of contents used in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose, be given any substantive effect, affect the construction hereof or be taken into consideration in the interpretation hereof.

8.16 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic imaging means), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission (e.g. a document in "pdf" or "tif" format sent by electronic mail) shall be effective as delivery of a manually executed counterpart hereof.

8.17 Authorization. By its signature, each Person executing this Agreement, on behalf of such Person but not in his or her personal capacity as a signatory, represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement.

8.18 Third Party Beneficiaries/ Provisions Solely to Define Relative Rights. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the Senior Lien Claimholders and the Junior Lien Claimholders and their respective successors and assigns from time to time. Each holder of any Designated Senior Claim that is not (either directly or through an agent) a party hereto shall be an express third party beneficiary hereof. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the Senior Lien Representatives, the Senior Lien Collateral Agents and the other Senior Lien Claimholders on the one hand and the Junior Lien Representatives, the Junior Lien Collateral Agents and the other Junior Lien Claimholders on the other hand. Nothing herein shall be construed to limit the relative rights and obligations as among the Senior Lien Claimholders or as among the Junior Lien Claimholders; as among the Senior Lien Claimholders, such rights and obligations are governed by, and any provisions herein regarding them are therefore subject to, the provisions of the Senior Lien Intercreditor Agreement. Other than as set forth in Section 8.3 and in Section 8.7, none of the Company or any other creditor thereof shall have any rights hereunder and neither the Company nor the Company may rely on the terms hereof. Nothing in this Agreement is intended to or shall impair the obligations of the Company, which are absolute and unconditional, to pay the Senior Lien Obligations and the Junior Lien Obligations as and when the same shall become due and payable in accordance with their terms.

8.19 No Indirect Actions. Unless otherwise expressly stated, if a party may not take an action under this Agreement, then it may not take that action indirectly, or support any other Person in taking that action directly or indirectly. "Taking an action indirectly" means taking an action that is not expressly prohibited for the party but is intended by the party to have substantially the same effects as the prohibited action.

8.20 Relationship with Senior Lien Intercreditor Agreement; No Duty of Senior Claimholders to Non-Parties. This agreement is solely intended to allocate rights and benefits between the Senior Lien Claimholders taken together on the one hand and the Junior Lien Claimholders taken together on the other hand. As among the Senior Lien Claimholders, their respective rights and benefits may be allocated as agreed among the Senior Lien Claimholders in the Senior Lien Intercreditor Agreement including without limitation as to Lien priority or

payment priority all without affecting the terms of this agreement. Notwithstanding any other provision of this Agreement, no Senior Lien Representative or Senior Lien Collateral Agent (including, without limitation, the Designated Senior Lien Representative or Designated Senior Lien Collateral Agent) or other Senior Lien Claimholder shall have any duty or obligation hereunder to any other Senior Lien Representative, Senior Lien Collateral Agent or Senior Lien Claimholder (other than Senior Lien Claimholders of its own Series) unless such Senior Lien Representative and Senior Lien Collateral Agent shall have become an express party hereto and to the Senior Lien Intercreditor Agreement.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Junior Lien Subordination and Intercreditor Agreement as of the date first written above.

[INSERT NAME]
as Initial Senior Lien Representative and as Initial Senior Lien Collateral Agent

By: _____
Name:
Title:

[NOTICE ADDRESS]

[ ],
as Initial Junior Lien Representative

By: _____
Name:
Title:

[NOTICE ADDRESS]

CSC TRUST COMPANY OF DELAWARE,
as Initial Junior Lien Collateral Agent

By: _____
Name:
Title:

[NOTICE ADDRESS]

Acknowledged and Agreed to by:

United States Enrichment Corporation

By: _____
Name:
Title:

[NOTICE ADDRESS]

[FORM OF] JUNIOR LIEN JOINDER AGREEMENT NO. [ ] dated as of [ ], 20[ ] to the JUNIOR LIEN SUBORDINATION AND INTERCREDITOR AGREEMENT dated as of [ ], 20[ ] (the "**Junior Lien Subordination and Intercreditor Agreement**"), among [INSERT NAME], as Initial Senior Lien Representative and Initial Senior Lien Collateral Agent, [INSERT NAME], as Initial Junior Lien Representative, [INSERT NAME], as Initial Junior Lien Collateral Agent and the additional Representatives[and Collateral Agents] from time to time a party thereto, and acknowledged and agreed to by [INSERT NAME OF COMPANY], a [ ] (the "**Company**").

Capitalized terms used herein but not otherwise defined herein shall have the meaning assigned to such terms in the Junior Lien Subordination and Intercreditor Agreement.

The undersigned Additional Junior Lien Representative (the "**New Representative**") and Additional Junior Lien Collateral Agent (the "**New Collateral Agent**") are executing this Joinder Agreement in accordance with the requirements of the Junior Lien Subordination and Intercreditor Agreement.

Accordingly, the New Representative and the New Collateral Agent agree to be subject to and bound by, the Junior Lien Subordination and Intercreditor Agreement with the same force and effect as if the New Representative and the New Collateral Agent had originally been named therein as a Junior Lien Representative and a Junior Lien Collateral Agent, respectively, and each of the New Representative and the New Collateral Agent, on behalf of itself and each other Additional Junior Lien Claimholder represented by it, hereby agrees to all the terms and provisions of the Junior Lien Subordination and Intercreditor Agreement applicable to it as a Junior Lien Representative and a Junior Lien Collateral Agent, respectively, and to the Additional Junior Lien Claimholders represented by it as Junior Lien Claimholders. and each reference to "Junior Lien Claimholders" shall include the Additional Junior Lien Claimholders represented by such New Representative and New Collateral Agent. The Junior Lien Subordination and Intercreditor Agreement is hereby incorporated herein by reference.

Each of the New Representative and New Collateral Agent represents and warrants to the other Representatives, Collateral Agents and the other Claimholders that (i) it has full power and authority to enter into this Joinder Agreement, in its capacity as [agent][trustee], (ii) this Joinder Agreement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms and the terms of the Junior Lien Subordination and Intercreditor Agreement and (iii) the Junior Lien Documents relating to such Additional Junior Lien Debt provide that, upon the New Representative's and New Collateral Agent's entry into this Agreement, the Additional Junior Lien Claimholders in respect of such Additional Junior Lien Debt will be subject to and bound by the provisions of the Junior Lien Subordination and Intercreditor Agreement as Junior Lien Claimholders.

This Joinder Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Joinder Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually signed counterpart of this Joinder Agreement.

Except as expressly supplemented hereby, the Junior Lien Subordination and Intercreditor Agreement shall remain in full force and effect.

THIS JOINDER AGREEMENT SHALL BE CONSTRUED, INTERPRETED AND THE RIGHTS OF THE PARTIES DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND NEW YORK CIVIL PRACTICE LAWS AND RULES 327(b).

Any provision of this Joinder Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Junior Lien Subordination and Intercreditor Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to those of the invalid, illegal or unenforceable provisions.

All communications and notices hereunder shall be in writing and given as provided in Section 8.11 of the Junior Lien Subordination and Intercreditor Agreement. All communications and notices hereunder to the New Representative and the New Collateral Agent shall be given to it at the address set forth below its signature hereto.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the New Representative and New Collateral Agent have duly executed this Joinder Agreement to the Junior Lien Subordination and Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],
as [ ] for the holders of
[ ]

By: _____
Name:
Title:

Address for notices:

_____

_____

attention of: _____
Telecopy: _____

[NAME OF NEW COLLATERAL AGENT],
as [ ] for the holders of
[ ]

By: _____
Name:
Title:

Address for notices:

_____

_____

attention of: _____
Telecopy: _____

[FORM OF] SENIOR LIEN JOINDER AGREEMENT NO. [ ] dated as of [ ], 20[ ] to the JUNIOR LIEN SUBORDINATION AND INTERCREDITOR AGREEMENT dated as of [ ], 20[ ] (the "**Junior Lien Subordination and Intercreditor Agreement**"), among [INSERT NAME], as Initial Senior Lien Representative and Initial Senior Lien Collateral Agent, [INSERT NAME], as Initial Junior Lien Representative, [INSERT NAME], as Initial Junior Lien Collateral Agent and the additional Representatives and Collateral Agents from time to time a party thereto, and acknowledged and agreed to by [INSERT NAME OF COMPANY], a [ ] (the "**Company**"), certain subsidiaries of the Company (each a "**Grantor**").

Capitalized terms used herein but not otherwise defined herein shall have the meaning assigned to such terms in the Junior Lien Subordination and Intercreditor Agreement.

The undersigned Additional Senior Lien Representative (the "**New Representative**") and Additional Senior Lien Collateral Agent (the "**New Collateral Agent**") are executing this Joinder Agreement in accordance with the requirements of the Junior Lien Subordination and Intercreditor Agreement.

Accordingly, the New Representative and the New Collateral Agent agree to be subject to and bound by, the Junior Lien Subordination and Intercreditor Agreement with the same force and effect as if the New Representative and the New Collateral Agent had originally been named therein as a Senior Lien Representative and a Senior Lien Collateral Agent, respectively, and each of the New Representative and the New Collateral Agent, on behalf of itself and each other Additional Senior Lien Claimholder represented by it, hereby agrees to all the terms and provisions of the Junior Lien Subordination and Intercreditor Agreement applicable to it as a Senior Lien Representative and a Senior Lien Collateral Agent, respectively, and to the Additional Senior Lien Claimholders represented by it as Senior Lien Claimholders. Each reference to a "**Representative**" or "**Senior Lien Representative**" in the Junior Lien Subordination and Intercreditor Agreement shall be deemed to include the New Representative, each reference to a "**Collateral Agent**" or "**Senior Lien Collateral Agent**" in the Junior Lien Subordination and Intercreditor Agreement shall be deemed to include the New Collateral Agent and each reference to "Senior Lien Claimholders" shall include the Additional Senior Lien Claimholders represented by such New Representative and New Collateral Agent. The Junior Lien Subordination and Intercreditor Agreement is hereby incorporated herein by reference.

Each of the New Representative and New Collateral Agent represents and warrants to the other Representatives, Collateral Agents and the other Claimholders that (i) it has full power and authority to enter into this Joinder Agreement, in its capacity as [agent][trustee], (ii) this Joinder Agreement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms and the terms of the Junior Lien Subordination and Intercreditor Agreement and (iii) the [Senior Lien Documents relating to such Additional Senior Lien Claims provide][Replacement Senior Lien Credit Agreement provides] that, upon the New Representative's and New Collateral Agent's entry into this Agreement, the Additional Senior Lien Claimholders in respect of such Additional Senior Lien Claims will be subject to and bound by the provisions of the Junior Lien Subordination and Intercreditor Agreement as Senior Lien Claimholders.

This Joinder Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Joinder Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually signed counterpart of this Joinder Agreement.

Except as expressly supplemented hereby, the Junior Lien Subordination and Intercreditor Agreement shall remain in full force and effect.

THIS JOINDER AGREEMENT SHALL BE CONSTRUED, INTERPRETED AND THE RIGHTS OF THE PARTIES DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND NEW YORK CIVIL PRACTICE LAWS AND RULES 327(b).

Any provision of this Joinder Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Junior Lien Subordination and Intercreditor Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to those of the invalid, illegal or unenforceable provisions.

All communications and notices hereunder shall be in writing and given as provided in Section 8.11 of the Junior Lien Subordination and Intercreditor Agreement. All communications and notices hereunder to the New Representative and the New Collateral Agent shall be given to it at the address set forth below its signature hereto.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the New Representative and the New Collateral Agent have duly executed this Joinder Agreement to the Junior Lien Subordination and Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],
as [ ] for the holders of
[ ]

By: _____
Name:
Title:

Address for notices:

_____

_____

attention of: _____
Telecopy: _____

[NAME OF NEW COLLATERAL AGENT],
as [ ] for the holders of
[ ]

By: _____
Name:
Title:

Address for notices:

_____

_____

attention of: _____
Telecopy: _____

[FORM OF] DEBT DESIGNATION NO. [ ] (this "**Designation**") dated as of [ ], 20[ ] with respect to the JUNIOR LIEN SUBORDINATION AND INTERCREDITOR AGREEMENT dated as of [ ], 20[ ] (the "**Junior Lien Subordination and Intercreditor Agreement**"), among [INSERT NAME], as Initial Senior Lien Representative and Initial Senior Lien Collateral Agent for the Initial Senior Lien Claimholders, [ ], as Initial Junior Lien Representative[and][, [ ], as] Initial Junior Lien Collateral Agent[for the Initial Junior Lien Claimholders] and the additional Representatives and Collateral Agent from time to time a party thereto, and acknowledged and agreed to by [INSERT NAME OF COMPANY], a [ ] (the "**Company**"), certain subsidiaries of the Company (each a "**Grantor**").

Capitalized terms used herein but not otherwise defined herein shall have the meaning assigned to such terms in the Junior Lien Subordination and Intercreditor Agreement.

This Designation is being executed and delivered in order to designate additional secured Obligations of the Company and the grantors as [Additional Senior Lien Claims][Additional Junior Lien Debt] entitled to the benefit of and subject to the terms of the Junior Lien Subordination and Intercreditor Agreement.

The undersigned, the duly appointed [*specify title of Responsible Officer*] of the Company hereby certifies on behalf of the Company that:

1. [*Insert name of the Company or other Grantor*] intends to incur Indebtedness (the "**Designated Obligations**") in the initial aggregate principal amount of [ ] pursuant to the following agreement: [*describe credit/loan agreement indenture or other agreement giving rise to Additional Senior Lien Claims or Additional Junior Lien Debt, as the case may be*] (the "**Designated Agreement**") which will be [Additional Senior Lien Obligations][Additional Junior Lien Obligations].

2. The incurrence of the Designated Obligations is permitted by each applicable Senior Lien Documents and Junior Lien Documents.

3. *Conform the following as applicable;* Pursuant to and for the purposes of Section 8.7 of the Junior Lien Subordination and Intercreditor Agreement, (i) the Designated Agreement is hereby designated as [an "Additional Senior Lien Documents"][an "Additional Junior Lien Documents"] [and][,] (ii) the Designated Obligations are hereby designated as ["Additional Senior Lien Obligations"]["Additional Junior Lien Obligations"].

4. a. The name and address of the Representative for such Designated Obligations is:

   [Insert name and all capacities; Address]

   Telephone: _____

   Fax: _____

   Email _____

b. The name and address of the Collateral Agent for such Designated Obligations is:

[Insert name and all capacities; Address]

Telephone: _____

Fax: _____

Email _____

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Designation to be duly executed by the undersigned Responsible Officer as of the day and year first above written.

[INSERT NAME OF COMPANY]

By: _____
Name:
Title:

EXHIBIT E

FORM OF PLEDGE AND SECURITY AGREEMENT

PLEDGE AND SECURITY AGREEMENT

by and among

CSC TRUST COMPANY OF DELAWARE,
as Collateral Agent,

and

UNITED STATES ENRICHMENT CORPORATION

DATED AS OF , 2014

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, THE LIENS AND SECURITY INTERESTS HEREUNDER AND THE EXERCISE OF ANY RIGHT OR REMEDY WITH RESPECT HERETO ARE SUBJECT TO THE PROVISIONS OF THE INTERCREDITOR AGREEMENT (AS DEFINED BELOW). IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF, ON THE ONE HAND, THE INTERCREDITOR AGREEMENT AND, ON THE OTHER HAND, THIS PLEDGE AND SECURITY AGREEMENT, THE TERMS OF THE INTERCREDITOR AGREEMENT SHALL GOVERN AND CONTROL.

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT, dated as of the day of , 2014 (together with all Exhibits, Annexes and schedules hereto, as the same may from time to time be amended, modified, supplemented or restated in accordance with the terms hereof, this "Agreement"), is made by United States Enrichment Corporation, a Delaware corporation ("Enrichment" or "Pledgor"), a wholly owned subsidiary of USEC Inc.[1], a Delaware corporation ("Parent" or "Issuer"), in favor of CSC Trust Company of Delaware, a Delaware state chartered trust company duly organized and existing under the laws of the State of Delaware, as trustee and collateral agent for the Holders under the Indenture referred to below (in its capacity as trustee under the Indenture and together with its successors and assigns in such capacity, the "Trustee" and in its capacity as collateral agent under this Agreement and together with its successors and assigns in such capacity, the "Collateral Agent"). Capitalized terms used herein without definition shall have the meaning given to them in the Indenture referred to below.

RECITALS

A. Concurrently herewith, Parent, Enrichment, Collateral Agent and Trustee are executing and delivering that certain Indenture dated as of the date hereof (as amended, modified, restated or supplemented from time to time, the "Indenture") pursuant to which the Parent will issue certain 8.0% PIK Toggle Notes due 2019/2024 (the "Notes") and Enrichment will guarantee payment thereof and the payment and performance of other obligations pursuant to the guarantee set forth in the Indenture and the notation of guarantee attached to the Notes (collectively, the "Guarantee").

B. Enrichment has incurred Designated Senior Claims and may in the future incur additional Designated Senior Claims.

C. [On the date hereof,] the Trustee, the Collateral Agent and the holders of certain existing Designated Senior Claims, or the representatives of such holders, [have entered][will enter] into that certain Intercreditor Agreement, [dated as of the date hereof,][in substantially the form attached to the Indenture as Exhibit thereto] (as amended, modified, restated, supplemented from time to time, the "Intercreditor Agreement") to which future holders of Designated Senior Claims or their representatives may become parties.

D. It is a condition to the willingness of the Trustee [and the Collateral Agent] to enter into the Indenture and the Holders to acquire the Notes that the Pledgor shall have entered into this Agreement pursuant to which the Pledgor shall agree to secure the payment in full of the Guarantee. The Secured Parties are relying on this Agreement in their decision to extend credit to the Issuer under the Notes, and would not acquire the Notes without the execution and delivery of this Agreement by the Pledgor.

E. The Pledgor will obtain substantial benefits as a result of the extension of credit to the Parent under the Indenture and the Notes, and, accordingly, desires to execute and deliver this Agreement.

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[1] "Pursuant to Section 5.1 of the proposed plan of reorganization, USEC Inc. reserves the right to change its name as of the effective date of the plan. If such right is exercised in accordance with the plan, all references to USEC Inc. in this document will be changed to the new name."

NOW, THEREFORE, the Pledgor and the Collateral Agent hereby agree as follows:

DEFINITIONS

1.1 Defined Terms. For purposes of this Agreement, in addition to the terms defined elsewhere herein, the following terms shall have the meaning set forth below:

"Accounts" shall have the meaning ascribed thereto in the Uniform Commercial Code and whether now owned or existing or hereafter acquired or arising.

"ACP Companies" means, collectively, American Centrifuge Holdings, LLC, a Delaware limited liability company, American Centrifuge Demonstration, LLC, a Delaware limited liability company, American Centrifuge Enrichment, LLC, a Delaware limited liability company, American Centrifuge Technology, LLC, a Delaware limited liability company, American Centrifuge Manufacturing, LLC, a Delaware limited liability company, and American Centrifuge Operating, LLC, a Delaware limited liability company, and any other direct or indirect subsidiary of the Parent formed after the date hereof to engage in the American Centrifuge Project to the extent such subsidiary is designated as an "ACP Company" by the Parent in a written notice to the Trustee and does not engage in any business or activity other than activities related to the American Centrifuge Project.

"ACP Grant" means the Cooperative Agreement dated June 12, 2012 (as amended) whereby the DOE agrees to reimburse the Parent for 80% of the ACP Expenditures incurred by the Parent during a specified period, which reimbursement arrangement shall provide for (a) a direct cash payment to the ACP Borrowers from the DOE, (b) a release of liabilities that enables the ACP Borrowers to receive cash proceeds (including the release of cash pledged to secure (x) surety bonds, (y) letters of credit or (z) other like instruments) or (c) another form of asset transfer that enables the Parent to receive cash proceeds (including the release of cash pledged to secure (x) surety bonds, (y) letters of credit or (z) other like instruments).

"ACP Grant Proceeds" means the cash proceeds (including the release of cash pledged to secure (x) surety bonds, (y) letters of credit or (z) other like instruments) actually received by the Parent or Pledgor from the ACP Grant.

"ACP Grant Purchased Property" means any and all equipment purchased or otherwise acquired by the Parent or Pledgor pursuant to the ACP Grant which agreement requires that such equipment either (a) be pledged to the DOE or (b) remain free and clear of liens and security interests.

"Affiliate Securities" means all "securities" of any of the Pledgor's "affiliates" (as the terms "securities" and "affiliates" are used in Rule 3-16 of Regulation S-X under the Securities Act of 1033, as amended, and any successor rule).

"Bankruptcy Code" shall mean 11 U.S.C. Sections 101 et seq., as amended from time to time, and any successor statute, or if the context so requires, any similar Federal or state law for the relief of debtors.

"Chattel Paper" shall have the meaning ascribed thereto in the Uniform Commercial Code and whether now owned or existing or hereafter acquired or arising.

"Collateral" shall have the meaning given to such term in **Section 2.1**.

"Copyrights" shall mean, collectively, all of Pledgor's right, title and interest in and to all United States copyrights (including any registrations and applications therefor and all renewals and extensions thereof), now owned or existing or created or hereafter acquired or arising; provided that "Copyrights" shall not include those items relating to advanced enrichment technologies.

"Copyright Collateral" shall mean, collectively, all Copyrights and Copyright Licenses to which Pledgor is or hereafter becomes a party and all other general intangibles embodying, incorporating, evidencing or otherwise relating or pertaining to any Copyright or Copyright License, in each case whether now owned or existing or hereafter acquired or arising.

"Copyright License" shall mean any agreement now or hereafter in effect granting any right to any third party under any of the Copyrights now or hereafter owned by Pledgor or which Pledgor otherwise has the right to license, or granting any right to Pledgor under any property of the type described in the definition of Copyrights herein now or hereafter owned by any third party, and all rights of Pledgor under any such agreement.

"Deferred Interests" shall mean all (i) Copyright Collateral, (ii) Patent Collateral, (iii) Trademark Collateral and (iv) Proceeds with respect to the foregoing.

"Deferred Interests Triggering Event" shall have the meaning ascribed thereto in **Section 2.3(b)**.

"Deposit Account" shall have the meaning ascribed thereto in the Uniform Commercial Code, including, without limitation, each deposit account of Pledgor, whether now owned or existing or hereafter acquired or arising and together with all funds held from time to time therein and all certificates and instruments from time to time representing, evidencing or deposited into any such account.

"Document" shall have the meaning ascribed thereto in the Uniform Commercial Code.

"DOE" means the United States Department of Energy.

"DOE Collateral" means (i) natural uranium feed material or other material acceptable to the Parent or Pledgor transferred by the DOE to the Parent or Pledgor as payment in kind for services rendered, or to be rendered, to the DOE or for resale by the Parent or Pledgor, which material is maintained by or for the Parent or Pledgor in specifically designated cylinders, (ii) any Equipment in which the DOE has or, pursuant to any existing or future contract or agreement, may acquire any ownership interest, (iii) the Receivables arising from the sale by the Parent or Pledgor of the material referred to in the foregoing clauses (i) [or (ii)] to the extent such Receivables are identified as DOE Collateral in the Parent's or Pledgor's written or electronic records, and (iv) all contracts and agreements for the sale of the material referred to in the foregoing clauses (i) [or (ii),] books and records related to such material and all proceeds of such material.

"Equipment" shall have the meaning ascribed thereto in the Uniform Commercial Code.

"Equity Interest" shall mean all Equity Interests in any subsidiaries of the Pledgor as of the date hereof or which become a subsidiary of the Pledgor after the date hereof and the certificates, if any, representing such shares or other Equity Interests, and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other Equity Interests and any other warrant, right or option to acquire any of the foregoing; provided, however, in no event shall Affiliate Securities constitute Equity Interests to the extent excluded by Section 2.1 hereof.

"Excluded Account" shall mean, collectively, (a) any Deposit Account of Pledgor which is used exclusively for the payment of payroll, payroll taxes, employee benefits or escrow deposits and (b) any other Deposit Account of Pledgor in which the average monthly balance of available funds on deposit does not exceed $100,000, provided that the aggregate average monthly balance of available funds on deposit in all Deposit Accounts under this clause (b) does not at any time exceed $500,000.

"General Intangibles" shall have the meaning ascribed thereto in the Uniform Commercial Code, provided that "General Intangibles" shall not include (a) Copyright Collateral, Patent Collateral or Trademark Collateral, (b) the rights of the Pledgor under contracts, agreements, licenses or permits to the extent that the grant by the Pledgor, or the enforcement by the Collateral Agent, of a security interest in such contract, agreement, license or permit would violate the terms thereof or applicable law or regulation (other than to the extent that any such term, law or regulation would be rendered ineffective pursuant to the Uniform Commercial Code or any other applicable law (including the Bankruptcy Code) or regulation or principles of equity), (c) the rights of the Pledgor under any

contract or agreement pursuant to which the Pledgor is acting as agent for the United States Government or(d) the rights of the Pledgor under the Russian Contract; provided, further, that the foregoing proviso shall not have the effect of excluding from the Collateral any Accounts or rights to receive any money or other amounts due or to become due to Pledgor under any such contract, agreement, license or permit or any proceeds resulting from the sale or other disposition by Pledgor of any rights of Pledgor under any such contract, agreement, license or permit.

"Instruments" shall have the meaning ascribed thereto in the Uniform Commercial Code, whether now owned or existing or hereafter acquired, including those evidencing, representing, securing, arising from or otherwise relating to any Accounts or other Collateral.

"Intercreditor Agreement" shall have the meaning set forth in the recitals hereto.

"Inventory" shall have the meaning ascribed thereto in the Uniform Commercial Code, including, without limitation, all goods manufactured, acquired or held for sale or lease, all raw materials, component materials, work-in-progress and finished goods, all supplies, goods and other items and materials used or consumed in the manufacture, production, packaging (including the cylinders owned by the Pledgor in which inventory is placed), delivery, shipping, selling, leasing or furnishing of such inventory or otherwise in the operation of the business of Pledgor, all goods in which Pledgor now or at any time hereafter has any interest or right of any kind, and all goods that have been returned to or repossessed by or on behalf of Pledgor, in each case whether or not the same is in transit or in the constructive, actual or exclusive occupancy or possession of Pledgor or is held by Pledgor or by others for the account of Pledgor, and in each case whether now owned or existing or hereafter acquired or arising, but excluding highly-enriched uranium (HEU) also referred to as weapons grade uranium and inventory and equipment not owned by Pledgor and held in storage for third parties. This definition also shall not, under any circumstances, include any equipment or material or components thereof owned by third parties (including, but not limited to Customers of Pledgor) including, without limitation, feed material, enriched uranium and separative work units, reflected in the Inventory Accounts maintained by Pledgor to record the amount of feed material, enriched uranium and separative work units, credited to such third parties.

"Inventory Account" shall mean a written or electronic record maintained by Pledgor in its own name or in the name of a third party, which records any or all of natural uranium, enriched uranium, separative work units and other nuclear material or components held by or for Pledgor that is owned by the named account holder.

"Investment Property" shall have the meaning ascribed thereto in the Uniform Commercial Code.

"License" shall mean any Copyright License, Patent License or Trademark License.

"Money" when used with initial capitalization shall have the meaning ascribed thereto in the Uniform Commercial Code.

"Paducah Facility" means the gaseous diffusion enrichment facility operated by the Pledgor in Paducah, Kentucky.

"Paducah Transition" means an orderly shutdown of operations at the Paducah Facility (including any steps taken towards implementation of such a shutdown) in accordance with the Pledgor's agreements with the DOE and applicable law.

"Patents" shall mean, collectively, all of Pledgor's right, title and interest in and to all United States patents and pending patent applications, patent disclosures and any and all reissues, continuations, divisions, renewals, extensions, continuations-in-part thereof, in each case whether now owned or existing or hereafter acquired or arising; provided that "Patents" shall not include those items relating to advanced enrichment technologies.

"Patent Collateral" shall mean, collectively, all Patents and all Patent Licenses to which Pledgor is or hereafter becomes a party and all other general intangibles embodying, incorporating, evidencing or otherwise relating or pertaining to any Patent or Patent License, in each case whether now owned or existing or hereafter acquired or arising.

"Patent License" shall mean any agreement, whether written or oral, now or hereafter in effect granting to any third party any right to make, use or sell any invention on which one or more of the Patents, now or hereafter owned by Pledgor or which Pledgor otherwise has the right to license, is in existence, or granting to Pledgor any right to make, use or sell any invention on which property of the type described in the definition of Patents herein, now or hereafter owned by any third party, is in existence, and all rights of Pledgor under any such agreement.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from Standard & Poor's or P-1 from Moody's Investors Service, Inc.;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) investments in money market mutual funds having portfolio assets in excess of $2,000,000,000 that comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940 and are rated AAA by Standard & Poor's or Aaa by Moody's Investors Service, Inc.; and

(e) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above.

"Permitted Liens" shall have the meaning given to such term in **Section 3.1**.

"Proceeds" shall have the meaning given to such term in **Section 2.1**.

"Russian Contract" means that certain Enriched Product Transitional Supply Contract dated March 23, 2011 between Enrichment and Joint Stock Company Techsnabexport, as the same may from time to time be amended, modified, supplemented or restated in accordance with its terms.

"Secured Obligations" shall have the meaning given to such term in **Section 2.2**.

"Secured Parties" shall mean, collectively, the Trustee, the Collateral Agent, the Holders from time to time.

"Securities Account" shall have the meaning ascribed to such term in the Uniform Commercial Code.

"Trademarks" shall mean, collectively, all of Pledgor's United States trademarks, service marks, trade names, corporate and company names, business names, fictitious business names, service marks, logos, trade dress, trade styles, other source or business identifiers, designs and general intangibles of a similar nature, including any registrations and applications thereof (but excluding any application to register any trademark, service mark or other mark prior to the filing under applicable law of a verified statement of use (or the equivalent) for such trademark, service mark or other mark if the creation of a Lien thereon or security interest therein would void or invalidate such trademark, service mark or other mark), all renewals and extensions thereof, all rights corresponding thereto, and all goodwill associated therewith or symbolized thereby, in each case whether now owned or existing or hereafter acquired or arising; provided that "Trademarks" shall not include those items relating to advanced enrichment technologies.

"Trademark Collateral" shall mean, collectively, all Trademarks and Trademark Licenses to which Pledgor is or hereafter becomes a party and all other general intangibles embodying, incorporating, evidencing or otherwise relating or pertaining to any of the Trademarks or Trademark Licenses, in each case whether now owned or existing or hereafter acquired or arising.

"Trademark License" shall mean any agreement, whether written or oral, now or hereafter in effect granting any right to any third party under any of the Trademarks now or hereafter owned by Pledgor or which Pledgor otherwise has the right to license, or granting any right to Pledgor under any property of the type described in the definition of Trademarks herein now or hereafter owned by any third party, and all rights of Pledgor under any such agreement.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as the same may be in effect from time to time in the State of New York; provided that if, by reason of applicable law, the validity or perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral granted under this Agreement is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, then as to the validity or perfection or the effect of perfection or non-perfection or the priority, as the case may be, of such security interest, "Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction.

1.2 Classified Information. In no event shall any of the Copyright Collateral, Patent Collateral or Trademark Collateral include any Copyright, Patent or Trademark, any application for a Copyright, Patent or Trademark, or any license or right under any Copyright, Patent or Trademark that is "classified" for reasons of national security or foreign policy under applicable laws or with respect to which Pledgor is not entitled to pledge, sublicense or assign pursuant to its terms or applicable law or regulation.

1.3 Other Terms. All terms in this Agreement that are not capitalized shall have the meanings provided by the Uniform Commercial Code to the extent the same are used or defined therein, unless the context suggests that a different meaning is intended. Except as aforesaid, capitalized terms used herein without definition shall have the meanings given to them in the Indenture.

ARTICLE II

CREATION OF SECURITY INTEREST

2.1 Pledge and Grant of Security Interest. Pledgor hereby pledges and assigns to the Collateral Agent, for the ratable benefit of the Secured Parties, and grants to the Collateral Agent, its successors and assigns, for the ratable benefit of the Secured Parties, a Lien upon and security interest in, all of Pledgor's right, title and interest in and to the following, in each case whether now owned or existing or hereafter acquired or arising or in which Pledgor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Deposit Accounts;

(iv) all Documents;

(v) all Instruments;

(vi) all Inventory;

(vii) all Equipment;

(viii) all Investment Property (other than Equity Interests) representing Permitted Investments or Securities Accounts;

(ix) all cash which is not in a Deposit Account and all Money;

(x) all Equity Interests whether Investment Property or General Intangibles; provided, however, that no Equity Interests of any Foreign Subsidiary shall be included hereunder to the extent that the aggregate amount of Equity Interests of such Foreign Subsidiary pledged hereunder would exceed 65% of such Foreign Subsidiary's Equity Interests;

(xi) all books and records, wherever located, relating to any of the Collateral;

(xii) all General Intangibles (other than Equity Interests and other than Deferred Interests); and

(xiii) any and all proceeds, as such term is defined in the Uniform Commercial Code, products, rents and profits of or from any and all of the foregoing and, to the extent not otherwise included in the foregoing, (x) all payments under any insurance (whether or not the Trustee or the Collateral Agent is the loss payee thereunder), indemnity, warranty or guaranty with respect to any of the foregoing Collateral, (y) all payments in connection with any requisition, condemnation, seizure or forfeiture with respect to any of the foregoing Collateral and (z) all other amounts from time to time paid or payable under or with respect to any of the foregoing Collateral (collectively, "Proceeds"). Pledgor shall file financing statements under the Uniform Commercial Code describing the Collateral and appropriate statements with the appropriate jurisdictions describing any other statutory liens held by the Trustee or the Collateral Agent and shall provide copies and evidence of the filing thereof to the Trustee and Collateral Agent within a reasonable time period after such filing.

In no event shall the Collateral include, and no Pledgor shall be deemed to have granted a security interest in (i) the DOE Collateral, (ii) any ACP Grant Purchased Property and (iii) any of Pledgor's rights or interests in any license, contract or agreement to which Pledgor is a party or any of its or interests thereunder to the extent, but only to the extent, that such a grant would, under the terms of such license, contract or agreement or otherwise, result in a breach of the terms of, or constitute a default under any license, contract or agreement to which Pledgor is a party (other than to the extent that any such term would be rendered ineffective pursuant to the Uniform Commercial Code or any other applicable law (including the Bankruptcy Code) or principles of equity); provided that immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include, and Pledgor shall be deemed to have granted a security interest in, all such rights and interests as if such provision had never been in effect; and provided further that any Account or money or other amounts due or to become due to Pledgor under any such license, contract or agreement or any proceeds resulting from the sale or other disposition by Pledgor of any rights of Pledgor under any such license, contract or agreement shall at no time be excluded from the Collateral or the security interest granted by Pledgor hereunder in favor of the Collateral Agent.

2.2 Security for Secured Obligations. This Agreement and the Collateral of Pledgor secure the full and prompt payment, at any time and from time to time as and when due (whether at the stated maturity, by acceleration or otherwise), of all the following liabilities and obligations of the Pledgor: (a) all liabilities and obligations, including obligations owing to the Collateral Agent under the Security Documents (as defined in the Indenture), of the Pledgor as a Guarantor pursuant to and under the Guarantee, whether such liabilities and obligations are now existing or hereafter incurred, created or arising and whether direct or indirect, absolute or contingent, due or to become due, including, without limitation, interest accruing after the filing of a petition or commencement of a case by or with respect to Issuer or Pledgor seeking relief under any applicable federal and state laws pertaining to bankruptcy, reorganization, arrangement, moratorium, readjustment of debts, dissolution, liquidation or other debtor relief, specifically including, without limitation, the Bankruptcy Code and any fraudulent transfer and fraudulent conveyance laws, whether or not the claim for such interest is allowed in such proceeding), (b) all such liabilities and obligations that, but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, would become due and (c) all fees, costs and expenses payable by Pledgor under **Section 8.1** (the liabilities and obligations of the Pledgor described in this **Section 2.2**, collectively, the "Secured Obligations"). In

addition, in the event that Rule 3-16 of Regulation S-X under the Securities Act requires or would require the filing with the Securities and Exchange Commission of separate financial statements of any "affiliate" of the Pledgor due to the fact that such affiliate's "securities" secure any Secured Obligations, then such "securities" shall automatically be deemed not to constitute security for any Secured Obligations and shall not constitute Equity Interests or Collateral hereunder. As used herein, "securities" and "affiliate" shall have the meaning set forth in Regulation S-X or such other law, rule or regulation, as applicable.

2.3 Deferred Interests.

(a) Subject to **Section 2.3(b)**, Pledgor hereby pledges and assigns to the Collateral Agent, for the ratable benefit of the Secured Parties, and grants to the Collateral Agent, its successors and assigns, for the ratable benefit of the Secured Parties, a Lien upon and security interest in, all of Pledgor's right, title and interest in and to the following, in each case whether now owned or existing or hereafter acquired or arising or in which Pledgor now has or at any time in the future may acquire any right, title or interest (it being understood that, subject to **Section 2.3(b)**, **Section 2.3(c)** and **Section 1.2**, the following assets and properties shall also constitute "Collateral" as used in this Agreement):

(i) all Copyright Collateral;

(ii) all Patent Collateral;

(iii) all Trademark Collateral; and

(iv) any and all proceeds, as such term is defined in the Uniform Commercial Code, products, rents and profits of or from any and all of the foregoing and, to the extent not otherwise included in the foregoing, (w) all payments under any insurance (whether or not the Trustee or the Collateral Agent is the loss payee thereunder), indemnity, warranty or guaranty with respect to any of the foregoing Collateral, (x) all payments in connection with any requisition, condemnation, seizure or forfeiture with respect to any of the foregoing Collateral, (y) all claims and rights to recover for any past, present or future infringement or dilution of or injury to any Copyright Collateral, Patent Collateral or Trademark Collateral, and (z) all other amounts from time to time paid or payable under or with respect to any of the foregoing Collateral (it being understood that, subject to **Section 2.3(b)** and **Section 2.3(c)**, the foregoing assets and properties referred to in this clause (iv) shall also constitute "Proceeds" as used in this Agreement).

(b) Notwithstanding the provisions of **Section 2.3(a)** or any of the provisions contained herein or in the Indenture or Notes, no Lien upon and security interest in the Deferred Interests shall be deemed to have occurred nor shall any such Lien and security interest be deemed to have attached to or on the Deferred Interests until any of the following events shall have occurred (each a "Deferred Interests Triggering Event"): (i) Deferred Interests shall be pledged to the holders of such Designated Senior Claim or a representative on their behalf to secure a Designated Senior Claim, or (ii) an Event of Default shall have occurred and be continuing. Immediately upon the occurrence of any Deferred Interests Triggering Event, a Lien on the Deferred Interests consisting of Copyright Collateral, Patent Collateral, Trademark Collateral and all Proceeds related thereto shall automatically be deemed to have attached in favor of the Collateral Agent pursuant to this **Section 2.3** without any further action by the Collateral Agent or Pledgor and, on and after the occurrence of such Deferred Interests Triggering Event, the Pledgor shall file financing statements under the Uniform Commercial Code describing the Collateral represented by such Deferred Interests and Pledgor shall take all necessary actions, including, but not limited to, those required by **Sections 4.9, 4.10** and **4.12** herein to complete any required annexes to this Agreement, as promptly as possible (and in no event more than ten (10) days from the occurrence of any such Deferred Interests Triggering Event) at Pledgor's expense in order to give the Collateral Agent a first priority security interest (subject to Permitted Liens) in the Collateral represented by such Deferred Interests. As of the date on which a Lien on any Deferred Interests attaches pursuant to this **Section 2.3**, the Pledgor shall be deemed to have reaffirmed the representations and warranties set forth in Article III with respect to such Deferred Interests. Notwithstanding anything to the contrary set forth herein, with respect to any Patent Collateral, no Lien or security interest in favor of the Collateral Agent shall attach or be deemed to attach, and Collateral Agent agrees not to take any action to register, record or file any financing statement or other evidence of a Lien or security interest, without the prior

written consent of the Pledgor (except that no such consent shall be required if a bankruptcy or insolvency proceeding shall have been commenced by or against Pledgor) if: (i) the attachment, registration, recordation or filing of such Lien could reasonably be expected to (x) result in a breach or violation of any of the terms or provisions of any license, permit or contractual agreement between Pledgor and the DOE or any other applicable governmental authority or (y) limit, invalidate or impair Pledgor's right to maintain ownership of or license or right to use, such Patent Collateral; or (ii) such Patent Collateral includes classified information and the attachment, registration, recordation or filing of such Lien on such Patent Collateral would constitute a breach or violation of Pledgor's duty to maintain the confidentiality of such classified information.

(c) Without limiting **Section 1.2**, in no event shall the Collateral include, and Pledgor shall not be deemed to have granted a security interest in any of Pledgor's rights or interests in, any license, contract or agreement to which Pledgor is a party or any of its or interests thereunder to the extent, but only to the extent, that such a grant would, under the terms of such license, contract or agreement or otherwise, result in a breach of the terms of, or constitute a default under any such license, contract or agreement (other than to the extent that any such term would be rendered ineffective pursuant to the Uniform Commercial Code or any other applicable law (including the Bankruptcy Code) or principles of equity); provided that immediately upon the ineffectiveness, lapse or termination of any such term, the Collateral shall include, and Pledgor shall be deemed to have granted a security interest in, all such rights and interests as if such term had never been in effect; provided further that any Account or money or other amounts due or to become due to Pledgor under any such license, contract or agreement or any proceeds resulting from the sale or other disposition by Pledgor of any rights of Pledgor under any such license, contract or agreement shall at no time be excluded from the Collateral or the security interest granted by Pledgor hereunder in favor of the Collateral Agent.

(d) Except as specifically provided herein or as permitted by the Indenture, Pledgor will not sell or otherwise dispose of, grant any option with respect to, or grant any Lien with respect to or otherwise encumber any of the Deferred Interests or any interest therein; provided that a Lien on Deferred Interests may be granted to secure Designated Senior Claims so long the Collateral Agent also has a Lien on any and all Deferred Interests securing any Designated Senior Claim.

2.4 Inventory Account. Pledgor shall establish, in its own name, an Inventory Account to which all Pledgor-owned uranium and SWU Component in the Inventory shall be credited. The balance of material credited to this Inventory Account shall be reconciled monthly.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Pledgor represents and warrants all of the following set forth in this Article III as follows as of the date hereof:

3.1 Ownership of Collateral. Pledgor owns, or has valid rights as a lessee or licensee, and the power to transfer or pledge with respect to, all Collateral (including without limitation, all Deferred Interests which would become Collateral if a Deferred Interests Triggering Event were to occur) purported to be pledged by it hereunder, free and clear of any Liens, except for the Liens granted to the Collateral Agent for the benefit of the Secured Parties pursuant to this Agreement and except for Permitted Liens. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral (including without limitation, all Deferred Interests which would become Collateral if a Deferred Interests Triggering Event were to occur) is on file or of record in any government or public office, and no Pledgor has filed or consented to the filing of any such statement or notice, except (i) Uniform Commercial Code financing statements naming the Collateral Agent as secured party and Uniform Commercial Code financing statements which have been terminated, (ii) security instruments filed in the U.S. Copyright Office or the U.S. Patent and Trademark Office naming the Collateral Agent as secured party and (iii) in respect of Permitted Liens.

3.2 Security Interests; Filings. This Agreement, together with (i) the filing of duly completed and authorized Uniform Commercial Code financing statements (A) naming Pledgor as debtor, (B) naming the Collateral Agent as secured party, and (C) describing the Collateral, in the jurisdictions set forth with respect to

Pledgor on Annex B hereto, (ii) when the Lien on the Deferred Interests attaches pursuant hereto, the filing of duly completed and executed assignments in the forms set forth as Exhibits B, C and D with the U.S. Copyright Office or the U.S. Patent and Trademark Office, and, as appropriate, with regard to federally registered Copyright Collateral, Patent Collateral and Trademark Collateral of Pledgor, as the case may be, (iii) to the extent required hereunder, the physical delivery to the Collateral Agent of all certificated securities and Instruments included in the Collateral together with undated stock powers or instruments of transfer duly executed in blank and (iv) the entering into of "control agreements" with respect to each Deposit Account and Securities Account to the extent required hereunder, creates, and at all times shall constitute, a valid and perfected security interest in and Lien upon the Collateral that can be perfected by the filing of financing statements under the UCC, or that have been so delivered, or as to which such "control" has been obtained, in each case, in favor of the Collateral Agent, for the benefit of the Secured Parties, to the extent that Articles 8 and 9 of the Uniform Commercial Code are applicable thereto, superior and prior to the rights of all other persons therein (except for Permitted Liens), and no other or additional filings, registrations, recordings or actions are or shall be necessary or appropriate in order to perfect or maintain the perfection and priority of such Lien and security interest, other than actions required with respect to Collateral of the types excluded from Articles 8 or 9 of the Uniform Commercial Code or from the filing requirements under Article 9 of the Uniform Commercial Code by reason of Sections 9-309, 9-310, 9-311 and 9-312 of the Uniform Commercial Code and other than continuation statements required under the Uniform Commercial Code. None of the Equipment is covered by any certificate of title, except for Equipment consisting of motor vehicles. Notwithstanding the foregoing or any other provision of this Agreement, no action need be taken to create, perfect or otherwise protect the security interest under any foreign (i.e. non-U.S.) law.

3.3 Locations. Annex C lists, as to Pledgor, (i) the addresses of its chief executive office, each other place of business, its state of registration and registration I.D. number, (ii) the address of each location where all original invoices, ledgers, chattel paper, Instruments and other records or information evidencing or relating to the Collateral of Pledgor are maintained, and (iii) the address of each location at which any Inventory or Equipment owned by Pledgor is kept or maintained, in each instance except for any new locations established in accordance with the provisions of **Section 4.2** and except for Inventory and Equipment which, in the ordinary course of business, is in transit (A) from a supplier to Pledgor or to a location listed on Annex C, (B) between locations listed on Annex C, or (C) to processors or a location listed on Annex C. Except as may be otherwise noted therein, all locations identified in Annex C are leased by the Pledgor or Pledgor has an agreement with the operator thereof to hold Inventory or Equipment on behalf of Pledgor, including pending delivery to a customer. Pledgor does not presently conduct business under any prior or other corporate or company name or under any trade or fictitious names, except as indicated beneath its name on Annex C, and Pledgor has not entered into any contract or granted any Lien within the past five (5) years under any name other than its legal name or a trade or fictitious name indicated on Annex C. Each trade or fictitious name is a trade name and style (and not the name of an independent corporation or other legal entity) by which Pledgor may identify and sell certain of its goods or services and conduct a portion of its business; all related Accounts are owned solely by the Pledgor and are subject to the Liens and other terms of this Agreement; and in no event shall Pledgor assert that products invoiced under the name of any trade or fictitious name that are subject to a dispute with Customers are not subject to the terms of this Agreement as though such trade or fictitious name did not exist.

3.4 Authorization; Consent. No authorization, consent or approval of, or declaration or filing with, any Governmental Authority (including, without limitation, any notice filing with state tax or revenue authorities required to be made by account creditors in order to enforce any Accounts in such state) is required for the valid execution, delivery and performance by Pledgor of this Agreement, the grant by it of the Lien and security interest in favor of the Collateral Agent provided for herein, or the exercise by the Collateral Agent, in accordance with the Intercreditor Agreement and Security Documents, of its rights and remedies hereunder, except for (i) the filings and actions described in **Section 3.2**, (ii) in the case of Accounts owing from any federal governmental agency or authority, compliance with the federal Assignment of Claims Act of 1940, as amended, (iii) in the case of Equity Interests, such filings and approvals as may be required in connection with a disposition of any such Collateral by laws affecting the offering and sale of securities generally, (iv) consents and approvals, if any, required from the Department of Energy in its capacity as owner of the plants at which Collateral is located in connection with the exercise of remedies hereunder under circumstances where the Pledgor does not remain in control of such plants or in control of the portion of such plants where Collateral is located, and (v) the other consents and approvals described in **Section 8.15**. The provisions of this Section 3.4 shall not apply to any Collateral located outside of the United States. Nothing in this Agreement shall be construed to require or authorize the Collateral Agent to comply with the federal Assignment of Claims Act.

3.5 No Restrictions. There are no statutory or regulatory restrictions, prohibitions or limitations on Pledgor's ability to grant to the Collateral Agent a Lien upon and security interest in the Collateral (including without limitation, all Deferred Interests which would become Collateral if a Deferred Interests Triggering Event were to occur) pursuant to this Agreement or (except for the provisions of the federal Assignment of Claims Act of 1940, as amended, or applicable regulatory limitations on access to U.S. Government-owned facilities) the exercise by the Collateral Agent, in accordance with the Intercreditor Agreement and Security Documents, of its rights and remedies hereunder (including any foreclosure upon or collection of the Collateral) except for the restrictions described in **Section 8.15 or Section 1.2**, and there are no contractual restrictions, prohibitions or limitations on Pledgor's ability so to grant such Lien and security interest or on the exercise by the Collateral Agent, in accordance with the Intercreditor Agreement and Security Documents, of its rights and remedies hereunder (including any foreclosure upon or collection of the Collateral).

3.6 Equity Interests. The Pledgor has no subsidiaries.

3.7 Intellectual Property. Concurrently with the execution and delivery of this Agreement by the Pledgor, the Pledgor has delivered to the Collateral Agent a schedule of material Copyrights, Patents and Trademarks, which schedule correctly sets forth all material registered Copyrights, Patents and Trademarks owned by the Pledgor (other than Copyrights, Patents and Trademarks, the subject matter of which is "classified" for reasons of national security or foreign policy) as of the date hereof. As of date on which the Lien on the Deferred Interests attaches pursuant hereto, Annexes D, E and F correctly set forth all registered Copyrights, Patents and Trademarks owned by Pledgor as of the date thereof and used or proposed to be used in its business. Except to the extent set forth on Schedule hereto, as of the date hereof and as of the date on which the Lien on such Deferred Interests attaches, Pledgor owns or possesses the valid right to use all Copyrights, Patents and Trademarks material to its business and, to the best of Pledgor's knowledge, the use thereof by the Pledgor does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. As of the date hereof and as of the date on which the Lien on the Deferred Interests attaches, all Copyrights, Patents and Trademarks (a) have been duly registered in, filed in or issued by the U.S. Copyright Office, United States Patent and Trademark Office or other corresponding offices of other applicable jurisdictions, where such registration or filing is commercially reasonable, the subject matter of the Copyright, Patent or Trademark is not "classified" for reasons of national security or foreign policy, and registration and filing is permitted by applicable law or regulation, and (b) have been properly maintained and renewed in accordance with all applicable provisions of law and administrative regulations in the United States or in each such other jurisdiction, as applicable, except, in each case, for such Patents, Trademarks or Copyrights which, as reasonably determined by the Pledgor consistent with prudent and commercially reasonable business practices (x) are not material to the business of the Pledgor or (y) the Pledgor has abandoned prior to the date on which the Lien on such Deferred Interests attaches.

3.8 Documents of Title. No material bill of lading, warehouse receipt or other document or instrument of title is outstanding with respect to any Collateral other than Inventory or Equipment in transit in the ordinary course of business to a location set forth on Annex C or to or from a supplier or a customer of Pledgor, or to or from a fabricator or other nuclear fuel processor or a storage facility.

3.9 Deposit Accounts and Securities Accounts. Annex H correctly sets forth all Deposit Accounts and Securities Accounts of Pledgor. Other than any Excluded Accounts, each Deposit Account is subject to a deposit account control agreement and each Securities Account is subject to a securities account control agreement (subject to Section 3.2 and 8.16 hereof).

ARTICLE IV

COVENANTS[2]

4.1 Use and Disposition of Collateral. So long as no Event of Default shall have occurred and be continuing, Pledgor may, in any lawful manner not inconsistent with the provisions of this Agreement and the Indenture, use, control and manage the Collateral in the operation of its businesses, and receive and use the income, revenue and profits arising therefrom and the Proceeds thereof, in the same manner and with the same effect as if this Agreement had not been made; provided, however, that Pledgor will not sell or otherwise dispose of, grant any option with respect to, or grant any Lien with respect to or otherwise encumber any of the Collateral or any interest therein, except for the security interest created in favor of the Collateral Agent hereunder and except as may be otherwise expressly permitted in accordance with the terms of either this Agreement or the Indenture (including any applicable provisions therein regarding delivery of proceeds of sale or disposition to the Collateral Agent). Nothing herein shall preclude Pledgor from swapping Inventory or Equipment for comparable material or Equipment of equal or greater value in the ordinary course of business.

4.2 Change of Name, Locations, etc. Pledgor will not (i) change its name, or, if applicable, the state in which it is registered, (ii) change its chief executive office from the location thereof listed on Annex C, (iii) except as permitted by **Section 4.5**, remove any Collateral (other than goods in transit), or any books, records or other information relating to Collateral, from the applicable location thereof listed on Annex C or as described in Section 3.3, or keep or maintain any Collateral (other than goods in transit) at a location not listed on Annex C or described in Section 3.3, unless in each case Pledgor has (A) given fifteen (15) days' prior written notice to the Collateral Agent of its intention to do so, together with information regarding any such new location and such other information in connection with such proposed action as the Collateral Agent may (but has no duty to) reasonably request, and (B) delivered to the Collateral Agent via email fifteen (15) days prior to any such change or removal of such documents, instruments and financing statements as may be required under applicable law, and the Collateral Agent has had a reasonable chance to review such documents, instruments and financing statements, paid all necessary filing and recording fees and taxes, in order to perfect and maintain the Lien upon and security interest in the Collateral provided for herein in accordance with the provisions of **Section 3.2**, delivered an Officers' Certificate (as defined in the Indenture) certifying the facts of such changes, and taken all other actions reasonably requested by the Collateral Agent (provided that delivery of an opinion of counsel may only be requested where required by the Indenture).

4.3 Records; Inspection.

(a) Pledgor will keep and maintain at its own cost and expense satisfactory and complete records of the Accounts and all other Collateral, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto, and will furnish to the Collateral Agent such statements, schedules and reports (including, without limitation, accounts receivable aging schedules) with regard to the Collateral or from time to time, as the Collateral Agent may reasonably request.

(b) Pledgor shall, from time to time at such times as may be reasonably requested and upon reasonable notice, make available to the Collateral Agent for inspection and review at Pledgor's offices copies of all invoices and other documents and information relating to the Collateral (including, without limitation, itemized schedules of all collections of Accounts, showing the name of each account debtor, the amount of each payment and any such other information, if any, as the Collateral Agent shall reasonably request); provided, that Collateral Agent agrees to maintain the confidentiality of such information on terms reasonably acceptable to the Pledgor and provided further that Pledgor shall not be obligated to provide any information that is "classified" for reasons of national security or foreign policy or otherwise restricted from disclosure under applicable laws or agreements.

2 Please add covenant comparable to Section 4.1(a) of terminated revolver SA regarding entering into control agreements.

4.4 Instruments. Pledgor agrees that if any Collateral shall at any time be evidenced by a promissory note, tangible Chattel Paper or other Instrument (other than checks or other Instruments for deposit in the ordinary course of business), subject to the Intercreditor Agreement, the same shall promptly be duly endorsed to the order of the Collateral Agent and physically delivered to the Collateral Agent to be held as Collateral hereunder.

4.5 Inventory and Equipment. Pledgor will, in accordance with sound business practices, maintain all Equipment and Eligible Inventory held by it or on its behalf in good repair and working and saleable or useable condition, except for ordinary wear and tear in respect of the Equipment; provided, that the foregoing shall not restrict or prohibit the Paducah Transition or the transactions contemplated by the ACP Grant. Unless an Event of Default has occurred and is continuing and the Pledgor has knowledge thereof, Pledgor may, in any lawful manner not inconsistent with the provisions of this Agreement and the Indenture, process, use, ship, deliver and, in the ordinary course of business or as otherwise permitted under the Indenture, sell, transfer, lease or otherwise dispose of its Inventory or Equipment. Pledgor further agrees that its Inventory will be produced in compliance with the applicable requirements of the Fair Labor Standards Act, as amended, if such Inventory is produced by Pledgor at a facility operated by Pledgor in the United States. No Pledgor will, without the Collateral Agent's prior written consent, alter or remove any identifying symbol or number on any of Pledgor's Equipment constituting Collateral except pursuant to a sale of such Collateral to a third party permitted by this Agreement or the Indenture.

4.6 Taxes. Pledgor will, to the extent required under Section 4.05 of the Indenture, pay and discharge (i) all taxes, assessments and governmental charges or levies imposed upon it, upon its income or profits or upon any of its properties, prior to the date on which penalties would attach thereto, and (ii) all lawful claims for taxes, assessment, governmental charges or levies that, if unpaid, might become a Lien upon any of the Collateral.

4.7 Insurance.

(a) Pledgor will maintain and pay for, or cause to be maintained and paid for, with responsible insurance companies, insurance with respect to its assets, properties and business, against such hazards and liabilities, of such types and in such amounts, as is required pursuant to Section 4.12 of the Indenture.

(b) Pledgor hereby irrevocably makes, constitutes and appoints the Collateral Agent at all times during the continuance of an Event of Default, its true and lawful attorney (and agent-in-fact) for the purpose of making, settling and adjusting claims under such policies of insurance, endorsing its name on any check, draft, instrument or other item or payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance.

(c) If Pledgor fails to obtain and maintain any of the policies of insurance required to be maintained hereunder or to pay any premium in whole or in part, the Collateral Agent may, without waiving or releasing any obligation or Default, at Pledgor's expense, but without any obligation to do so, procure such policies or pay such premiums. All sums so disbursed by the Collateral Agent, including reasonable attorneys' fees, court and out of pocket costs, expenses and other charges related thereto, shall be payable by the Pledgor to the Collateral Agent on demand and shall be additional Secured Obligations hereunder, secured by the Collateral.

(d) Pledgor will deliver to the Collateral Agent, promptly as rendered, true copies of all material claims and reports made in any reporting forms to insurance companies. Pledgor will deliver to the Collateral Agent one or more certificates of insurance evidencing renewal of the insurance coverage required hereunder (or issuance of a replacement policy from another insurance company meeting the requirements of this **Section 4.7**) plus such other evidence of payment of premiums therefor as the Collateral Agent may request. Upon the reasonable request of the Collateral Agent, from time to time, Pledgor will deliver to the Collateral Agent evidence that the insurance required to be maintained pursuant to this Section is in effect.

4.8 Intellectual Property.

(a) If at any time a Credit Agreement is outstanding and such Credit Agreement requires that the Pledgor deliver an updated schedule of material Copyrights, Patents and Trademarks to the Credit Agreement Agent, then whenever the Pledgor so delivers such an updated schedule to the Credit Agreement Agent, it shall also

deliver the copies of such updated schedules to the Collateral Agent. If there is no Credit Agreement outstanding or such Credit Agreement does not require that the Pledgor deliver updated schedules of material Copyrights, Patents and Trademarks periodically, then the Pledgor shall nonetheless deliver updated schedules of Copyrights, Patents and Trademarks included in the Collateral not less frequently than once per calendar year commencing on the first anniversary date of the Deferred Interest Triggering Event and, if an Event of Default shall have occurred and be continuing, updated schedules will be delivered to the Collateral Agent. As of the date on which the Lien on the Deferred Interests attaches, Pledgor will, at its own expense, execute and deliver a fully completed Copyright Security Agreement, Patent Security Agreement or Trademark Security Agreement in the respective forms of Exhibits B, C and D, as applicable, with regard to any Copyright Collateral, Patent Collateral or Trademark Collateral (in each case, to the extent registered or filed, subject to the provisions of **Section 3.7** hereof), as the case may be, of Pledgor, described in Annexes D, E and F hereto. In the event that after such date, Pledgor shall acquire any registered Copyright Collateral, Patent Collateral or Trademark Collateral or effect any registration of any such Copyright Collateral, Patent Collateral or Trademark Collateral or file any application for registration thereof, within the United States, Pledgor shall promptly furnish written notice thereof to the Collateral Agent together with information sufficient to permit the Collateral Agent, upon its receipt of such notice, to (and Pledgor hereby authorizes the Collateral Agent to) modify this Agreement, as appropriate, by amending Annex D, E or F hereto or to add additional exhibits hereto to include any Copyright Collateral, Patent Collateral or Trademark Collateral (in each case, to the extent registered or filed, subject to the provisions of **Section 3.7** hereof) that becomes part of the Collateral under this Agreement, and Pledgor shall additionally, at its own expense, execute and deliver, as promptly as possible (but in any event within ten (10) days) after the date of such notice, with regard to United States Copyrights, Patents and Trademarks, fully completed Copyright Security Agreements, Patent Security Agreements or Trademark Security Agreements in the forms of Exhibits B, C and D, as applicable, together in all instances with any other agreements, instruments and documents that the Collateral Agent may reasonably request from time to time to further effect and confirm the security interest created by this Agreement in such Copyright Collateral, Patent Collateral and Trademark Collateral, and Pledgor hereby appoints the Collateral Agent its attorney-in-fact, upon the occurrence and the continuance of an Event of Default, to execute, deliver and record any and all such agreements, instruments and documents for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed and such power, being coupled with an interest, being irrevocable for so long as this Agreement shall be in effect with respect to Pledgor. In that connection, Pledgor shall also execute and deliver on the date on which the Lien on the Deferred Interests attaches, one copy of the Special Power of Attorney in the form of Annex I hereto.

(b) The Pledgor shall file and prosecute diligently all applications for registration of Patents, Trademarks or Copyrights now or hereafter pending that would be necessary to the business of the Pledgor to which any such applications pertain, and do all acts (or refrain from doing all acts), in any such instance, reasonably necessary to preserve and maintain all material rights in Patents, Trademarks or Copyrights, unless such Patents, Trademarks or Copyrights are not material to the business of the Pledgor, as reasonably determined by the Pledgor consistent with prudent and commercially reasonable business practices.

(c) From and after the date on which the Lien on the Deferred Interests attaches, Pledgor shall notify the Collateral Agent promptly in writing if it knows or has reason to know that any material Patent Collateral, Trademark Collateral or Copyright Collateral used in the conduct of its business may become abandoned or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the U.S. Patent and Trademark Office, U.S. Copyright Office or any court) regarding Pledgor's ownership of any material Patent Collateral, Trademark Collateral or Copyright Collateral, its right to register the same, or to keep and maintain the same.

(d) From and after the date on which the Lien on the Deferred Interests attaches, in the event that any Collateral consisting of material Patent Collateral, Trademark Collateral or Copyright Collateral used in the conduct of Pledgor's business is believed infringed, misappropriated or diluted by a third party, Pledgor shall notify the Collateral Agent promptly in writing after it learns thereof and shall, if consistent with the exercise of reasonable business judgment and applicable laws, regulations and agreements to which the applicable Pledgor is a party, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Collateral.

(e) From and after the date on which the Lien on the Deferred Interests attaches, upon the occurrence and during the continuance of any Event of Default, Pledgor shall use its commercially reasonable efforts to obtain all requisite consents or approvals from the licensor of each material License included within the Copyright Collateral, Patent Collateral or Trademark Collateral to effect the assignment of all of Pledgor's right, title and interest thereunder to the Collateral Agent or its designee.

4.9 Delivery of Collateral. Subject to the Intercreditor Agreement and **Section 8.16** hereof, all certificates or instruments representing or evidencing any material Account, Equity Interest or other Collateral delivered to the Collateral Agent pursuant to this Agreement, shall be in form suitable for transfer by delivery and shall be delivered together with undated stock powers duly executed in blank, appropriate endorsements or other necessary instruments of registration, transfer or assignment, duly executed, and in each case such other instruments or documents required or as the Collateral Agent may, but is not required to, request (provided that delivery of an opinion of counsel may only be requested where required by the Indenture). Pledgor shall deliver an Officers' Certificate (as defined in the Indenture) to the Collateral Agent certifying as to the requirements for delivery.

4.10 Protection of Security Interest. Pledgor agrees that it will use commercially reasonable efforts, at its own cost and expense, to take any and all actions necessary to warrant and defend the right, title and interest of the Collateral Agent and Secured Parties in and to the Collateral against the claims and demands of all other persons.

4.11 Control of Investment Property, Deposit Accounts and Electronic Chattel Paper. Subject to the Intercreditor Agreement, the last sentence of **Section 3.2** and **Section 8.16** hereof, if any Investment Property (whether now owned or hereafter acquired) is included in the Collateral, Pledgor will notify the Collateral Agent in writing thereof and will promptly take and cause to be taken all actions required under Articles 8 and 9 of the Uniform Commercial Code and any other applicable law to enable the Collateral Agent (or the Credit Agreement Agent as agent or bailee for the Collateral Agent) to acquire "control" (within the meaning of such term under Section 8-106 (or its successor provision) of the Uniform Commercial Code) of such Investment Property and as may be otherwise necessary to perfect the security interest of the Collateral Agent therein. Subject to the Intercreditor Agreement and **Section 8.16** hereof, if any Deposit Account (whether now owned or hereafter acquired), other than any Excluded Account, is included in the Collateral, Pledgor will notify the Collateral Agent in writing thereof and will promptly take and cause to be taken all actions required under Article 9 of the Uniform Commercial Code and any other applicable law to enable the Collateral Agent to acquire "control" (within the meaning of such term under Section 9-104 (or its successor provision) of the Uniform Commercial Code) of such Deposit Account and as may be otherwise necessary to perfect the security interest of the Collateral Agent therein. Subject to the Intercreditor Agreement and **Section 8.16** hereof, if any Account of Pledgor would constitute "electronic chattel paper" as defined under the Uniform Commercial Code, Pledgor will promptly notify the Collateral Agent in writing and will take such other steps as may be necessary to give the Collateral Agent (or the holder of any Designated Senior Claim or a representative of such a holder, as agent or bailee for the Collateral Agent) "control" over such electronic chattel paper (within the meaning of Section 9-105 of the Uniform Commercial Code). Notwithstanding the foregoing, the provisions of any control agreement shall provide that the Company may terminate such control agreement by delivery of a written certification to each of the relevant deposit bank, securities intermediary, issuer or custodian, as applicable, and the Collateral Agent that the property subject to such control agreement is subject to another control agreement for the benefit of the holders of any Designated Senior Claims or their agent or other representative who are parties to the Intercreditor Agreement (provided that the foregoing termination shall not apply to any control agreement that established the control of both the Collateral Agent and the holders of any Designated Senior Claims so long as such control is consistent with the priorities established by the Intercreditor Agreement). The Company agrees to use commercially reasonable effort to either (x) obtain the consent of the applicable holders of Designated Senior Claims or their agent(s) or other representative(s) and the applicable deposit bank, securities intermediary, issuer or custodian, as applicable, to the Collateral Agent retaining its own separate control agreement reflecting the priorities established by the Intercreditor Agreement or (y) cause any control agreement for the benefit of any holders of Designated Senior Claims to be subject to the New York UCC, and agrees that it will not exercise its right to terminate any such control agreements in favor of the Collateral Agent so long as the consent referred to in clause (x) is obtained.

4.12 Supplements to Schedules and Annexes. The Pledgor shall, from time to time, amend or supplement in writing and deliver to the Collateral Agent revisions of and supplements to the Annexes and schedules hereto to the extent necessary to disclose new or changed facts or circumstances arising after the date

hereof, which, if existing or occurring on such date, would have been required to be set forth or described in such Annex or schedule hereto; provided that (i) in connection with any amendment or supplement to Annex A, the Pledgor shall comply with **Section 5.1(b)**, (ii) in connection with any amendment or supplement to Annex B, the Pledgor shall provide the Collateral Agent at least fifteen (15) days' advance written notice of any such amendment or supplement (or such shorter period as the Collateral Agent may approve in writing), shall comply with **Section 4.2** and shall take any other action reasonably requested by Collateral Agent in connection therewith to maintain the Lien of Collateral Agent on the Collateral after giving effect to such amendment or supplement, (iii) in connection with any amendment or supplement to Annex H, the Pledgor shall provide the Collateral Agent at least fifteen (15) days' advance written notice of any such amendment or supplement (or such shorter period as the Collateral Agent may approve), shall comply with **Sections 3.9** and **4.11** and shall take any other action reasonably requested by Collateral Agent in connection therewith to maintain the Lien of Collateral Agent on the Collateral after giving effect to such amendment or supplement, (iv) in connection with any amendment or supplement to Annex C, the Pledgor shall comply with **Section 4.2**, (v) in connection with any amendment or supplement to Annexes D, E or F, the Pledgor shall comply with **Section 4.8(a)**, and (vi) no such amendment or supplement to any such Annex shall constitute a waiver of any Default or Event of Default in existence on or prior to the date of such amendment or supplement. Any reference to an Annex or schedule in this Agreement shall refer to such Annex as amended or supplemented from time to time in accordance with this **Section 4.12**. Pledgor shall deliver an Officers' Certificate (as defined in the Indenture) to the Collateral Agent certifying as to such changed facts or circumstances.

ARTICLE V

CERTAIN PROVISIONS RELATING TO EQUITY INTERESTS

5.1 Ownership; After-Acquired Equity Interests.

(a) Except as otherwise permitted by the Indenture, Pledgor will cause the Equity Interests pledged by it hereunder to constitute at all times 100% of the capital stock or other Equity Interests in each subsidiary of Pledgor, such that the issuer thereof shall be a wholly owned subsidiary of Pledgor. Unless the Collateral Agent shall have given its prior written consent, Pledgor will not cause or permit any such issuer to issue or sell any new capital stock, any warrants, options or rights to acquire the same, or other Equity Interests of any nature to any person other than Pledgor, or cause, permit or consent to the admission of any other person as a stockholder, partner or member of any such issuer.

(b) If Pledgor shall, at any time and from time to time, acquire any additional capital stock or other Equity Interests in any person of the types described in the definition of the term "Equity Interests", the same shall be automatically deemed to be Equity Interests, and shall be deemed to be pledged to the Collateral Agent pursuant to **Section 2.1** and, subject to the Intercreditor Agreement, Pledgor will forthwith pledge and, subject to **Section 8.16** hereof, deposit the same with the Collateral Agent and deliver to the Collateral Agent any certificates or instruments therefor, together with the endorsement of Pledgor (in the case of any promissory notes or other Instruments), undated stock powers (in the case of Equity Interests evidenced by certificates) or other necessary instruments of transfer or assignment, duly executed in blank, together with such other certificates and instruments as the Collateral Agent may, but is not required to, reasonably request (including Uniform Commercial Code financing statements or appropriate amendments thereto), and will promptly thereafter deliver to the Collateral Agent a fully completed and duly executed amendment to this Agreement in the form of Exhibit A (each, a "Pledge Amendment") in respect thereof. Pledgor hereby authorizes the Collateral Agent to attach each such Pledge Amendment to this Agreement, and agrees that all such Collateral listed on any Pledge Amendment shall for all purposes be deemed Collateral hereunder and shall be subject to the provisions hereof, provided that the failure of Pledgor to execute and deliver any Pledge Amendment with respect to any such additional Collateral as required hereinabove shall not impair the security interest of the Collateral Agent in such Collateral or otherwise adversely affect the rights and remedies of the Collateral Agent hereunder with respect thereto.

(c) Subject to the Intercreditor Agreement and **Section 8.16** hereof, if any Equity Interests (whether now owned or hereafter acquired) included in the Collateral are "uncertificated securities" within the meaning of the Uniform Commercial Code or are otherwise not evidenced by any certificate or instrument, each applicable Pledgor will promptly notify the Collateral Agent in writing thereof and will promptly take and cause to be taken, and will (if the issuer of such uncertificated securities is a person other than a direct or indirect subsidiary

of the Parent) use its best efforts to cause the issuer to take, all actions required under Articles 8 and 9 of the Uniform Commercial Code and any other applicable law, to enable the Collateral Agent to acquire "control" (within the meaning of such term under Section 8-106 (or its successor provision) of the Uniform Commercial Code) of such uncertificated securities and as may be otherwise necessary or deemed appropriate by the Collateral Agent to perfect the security interest of the Collateral Agent therein.

5.2 Voting Rights. So long as no Event of Default shall have occurred and be continuing, Pledgor shall be entitled to exercise all voting and other consensual rights pertaining to its Equity Interests (subject to its obligations under **Section 5.1**) which have become Collateral, and for that purpose the Collateral Agent will execute and deliver or cause to be executed and delivered to the Pledgor all such proxies and other instruments as the Pledgor may reasonably request in writing to enable the Pledgor to exercise such voting and other consensual rights; provided, however, that the Pledgor will not cast any vote, give any consent, waiver or ratification, or take or fail to take any action, in any manner that would, or could reasonably be expected to, violate or be inconsistent with any of the terms of this Agreement, the Intercreditor Agreement or the Indenture, or have the effect of impairing the position or interests of the Collateral Agent or any other Secured Party in such Collateral.

5.3 Dividends and Other Distributions. Except as provided otherwise herein or in the Indenture, all interest, income, dividends, distributions and other amounts payable in cash in respect of the Equity Interests which have become Collateral shall be paid to the Collateral Agent and retained by it in a non-interest bearing account as part of the Collateral (except to the extent applied upon receipt to the repayment of the Secured Obligations). The Collateral Agent shall also be entitled at all times to receive directly, and to retain as part of the Collateral, (i) all interest, income, dividends, distributions or other amounts paid or payable in cash or other property in respect of any Equity Interests which have become Collateral in connection with the dissolution, liquidation, recapitalization or reclassification of the capital of the applicable issuer to the extent representing an extraordinary, liquidating or other distribution in return of capital, (ii) all additional Equity Interests or other securities or property (other than cash) paid or payable or distributed or distributable in respect of any Equity Interests which have become Collateral in connection with any noncash dividend, distribution, return of capital, spin-off, stock split, split-up, reclassification, combination of shares or interests or similar rearrangement, and (iii) without affecting any restrictions against such actions contained in the Indenture, all additional Equity Interests or other securities or property (including cash) paid or payable or distributed or distributable in respect of any Equity Interests which have become Collateral in connection with any consolidation, merger, exchange of securities, liquidation or other reorganization. All interest, income, dividends, distributions or other amounts that are received by Pledgor in violation of the provisions of this Section shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of Pledgor and, subject to the Intercreditor Agreement and **Section 8.16** hereof, shall be forthwith delivered to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsements) or in the case of cash, by wire transfer pursuant to payment instructions provided by Collateral Agent to Pledgor. Any such cash shall be retained in a non-interest bearing account.

ARTICLE VI

REMEDIES

6.1 Remedies. If an Event of Default shall have occurred and be continuing, subject to the Intercreditor Agreement (which may limit or preclude the exercise of rights under this Article VI), the Collateral Agent, at the direction of the Trustee acting upon the written direction of the appropriate percentage of Holders under the Indenture, as applicable, shall be entitled to exercise in respect of the Collateral all of its rights, powers and remedies provided for herein or otherwise available to it under the Indenture, by law, in equity or otherwise, including all rights and remedies of a secured party under the Uniform Commercial Code, and shall be entitled in particular, but without limitation of the foregoing (other than as provided in the Intercreditor Agreement), to exercise the following rights, which Pledgor agrees to be commercially reasonable:

(a) To notify any or all account debtors or obligors under any Accounts or other Collateral of the security interest in favor of the Collateral Agent created hereby and to direct all such Persons to make payments of all amounts due thereon or thereunder directly to the Collateral Agent or to an account designated by the Collateral Agent; and in such instance and from and after such notice, all amounts and Proceeds (including wire transfers, checks and other instruments) received by Pledgor in respect of any Accounts or other Collateral shall be

received in trust for the benefit of the Collateral Agent hereunder, shall be segregated from the other funds of Pledgor and, subject to the Intercreditor Agreement, shall be forthwith deposited into such account or paid over or delivered to the Collateral Agent in the same form as so received (with any necessary endorsements or assignments), to be held as Collateral and applied to the Secured Obligations as provided herein;

(b) To receive, open and properly dispose of all mail addressed to Pledgor concerning Accounts and other Collateral and to notify the appropriate postal authority to change the mailing or delivery address of such mail; to accelerate any indebtedness or other obligation constituting Collateral that may be accelerated in accordance with its terms; to take or bring all actions and suits deemed necessary or appropriate to effect collections and to enforce payment of any Accounts or other Collateral; to settle, compromise or release in whole or in part any amounts owing on Accounts or other Collateral; and to extend the time of payment of any and all Accounts or other amounts owing under any Collateral and to make allowances and adjustments with respect thereto, all in the same manner and to the same extent as Pledgor might have done;

(c) Subject to applicable law and regulation, to transfer to or register in its name or the name of any of its agents or nominees all or any part of the Collateral, without notice to Pledgor and with or without disclosing that such Collateral is subject to the security interest created hereunder;

(d) Subject to applicable law and regulation, to require Pledgor to, and Pledgor hereby agrees that it will at its expense and upon request of the Collateral Agent forthwith, assemble all or any part of the Collateral as directed by the Collateral Agent and to the extent permitted by applicable law make it available to the Collateral Agent at a place designated by the Collateral Agent and Pledgor further agrees that the Collateral Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale;

(e) To the extent permitted by applicable law, to enter and remain upon the premises of Pledgor and take possession of all or any part of the Collateral, with or without judicial process; to use the materials, services, books and records of Pledgor for the purpose of liquidating or collecting the Collateral, whether by foreclosure, auction or otherwise; and to remove the same to the premises of the Collateral Agent or any designated agent for such time as the Collateral Agent may desire or as is necessary or advisable, in order to effectively collect or liquidate the Collateral;

(f) Subject to applicable law and regulation and the Intercreditor Agreement, to exercise, but only at the request of the Trustee acting in accordance with the Indenture, to the extent permitted by applicable law, (i) all voting, consensual and other rights and powers pertaining to the Equity Interests (whether or not transferred into the name of the Collateral Agent), at any meeting of shareholders, partners, members or otherwise, and (ii) any and all rights of conversion, exchange, subscription and any other rights, privileges or options pertaining to the Equity Interests as if it were the absolute owner thereof (including, without limitation, the right to exchange any and all of the Equity Interests upon the merger, consolidation, reorganization, reclassification, combination of shares or interests, similar rearrangement or other similar fundamental change in the structure of the applicable issuer, or upon the exercise by Pledgor or the Collateral Agent of any right, privilege or option pertaining to such Equity Interests), and in connection therewith, the right to deposit and deliver any and all of the Equity Interests with any committee, depositary, transfer agent, registrar or other designated agency and give all consents, waivers and ratifications in respect of the Equity Interests, all without liability except to account for any property actually received by it, but the Collateral Agent shall have no duty to exercise any such right, privilege or option or give any such consent, waiver or ratification and shall not be responsible for any failure to do so or delay in so doing; and for the foregoing purposes Pledgor will promptly execute and deliver or cause to be executed and delivered to the Collateral Agent, all such proxies and other instruments to enable the Collateral Agent to exercise such rights and powers; AND IN FURTHERANCE OF THE FOREGOING AND WITHOUT LIMITATION THEREOF, PLEDGOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE COLLATERAL AGENT AS THE TRUE AND LAWFUL PROXY AND ATTORNEY-IN-FACT OF PLEDGOR, WITH FULL POWER OF SUBSTITUTION IN THE PREMISES, UPON THE OCCURRENCE AND DURING THE CONTINUANCE OF AN EVENT OF DEFAULT, TO EXERCISE ALL SUCH VOTING, CONSENSUAL AND OTHER RIGHTS AND POWERS TO WHICH ANY HOLDER OF ANY EQUITY INTERESTS WOULD BE ENTITLED BY VIRTUE OF HOLDING THE SAME, WHICH PROXY AND POWER OF ATTORNEY, BEING COUPLED WITH AN INTEREST, IS IRREVOCABLE AND SHALL BE EFFECTIVE FOR SO LONG AS THIS AGREEMENT SHALL BE IN EFFECT; and

(g) Subject to applicable law and regulation, to sell, resell, assign and deliver all or any of the Collateral, in one or more parcels, on any securities exchange on which any Equity Interests may be listed, at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, upon credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Collateral Agent may deem satisfactory. If any of the Collateral is sold by the Collateral Agent upon credit or for future delivery, the Collateral Agent shall not be liable for the failure of the purchaser to purchase or pay for the same and, in the event of any such failure, the Collateral Agent may, but is not required to, resell such Collateral. In no event shall Pledgor be credited with any part of the Proceeds of sale of any Collateral until and to the extent cash payment in respect thereof has actually been received by the Collateral Agent. Each purchaser at any such sale shall hold the property sold absolutely, free from any claim or right of whatsoever kind, including any equity or right of redemption of Pledgor, and Pledgor hereby expressly waives, to the fullest extent permitted under applicable law, all rights of redemption, stay or appraisal, and all rights to require the Collateral Agent to marshal any assets in favor of Pledgor or any other party or against or in payment of any or all of the Secured Obligations, that it has or may have under any rule of law or statute now existing or hereafter adopted. No demand, presentment, protest, advertisement or notice of any kind (except any notice required by law, as referred to below), all of which are hereby expressly waived by Pledgor, shall be required in connection with any sale or other disposition of any part of the Collateral. If any notice of a proposed sale or other disposition of any part of the Collateral shall be required under applicable law, the Collateral Agent shall give the Pledgor at least ten (10) days' prior notice of the time and place of any public sale and of the time after which any private sale or other disposition is to be made, which notice Pledgor agrees is commercially reasonable. The Collateral Agent shall not be obligated to make any sale of Collateral if it shall determine not to do so, regardless of the fact that notice of sale may have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. Upon each public sale and, to the extent permitted by applicable law, upon each private sale, the Collateral Agent may purchase all or any of the Collateral being sold, free from any equity, right of redemption or other claim or demand, and may make payment therefor by endorsement and application (without recourse) of the Secured Obligations in lieu of cash as a credit on account of the purchase price for such Collateral. The Collateral Agent shall, to the extent required by applicable laws, comply with any applicable state or federal law requirements in connection with the sale or other disposition of the Collateral and Pledgor agrees that such compliance is commercially reasonable. The Collateral Agent may sell or otherwise dispose of the Collateral without giving any warranties, specifically disclaiming any warranties of title or the like and Pledgor agrees that such disclaimer is commercially reasonable.

6.2 Application of Proceeds.

(a) Subject to the Intercreditor Agreement, all Proceeds collected by the Collateral Agent upon any sale, other disposition of or realization upon any of the Collateral, together with all other moneys received by the Collateral Agent hereunder following the occurrence and during the continuance of an Event of Default shall be applied in accordance with the Indenture.

(b) Pledgor shall remain liable to the extent of any deficiency between the amount of all Proceeds realized upon sale, other disposition or collection of the Collateral, and monies held as Collateral pursuant to this Agreement and the aggregate amount of Secured Obligations. Upon any sale of any Collateral hereunder by the Collateral Agent (whether by virtue of the power of sale herein granted, pursuant to judicial proceeding, or otherwise), the receipt by the Collateral Agent or the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

6.3 Grant of License. To the extent permitted by applicable law and the Intercreditor Agreement and solely for the purpose of enabling the Secured Parties to exercise rights and remedies under this **Article VI**, and at such time as the Secured Parties shall be lawfully entitled to exercise such rights and remedies, Pledgor hereby grants to the Collateral Agent, to the extent it has the right to do so, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Pledgor), subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of Pledgor to avoid the risk of invalidation of such Trademarks, to use, license or sublicense any Patent Collateral, Trademark Collateral or Copyright Collateral now

owned or hereafter acquired by Pledgor, wherever the same may be located throughout the world, for such term or terms, on such conditions and in such manner as the Collateral Agent shall determine, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license or sublicense by the Collateral Agent shall be exercised only upon the occurrence and during the continuation of an Event of Default; provided that any license, sublicense or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon each applicable Pledgor notwithstanding any subsequent cure of an Event of Default.

6.4 Private Sales.

(a) Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws as in effect from time to time, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Equity Interests conducted without registration or qualification under the Securities Act and such state securities laws, to limit purchasers to any one or more persons who will represent and agree, among other things, to acquire such Equity Interests for their own account, for investment and not with a view to the distribution or resale thereof. Pledgor acknowledges that any such private sales may be made in such manner and under such circumstances as the Collateral Agent may deem necessary or advisable, including at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including, without limitation, a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and agrees that the Collateral Agent shall have no obligation to conduct any public sales and no obligation to delay the sale of any Equity Interests for the period of time necessary to permit its registration for public sale under the Securities Act and applicable state securities laws, and shall not have any responsibility or liability as a result of its election so not to conduct any such public sales or delay the sale of any Equity Interests, notwithstanding the possibility that a substantially higher price might be realized if the sale were deferred until after such registration. Pledgor hereby waives any claims against the Collateral Agent or any other Secured Party arising by reason of the fact that the price at which any Equity Interests may have been sold at any private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Collateral Agent accepts the first offer received and does not offer such Equity Interests to more than one offeree.

(b) Pledgor agrees that a breach of any of the covenants contained in this Section will cause irreparable injury to the Collateral Agent and the other Secured Parties, that the Collateral Agent and the other Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against the Pledgor.

6.5 Waivers. Pledgor, to the greatest extent not prohibited by applicable law, hereby (i) agrees that it will not invoke, claim or assert the benefit of any rule of law or statute now or hereafter in effect (including, without limitation, any right to prior notice or judicial hearing in connection with the Collateral Agent's possession, custody or disposition of any Collateral or any appraisal, valuation, stay, extension, moratorium or redemption law), or take or omit to take any other action, that would or could reasonably be expected to have the effect of delaying, impeding or preventing the exercise of any rights and remedies in respect of the Collateral, the absolute sale of any of the Collateral or the possession thereof by any purchaser at any sale thereof, and waives the benefit of all such laws and further agrees that it will not hinder, delay or impede the execution of any power granted hereunder to the Collateral Agent, but that it will permit the execution of every such power as though no such laws were in effect, (ii) waives all rights that it has or may have under any rule of law or statute now existing or hereafter adopted to require the Collateral Agent to marshal any Collateral or other assets in favor of Pledgor or any other party or against or in payment of any or all of the Secured Obligations, and (iii) waives all rights that it has or may have under any rule of law or statute now existing or hereafter adopted to demand, presentment, protest, advertisement or notice of any kind (except notices expressly provided for herein or in the other Financing Documents) or to require the Collateral Agent to pursue any third party for any of the Secured Obligations.

ARTICLE VII

THE COLLATERAL AGENT

7.1 The Collateral Agent; Standard of Care.

(a) The Collateral Agent will hold all items of the Collateral at any time received under this Agreement in accordance with the provisions hereof and the Indenture. The obligations of the Collateral Agent as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Agreement and the Indenture are only those expressly set forth in this Agreement and the Indenture. The Collateral Agent shall act at the direction of the Trustee (acting on written direction of the appropriate percentage of Holders under the Indenture) who shall give directions to the Collateral Agent pursuant to the Indenture. The powers conferred on the Collateral Agent hereunder are solely to protect its interest, on behalf of the Secured Parties, in the Collateral, and shall not impose any duty upon it to exercise any such powers. The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral, shall not impose any duty upon the Collateral Agent to exercise any such powers and shall not make the Collateral Agent liable to any Person. Except for treatment of the Collateral in its possession in the same manner as that which the Collateral Agent, in its individual capacity, accords its own property of a similar nature for its own account, and the accounting for moneys actually received by it hereunder in the exercise of reasonable care, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to the Collateral. Neither the Collateral Agent nor any other Secured Party shall be liable to Pledgor (i) for any loss or damage sustained by Pledgor, or (ii) for any loss, damage, depreciation or other diminution in the value of any of the Collateral that may occur as a result of or in connection with or that is in any way related to any exercise by the Collateral Agent or any other Secured Party of any right or remedy under this Agreement, any failure to demand, collect or realize upon any of the Collateral or any delay in doing so, or any other act or failure to act on the part of the Collateral Agent or any other Secured Party, except to the extent that the same is caused by its own gross negligence or willful misconduct.

(b) The Collateral Agent shall not be responsible for and makes no representation as to the existence, genuineness, value or protection of any Collateral, for the legality, effectiveness or sufficiency of any Security Document, or for the creation, perfection, priority, sufficiency or protection of any Liens securing the Secured Obligations. For the avoidance of doubt, nothing herein shall require the Collateral Agent to file financing statements, continuation statements or termination statements, or be responsible for maintaining the security interests purported to be created as described herein (except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder or under any other Security Document) and such responsibility shall be solely that of the Pledgor. In connection with its execution and acting under this Agreement, the Collateral Agent is entitled to all rights, privileges, protections, immunities, benefits and indemnities provided to it under the other Security Documents, all of which are incorporated by reference herein *mutatis mutandis*. Notwithstanding anything to the contrary herein, express or implied, the Collateral Agent shall have no duty to take any discretionary action or exercise any discretionary powers (including making any determination or deeming any matter appropriate, necessary or satisfactory) unless it first receives written direction from the Trustee acting on behalf of the appropriate percentage of Holders under the Indenture. Furthermore, if the Collateral Agent shall not have received appropriate instruction within 10 days of a request therefor from the Trustee (or such shorter period as reasonably may be specified in such notice or as may be necessary under the circumstances) it may, but shall be under no duty to, take or refrain from taking such action as it shall deem to be in the best interests of the itself and the Trustee and the Collateral Agent shall have no liability to any Person for such action or inaction.

(c) Notwithstanding anything to the contrary herein, whenever reference is made in this Agreement to any action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Agent, to any amendment, waiver or other modification of this Agreement to be executed (or not to be executed) by the Collateral Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Collateral Agent, it is understood that in all cases the Collateral Agent shall be acting, giving, withholding, suffering, omitting, making or otherwise undertaking and exercising the same (or shall not be undertaking and exercising the same) as directed in accordance with the written direction of the Trustee acting upon the written direction of the appropriate

percentage of Holders under the Indenture, as applicable. This provision is intended solely for the benefit of the Collateral Agent and its successors and permitted assigns and is not intended to and will not entitle the other parties hereto to any defense, claim or counterclaim under or in relation to any Security Document, or confer any rights or benefits on any party hereto.

7.2 Further Assurances; Attorney-in-Fact.

(a) Pledgor hereby authorizes the Collateral Agent to sign (to the extent the Pledgor's signature is required thereon) financing statements and amendments thereto relating to all or any part of the Collateral without the signature of Pledgor (including, without limitation, making any notice filings with state tax or revenue authorities required to be made by account creditors in order to enforce any Accounts in such state); provided that, promptly following the filing thereof, the Pledgor shall provide the Collateral Agent with a copy of any initial financing statement filed by it or any amendment to any initial financing statement which changes the collateral description set forth therein. The Pledgor further agrees to execute and deliver to the Collateral Agent such additional conveyances, assignments, agreements and instruments as the Collateral Agent may reasonably require under applicable law to perfect, establish, confirm and maintain the security interest and Lien provided for herein, to carry out the purposes of this Agreement or to further assure and confirm unto the Collateral Agent its rights, powers and remedies hereunder.

(b) Pledgor hereby irrevocably appoints the Collateral Agent its lawful attorney-in-fact, with full authority in the place and stead of Pledgor and in the name of Pledgor, the Collateral Agent or otherwise, and with full power of substitution in the premises (which power of attorney, being coupled with an interest, is irrevocable for so long as this Agreement shall be in effect), from time to time, after the occurrence and during the continuance of an Event of Default (except for the actions described in clauses (ii), (iv) and (vii) below which may be taken by the Collateral Agent without regard to whether an Event of Default has occurred) to take any action and to execute any instruments that are necessary or advisable to accomplish the purpose of this Agreement, including, without limitation:

(i) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(ii) to receive, endorse and collect any checks, drafts, instruments, chattel paper and other orders for the payment of money made payable to Pledgor representing any interest, income, dividend, distribution or other amount payable in respect of any of the Collateral and to give full discharge for the same;

(iii) to obtain, maintain and adjust any property or casualty insurance required to be maintained by Pledgor under **Section 4.7** and direct the payment of proceeds thereof to the Collateral Agent;

(iv) to pay or discharge taxes, Liens or other encumbrances levied or placed on or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Collateral Agent, any such payments made by the Collateral Agent to become Secured Obligations of the Pledgor to the Collateral Agent, due and payable immediately and without demand (provided that the Collateral Agent shall not pay any tax obligation being contested by the Pledgor as indicated on Schedule hereto);

(v) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or advisable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

(vi) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with any and all of the Collateral as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes, and to do from time to time, at

the Collateral Agent's option and the Pledgor's expense, all other acts and things necessary to protect, preserve or realize upon the Collateral and to more completely carry out the purposes of this Agreement; and

(vii) to sign the name of Pledgor on (to the extent the Pledgor's signature is required thereon) and to file any financing statement, continuation statement, notice or other similar document that, in the Collateral Agent's Permitted Discretion, should be made or filed in order to perfect or continue to perfect the security interest granted under this Agreement;

(c) If Pledgor fails to perform any covenant or agreement contained in this Agreement after written request to do so by the Collateral Agent (provided that no such request shall be necessary at any time after the occurrence and during the continuance of an Event of Default), the Collateral Agent may itself perform, or cause the performance of, such covenant or agreement and may take any other action that it deems necessary and appropriate for the maintenance and preservation of the Collateral or its security interest therein, and the reasonable expenses so incurred in connection therewith shall be payable by the Pledgor under **Section 8.1**.

ARTICLE VIII

MISCELLANEOUS

8.1 Indemnity and Expenses. The Pledgor agrees:

(a) to indemnify and hold harmless the Collateral Agent, the Trustee, each other Secured Party and each of their respective directors, officers, employees, agents and affiliates from and against any and all claims, damages, demands, losses, obligations, judgments and liabilities (including, without limitation, reasonable attorneys' fees, out of pocket costs and expenses) in any way arising out of or in connection with this Agreement, except to the extent the same shall arise as a result of the gross negligence or willful misconduct of the party seeking to be indemnified; and

(b) to pay and reimburse the Collateral Agent and the Trustee upon demand for all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, out of pocket costs and expenses) that the Collateral Agent may incur in connection with (i) the custody, use or preservation of, or the sale of, collection from or other realization upon, any of the Collateral, including the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, (ii) the exercise or enforcement of any rights or remedies granted hereunder (including, without limitation, under **Article VI**), under the Indenture or Notes or otherwise available to it (whether at law, in equity or otherwise), or (iii) the failure by Pledgor to perform or observe any of the provisions hereof. The provisions of this Section shall survive the execution and delivery of this Agreement, the repayment of any of the Secured Obligations and the discharge of the Indenture.

8.2 No Waiver. The rights and remedies of the Secured Parties expressly set forth in this Agreement, the Indenture and the Notes are cumulative and in addition, to, and not exclusive of, all other rights and remedies available at law, in equity or otherwise. No failure or delay on the part of any Secured Party in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege or be construed to be a waiver of any Default or Event of Default. No course of dealing between the Pledgor and the Secured Parties or their agents or employees shall be effective to amend, modify or discharge any provision of this Agreement or the Indenture or Notes or to constitute a waiver of any Default or Event of Default. No notice to or demand upon Pledgor in any case shall entitle Pledgor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of any Secured Party to exercise any right or remedy or take any other or further action in any circumstances without notice or demand.

8.3 Pledgor's Obligations Absolute. Until such time as this Agreement terminates pursuant to **Section 8.6**, Pledgor agrees that its obligations hereunder, and the security interest granted to and all rights, remedies and powers of, the Collateral Agent hereunder, are irrevocable, absolute and unconditional and shall not be discharged, limited or otherwise affected (unless agreed to by the parties hereto) by reason of any of the following, whether or not Pledgor has knowledge thereof:

(i) any change in the time, manner or place of payment of, or in any other term of, any Secured Obligations, or any amendment, modification or supplement to, restatement of, or consent to any rescission or waiver of or departure from, any provisions of the Indenture, the Guarantee, the Notes, any other Security Document or any agreement or instrument delivered pursuant to any of the foregoing;

(ii) the invalidity or unenforceability of any Secured Obligations or any provisions of the Indenture, the Notes, the Guarantee, any other Financing Document or any agreement or instrument delivered pursuant to any of the foregoing;

(iii) the taking, acceptance or release of any Secured Obligations or additional Collateral or other security therefor or the addition or release of any Pledgor hereunder;

(iv) any sale, exchange, release, substitution, compromise, nonperfection or other action or inaction in respect of any Collateral or other direct or indirect security for any Secured Obligations, or any discharge, modification, settlement, compromise or other action or inaction in respect of any Secured Obligations;

(v) any agreement not to pursue or enforce or any failure to pursue or enforce (whether voluntarily or involuntarily as a result of operation of law, court order or otherwise) any right or remedy in respect of any Secured Obligations or any Collateral or other security therefor, or any failure to create, protect, perfect, secure, insure, continue or maintain any Liens in any such Collateral or other security;

(vi) the exercise of any right or remedy available under the Indenture, the Notes or other Security Document, at law, in equity or otherwise in respect of any Collateral or other security for any Secured Obligations, in any order and by any manner thereby permitted, including, without limitation, foreclosure on any such Collateral or other security by any manner of sale thereby permitted, whether or not every aspect of such sale is commercially reasonable;

(vii) any bankruptcy, reorganization, arrangement, liquidation, insolvency, dissolution, termination, reorganization or like change in the corporate structure or existence of the Issuer, Pledgor or any other person directly or indirectly liable for any Secured Obligations;

(viii) any manner of application of any payments by or amounts received or collected from any person, by whomsoever paid and howsoever realized, whether in reduction of any Secured Obligations or any other obligations of the Issuer, Pledgor or any other person directly or indirectly liable for any Secured Obligations, regardless of what Secured Obligations may remain unpaid after any such application; or

(ix) any other circumstance that might otherwise constitute a legal or equitable discharge of, or a defense, set-off or counterclaim available to, the Issuer, Pledgor or a surety or guarantor generally, other than a satisfaction and discharge of the Indenture pursuant to Article 12 of the Indenture or a Legal Defeasance or Covenant Defeasance or as otherwise provided in Section 10.04 of the Indenture.

8.4 Enforcement. By its acceptance of the benefits of this Agreement, each Secured Party agrees that this Agreement may be enforced only by the Collateral Agent, acting upon the instructions or with the consent of the the Trustee who shall act in accordance with the Indenture, and that no Secured Party shall have any right individually to enforce or seek to enforce this Agreement or to realize upon any Collateral or other security given to secure the payment and performance of the Secured Obligations.

8.5 Amendments, Waivers, etc. No amendment, modification, waiver, discharge or termination of, or consent to any departure by Pledgor from, any provision of this Agreement, shall be effective unless in a writing executed and delivered in accordance with Article 9 of the Indenture, and then the same shall be effective only in the specific instance and for the specific purpose for which given.

8.6 Continuing Security Interest; Term; Successors and Assigns; Assignment; Termination and Release; Survival. This Agreement shall create a continuing security interest in the Collateral and shall secure the payment and performance of all of the Secured Obligations as the same may arise and be outstanding at any time and from time to time from and after the date hereof, and shall (i) remain in full force and effect until the earlier of a satisfaction and discharge of the Indenture pursuant to Article 12 of the Indenture or a Legal Defeasance or a Covenant Defeasance or as otherwise provided in Section 10.04 of the Indenture, (ii) be binding upon and enforceable against Pledgor and its successors and assigns (provided, however, that, except as may otherwise be permitted by the Indenture, Pledgor may not sell, assign or transfer any of its rights, interests, duties or obligations hereunder without the prior written consent of the requisite Holders pursuant to Article 9 of the Indenture and (iii) inure to the benefit of and, subject to **Section 8.4**, be enforceable by each Secured Party and its successors and assigns. Upon any sale, lease, transfer or other disposition by Pledgor of any Collateral (including, without limitation, any ACP Property) in a transaction expressly permitted hereunder and under the Indenture, the Lien and security interest created by this Agreement in and upon such Collateral shall be automatically released. Further, upon Pledgor ceasing to be a Guarantor pursuant to a transaction expressly permitted hereunder and under the Indenture, the Lien and security interest created by this Agreement in any Collateral of Pledgor shall be released and the earlier of a satisfaction and discharge of the Indenture pursuant to Article 12 of the Indenture or a Legal Defeasance or a Covenant Defeasance or as otherwise provided in Section 10.04 of the Indenture, this Agreement and the Lien and security interest created hereby shall terminate; and in connection with any such release or termination, the Collateral Agent, at the request and expense of the Pledgor, will execute and deliver to Pledgor such documents and instruments evidencing such release or termination as Pledgor may reasonably request and will assign, transfer and deliver to Pledgor, without recourse and without representation or warranty, such of the Collateral as may then be in the possession of the Collateral Agent (or, in the case of any partial release of Collateral, such of the Collateral so being released as may be in its possession). All representations, warranties, covenants and agreements herein shall survive the execution and delivery of this Agreement and any Pledge Amendment.

8.7 Notices. All notices and other communications provided for hereunder shall be given to the parties in the manner and subject to the other notice provisions set forth in the Indenture.

8.8 Applicable Law. THIS AGREEMENT SHALL BE CONSTRUED, INTERPRETED AND THE RIGHTS OF THE PARTIES DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND NEW YORK CIVIL PRACTICE LAWS AND RULES 327(b).

8.9 Severability. To the extent any provision of this Agreement is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Agreement in any jurisdiction.

8.10 Construction. The headings of the various sections and subsections of this Agreement have been inserted for convenience only and shall not in any way affect the meaning or construction of any of the provisions hereof. Unless the context otherwise requires, words in the singular include the plural and words in the plural include the singular.

8.11 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective when copies hereof which, when taken together, bear the signatures of each of the parties hereto shall be delivered to the Collateral Agent. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed signature page hereto.

8.12 Submission to Jurisdiction. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, Pledgor hereby submits for itself and in respect of its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts, waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which Pledgor now or hereafter has to the bringing of any such action or proceeding in such respective jurisdictions and consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to each such person, as the case may be, as provided for in **Section 8.7**. The Collateral Agent may also serve process in any other manner permitted by law or commence legal proceedings or otherwise proceed against Pledgor in any other jurisdiction. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

8.13 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY HERETO FURTHER REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

8.14 Qualifications Regarding Pledgor Disclosures. Notwithstanding anything to the contrary set forth herein, in no event shall Pledgor be required to provide in any annex, exhibit or schedule hereto, or in response to any disclosure required hereunder, any information that is "classified" for reasons of national security or foreign policy under applicable laws, and each of the Pledgor's representations and warranties hereunder and the annexes, exhibits and schedules hereto are so qualified.

8.15 Certain Regulatory Restrictions. Notwithstanding anything to the contrary set forth herein, certain rights, remedies and powers provided the Collateral Agent in this Agreement, such as (a) actions by the Collateral Agent that would constitute a direct or indirect transfer of control of one or more Permits (as defined below), within the meaning of Section 184 of the Atomic Energy Act of 1954, as amended, and (b) actions (other than acquiring title or ownership to Inventory or Equipment by foreclosure or otherwise pursuant to existing general licenses from the NRC issued to and generally available for use by any person) that involve taking possession or controlling the use of nuclear materials or facilities for which a Permit is required, are subject to regulatory restrictions that may require the Collateral Agent to obtain the prior written consent or approval of the NRC, and all provisions of this Security Agreement shall be limited to conform with such restrictions. For purposes hereof, "Permits" means permits, licenses, certificates, approvals and other authorizations issued by the NRC, or by a state agency exercising NRC's authority under an agreement with the NRC.

8.16 Intercreditor Agreement. Notwithstanding anything herein to the contrary, the Lien and security interest granted to the Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control. Notwithstanding anything herein to the contrary, so long as the Intercreditor Agreement is in effect, any requirement to deliver possession of any Collateral to the Collateral Agent or to give the Collateral Agent "control" over any Collateral shall be deemed to be satisfied if the holder of a Designated Senior Claim or any representative thereof shall have such possession or control and such holder or representative as the case may be has agreed in the Intercreditor Agreement to also hold such possession or control as agent or bailee for the benefit of the Collateral Agent; provided, however, that notwithstanding the foregoing, the Company agrees to use commercially reasonable effort to either (x) obtain the consent of the applicable holders of Designated Senior Claims or their

agent(s) or other representative(s) and the applicable deposit bank, securities intermediary, issuer or custodian, as applicable, to the Collateral Agent retaining its own separate control agreement reflecting the priorities established by the Intercreditor Agreement or (y) cause any control agreement for the benefit of any holders of Designated Senior Claims to be subject to the New York UCC.

8.17 No Recourse to the United States. The obligations of the Pledgor under this Agreement, the Indenture and the Notes are the obligations of the Pledgor and are not obligations of, or guaranteed as to principal or interest by, the United States.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

PLEDGOR:

UNITED STATES ENRICHMENT CORPORATION

By: _____
Name: John C. Barpoulis
Title: Senior Vice President and Chief Financial Officer

[Signature page Pledge and Security Agreement]

COLLATERAL AGENT:

CSC TRUST COMPANY OF DELAWARE, as Collateral Agent

By: _____
Name:
Title:

[Signature page Pledge and Security Agreement]

Exhibit A to
Pledge and Security Agreement

PLEDGE AMENDMENT

THIS PLEDGE AMENDMENT, dated as of , 20 , is delivered by **[NAME OF PLEDGOR]** (the "Pledgor") pursuant to **Section 5.1** of the Security Agreement referred to herein below. The Pledgor hereby agrees that this Pledge Amendment may be attached to the Pledge and Security Agreement, dated as of [ ], 2014 (as amended, modified, restated or supplemented from time to time, the "Security Agreement," capitalized terms defined therein being used herein as therein defined) made by the Pledgor in favor of , as trustee and collateral agent for the Holders under the Indenture referred to below (in its capacity as trustee and together with its successors and assigns in such capacity, the "Trustee" and in its capacity as collateral agent and together with its successors and assigns in such capacity, the "Collateral Agent"), and that the Equity Interests listed on Annex A to this Pledge Amendment shall be deemed to be part of the Equity Interests within the meaning of the Security Agreement and shall become part of the Collateral and shall secure all of the Secured Obligations as provided in the Security Agreement. The Pledgor hereby confirms that all representations and warranties set forth in Sections 3.1, 3.2, 3.4, 3.5 and 3.7 of the Security Agreement are true and correct with respect to the Equity Interests listed on Annex A to this Pledge Amendment. This Pledge Amendment and its attachments are hereby incorporated into the Security Agreement and made a part thereof.

UNITED STATES ENRICHMENT CORPORATION

By: _____

Title: _____

Annex A

Equity Interests

Name of Issuer	Type of Interests	Certificate No. (if applicable)	No. of Shares/Units (if applicable)	Percentage of Outstanding Interests in Issuer

Exhibit B to
Pledge and Security Agreement
To Be Completed When the
Deferred Interests Attach

SECURITY AGREEMENT

(COPYRIGHTS)

WHEREAS, [ ], a [ ] (herein referred to as "Grantor"), has adopted, used and is using the copyrights listed on Schedule I annexed hereto, which copyrights are registered in the United States Copyright Office (the "Copyrights");

WHEREAS, Grantor has entered into that certain Pledge and Security Agreement dated as of [ ], 2014 (as amended, modified, restated or supplemented from time to time, the "Security Agreement"; capitalized terms used herein but not otherwise defined herein have the meaning attributed to them in the Security Agreement) between Grantor and , as trustee and collateral agent (referred to herein as "Grantee") for the benefit of the Secured Parties;

WHEREAS, Grantor is obligated to Grantee for the payment and performance of the Secured Obligations; and

WHEREAS, pursuant to the Security Agreement, Grantor has granted to Grantee, for the ratable benefit of the Secured Parties, a security interest in, and mortgage on, all right, title and interest of Grantor in and to the Copyrights, all extensions, continuations, continuations-in-part, renewals and reissues thereof, and all proceeds thereof, including, without limitation, any and all causes of action which may now or hereafter exist by reason of infringement thereof (the "Collateral"), to secure the payment, performance and observance of the Secured Obligations.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Grantor does hereby further assign unto Grantee and grant to Grantee, for the ratable benefit of the Secured Parties a security interest in, and mortgage on, the Collateral to secure the prompt payment, performance and observance of the Secured Obligations.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in and mortgage on the Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Assignment to be duly executed by its officer thereunto duly authorized as of the day of , 20 .

[ ]

By: _____
Name:
Title:

SCHEDULE I TO SECURITY AGREEMENT

COPYRIGHTS

Exhibit C to
Pledge and Security Agreement
To Be Completed When the
Deferred Interests Attach

SECURITY AGREEMENT

(PATENTS)

WHEREAS, [ ], a [ ] (herein referred to as "Grantor"), is the owner and user of the patents issued by and/or patent applications filed with the United States Patent and Trademark Office, as more particularly described on Schedule I annexed hereto (the "Patents");

WHEREAS, Grantor has entered into that certain Pledge and Security Agreement dated as of [ ], 2014 (as amended, modified, restated or supplemented from time to time, the "Security Agreement"; capitalized terms used herein but not otherwise defined herein have the meaning attributed to them in the Security Agreement) between Grantor and , as trustee and collateral agent (referred to herein as "Grantee") for the benefit of the Secured Parties;

WHEREAS, Grantor is obligated to Grantee for the payment and performance of the Secured Obligations; and

WHEREAS, pursuant to the Security Agreement, Grantor has granted to Grantee, for the ratable benefit of the Secured Parties, a security interest in, and mortgage on, all right, title and interest of Grantor in and to the Patents, together with any reissue, continuation, continuation-in-part or extension thereof, and all proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement thereof for the full term of the Patents (the "Collateral"), to secure the prompt payment, performance and observance of the Secured Obligations.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Grantor does hereby further grant to Grantee, for the ratable benefit of the Secured Parties, a security interest in, and mortgage on, the Collateral to secure the prompt payment, performance and observance of the Secured Obligations.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the assignment of, security interest in and mortgage on the Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Assignment to be duly executed by its officer thereunto duly authorized as of the day of , 20 .

[ ]

By: _____
Name:
Title:

SCHEDULE I TO SECURITY AGREEMENT

ISSUED PATENTS

Title	Date Issued	Patent No.

PENDING PATENT APPLICATIONS

Title	Serial Number / Filing Date

Exhibit D to
Pledge and Security Agreement
To Be Completed When the
Deferred Interests Attach

SECURITY AGREEMENT

(TRADEMARKS)

WHEREAS, [ ], a [ ] (herein referred to as "Grantor"), is the owner and user of the United States registered trademarks and/or trademark applications listed on Schedule I annexed hereto (the "Trademarks");

WHEREAS, Grantor has entered into that certain Pledge and Security Agreement dated as of [ ], 2014 (as amended, modified, restated or supplemented from time to time, the "Security Agreement"; capitalized terms used herein but not otherwise defined herein have the meaning attributed to them in the Security Agreement) between Grantor and , as trustee and collateral agent (referred to herein as "Grantee") for the benefit of the Secured Parties;

WHEREAS, Grantor is obligated to Grantee for the payment and performance of the Secured Obligations; and

WHEREAS, pursuant to the Security Agreement, Grantor has granted to Grantee, for the ratable benefit of the Secured Parties, a security interest in, and mortgage on, all right, title and interest of Grantor in and to the Trademarks, together with the goodwill of the business symbolized by the Trademarks and the applications and registrations thereof, and all proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement thereof (the "Collateral"), to secure the payment, performance and observance of the Secured Obligations.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Grantor does hereby further grant to Grantee, for the ratable benefit of the Secured Parties, a security interest in, and mortgage on, the Collateral to secure the prompt payment, performance and observance of the Secured Obligations.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the assignment of, security interest in and mortgage on the Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Assignment to be duly executed by its officer thereunto duly authorized as of the day of , 20 .

[ ]

By: _____
Name:
Title:

SCHEDULE I TO SECURITY AGREEMENT

REGISTERED TRADEMARKS AND TRADEMARK APPLICATIONS

Trademark	Reg. Date. (if applicable)	Reg. No./ Serial No.

SCHEDULE I

Information to be added to Annex A of the Security Agreement

Information to be added to Annex D of the Security Agreement

[To be Completed When Lien on Deferred Interests Attaches]

COPYRIGHTS AND COPYRIGHT APPLICATIONS

Pledgor	Application or Registration Number	Country	Issue or Filing Date

Information to be added to Annex E of the Security Agreement

[To be Completed When Lien on Deferred Interests Attaches]

PATENTS AND PATENT APPLICATIONS

Pledgor	Application or Registration No.	Country	Inventor	Issue or Filing Date

Information to be added to Annex F of the Security Agreement

[To be Completed When Lien on Deferred Interests Attaches]

TRADEMARKS AND APPLICATIONS

Pledgor	Mark	Application or Registration No.	Country	Issue or Filing Date

Information to be added to Annex H of the Security Agreement

DEPOSIT ACCOUNTS AND SECURITIES ACCOUNTS

Deposit Accounts:

Financial Institution	Address	Account Number	Account Holder

Securities Accounts:

Financial Institution	Address	Account Number	Account Holder

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EXHIBIT F

FORM OF MAJORITY DATE EXTENSION NOTICE

[Date]

USEC Inc.
c/o CSC Trust Company of Delaware,
as Trustee and Collateral Agent
[✕]

Re: USEC Inc. (the "Issuer")
8.0% PIK Toggle Notes due 2019/2024 (the "Notes")

Ladies and Gentlemen:

In my capacity as [ ] of the Issuer, I certify that:

(a) in connection with the [binding agreement that has satisfied such Funding Condition], the Funding Condition, as defined in the Indenture, dated as of [ ], 2014, among the Issuer, United States Enrichment Corporation, a Delaware corporation, and the Trustee, has been satisfied; and

(b) as a result of the satisfaction of the Funding Condition, the Maturity Date of the Notes shall be the Extended Maturity Date (as such terms are defined in the Indenture).

Very truly yours,

By: _____

[Name of Officer]
[Title of Officer]

Exhibit T3E.1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
USEC INC.,	:	Case No. 14-10475 (CSS)
Debtor.	:	

DISCLOSURE STATEMENT WITH RESPECT TO PLAN OF REORGANIZATION OF USEC INC.

LATHAM & WATKINS LLP
D. J. Baker
Rosalie Walker Gray
Adam S. Ravin
Annemarie V. Reilly
885 Third Avenue
New York, NY 10022-4834
(212) 906-1200

-and-

RICHARDS, LAYTON & FINGER, P.A.
Mark D. Collins
Michael J. Merchant
920 N. King Street
Wilmington, DE 19801-3301
(302) 651-7700

Co-Counsel for Debtor and Debtor in Possession

Dated: July 11, 2014

IMPORTANT INFORMATION FOR YOU TO READ

THE DEBTOR IS PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE PURPOSE OF SOLICITING VOTES TO ACCEPT THE PLAN FROM THE HOLDERS OF CLAIMS AND INTERESTS WHO ARE ENTITLED TO CAST VOTES ON THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY PERSON OR ENTITY FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "BELIEVE," "PREDICTS," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD LOOKING STATEMENTS ARE INHERENTLY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD LOOKING STATEMENTS. THE LIQUIDATION ANALYSIS AND OTHER FINANCIAL INFORMATION CONTAINED HEREIN AND ATTACHED HERETO REFLECT ESTIMATES ONLY. THE TIMING, AMOUNT AND VALUE OF ACTUAL DISTRIBUTIONS TO AND RECOVERIES BY HOLDERS OF ALLOWED CLAIMS OR INTERESTS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. FACTORS THAT COULD CAUSE ACTUAL RESULTS TO BE MATERIALLY DIFFERENT FROM EXPECTATIONS INCLUDE THOSE FACTORS DESCRIBED IN PART VII HEREIN TITLED "RISK FACTORS." THEREFORE, ANY ANALYSES, ESTIMATES OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH OR REVIEWED BY, AND THE NEW SECURITIES TO BE ISSUED ON OR AFTER THE EFFECTIVE DATE OF THE PLAN WILL NOT HAVE BEEN THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH, THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN.

NO LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE DEBTOR URGES EACH HOLDER OF A CLAIM OR AN INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER. RATHER, THIS DISCLOSURE STATEMENT SHALL CONSTITUTE A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION RIGHT OR PROJECTED OBJECTION TO A PARTICULAR CLAIM OR INTEREST IS, OR IS NOT, IDENTIFIED IN THIS DISCLOSURE STATEMENT, EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR IN A FINAL ORDER OF THE BANKRUPTCY COURT. THE DEBTOR OR THE REORGANIZED DEBTOR, AS APPLICABLE, MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE ANY LITIGATION RIGHTS OR OBJECTIONS TO CLAIMS AND INTERESTS, AND MAY DO SO AFTER THE CONFIRMATION DATE OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES SUCH LITIGATION RIGHTS OR OBJECTIONS.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTOR'S CHAPTER 11 CASE AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE DEBTOR BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT

SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN, THE DOCUMENTS CONTAINED IN THE PLAN SUPPLEMENT OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN, THE DOCUMENTS CONTAINED IN THE PLAN SUPPLEMENT OR SUCH OTHER DOCUMENTS WILL GOVERN AND CONTROL FOR ALL PURPOSES. EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED, FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTOR'S MANAGEMENT. THE DEBTOR DOES NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION. ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO CAST VOTES ON THE PLAN ARE ENCOURAGED TO REVIEW THE DISCLOSURE STATEMENT AND PLAN, INCLUDING ALL EXHIBITS ATTACHED HERETO AND THERETO, AS WELL AS THE DOCUMENTS CONTAINED IN THE PLAN SUPPLEMENT, IN THEIR ENTIRETIES BEFORE CASTING THEIR VOTES TO ACCEPT OR REJECT THE PLAN.

THE DEBTOR'S MANAGEMENT HAS REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTOR HAS USED ITS REASONABLE GOOD FAITH EFFORTS TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED (UNLESS EXPRESSLY PROVIDED HEREIN).

THE DEBTOR IS GENERALLY MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. THE DEBTOR HAS NO AFFIRMATIVE DUTY TO SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE OF THE DISCLOSURE STATEMENT OR SUCH EARLIER DATE AS MAY BE SPECIFICALLY NOTED. THE DEBTOR HAS NOT AUTHORIZED ANY PERSON OR ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR HAS NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTOR OR THE PLAN OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO CAST VOTES ON THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTOR AND THEIR OWN ANALYSES OF THE TERMS OF THE PLAN IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. IMPORTANTLY, PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM OR INTEREST IN A VOTING CLASS SHOULD REVIEW THE PLAN IN ITS ENTIRETY AND CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT AND ANY EXHIBITS HERETO, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL IN PART VII HEREIN TITLED "RISK FACTORS."

THE DEBTOR SUPPORTS CONFIRMATION OF THE PLAN. THE DEBTOR URGES ALL HOLDERS OF CLAIMS AND INTERESTS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.

THE VOTING DEADLINE IS 5:00 EASTERN TIME ON AUGUST 11, 2014,
UNLESS THE DEBTOR EXTENDS THE VOTING DEADLINE.

TO BE COUNTED AS A VOTE TO ACCEPT OR REJECT THE PLAN, THE VOTING AGENT MUST ACTUALLY RECEIVE YOUR BALLOT ON OR BEFORE THE VOTING DEADLINE.

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THE DEBTOR HEREBY ADOPTS AND INCORPORATES EACH APPENDIX ATTACHED TO THIS DISCLOSURE STATEMENT BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN.

DISCLOSURE STATEMENT WITH RESPECT TO
PLAN OF REORGANIZATION OF USEC INC.

I.
INTRODUCTION

On March 5, 2014 (the "Petition Date"), USEC Inc. (the "Debtor") commenced a "prearranged" case under Chapter 11 (the "Chapter 11 Case") of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code") by filing a petition for relief in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

The Debtor commenced the Chapter 11 Case with the support of the holders of approximately 65% in principal amount of the Debtor's convertible note debt (the "Consenting Noteholders"), who are parties to or assignees under a Plan Support Agreement executed with the Debtor on December 13, 2013 (as amended, supplemented or otherwise modified from time to time, the "Noteholder Plan Support Agreement"), as well as the support of the two holders of the Debtor's preferred stock interests, Babcock and Wilcox Investment Company ("B&W) and Toshiba America Nuclear Energy Corporation ("Toshiba"), each of which executed its own Plan Support Agreement with the Debtor on March 4, 2014 (as amended, supplemented or otherwise modified from time to time, the "B&W Plan Support Agreement") and March 4, 2014 (as amended, supplemented or otherwise modified from time to time, the "Toshiba Plan Support Agreement"), respectively (the Noteholder Plan Support Agreement, the B&W Plan Support Agreement and the Toshiba Plan Support Agreement collectively, the "Plan Support Agreements").

On the Petition Date, consistent with the terms of the Plan Support Agreements, the Debtor filed the ***Plan of Reorganization of USEC Inc.***, dated as of March 5, 2014 (as it may be amended, supplemented or otherwise modified from time to time, the "Plan"), which sets forth the manner in which Claims against and Interests in the Debtor will be treated upon or following the Debtor's emergence from Chapter 11. The Debtor has also filed Part I of the ***Plan Supplement Pursuant to Section 5.15 of Plan of Reorganization of USEC Inc.*** (as amended, supplemented or otherwise modified from time to time, the "Plan Supplement") on March 5, 2014, and will file Part II of the Plan Supplement within the timeframe required by Section 5.15 of the Plan. The Plan Supplement includes the material documents necessary to implement the Plan.

Through the Plan, the Debtor is attempting to implement a financial restructuring designed to reduce its outstanding indebtedness and strengthen its balance sheet, thereby enabling it to emerge from Chapter 11 on a financial footing that is expected to improve its prospects for later achieving certain strategic initiatives that are essential to its long-term viability. **IT IS IMPORTANT TO NOTE AT THE OUTSET, HOWEVER, THAT THERE ARE SIGNIFICANT RISKS TO THE ACHIEVEMENT OF SUCH STRATEGIC INITIATIVES AND, THUS, NO GUARANTEE THAT THE DEBTOR WILL HAVE LONG-TERM VIABILITY.** Nevertheless, it is the view of the Debtor that its future prospects will be severely impaired without accomplishing the financial restructuring.

A copy of the Plan is attached to this Disclosure Statement as Appendix A. ***All capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meanings set forth in the Plan.*** To the extent of any conflict between the terms or conditions of this Disclosure Statement and the Plan, the terms and conditions of the Plan shall control and govern.

The Debtor's direct and indirect subsidiaries (the "Non-Debtor Subsidiaries"), which include United States Enrichment Corporation ("Enrichment Corp"), have not commenced their own cases for relief under Chapter 11 of the Bankruptcy Code and are not otherwise included in the Chapter 11 Case commenced by the Debtor. Nevertheless, Enrichment Corp has agreed to be a co-proponent and participant in the Plan for the limited purpose set forth in the Plan.

A. PURPOSE OF DISCLOSURE STATEMENT

The purpose of this Disclosure Statement is to provide sufficient information to enable those holders of Claims and Interests entitled to vote on the Plan to make an informed decision on whether to accept or reject the Plan. This Disclosure Statement includes, without limitation, information about:

- the Debtor's prepetition operating and financial history;
- the events leading to the filing of the Chapter 11 Case;
- the events occurring during the Chapter 11 Case;
- a summary of the terms and provisions of the Plan;

- the solicitation and voting procedures for the Plan;
- the process for confirming the Plan;
- certain risk factors relating to the Debtor and confirmation and consummation of the Plan;
- alternatives to confirmation and consummation of the Plan; and
- certain tax consequences of the consummation of the Plan.

Additional copies of this Disclosure Statement are available, free of charge, upon request made to (i) the office of the Debtor's counsel at Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, Attn: Annemarie Reilly, (212) 751-4864 (facsimile) or Annemarie.Reilly@lw.com (email) or (ii) the Voting Agent, Logan & Company, Inc., at 546 Valley Road, Upper Montclair, New Jersey 07043, (973) 509-3190 (telephone), (973) 509-1131 (facsimile) or USEC@loganandco.com (email).

A ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement for the holders of Claims and Interests that are entitled to vote to accept or reject the Plan. If you are a holder of a Claim or Interest entitled to vote on the Plan and did not receive a ballot, received a damaged ballot or lost your ballot, or if you have any questions concerning the procedures for voting on the Plan, please promptly contact the Debtor's Voting Agent, Logan & Company, Inc., at 546 Valley Road, Upper Montclair, New Jersey 07043, (973) 509-3190 (telephone), (973) 509-1131 (facsimile) or USEC@loganandco.com (email).

Each holder of a Claim or Interest entitled to vote on the Plan should read this Disclosure Statement, the Plan, the other appendices attached hereto, and the instructions accompanying the ballots in their entirety before voting on the Plan. These documents contain important information concerning the classification and treatment of Claims and Interests for voting purposes and the tabulation of votes.

THIS INTRODUCTION IS BEING PROVIDED AS AN OVERVIEW OF THE MATERIAL ITEMS ADDRESSED IN THIS DISCLOSURE STATEMENT AND THE PLAN, WHICH IS QUALIFIED BY REFERENCE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN. THIS INTRODUCTION SHOULD NOT BE RELIED UPON FOR A COMPREHENSIVE DISCUSSION OF THE DISCLOSURE STATEMENT AND/OR THE PLAN OR IN LIEU OF REVIEWING THE DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETIES.

B. OVERVIEW OF THE DEBTOR'S SITUATION

As described in more detail later in this Disclosure Statement, the USEC corporate family, consisting of the Debtor and seven non-debtor direct and indirect domestic subsidiaries (collectively, the "Company"), is a heavily-regulated global energy company that 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. At this time, the Company's primary operating entity and revenue generator is Enrichment Corp. Enrichment Corp currently supplies LEU to both domestic and international utilities for use in nuclear reactors worldwide. Enrichment Corp's sources of LEU are (i) its own inventories of LEU derived from (a) the historical enrichment of uranium at a gaseous diffusion plant leased from the U.S. Department of Energy (the "DOE") and (b) LEU previously purchased from Russia under a government-sponsored nuclear nonproliferation program and (ii) commercial LEU currently purchased from Russia under a ten-year contract.

The Company is engaged in a technological transformation of its business for long term success. Key to this transformation is transitioning from the expensive and non-competitive gaseous diffusion technology previously used by Enrichment Corp to lower-cost and more advanced gas centrifuge technology. The Debtor is leading this transformation through its efforts to commercialize its "American Centrifuge" technology at a new plant to be constructed on property leased from the DOE (the "American Centrifuge Plant"). As part of this transformation, Enrichment Corp has ceased enrichment of uranium, but is continuing operations as a supplier of LEU, relying on its existing inventories as well as LEU purchased from Russia and potentially other suppliers to satisfy customer contracts until its "American Centrifuge" affiliates construct and commence commercial operations at the American Centrifuge Plant. This is a multi-year process that will require significant third-party funding and cooperation from the U.S. government.

To improve its prospects for obtaining such funding and cooperation, the Debtor has embarked on a process of restructuring its balance sheet, where it carries approximately $530 million in principal amount of convertible note debt coming due in October 2014 and approximately $113.9 million in preferred stock obligations. With the support of the Consenting Noteholders, B&W and Toshiba, and pursuant to the respective Plan Support Agreements, the Debtor commenced the Chapter 11 Case for the purpose of achieving the balance sheet restructuring.

IT IS IMPORTANT TO NOTE, HOWEVER, THAT THE ANTICIPATED BALANCE SHEET RESTRUCTURING IS NOT A GUARANTEE THAT THE DEBTOR WILL BE ABLE TO OBTAIN THE NECESSARY FUNDING AND COOPERATION TO DEPLOY A NEW GAS CENTRIFUGE PLANT — IT IS JUST ONE NECESSARY STEP AMONG MANY OTHERS THAT MUST BE TAKEN BY THE DEBTOR AND ITS NON-DEBTOR SUBSIDIARIES OVER THE MONTHS AND YEARS THAT WILL FOLLOW THE RESTRUCTURING.

C. OVERVIEW OF THE PLAN

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provisions of the Plan, see Part IV of this Disclosure Statement, entitled "The Plan." Additionally, a summary of the material terms of the documents that are included in the Plan Supplement (including, but not limited to, the Exit Facility, the New USEC Governing Documents (including the terms of the New Common Stock), the New Indenture (including the terms of the New Notes and the Limited Subsidiary Guaranty), the Subsidiary Security Agreement, the New Management Incentive Plan and the Supplementary Strategic Relationship Agreement) is attached hereto as Appendix B. To the extent of any inconsistency between such summary and the documents included in the Plan Supplement, such documents will control.

The Plan proposes, and its terms embody, a "prearranged" restructuring of (a) unsecured claims arising from the Debtor's 3.0% convertible senior notes due 2014, which are referred to in the Plan as the Noteholder Claims and (b) preferred equity interests in the Debtor, which are included in the Plan's definition of Preferred Stock Interests/Claims. As indicated above, the restructuring has the support of holders of the Consenting Noteholders, B&W and Toshiba.

The Plan is premised upon the view that there is insufficient unencumbered value in the Debtor to pay the Noteholder Claims in full and that, under the Bankruptcy Code's absolute priority rule, no junior Class of Claims or Interests is entitled to any recovery under the Plan without consent from the holders of the Noteholder Claims. Under the "prearranged" restructuring terms agreed to by the Consenting Noteholders, the Preferred Stock Interests/Claims, which are junior to the Noteholder Claims, will receive the treatment provided for in the Plan in recognition of the role of B&W and Toshiba as important strategic partners to the Debtor and the Reorganized Debtor. In addition, assuming acceptance of the Plan by each of the classes of Noteholder Claims and Preferred Stock Interests/Claims, Common Stock Interests/Claims, which are junior to both the Noteholder Claims and the Preferred Stock Interests/Claims, will receive the treatment provided in the Plan. Holders of Unexercised Common Stock Rights will not receive or retain any property under the Plan on account of such Unexercised Common Stock Rights. AS NEGOTIATED WITH THE CONSENTING NOTEHOLDERS, B&W AND TOSHIBA, ALL OTHER CLAIMS AGAINST THE DEBTOR ARE UNIMPAIRED UNDER THE PLAN.

The Plan designates eight Classes of Claims and Interests. These Classes take into account the differing nature and priority under the Bankruptcy Code of the various Claims and Interests.

The Debtor believes that the Plan provides the best means currently available to restructure its balance sheet and emerge successfully from Chapter 11.

1. General Structure Of The Plan

The following is an overview of certain material terms of the Plan:

- The Debtor will be reorganized pursuant to the Plan and will continue in operation, achieving the objectives of Chapter 11 for the benefit of its creditors, other stakeholders and employees.
- The Debtor will have obtained the DIP Facility on the Petition Date, and the resulting DIP Facility Claim will be paid in full or otherwise treated as permitted by the terms of the DIP Facility.
- Allowed Administrative Claims, Priority Tax Claims and Other Priority Claims will be paid in full as required by the Bankruptcy Code, unless otherwise agreed by the holder of any such Claim.
- Allowed Secured Claims, General Unsecured Claims and Intercompany Claims are Unimpaired under the Plan and will either be Reinstated or paid in full as the Plan provides for each Class of such Claims, unless otherwise agreed by the holder of any such Claim.

- The Old Notes will be cancelled and the Debtor will issue New Notes in the aggregate principal amount of $240.38 million. The New Notes will have the benefit of the Limited Subsidiary Guaranty and Subsidiary Security Agreement from Enrichment Corp. The holders of Allowed Noteholder Claims will receive their Pro Rata share of $200.00 million of the New Notes and the holders of Allowed Preferred Stock Interests/Claims will receive their Pro Rata share of $40.38 million of the New Notes.
- The USEC Common Stock will be cancelled and the Debtor will issue shares of New Common Stock. The holders of Allowed Noteholder Claims will receive their Pro Rata share of 79.04% of the New Common Stock, the holders of Allowed Preferred Stock Interests/Claims will receive their Pro Rata share of 15.96% of the New Common Stock, and, assuming the requisite acceptances of the Plan, holders of Allowed Common Stock Interests/Claims will receive a Pro Rata share of 5% of the New Common Stock. The shares of New Common Stock will be subject to dilution on account of the New Management Incentive Plan provided for in the Plan.
- In addition to $200.00 million of the New Notes and 79.04% of the New Common Stock, holders of Allowed Noteholder Claims will receive a Cash payment equal to all unpaid interest accrued at the non-default rate on the Old Notes through the Effective Date.
- Executory contracts and unexpired leases will be assumed by the Debtor under the Plan unless otherwise disposed of by motion or agreement with the counterparties, or unless otherwise dealt with in the Plan.
- The Reorganized Debtor will be authorized to enter into the Exit Facility to obtain financing after the Effective Date.

2. Summary Of Plan Classification, Treatment And Voting Rights

The following table summarizes the classification of Claims and Interests and the treatment of, estimated recovery for and voting rights of each Class under the Plan. In accordance with Bankruptcy Code Section 1123(a)(1), Administrative Claims, the DIP Facility Claim and Priority Tax Claims have not been classified.

The recoveries set forth below are estimates that are contingent upon, among other things, approval of the Plan on a prearranged basis, as proposed. In addition, with respect to the recoveries for Classes 5, 6, 7 and 8, which include the New Common Stock to be issued under the Plan, the estimated recoveries are contingent upon the valuation of the reorganized business, which, for the reasons described in Part VIII.I.2(b) of this Disclosure Statement, are highly speculative and not susceptible to quantification. Moreover, as described more fully in Part VII of this Disclosure Statement, the Debtor's business and future prospects are subject to a number of significant risks. The recoveries and estimates described in the following tables represent the Debtor's best estimates given the information available on the date of this Disclosure Statement.

SUMMARY OF EXPECTED RECOVERIES

(All capitalized terms used but not otherwise defined below will have the meanings set forth in the Plan.)

Class	*Claim/Interest*	*Description, Treatment and Projected Recovery for Claim/Interest*
N/A	**Administrative Claims** Estimated amount (as of the anticipated Effective Date): $10.0 million	An Administrative Claim is a Claim for payment of an administrative expense of a kind specified in Bankruptcy Code Sections 503(b) or 1114(e)(2) and entitled to priority pursuant to Bankruptcy Code Section 507(a)(2), including, but not limited to, (i) the actual, necessary costs and expenses of preserving the Estate and operating the business of the Debtor after the commencement of the Chapter 11 Case, (ii) Professional Fee Claims, (iii) Substantial Contribution Claims, (iv) all fees and charges assessed against the Estate under Section 1930 of Title 28 of the United States Code, and (v) Cure payments for contracts and leases that are assumed under Bankruptcy Code Section 365. The Plan provides that, except as otherwise provided for in Section 10.1 of the Plan, on the applicable Distribution Date, the holder of each such Allowed Administrative Claim will receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (i) Cash equal to the unpaid portion of such Allowed Administrative Claim or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, will have agreed upon in writing; *provided*, *however*, that Allowed Administrative Claims with respect to liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case will be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto. Administrative Claims are not classified and are treated as required by the Bankruptcy Code. The holders of such Claims are not entitled to vote on the Plan. Estimated Percentage Recovery: 100%

SUMMARY OF EXPECTED RECOVERIES

(All capitalized terms used but not otherwise defined below will have the meanings set forth in the Plan.)

Class	*Claim/Interest*	*Description, Treatment and Projected Recovery for Claim/Interest*
N/A	**DIP Facility Claim** Estimated amount (as of the anticipated Effective Date): $28.0 million	A DIP Facility Claim is a Claim existing under the DIP Facility. The DIP Facility is the $50 million postpetition debtor in possession credit facility provided to the Debtor by Enrichment Corp, subject to approval by the Bankruptcy Court. The Plan provides that the DIP Facility Claim will be deemed Allowed in its entirety for all purposes of the Plan and the Chapter 11 Case. The holder of the Allowed DIP Facility Claim will receive, on the later of the Distribution Date or the date on which such DIP Facility Claim becomes payable pursuant to any agreement between such holder and the Debtor or the Reorganized Debtor, as applicable, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed DIP Facility Claim, (i) payment of such Allowed Claim in Cash or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, will have agreed upon in writing. A DIP Facility Claim, as an administrative expense Claim, is not classified and is treated as required by the Bankruptcy Code. The holder of such Claim is not entitled to vote on the Plan. Estimated Percentage Recovery: 100%
N/A	**Priority Tax Claims** Anticipated to be paid by order of the Bankruptcy Court before the anticipated Effective Date	A Priority Tax Claim is a Claim that is entitled to priority pursuant to Bankruptcy Code Section 507(a)(8). Under the Plan, each holder of an Allowed Priority Tax Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, as will have been determined by the Debtor or by the Reorganized Debtor, either (i) on the applicable Distribution Date, Cash equal to the due and unpaid portion of such Allowed Priority Tax Claim, (ii) treatment in a manner consistent with Bankruptcy Code Section 1129(a)(9)(C), or (iii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, will have agreed upon in writing. Priority Tax Claims are not classified and are treated as required by the Bankruptcy Code. The holders of such Claims are not entitled to vote on the Plan. Estimated Percentage Recovery: 100%
1	**Other Priority Claims** Anticipated to be paid by order of the Bankruptcy Court before the anticipated Effective Date	An Other Priority Claim is a Claim against the Debtor entitled to priority pursuant to Bankruptcy Code Section 507(a), other than a Priority Tax Claim or an Administrative Claim. The Plan provides that on the applicable Distribution Date, each holder of an Allowed Other Priority Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Priority Claim, either (i) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable will have agreed upon in writing. Other Priority Claims are Unimpaired. The holders of such Claims are deemed to have accepted the Plan. Estimated Percentage Recovery: 100%
2	**Secured Claims** Estimated amount: $56.5 million	A Secured Claim is a Claim (i) that is secured by a Lien on property in which the Estate has an interest, which lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, or a Claim that is subject to a valid right of setoff; (ii) to the extent of the value of the holder's interest in the Estate's interest in such property or to the extent of the amount subject to a valid right of setoff, as applicable; and (iii) the amount of which (A) is undisputed by the Debtor or (B) if disputed by the Debtor, such dispute is settled by written agreement between the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor and the holder of such Claim or determined, resolved, or adjudicated by final, nonappealable order of a court or other tribunal of competent jurisdiction. Under the Plan, as to all Allowed Secured Claims, on the Effective Date, the legal, equitable, and contractual rights of each holder of such an Allowed Secured Claim will be Reinstated. On the applicable Distribution Date, each holder of such an Allowed Secured Claim will receive, in full satisfaction, settlement of and in exchange for, such Allowed Secured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Case not been filed, consistent with the relevant underlying documents, if any. Notwithstanding Section 1141(c) or any other provision of the Bankruptcy Code, all prepetition Liens

SUMMARY OF EXPECTED RECOVERIES

(All capitalized terms used but not otherwise defined below will have the meanings set forth in the Plan.)

Class	*Claim/Interest*	*Description, Treatment and Projected Recovery for Claim/Interest*
		on property of the Debtor held with respect to an Allowed Secured Claim will survive the Effective Date and continue in accordance with the contractual terms or statutory provisions governing such Allowed Secured Claim until such Allowed Secured Claim is satisfied, at which time such Liens will be released, will be deemed null and void, and will be unenforceable for all purposes. Nothing in the Plan will preclude the Debtor or the Reorganized Debtor from challenging the validity of any alleged Lien on any asset of the Debtor or the value of the property that secures any alleged Lien. Secured Claims are Unimpaired. The holders of such Claims are deemed to have accepted the Plan. Estimated Percentage Recovery: 100%
3	**General Unsecured Claims** Estimated amount: $3.0 million	A General Unsecured Claim is a Claim that is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, a Secured Claim, an Intercompany Claim, a Noteholder Claim, or any Claim that constitutes a Preferred Stock Interest/Claim or a Common Stock Interest/Claim. This definition specifically includes, without limitation, Rejection Damages Claims, if any. The Plan provides that, on the applicable Distribution Date, each holder of an Allowed General Unsecured Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed General Unsecured Claim, either (i) Cash equal to the unpaid portion of such Allowed General Unsecured Claim or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, will have agreed upon in writing. General Unsecured Claims are Unimpaired. The holders of such Claims are deemed to have accepted the Plan. Estimated Percentage Recovery: 100%
4	**Intercompany Claims** Estimated amount: $278.4 million	An Intercompany Claim is any unsecured Claim arising prior to the Petition Date against the Debtor by any of the Non-Debtor Subsidiaries. For the avoidance of doubt, any Claim arising prior to the Petition Date against the Debtor by any of the Non-Debtor Subsidiaries that is secured by a Lien on property in which the Estate has an interest is a Secured Claim. Under the Plan, with respect to each Allowed Intercompany Claim, (i) the legal, equitable and contractual rights of the holder of the Intercompany Claim will be Reinstated as of the Effective Date or (ii) by agreement between the holder and the Debtor (with the consent of the Majority Consenting Noteholders), may be adjusted, continued, expunged, or capitalized, either directly or indirectly or in whole or in part, as of the Effective Date. Intercompany Claims are Unimpaired. The holders of such Claims are deemed to have accepted the Plan. Estimated Percentage Recovery: 100%

SUMMARY OF EXPECTED RECOVERIES

(All capitalized terms used but not otherwise defined below will have the meanings set forth in the Plan.)

Class	*Claim/Interest*	*Description, Treatment and Projected Recovery for Claim/Interest*
5	**Noteholder Claims** Estimated amount (as of the anticipated Effective Date, inclusive of interest): $544.6 million	A Noteholder Claim is any Claim arising or existing under or related to the Old Notes. The Plan provides that Noteholder Claims will be deemed Allowed in their entirety for all purposes of the Plan and the Chapter 11 Case in an amount not less than $530 million as of the Petition Date, plus all applicable accrued and unpaid interest, fees, expenses and other amounts due under the Old Indenture, which Allowed Noteholder Claims will not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairments or any other challenges under applicable law or regulation by any entity. Each holder of an Allowed Noteholder Claim will receive, on the Distribution Date and in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Allowed Noteholder Claim, but subject to the Indenture Trustee's Charging Lien, its Pro Rata share of (i) the New Noteholder Common Stock, (ii) Cash equal to the amount of the interest accrued at the non-default rate on the Old Notes from the date of the last interest payment made by the Debtor before the Petition Date to the Effective Date, (iii) the Additional Plan Cash, and (iv) the Majority New Notes. The Plan defines the New Noteholder Common Stock as 79.04% of the New Common Stock to be issued under the Plan, subject to dilution on account of the New Management Incentive Plan. The New Noteholder Common Stock will be issued in the form of Class A Common Stock as described in the New USEC Charter. The Majority New Notes are the New Notes in the aggregate principal amount of $200.00 million, to be issued by the Reorganized Debtor under, and having the terms set forth in, the New Indenture, which Majority New Notes will have the benefit of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement. All distributions on account of Allowed Noteholder Claims will be subject to the Indenture Trustee's Charging Lien in accordance with the Plan. It is anticipated that all Additional Plan Cash will be used to satisfy the Indenture Trustee's Charging Lien and, therefore, no Additional Plan Cash will be distributed to the holders of the Allowed Noteholder Claims. A summary of the material provisions of the New Noteholder Common Stock, the New Management Incentive Plan and the Majority New Notes is contained in Appendix B. Noteholder Claims are Impaired. The holders of such Claims are entitled to vote on the Plan. Estimated Percentage Recovery: 39.4% for Cash and Majority New Notes only; recovery for New Noteholder Common Stock is highly speculative and not quantifiable.
6	**Preferred Stock Interests/Claims**	Preferred Stock Interests/Claims are (i) any Interests that are based upon or arise from USEC Preferred Stock and (ii) any Claims that are based upon or arise from USEC Preferred Stock and are subordinated pursuant to Bankruptcy Code Section 510(b). USEC Preferred Stock is any preferred equity in USEC outstanding prior to the Effective Date, including, without limitation, any stock options or other right to purchase the preferred stock of USEC, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights to acquire or receive any preferred stock or other preferred equity ownership interests in USEC prior to the Effective Date. For purposes of treatment under the Plan, all USEC Preferred Stock Interests/Claims will be deemed Allowed and will not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairments or any other challenges under applicable law or regulation by any entity. Each holder of an Allowed USEC Preferred Stock Interest/Claim will receive, on the Distribution Date, its Pro Rata share of (i) the New Preferred Stockholder Common Stock and (ii) the Minority Notes; and will have the benefits and obligations agreed to in the Supplementary Strategic Relationship Agreement. The New Preferred Stockholder Common Stock is 15.96% of the New Common Stock to be issued under the Plan, subject to dilution on account of the New Management Incentive Plan. The New Preferred Stockholder Common Stock will be issued in the form of Class B Common Stock as described in the New USEC Charter. The Minority Notes are the New Notes to be issued under the Plan in the aggregate principal amount of $40.38 million. A summary of the material provisions of the New Preferred Stockholder Common Stock and the Minority New Notes is contained in Appendix B. Preferred Stock Interests/Claims are Impaired. The holders of such Interests/Claims are entitled to vote on the Plan. Estimated Percentage Recovery: 35.4% for Minority Notes; recovery for New Preferred Stockholder Common Stock is highly speculative and not quantifiable.

SUMMARY OF EXPECTED RECOVERIES

(All capitalized terms used but not otherwise defined below will have the meanings set forth in the Plan.)

Class	*Claim/Interest*	*Description, Treatment and Projected Recovery for Claim/Interest*
7	**Common Stock Interests/Claims**	Common Stock Interests/Claims are (i) any Interests in the Debtor that are based upon or arise from USEC Common Stock and (ii) any Claims against the Debtor that are based upon or arise from USEC Common Stock and are subordinated pursuant to Bankruptcy Code Section 510(b), which will include any Claim arising from the rescission of a purchase or sale of any USEC Common Stock, any Claim for damages arising from the purchase or sale of any USEC Common Stock, or any Claim for reimbursement, contribution, or indemnification on account of any such Claim; provided, however, that a Claim arising from Indemnification Obligations that are assumed under Section 6.5 of the Plan shall not be considered a Common Stock Interest/Claim. The term specifically excludes Unexercised Common Stock Rights. USEC Common Stock is, collectively, any common equity in USEC outstanding prior to the Effective Date, including, without limitation, any stock option or other right to purchase the common stock of USEC, together with any warrant, conversion right, restricted stock unit, right of first refusal, subscription, commitment, agreement, or other right to acquire or receive any such common stock in USEC that has been fully exercised prior to the Effective Date. The Plan provides that all securities or other documents evidencing USEC Common Stock will be cancelled as of the Effective Date. The Plan further provides that, if Class 5 and Class 6 vote to accept the Plan, the holders of any such Allowed Common Stock Interests/Claims will be entitled to receive on the applicable Distribution Date, in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Allowed Interest or Claim, their Pro Rata share of the New Minority Common Stock. The New Minority Common Stock is 5% of the New Common Stock to be issued under the Plan, subject to dilution on account of the New Management Incentive Plan. The New Minority Common Stock will be issued in the form of Class A Common Stock as described in the New USEC Charter. The Plan provides that, if Class 5 or Class 6 votes to reject the Plan, the holders of Common Stock Interests/Claims will not receive or retain any property under the Plan on account of such Interests or Claims. Common Stock Interests/Claims are Impaired. Although receiving a distribution under the Plan if Classes 5 and 6 vote to accept the Plan, the holders of such Interests are deemed to have rejected the Plan, and the votes of such holders will not be solicited. Estimated Percentage Recovery: Highly speculative and not quantifiable.
8	**Unexercised Common Stock Rights**	Unexercised Common Stock Rights are, collectively, any stock options or other right to purchase any USEC Common Stock, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights to acquire or receive any such USEC Common Stock that have not been exercised prior to the Effective Date. The term specifically excludes Common Stock Interests/Claims. The Plan provides that all Unexercised Common Stock Rights will be cancelled as of the Effective Date. No holder of Unexercised Common Stock Rights will receive or retain any property under the Plan on account of such Unexercised Common Stock Rights. Unexercised Common Stock Rights are Impaired. The holders of such Interests are not entitled to receive or retain any property under the Plan, are deemed to have rejected the Plan, and the votes of such holders will not be solicited. Estimated Percentage Recovery: 0%

NOTICE TO PARTIES TO CONTRACTS AND LEASES CONCERNING ASSUMPTION: The Plan provides that, except as otherwise provided therein, in the Confirmation Order, or in the Plan Supplement, as of the Effective Date, the Debtor will be deemed to have assumed each executory contract or unexpired lease to which the Debtor is a party as of the Petition Date unless any such contract or lease (i) was previously assumed or rejected upon motion by a Final Order, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of any pending motion, including to assume, to assume on modified terms, to reject or to make any other disposition filed by the Debtor on or before the Confirmation Date, or (iv) is subsequently rejected in accordance with the provisions of Section 6.2(c) of the Plan. **Unless otherwise provided in the Plan, the Plan Supplement or the Confirmation Order, any Cure determined to be owed with respect to any assumed contract or lease will be treated as an Administrative Claim.**

NOTICE TO PARTIES TO CONTRACTS AND LEASES CONCERNING REJECTION AND BAR DATE APPLICABLE TO REJECTION DAMAGES CLAIMS: If a contract or lease is rejected by the Debtor, and such rejection gives rise to a Rejection Damages Claims, such Rejection Damages Claim must be asserted against the Debtor in a Proof of Claim that is filed with the Claims Agent on or before the date that is the first Business Day that is 30 days after the Bankruptcy Court's entry of an order authorizing the rejection of a contract or lease. All rights of the Debtor or the Reorganized Debtor, as applicable, to object to any Rejection Damages Claim are reserved.

NOTICE OF SPECIAL BAR DATE APPLICABLE TO CURRENT AND FORMER HOLDERS OF OLD NOTES AND USEC COMMON STOCK WHO MAY ALLEGE SECURITIES-RELATED CLAIMS AGAINST THE DEBTOR. Any Claim (i) arising from the rescission of a purchase or sale of a security of the Debtor (the Old Notes or the USEC Common Stock), (ii) for damages arising from the purchase or sale of such a security, or (iii) for reimbursement or contribution allowed under Bankruptcy Code Section 502 on account of such a Claim (collectively, a "510(b) Claim") must be asserted against the Debtor in a Proof of Claim received no later than 5:00 p.m. Eastern Time on August 11, 2014 (the "Special Bar Date"), by Logan & Company, Inc., the court-approved Claims Agent, at the following address: USEC Inc. Claims Docketing Department, c/o Logan & Company, Inc., 546 Valley Road, Upper Montclair, NJ 07043. A Proof of Claim form may be obtained from the Claims Agent's website, www.loganandco.com, under client name USEC Inc. Any such Claim that is not asserted in a Proof of Claim received by the Claims Agent before the Special Bar Date will be barred and will not be entitled to receive any payment or distribution of property from the Debtor or its successors or assigns with respect to such Claim. Any Proof of Claim received by the Claims Agent will be subject to objection by the Debtor, as the Debtor does not believe there is any basis for the allowance of any such Claims. Please note that a Proof of Claim need not be filed solely to assert a Claim for the principal and interest due on the Old Notes or for an ownership interest in the USEC Common Stock; a Proof of Claim is required only for a 510(b) Claim as described above.

D. THE VOTING PROCESS

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and that are not deemed to have rejected a plan of reorganization are entitled to vote to accept or reject a proposed plan. Generally, a claim or equity interest is impaired under a plan if the holder's legal, equitable or contractual rights are altered under such plan. Classes of claims or equity interests under a chapter 11 plan in which the holders of such claims or equity interests are unimpaired under a chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. In addition, classes of claims or equity interests under a chapter 11 plan in which the holders of such claims or equity interests are not entitled to receive or retain any property under such plan (although they may nevertheless be receiving a de minimis distribution assuming acceptance of the plan by senior voting classes) may be deemed to have rejected the plan and are not entitled to vote to accept or reject the plan. In connection with the Plan, therefore:

- Claims in Classes 1, 2, 3 and 4 are Unimpaired. As a result, holders of Claims in those Classes are deemed to have accepted the Plan and are not entitled to vote on the Plan.
- Claims and Interests in Classes 5 and 6 (together, the "Voting Classes") are Impaired and the holders of such Claims and Interests, which are deemed Allowed by the Plan, will receive distributions under the Plan. As a result, holders of Claims and Interests in Classes 5 and 6 are entitled to vote to accept or reject the Plan, subject to the requirement that they hold their Claims or Interests as of the voting record date established by the Bankruptcy Court, as discussed below.
- Holders of Allowed Claims and Allowed Interests in Class 7, although potentially receiving a de minimis distribution under the Plan to which they would not be entitled without acceptance of the Plan by Classes 5 and 6, are deemed to have rejected the Plan, and the votes of such holders will not be solicited.
- Holders of Allowed Interests in Class 8 are not entitled to and will not receive or retain any property under the Plan, are deemed to have rejected the Plan, and the votes of such holders will not be solicited.

The Bankruptcy Court has established 5:00 p.m. Eastern Time on July 3, 2014 (the "Voting Record Date") as the time and date for determining which holders of Claims and Interests in the Voting Classes are entitled to receive a copy of this Disclosure Statement and to vote to accept or reject the Plan. ONLY HOLDERS OF CLAIMS IN CLASS 5 AND INTERESTS IN CLASS 6 AS OF THE VOTING RECORD DATE ARE ENTITLED TO VOTE ON THE PLAN.

The Debtor has retained Logan & Company, Inc. to, among other things, act as its voting agent (the "Voting Agent"). Specifically, the Voting Agent will assist the Debtor with: (a) mailing this Disclosure Statement and ballot materials, (b) soliciting votes on the Plan, (c) receiving, tabulating and reporting on ballots cast for or against the Plan, (d) responding to inquiries from creditors and stockholders relating to the Plan, the Disclosure Statement, the ballots and matters related thereto, including, without limitation, the procedures and requirements for voting to accept or reject the Plan and objecting to the Plan, (e) if necessary, contacting eligible voters regarding the Plan and their ballots, and (f) mailing notices required by the Bankruptcy Code, the Bankruptcy Rules or order of the Bankruptcy Court.

YOUR VOTE ON THE PLAN IS IMPORTANT. The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the allowed claims that actually vote for acceptance or rejection of the plan (the "Requisite Claim Acceptances"). The foregoing applies to Class 5, containing Noteholder Claims. The Bankruptcy Code defines "acceptance" of a plan by a class of interests as acceptance by the holders of at least two-thirds in dollar amount of the allowed interests of such Class that have timely and properly voted to accept or reject the Plan (the "Requisite Interest Acceptances" and together with the Requisite Claim Acceptances, the "Requisite Acceptances"). The foregoing applies to Class 6, containing Preferred Stock Interests/Claims.

If one of the Voting Classes rejects the Plan, the Debtor, subject to the consent of (a) the Majority Consenting Noteholders and (b) the Preferred Stockholders (solely with respect to any terms of the Plan that affect the rights of such Preferred Stockholders), reserves the right to amend the Plan and, if necessary, resolicit votes, abandon the Plan and pursue another plan of reorganization, or request confirmation of the Plan pursuant to Bankruptcy Code Section 1129(b). Section 1129(b) permits the confirmation of a plan of reorganization notwithstanding the non-acceptance of a plan by one or more impaired classes of claims or equity interests, so long as at least one impaired class of claims votes to accept such plan. Under that section, a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class, as more particularly described in Part VIII.I of this Disclosure Statement The Debtor, subject to the consent of (a) the Majority Consenting Noteholders and (b) the Preferred Stockholders (solely with respect to any terms of the Plan that affect the rights of such Preferred Stockholders), reserves the right to alter, amend, or modify the Plan or any exhibit in accordance with the provisions of the Plan including, without limitation, Section 10.12 of the Plan, if determined necessary to satisfy the requirements of Bankruptcy Code Section 1129(b).

TO HOLDERS OF NOTEHOLDER CLAIMS IN CLASS 5: This Disclosure Statement and the related materials will be furnished to Noteholders whose names (or the names of whose nominees) appear as of the Voting Record Date on the security holder lists maintained by the Indenture Trustee pursuant to the Old Indenture or, if applicable, who are listed as participants in a clearing agency's security position listing. IF SUCH ENTITIES DO NOT HOLD FOR THEIR OWN ACCOUNT, THEY SHOULD PROVIDE COPIES OF THE DISCLOSURE STATEMENT, THE PLAN AND, IF APPLICABLE, BENEFICIAL OWNER BALLOTS OR MASTER BALLOTS, TO THE BENEFICIAL OWNERS. With respect to Noteholder Claims, special voting instructions apply to beneficial owners, nominees of beneficial owners and securities clearing agencies. Those special instructions will accompany the beneficial owner ballot or master ballot provided to holders of Noteholder Claims. In the event of an inconsistency between the special instructions and the provisions of this Disclosure Statement, the special instructions that accompany the beneficial owner ballot or master ballot should be followed. A summary of such instructions is set forth in more detail in Part VIII.F below.

TO HOLDERS OF PREFERRED STOCK INTERESTS/CLAIMS IN CLASS 6: A ballot is enclosed for the purpose of voting on the Plan. Please follow the instructions contained on the ballot for casting and returning your ballot. In the event of an inconsistency between the instructions on the ballot and the provisions of this Disclosure Statement, the instructions on the ballot should be followed.

This Disclosure Statement, the appendices attached hereto and the related documents are the only materials the Debtor is providing to creditors and stockholders in the Voting Classes for their use in determining whether to vote to accept or reject the Plan, and such materials may not be relied upon or used for any purpose other than to vote to accept or reject the Plan.

All ballots, beneficial owner ballots and master ballots must be completed, executed and returned to the Debtor's Voting Agent at the following address:

Logan & Company, Inc.
Attention: USEC Inc.
546 Valley Road
Upper Montclair, New Jersey 07043

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT, BENEFICIAL OWNER BALLOT OR MASTER BALLOT MUST BE PROPERLY EXECUTED, COMPLETED, DATED AND DELIVERED SUCH THAT IT IS **ACTUALLY RECEIVED** ON OR BEFORE THE VOTING DEADLINE (5:00 P.M. EASTERN TIME ON AUGUST 11, 2014) BY THE VOTING AGENT.

The ballots, beneficial owner ballots and master ballots have been specifically designed for the purpose of soliciting votes on the Plan from the Voting Classes. Accordingly, in voting on the Plan, please use only the ballots sent to you with this Disclosure Statement.

All properly completed ballots, beneficial owner ballots or master ballots received by the Voting Agent prior to the Voting Deadline from holders of Allowed Claims and Allowed Interests in the Voting Classes as of the Voting Record Date will be counted for purposes of determining whether each Class has accepted the Plan. The Voting Agent will prepare and file with the Bankruptcy Court a certification of the results of the balloting by each of the Voting Classes.

If a ballot, beneficial owner ballot or master ballot is received by the Voting Agent after the Voting Deadline, it will not be counted, unless the Debtor has granted, in its sole discretion, an extension of the Voting Deadline in writing with respect to such ballot. Additionally, the following ballots will **NOT** be counted:

- any ballot, beneficial owner ballot or master ballot that is properly completed, executed and timely submitted to the Voting Agent, but (a) does not indicate an acceptance or rejection of the Plan or (b) indicates both an acceptance and rejection of the Plan;
- any ballot, beneficial owner ballot or master ballot that is illegible or contains insufficient information to permit the identification of the holder;
- any ballot, beneficial owner ballot or master ballot cast by a Person or Entity that does not hold a Claim or Interest in the Voting Classes; and/or
- any unsigned ballot, beneficial owner ballot or master ballot.

THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF ALL HOLDERS OF CLAIMS AND INTERESTS AND RECOMMENDS THAT ALL HOLDERS OF CLAIMS AND INTERESTS IN THE VOTING CLASSES VOTE TO ACCEPT THE PLAN.

WITH RESPECT TO THE HOLDERS OF NOTEHOLDER CLAIMS, THE CONSENTING NOTEHOLDERS AND THE NOTEHOLDER ADVISORS SUPPORT CONFIRMATION OF THE PLAN AND ENCOURAGE ALL NOTEHOLDERS TO VOTE TO ACCEPT THE PLAN.

E. THE CONFIRMATION HEARING

Bankruptcy Code Section 1128 requires that the Bankruptcy Court, after notice, hold a hearing on confirmation of the Plan (the "Confirmation Hearing"). The Bankruptcy Court has set the Confirmation Hearing to commence on September 5, 2014 at 1:00 p.m. Eastern Time, at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, Wilmington, Delaware 19801. At the Confirmation Hearing, the Debtor will request confirmation of the Plan, as it may be modified from time to time, under Bankruptcy Code Section 1129(b). The Debtor may modify the Plan, subject to the consent of (i) Enrichment Corp, (ii) the Majority Consenting Noteholders and (iii) the Preferred Stockholders (solely with respect to any terms of the Plan that affect the rights of such Preferred Stockholders), to the extent permitted by Bankruptcy Code Section 1127(a) and Bankruptcy Rule 3019, as necessary to confirm the Plan. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing. Objections to confirmation must be filed with the Bankruptcy Court by August 22, 2014 at 4:00 p.m. (Eastern Time) and are governed by Bankruptcy Rules 3020(b) and 9014. The objections must be in writing, must state the name and address of the objecting party and the nature of the Claim or Interest of such party, and must state with particularity the basis and nature of any objection to or proposed modification of the Plan. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY FILED AND SERVED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

F. FORWARD LOOKING STATEMENTS

This Disclosure Statement contains certain other forward-looking statements, all of which are based on various estimates and assumptions and will not be updated to reflect events occurring after the date hereof. Such information and statements are subject to inherent uncertainties and to a wide variety of significant business, economic and competitive risks, including, among others, those described herein. Consequently, actual events, circumstances, effects and results may vary significantly from those included in or contemplated by such projected financial information and such other forward-looking statements. The information contained herein is therefore not necessarily indicative of the future financial condition or results of operations of the Debtor, which in each case may

vary significantly from the information set forth herein. Consequently, the forward-looking statements contained herein should not be regarded as representations by the Debtor, any of its advisors or any Person that any prospective financial condition or results of operations can or will be achieved. FACTORS THAT COULD CAUSE ACTUAL RESULTS TO BE MATERIALLY DIFFERENT FROM EXPECTATIONS INCLUDE THOSE FACTORS DESCRIBED IN PART VII HEREIN TITLED "RISK FACTORS."

II.
GENERAL INFORMATION CONCERNING THE DEBTOR

A. INTRODUCTION

The Debtor is the ultimate parent company of seven direct and indirect domestic subsidiaries, including Enrichment Corp, American Centrifuge Holdings, LLC ("AC Holdings"), American Centrifuge Enrichment, LLC ("AC Enrichment"), American Centrifuge Operating, LLC ("AC Operating"), American Centrifuge Technology, LLC ("AC Technology"), American Centrifuge Manufacturing, LLC ("AC Manufacturing") and American Centrifuge Demonstration, LLC ("AC Demonstration") (Enrichment Corp, AC Holdings, AC Enrichment, AC Operating, AC Technology, AC Manufacturing and AC Demonstration, collectively, the "Non-Debtor Subsidiaries;" and AC Holdings, AC Enrichment, AC Operating, AC Technology, AC Manufacturing and AC Demonstration, collectively, the "AC Subsidiaries").[1] All of the Non-Debtor Subsidiaries are wholly-owned entities.[2] Basic information about the Debtor and the Non-Debtor Subsidiaries is set forth below.

Name of Entity	Formation	Ownership	Business Purpose/Summary of Key Facts
USEC Inc.	Delaware 6/29/98	Publicly owned	• The Debtor • Ultimate parent company; holds 100% interest in Enrichment Corp and AC Holdings • Issuer of Old Notes • Issuer of USEC Preferred Stock and USEC Common Stock • Party to 2002 DOE-USEC Agreement • Assignor to AC Operating of sublease from Enrichment Corp of the DOE lease for American Centrifuge Plant • Lessee of Oak Ridge facilities used for the American Centrifuge Project from the DOE • Holds intellectual property license from the DOE for centrifuge technology • Party to RD&D Cooperative Agreement with the DOE and AC Demonstration • Indemnitor on surety bonds issued to the DOE and the NRC for Paducah Plant and American Centrifuge Plant • Party to certain construction contracts with respect to American Centrifuge Plant • Proposed issuer under the Plan of the New Notes and the New Common Stock
United States Enrichment Corporation ("Enrichment Corp")	Delaware 6/29/98	USEC Inc.	• One of the Non-Debtor Subsidiaries • Enriched uranium at Paducah Plant until end of May 2013 and currently transitioning site back to DOE • Continuing supplier of LEU, fulfilling contracts for LEU through existing inventory and supply purchased from Russia • Primary revenue generator within the Company; sole source of liquidity for the Debtor via return of capital until September 2011 and intercompany loans since that date • Holder of the NRC certificate of compliance for Paducah Plant • Lessee of the DOE leases for Paducah Plant and American Centrifuge Plant; sublessor of lease for American Centrifuge Plant to AC Operating (via assignment from the Debtor) • Party to Russian Contract and Russian Supply Agreement • Party to existing customer contracts (including by assignment from AC Enrichment) • Principal on surety bonds issued to the DOE and the NRC for Paducah Plant and indemnitor on certain surety bonds for American Centrifuge Plant

- Co-proponent and participant in the Plan for purposes of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement

1 On March 15, 2013, the Debtor sold another wholly-owned subsidiary, NAC International Inc. ("NAC"), to a subsidiary of Hitachi Zosen Corporation for approximately $42.4 million. While owned by the Debtor, NAC provided energy consulting, information services and spent fuel management technologies to utilities, government agencies, producers, fuel vendors and financial institutions worldwide. NAC also specialized in nuclear materials transport, used fuel storage and transport technologies, nuclear fuel cycle consulting, and fuel cycle information services, and provided fuel procurement and performance evaluations, and regulatory and communications planning.

2 AC Holdings previously owned 55% of AC Manufacturing, with the remaining 45% owned by Babcock & Wilcox Technical Services Group, Inc. On April 25, 2014, AC Holdings exercised its no-cost automatic transfer right under the AC Manufacturing Limited Liability Company Agreement and it now owns 100% of AC Manufacturing.

American Centrifuge Holdings, LLC ("AC Holdings")	Delaware 9/24/08	USEC Inc.	• One of the Non-Debtor Subsidiaries and AC Subsidiaries • Holds 100% interest in AC Enrichment, AC Operating, AC Technology and AC Demonstration, and 100% interest in AC Manufacturing
American Centrifuge Enrichment, LLC ("AC Enrichment")	Delaware 9/24/08	American Centrifuge Holdings, LLC	• Currently inactive • One of the Non-Debtor Subsidiaries and AC Subsidiaries • Created to: hold title to American Centrifuge Plant; be a party to loan and financing agreements related to American Centrifuge Project; and be a party to construction and customer contracts • Party to customer contracts partially assigned to Enrichment Corp
American Centrifuge Operating, LLC ("AC Operating")	Delaware 9/24/08	American Centrifuge Holdings, LLC	• One of the Non-Debtor Subsidiaries and AC Subsidiaries • Holds the NRC license for American Centrifuge Demonstration facility and American Centrifuge Plant • Sublessee (via assignment from the Debtor) of Enrichment Corp's DOE lease for American Centrifuge Plant • Principal on surety bonds issued to the DOE and the NRC for American Centrifuge Plant
American Centrifuge Technology, LLC ("AC Technology")	Delaware 9/24/08	American Centrifuge Holdings, LLC	• Currently inactive • One of the Non-Debtor Subsidiaries and AC Subsidiaries • Created to: conduct technology research and development activities; hold technology license from the DOE; and lease facilities at Oak Ridge
American Centrifuge Manufacturing, LLC ("AC Manufacturing")	Delaware 8/20/10	100% owned by AC Holdings	• One of the Non-Debtor Subsidiaries and AC Subsidiaries • Created to consolidate the authority and accountability for centrifuge machine manufacturing and assembly in one business unit • Based out of the Oak Ridge manufacturing facility • Party to contracts with centrifuge component and assembly suppliers • Previously 55% owned by AC Holdings and 45% owned by Babcock & Wilcox Technical Services Group, Inc. ("B&W TSG").
American Centrifuge Demonstration, LLC ("AC Demonstration")	Delaware 5/21/12	American Centrifuge Holdings, LLC	• One of the Non-Debtor Subsidiaries and AC Subsidiaries • Created to oversee RD&D Program • Party to RD&D Cooperative Agreement with the DOE and the Debtor

The chart attached as Appendix C depicts the corporate structure of the Debtor's family of companies.

B. THE DEBTOR'S CORPORATE HISTORY

In October 1992, Congress established a uranium enrichment corporation through the Energy Policy Act of 1992. This government corporation began operations in mid-1993 under the name United States Enrichment Corporation. In April 1996, the USEC Privatization Act, 42 U.S.C. § 2297h, was signed into law, permitting this government corporation to be converted into a privately owned company of the same name.

In June 1998, the Debtor USEC Inc. was incorporated as a Delaware corporation for the purpose of acting as the parent company of the privately owned Enrichment Corp. At the same time, Enrichment Corp was incorporated in Delaware as a private company. In July 1998, USEC Inc. completed an initial public offering of 100,000,000 shares of its common stock on the New York Stock Exchange and began trading under the symbol USU.

Upon its privatization, the U.S. government transferred the business of the government corporation to Enrichment Corp, with the exception of certain liabilities from prior operations of the U.S. government. Enrichment Corp continued as a uranium enrichment corporation, operating gaseous diffusion plants leased from the DOE near Portsmouth, Ohio (the "Portsmouth Plant") and Paducah, Kentucky (the "Paducah Plant"), from which it produced LEU, and obtained additional LEU supply through its role under the Megatons to Megawatts non-proliferation agreement between the United States and Russia. Enrichment ceased at the Portsmouth Plant in 2001 and at the Paducah Plant in May 2013.

The Company began exploring a move from gaseous diffusion technology to gas centrifuge technology in 2002. The DOE invested in research and development of the gas centrifuge technology in the 1960's through the 1980's as an alternative to gaseous diffusion. Gaseous diffusion technology is over 60 years old and requires substantial amounts of energy to produce LEU. With the cessation of enrichment at the Paducah Plant, there are no major enrichment suppliers that continue to utilize this technology to enrich uranium commercially. All of Enrichment Corp's competitors have deployed more modern gas centrifuge technology to produce LEU. Gas centrifuge technology uses approximately 95% less energy than gaseous diffusion to produce the same quantity of LEU.

In connection with the effort to deploy gas centrifuge technology in September 2008, the Debtor created AC Holdings to wholly own AC Enrichment, AC Operating and AC Technology. Later, in August 2010, AC Holdings created AC Manufacturing, 55% of which was owned by AC Holdings, with the remaining 45% owned by B&W TSG. After exercising its no-cost automatic

transfer right under the AC Manufacturing Limited Liability Company Agreement on April 25, 2014, AC Holdings now owns 100% of AC Manufacturing. In May 2012, AC Holdings created AC Demonstration. The AC Subsidiaries were created to carry out commercial activities related to the development of gas centrifuge technology (the "American Centrifuge Project") and the financing, construction and deployment of the American Centrifuge Plant.

C. OVERVIEW OF THE COMPANY'S BUSINESS

The Company is a heavily-regulated global energy company that supplies LEU for commercial nuclear power plants. LEU is a critical component in the production of nuclear fuel for reactors to produce electricity. Currently operating through Enrichment Corp, the Company is a leading supplier of LEU to domestic and international commercial nuclear power plants.

Enrichment Corp is currently the Company's primary generator of revenue, supporting its own business and financial obligations, as well as providing intercompany funding through intercompany loans to the Debtor. The Debtor uses the intercompany funding to help pay its own financial obligations and those of the AC Subsidiaries.

Enrichment Corp has two major business operations. Its primary business focus is on supplying LEU, including uranium and enrichment components, to commercial customers. Enrichment Corp's secondary business is providing contract services at the Paducah site. Enrichment Corp ceased enrichment at the Paducah Plant at the end of May 2013, and is in the process of de-leasing the Paducah Plant and returning it to the DOE. The Company expects that upon such return, it will no longer provide contract services to the DOE at Paducah. Enrichment Corp ceased enrichment at the Portsmouth Plant in 2001, and through September 2011 it performed contract services business for the DOE as the decontamination and decommissioning contractor for the site. This transition represented the bulk of Enrichment Corp's contract services work during recent years. Enrichment Corp continues to perform limited contract services work for the DOE at the Portsmouth site, related to the lease of certain facilities related to the American Centrifuge Plant located at the Piketon, Ohio facility. After the transition of the Portsmouth Plant was completed, revenue from the contract services segment declined substantially.

1. Business Locations

The Company is headquartered in Bethesda, Maryland, at premises leased by the Debtor, and has facilities in Paducah, Kentucky, Piketon, Ohio and Oak Ridge, Tennessee through leases entered into by the Debtor or certain of the Non-Debtor Subsidiaries, as set forth below.

Location	*Business Use*	*Lessee*
Bethesda, Maryland	Corporate headquarters	Debtor (via assignment from Enrichment Corp)
Paducah, Kentucky	Paducah Plant	Enrichment Corp
Piketon, Ohio	Certain facilities at Portsmouth Plant	Enrichment Corp
Piketon, Ohio	American Centrifuge Plant	AC Operating (sublessee of lessee Enrichment Corp via assignment from the Debtor)
Oak Ridge, Tennessee	Manufacturing and test facilities for American Centrifuge Project[3]	Debtor
Washington, DC	Government relations office	Debtor

2. LEU Business Segment

(a) LEU Business Overview

Through Enrichment Corp, the Company's primary business focus has been on supplying LEU to nuclear power plant owners. 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 and depleted uranium. Enriched uranium has a higher percentage of U^{235} isotopes than depleted uranium. 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 deemed to be used in the production of LEU under this formula is referred to as its "uranium component." Revenue from the LEU segment is derived primarily from: (i) sales of the SWU component of LEU, (ii) sales of both the SWU and uranium components of LEU, and (iii) sales of uranium.

[3] This property is subject to a sale/leaseback transaction with The Industrial Development Board of The City of Oakridge, Tennessee in connection with a payment in lieu of taxes program. The Debtor has the right to take ownership of the property pursuant to the terms of the sale/leaseback agreement.

(b) LEU Customers

The majority of Enrichment Corp's customers are domestic and international utilities that own or operate nuclear power plants, with international sales constituting 17% of revenue from the LEU business in 2012 and 22% in 2013. In 2013, the ten largest customers in this segment represented 69% of total revenues, and the three largest customers represented 37% of total revenues. Agreements with electric utilities are primarily long-term, fixed-commitment contracts under which customers are obligated to purchase a specified quantity of SWU from Enrichment Corp or long-term requirements contracts under which customers are obligated to purchase a fixed percentage of the SWU requirements for specific groups of reactors from Enrichment Corp. Under requirements contracts, a customer only makes purchases when the specified reactors have requirements for additional fuel. Enrichment Corp also sells natural uranium directly to utilities, generally pursuant to shorter-term, fixed-commitment contracts.

Backlog is the estimated aggregate dollar amount of SWU and uranium sales that the Company expects to earn as revenue in future periods under existing contracts with customers. As of December 31, 2013, backlog was estimated to be $3.3 billion, including $0.4 billion expected to be delivered in 2014. Backlog was $4.5 billion at December 31, 2012, and $5.8 billion at December 31, 2011. Due to the current supply/demand imbalance in the market, and the transition in sources of enrichment from production at the Paducah Plant, Enrichment Corp has not been able to achieve sufficient new sales to offset reductions in backlog resulting from deliveries in recent years. Backlog is based on certain estimates, which are subject to change. Backlog also includes contracts that must be modified to reflect the current state of supply sources during the transition of supply sources. In addition, the backlog is subject to various risks, including the mix of origins of LEU delivered, the credit quality of certain customers, and contracts in which customers have certain termination rights based on milestones related to financing and deployment of the American Centrifuge Plant. Approximately 30% of the backlog is estimated to be at risk due to milestones related to financing and deployment of the American Centrifuge Plant.

In the future, the Company expects to enter into long-term contracts for production from the American Centrifuge Plant to support the financing of the American Centrifuge Plant, which would increase the long term backlog.

(c) LEU Supply

Historically, Enrichment Corp has produced or acquired LEU from two principal sources. About half of the LEU supply was acquired from Russia, pursuant to the Megatons to Megawatts non-proliferation agreement between the United States and Russia. Under this program, Enrichment Corp was party to a contract (the "Russian Contract") under which it purchased the SWU component of LEU derived from dismantled nuclear weapons from the former Soviet Union for conversion into fuel for commercial nuclear power plants. Enrichment Corp completed the highly-successful 20-year Megatons to Megawatts program at the end of 2013. In 2011, Enrichment Corp entered into a contract (the "Russian Supply Agreement") to maintain access to Russian LEU supplies following the completion of the Russian Contract. However, the amount of LEU that Enrichment Corp will obtain under the Russian Supply Agreement is substantially lower than the amount it historically obtained under the Russian Contract, thereby reducing Enrichment Corp's overall supply of LEU. The Russian Supply Agreement runs through 2022. The other half of Enrichment Corp's LEU supply was produced at the Paducah Plant, which ceased enrichment at the end of May 2013.

(i) Megatons to Megawatts

At the end of 2013, Enrichment Corp completed the highly successful Megatons to Megawatts program, which had provided half of Enrichment Corp's LEU supply in recent years. Under the Megatons to Megawatts program, Enrichment Corp was the U.S. government's exclusive executive agent ("Executive Agent") in connection with a nonproliferation agreement between the United States and the Russian Federation. In January 1994, Enrichment Corp signed the Russian Contract with a Russian government entity known as OAO Techsnabexport ("TENEX") to implement the program. The Russian Contract was completed at the end of 2013. Over the life of the Russian Contract, approximately 92 million SWU contained in LEU derived from 500 metric tons of highly enriched uranium was purchased, the equivalent of about 20,000 nuclear warheads.

(ii) Russian Supply Agreement

In 2011, Enrichment Corp entered into the Russian Supply Agreement to maintain access to Russian LEU supplies following the completion of the Megatons to Megawatts program and the Russian Contract, and to assist in the transition of the LEU business from the Paducah Plant to the American Centrifuge Plant. Under the terms of the Russian Supply Agreement, the supply of LEU to Enrichment Corp began in 2013 and will increase until it reaches a level in 2015 that includes a quantity of SWU equal to

approximately one-half the level supplied by TENEX to Enrichment Corp under the Megatons to Megawatts program. Beginning in 2015, TENEX and Enrichment Corp also may mutually agree to increase the purchases and sales of SWU by certain additional optional quantities of SWU up to the amount Enrichment Corp purchased each year under the Megatons to Megawatts program. The Russian Supply Agreement runs through 2022.

The LEU obtained under the Russian Supply Agreement is subject to quotas and other restrictions applicable to commercial Russian LEU that did not apply to LEU supplied under the Megatons to Megawatts program, which could adversely affect Enrichment Corp's ability to sell the commercial Russian LEU purchased under the new agreement. Under the terms of the Russian Supply Agreement, Enrichment Corp may use a portion of the quota established under U.S. law for importation of Russian LEU in the United States for consumption by U.S. utilities, but this quota is less than the amount of Russian LEU that it is obligated to purchase. The Commerce Department has agreed that so long as Enrichment Corp's existing Japanese customers hold imported Russian LEU from Enrichment Corp in dedicated storage, they are not required to re-export the material under these limits until it is withdrawn from storage, but the fact that the time limits on re-export will apply once the material is withdrawn may create uncertainty for Japanese utilities contemplating the use of such storage. As a result, they may resist taking Russian LEU from Enrichment Corp.

Prior to deployment of the American Centrifuge Plant, the Russian Supply Agreement will be the Company's only source of additional LEU supply to supplement its existing inventory, absent arrangements to purchase LEU from other sources.

Enrichment Corp and TENEX have agreed to conduct a feasibility study to explore the possible deployment of an enrichment plant in the United States employing Russian centrifuge technology. Any decision to proceed with such a project would depend on the results of the feasibility study and would be subject to further agreement between the parties and their respective governments.

(iii) Paducah Plant

At the end of May 2013, Enrichment Corp ceased enrichment at the Paducah Plant and began the process of transitioning the Paducah Plant to the DOE for decontamination and decommissioning. Although the Paducah Plant had been running at peak efficiency in recent years, the operations could not overcome the inherent costs of the substantial amount of electricity required by the gaseous diffusion technology. Enrichment Corp's competitors have all shifted to lower-cost centrifuge enrichment operations and the oversupply of LEU in the market made continued commercial enrichment at the Paducah Plant unsustainable.

Enrichment Corp leases the Paducah Plant and related facilities from the DOE. The site is one of the largest industrial facilities in the world. When the Paducah Plant was operational, its estimated maximum economic capacity was about eight million SWU per year. After cessation of enrichment at the Paducah Plant, Enrichment Corp continues to lease certain areas that are used for ongoing operations, such as shipping and handling, inventory management and site services. In addition to these activities, Enrichment Corp has completed the repackaging of its inventory of LEU and uranium and is transferring such inventory to off-site locations for future deliveries to customers with existing orders. On June 17, 2014, Enrichment Corp signed an agreement with the DOE establishing a framework (the "Framework Agreement") for the orderly de-lease and return of the Paducah Plant in accordance with the Paducah lease. The Framework Agreement provides for the de-lease and return of the leased areas at the Paducah Plant on October 1, 2014 conditioned upon: (i) the DOE's new deactivation contractor at Paducah completing mobilization and being ready to take control of the entire leased areas, including the ability to safely and securely manage the leased areas following their return to the DOE; (ii) sufficient funding being appropriated for the deactivation contractor and the DOE to perform activities necessary to enable the DOE to accept the leased areas in accordance with applicable laws and regulations; and (iii) the Debtor complying with the agreed to plan to meet the lease turnover requirements at the Paducah Plant. To the extent these conditions have not been satisfied by October 1, 2014, the return of the leased areas will be completed as quickly as possible after October 1, 2014, on a date mutually agreed to by the DOE and Enrichment Corp. Under the terms of the Framework Agreement, Enrichment Corp has agreed to complete certain activities to accomplish the turnover of leased areas in accordance with the Paducah lease and the DOE has agreed to accept such areas and certain materials and other personal property in accordance with the Paducah lease. Under the lease, the Debtor is not obligated to decontaminate and decommission the Paducah Plant. The Company's right to lease portions of the DOE-owned site in Piketon, Ohio needed for the American Centrifuge Project remains unaffected by the Framework Agreement, the de-lease of areas at the Paducah Plant, or the termination of the lease with respect to the Paducah Plant.

(iv) Provisions of 2002 DOE-USEC Agreement Relating to Paducah Plant

On June 17, 2002, the Debtor and the DOE signed an agreement in which both parties made long-term commitments directed at resolving issues related to the stability and security of the domestic uranium enrichment industry (such agreement, as amended, the "2002 DOE-USEC Agreement"). The Debtor and the DOE have entered into subsequent agreements relating to these commitments and have amended the 2002 DOE-USEC Agreement, most recently in 2012. Under the 2002 DOE-USEC Agreement, the Debtor agreed that the Paducah Plant would be operated at a production rate at or above 3.5 million SWU per year until six months prior to

commercial operation of the American Centrifuge Plant. Since May 2013, the Debtor has not performed enrichment at the Paducah Plant. As a consequence, the DOE has the right to waive Enrichment Corp's exclusive rights to lease the Paducah Plant and to transition operation of the plant from Enrichment Corp to ensure the continuity of domestic enrichment operations and the fulfillment of supply contracts. The DOE has not exercised any rights under the 2002 DOE-USEC Agreement and been engaging with the Company in a process to de-lease the Paducah Plant. If the de-lease does not occur consensually, the DOE could seek to exercise its remedies under the 2002 DOE-USEC Agreement to take possession of the Paducah Plant.

3. Contract Services Business Segment

Enrichment Corp performs limited contract services work for the DOE and the DOE contractors at the Paducah Plant site and the site of the former Portsmouth Plant. The contract services work at the Paducah Plant principally relates to providing security and infrastructure support at the site. With respect to the Portsmouth Plant, the majority of Enrichment Corp's revenues from contract services work prior to 2012 related to contracts with the DOE to prepare the Portsmouth Plant for decontamination and decommissioning. On September 30, 2011, these contracts expired and Enrichment Corp completed the transition of facilities at the Portsmouth site to a new DOE contractor. Enrichment Corp continues to provide limited services to the DOE and its contractors at the Portsmouth site with respect to facilities that are leased for the American Centrifuge Plant. However, revenues from the contract services segment have decreased significantly due to these events.

Moreover, payment for contract services work is subject to DOE funding availability, congressional appropriations, the DOE's timeliness in approving Enrichment Corp's provisional billing rates, and the outcome of the DOE's reviews and audits. The Company's consolidated balance sheet includes gross receivables from DOE or DOE contractors for contract services work totaling $99.7 million as of March 31, 2014. Of the $99.7 million, $80.8 million represents certified claims submitted to DOE. Enrichment Corp has submitted the following certified claims to the DOE contracting officer under the Contract Disputes Act ("CDA") for payment.

Amounts Related to	Date of Claim	Amount of Claim	DOE Response
Periods through December 31, 2009	December 2, 2011	$11.2 million	Denied by DOE contracting officer in letter dated June 1, 2012
Year ended December 31, 2010	February 16, 2012	$9.0 million	Denied by DOE contracting officer in letter dated August 15, 2012
Year ended December 31, 2011	May 8, 2012	$17.8 million	Denied by DOE contracting officer in letter dated August 15, 2012
Pension costs and postretirement benefit cost resulting from the closure of Portsmouth	August 30, 2013	$42.8 million	Pending

The DOE disputes the amount of such gross receivables.

4. American Centrifuge Project

While the Company, through Enrichment Corp, had been using (until it ceased enrichment at the Paducah Plant at the end of May 2013) older gaseous diffusion technology to enrich uranium, it has been working through the Debtor and the AC Subsidiaries to deploy updated gas centrifuge technology to replace its gaseous diffusion operations with the new American Centrifuge Plant. Centrifuge technology requires 95% less electricity than gaseous diffusion technology to produce the same quantity of LEU. The new centrifuge facility is intended to provide a long-term competitive source of uranium enrichment. The Debtor began construction on the American Centrifuge Plant in May 2007 after being issued a construction and operating license by the NRC. However, construction activities were significantly demobilized in 2009 and are only expected to be remobilized after financing for the deployment of the American Centrifuge Plant is in place.

Although the economics of the American Centrifuge Project are severely challenged under current enrichment market conditions, the Debtor continues to believe that the deployment of the American Centrifuge Project represents its clearest path to a long-term, direct source of domestic enrichment production that promotes private sector deployment and that supports national security purposes, and therefore the long-term viability of the LEU business. The Debtor believes that a restructuring could improve the likelihood of success in the deployment of the American Centrifuge Project for these objectives.

(a) Provisions of 2002 DOE-USEC Agreement Relating to American Centrifuge Project

The 2002 DOE-USEC Agreement requires the Company to 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. On June 12, 2012, the Debtor and the DOE entered into an amendment (the "2002 Agreement Amendment") to the 2002 DOE-USEC Agreement. The 2002 Agreement Amendment added two new milestones and revised the remaining four milestones under the 2002 DOE-USEC Agreement relating to the financing and operation of the American Centrifuge Plant. These milestone dates were not intended to be representative of the Debtor's view of an updated schedule for deployment of the American Centrifuge Plant but were a result of negotiations with the DOE. The milestones remaining as of June 1, 2014 include the following:

- June 2014 – Commitment to proceed with commercial operation
- November 2014 – Secure firm financing commitment(s) for the construction of the commercial American Centrifuge Plant with an annual capacity of approximately 3.5 million SWU per year
- July 2017 – Begin commercial American Centrifuge Plant operations
- September 2018 – Commercial American Centrifuge Plant annual capacity at 1 million SWU per year
- September 2020 – Commercial American Centrifuge Plant annual capacity of approximately 3.5 million SWU per year

The 2002 Agreement Amendment provides that the Debtor will submit a revised plan to DOE covering the milestones after November 2014 on or before the date it submits a notice of commitment to proceed with commercial operations, and the parties will discuss adjustment of these remaining milestones as appropriate based on this revised plan. The DOE has full remedies under the 2002 DOE-USEC Agreement if the Debtor fails to meet a milestone that would materially impact its ability to begin commercial operations of the American Centrifuge Plant on schedule and such delay was within the Debtor's control or was due to its fault or negligence. These remedies include terminating the 2002 DOE-USEC Agreement, revoking the Debtor's access to the DOE's U.S. centrifuge technology that is required for the success of the American Centrifuge Project and requiring the Debtor to transfer certain of its rights in the American Centrifuge technology and facilities to the DOE, and requiring the Debtor to reimburse the DOE for certain costs associated with the American Centrifuge Project.

As 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 the related downward pressure on market prices for SWU, which are at their lowest levels in more than a decade, the Debtor has not met the June 2014 milestone noted above. The Debtor does not believe that the failure to meet this milestone was within the Debtor's control or was due to the Debtor's fault or negligence – a contention disputed by the DOE. The 2002 DOE-USEC Agreement provides that if a delaying event beyond the control and without the fault or negligence of the Debtor occurs that could affect the Debtor's ability to meet an American Centrifuge Plant milestone, the DOE and the Debtor will jointly meet to discuss in good faith possible adjustments to the milestones as appropriate to accommodate the delaying event. The DOE has informed the Debtor that, while it is not taking any action at this time, it has reserved its rights under the 2002 DOE-USEC Agreement and other agreements. The Debtor has similarly reserved its rights with respect to such agreements and has requested to meet with the DOE to discuss the possible modification of the 2002 DOE-USEC Agreement necessitated by the impact of the continuing disruption in the enrichment markets. At the present time, both the Debtor and the DOE have agreed to reserve all of their respective rights under the agreement, the Debtor has not requested a determination regarding the delaying event, and both parties have agreed to meet at a future date to discuss the agreement. The DOE informed the Debtor that it requires that the modifications to the 2002 DOE-USEC Agreement be made in connection with the assumption of that agreement (which would otherwise occur pursuant to confirmation of the Plan) and, if the parties cannot agree on appropriate modifications before that date, the DOE may invoke its rights and remedies and object to the assumption of the 2002 DOE-USEC Agreement in the Chapter 11 Case.

As part of the 2002 Agreement Amendment, the Debtor granted to the DOE an irrevocable, non-exclusive right to use or permit third parties on behalf of the DOE to use all centrifuge technology intellectual property ("Centrifuge IP") royalty free for U.S. government purposes (which includes completion of the cascade demonstration test program and national defense purposes, including providing nuclear material to operate commercial nuclear power reactors for tritium production). The Debtor also granted an irrevocable, non-exclusive license to the DOE to use such Centrifuge IP developed at the Debtor's expense for commercial purposes (including a right to sublicense), which may be exercised only if the Debtor misses any of the milestones under the 2002 DOE-USEC Agreement or if the Debtor (or an affiliate or entity acting through the Debtor) is no longer willing or able to proceed with, or has determined to abandon or has constructively abandoned, the commercial deployment of the centrifuge technology. Such commercial purposes licenses are subject to payment of an agreed upon royalty rate to the Debtor, which shall not exceed $665 million in the aggregate.

(b) Financing for the American Centrifuge Project

As of December 31, 2013, spending by the Debtor related to the American Centrifuge Project totaled approximately $2.5 billion. Significant additional financing is needed to commercially deploy the American Centrifuge Plant. However, in order to successfully raise this capital, the Debtor needs to develop and validate 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. The Debtor has experienced cost pressures due to delays in deployment of the project, which have been driven in part from significant unfavorable changes in the SWU market described below.

The Debtor has been pursuing a loan guarantee under the DOE Loan Guarantee Program, which was established by the Energy Policy Act of 2005, in order to obtain the funding needed to complete the American Centrifuge Project. In July 2008, USEC applied under the DOE Loan Guarantee Program for $2 billion in U.S. government guaranteed debt financing for the American Centrifuge Project. In the fall of 2011, the DOE proposed a two-year Research, Development and Demonstration program (such program, including any extension or successor program, the "RD&D Program"). The DOE indicated that the Debtor's application for a DOE loan guarantee would remain pending during the RD&D Program, but gave the Debtor no assurance that a successful RD&D Program would result in a loan guarantee. In order to obtain a loan guarantee, the Debtor will need to demonstrate a viable commercialization plan that is dependent on the factors described above. Additional capital beyond the $2 billion of DOE loan guarantee funding that the Debtor has applied for, as well as the Company's internally generated cash flow, would also be required to complete the project. The Debtor has had discussions with Japanese export credit agencies about providing financing up to $1 billion, with such potential financing predicated on the Debtor receiving a DOE loan guarantee. The DOE has not offered the Debtor any conditional commitment for a DOE loan guarantee.

In addition to the DOE loan guarantee and the Japanese export credit agency funding discussed above, the Debtor anticipates that it would need at least $1 billion of additional capital to complete the project. The amount of additional capital required would include contributions from the Debtor and would be dependent on a number of factors, including the amount of any revised cost estimate and schedule for the project, the cost to remobilize project infrastructure (including centrifuge machine manufacturing and engineering, procurement and construction), the amount of contingency or other capital the DOE would require as part of a loan guarantee, and the amount of the DOE credit subsidy cost that would be required to be paid in connection with a loan guarantee. The Debtor anticipates that under such a financing plan the potential sources for this capital could include cash generated by the project during startup, available cash flow from the operations of Enrichment Corp either loaned to the Debtor or directly invested as equity into the American Centrifuge Plant, and additional third-party capital. The Debtor expects that the additional third-party capital would be raised at the project level, including through the issuance of additional equity participation. As the Debtor's ownership interest is reduced by these investments, the derivative interest of the holders of the New Common Stock issued under the Plan will be correspondingly reduced.

The Debtor's plan and timing for proceeding with the financing and commercialization of the American Centrifuge Project are uncertain. Factors that can affect this plan and the economics of the project include key variables related to project cost, schedule, the status of the supply chain for centrifuge manufacturing plant support systems, market demand and market prices for LEU, financing costs and other financing terms. An oversupply of nuclear fuel available for sale has increased over time as more than 50 reactors in Japan and Germany have been taken off-line in the aftermath of the March 2011 tsunami that caused irreparable damage to four reactors in Japan. The economics of the project are severely challenged by the current supply/demand imbalance in the market for LEU and related downward pressure on market prices for SWU which are now at their lowest levels in more than a decade. At current market prices, the Debtor does not believe that its plans for commercialization of the American Centrifuge Project are economically viable without additional government support beyond the $2 billion loan guarantee funding that the Debtor has applied for from the DOE. The DOE has given the Debtor no assurance that the American Centrifuge Project will be offered a loan guarantee or a conditional commitment for a loan guarantee.

In addition, low prices for competing fuels, such as natural gas and subsidized renewables, in the United States could slow the deployment of new base load nuclear power capacity, and has resulted in early retirement of five nuclear plants in the United States. Based on current market conditions, the Debtor sees limited uncommitted demand for LEU relative to supply prior to the end of the decade, which could continue to adversely affect market prices. If there is a delay or reduction in the number of Japanese reactor restarts, the supply/demand imbalance and its impact on market prices and therefore project economics could worsen. The Debtor has also experienced construction cost pressures including due to delays in deployment of the project that are further impacting the project economics. In addition, actions the Debtor has taken or may take as part of the Limited Demobilization due to the reduction in the scope of work of the RD&D Program under the ACTDO Agreement, as described in subsection (d) below, may also adversely impact project economics.

(c) RD&D Cooperative Agreement

On June 12, 2012, the DOE, the Debtor and non-debtor subsidiary AC Demonstration, entered into an agreement (the "RD&D Cooperative Agreement") to provide cost-share funding for research, development and demonstration activities. The RD&D Cooperative Agreement provided for 80% DOE and 20% Company cost-sharing for work performed. The RD&D Cooperative Agreement had, as of the Petition Date, been extended through April 15, 2014 and had a total estimated cost of $350 million, of which $280 million was to be contributed by the DOE, with the balance funded by the Debtor. Historically, the RD&D Cooperative Agreement had been incrementally funded. Prior to the Petition Date, the RD&D Cooperative Agreement was amended fifteen times, to provide for, among other things, extensions and incremental funding.

Also on June 12, 2012, AC Demonstration entered into another contract with the DOE agreeing to transfer to the DOE title to the centrifuge machines and equipment produced or acquired under the RD&D Cooperative Agreement. The transferred property included some existing machines and equipment, as well as machines and equipment produced or acquired under the RD&D Cooperative Agreement. The DOE will make the transferred property available for no additional fee as leased personal property under the DOE lease of the American Centrifuge Plant facilities. Upon closing of the financing for the construction of the American Centrifuge Plant, title to the transferred property will transfer back to the Company per the terms of the lease agreement. If the American Centrifuge Project is abandoned, then the DOE will keep the transferred property and would be responsible for its disposal. AC Demonstration enhanced the program management and execution structure as required by the RD&D Cooperative Agreement, including a board of managers to oversee the management of the program. The seven-person board was comprised of two independent managers, two managers appointed by AC Holdings, and one manager appointed by each of B&W TSG, Toshiba America Nuclear Energy Corporation and Exelon Generation Company, LLC.

The Debtor and AC Demonstration achieved or exceeded all of the milestones and performance indicators under the RD&D Cooperative Agreement on or ahead of schedule and on or under budget. The objectives of the RD&D Cooperative Agreement were to demonstrate the centrifuge technology through the construction and operation of a commercial demonstration cascade of 120 centrifuge machines and to sustain the domestic U.S. centrifuge technical and industrial base for national security purposes and potential commercialization of the American Centrifuge technology. Following the Petition Date, the DOE informed the Debtor that it did not intend to provide additional funding under the RD&D Cooperative Agreement beyond the original $280 million of government cost-share funding. On April 14, 2014, the DOE and the Debtor entered into amendment eighteen to the RD&D Cooperative Agreement (the "No-Cost Extension Amendment"), which essentially allowed the program to continue from April 15, 2014 through April 30, 2014, at no additional cost to the DOE. This No-Cost Extension Amendment, which was made possible by prudent management of existing program funds by the Debtor, continued to provide cost reimbursement under the RD&D Cooperative Agreement until the DOE cost-share reached the $280 million of government funding that had been provided.

(d) The Oak Ridge National Laboratory Agreement

In anticipation of the expiration of the RD&D Cooperative Agreement, the DOE instructed UT-Battelle, LLC ("UT-Battelle"), a private not-for-profit partnership between the University of Tennessee and Battelle Memorial Institute that is 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 that supports national security purposes. This task includes, among other goals, (i) 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 (ii) assessing technical options for meeting DOE's national security needs and preserving the option of commercial deployment, all within the DOE's budget constraints. Pursuant to those instructions, UT-Battelle chose to subcontract with the Debtor. ORNL, located in Oak Ridge, Tennessee, is the DOE's largest multiprogram science and energy laboratory, responsible in part for tackling the research challenges posed by the DOE's mission, and has an annual budget of approximately $1.45 billion, which is funded largely by different departments of the U.S. government, including the DOE.

The No-Cost Extension Amendment afforded the Debtor and UT-Battelle adequate time to discuss the parameters of, and properly transition to, the revised program with UT-Battelle. The Debtor's efforts and discussions with UT-Battelle ultimately resulted in an agreement, subject to Bankruptcy Court approval (discussed in Article III.E hereof), with a total price of $33,708,845 (for the period from May 1, 2014 to September 30, 2014) for the Debtor to maintain the American Centrifuge technology capability under a revised scope as a subcontractor to UT-Battelle (the "ACTDO Agreement").[4]

Unlike the RD&D Cooperative Agreement, which was a cost-sharing reimbursement, the scope of work required under the ACTDO Agreement is performed under a firm fixed-price subcontract paid in monthly installments. The milestone payment schedule

4 The acronym ACTDO stands for American Centrifuge Technology Demonstration and Operations.

under the ACTDO Agreement requires a monthly report by the 5th business day of the following month, and the monthly fixed-price payment is payable within 15 days. The fixed-price payment is based on the historical cost of operations associated with the revised scope. As was the case with the RD&D Cooperative Agreement, the ACTDO Agreement is subject to limitations of funds and is incrementally funded. As of June 27, 2014, approximately $16 million has been allotted to the agreement, which funds are expected to cover the work to be performed until July 11, 2014. The National Nuclear Security Administration (the "NNSA"), an agency within the DOE, is currently providing funding to maintain the American Centrifuge technology and has indicated that it plans to continue to do so for the remainder of the government fiscal year. The NNSA is making use of the reprogramming and transfer authorities provided by Congress in the government fiscal year 2014 Consolidated Appropriations Act to continue funding this work. On June 24, 2014, the DOE notified Congress of the transfer of an additional $2.9 million from nonproliferation funds to maintain the American Centrifuge technology and proposed the reprogramming of $30 million of Weapons Activities funds to sustain the work into government fiscal year 2015.

The ACTDO Agreement also provides UT-Battelle with two options to extend the agreement by six months each. Each option is priced at approximately $41.7 million. UT-Battelle may exercise its option by providing notice 60 days prior to the end of the term of the agreement. The total price of the contract including options is approximately $117 million.

Notably, the scope of work that the Debtor is being asked to perform under the ACTDO Agreement is reduced from what it had performed under the RD&D Cooperative Agreement. The Debtor estimates that, on a dollar basis per month, the scope of work under the ACTDO Agreement is approximately sixty percent (60%) of the scope of work recently performed under the RD&D Cooperative Agreement. More specifically, the scope of work under the ACTDO Agreement involves three main tasks, relating to (i) the demonstration cascade, (ii) the "Pathfinder" centrifuges and (iii) the centrifuge design research and development. Tasks relating to the demonstration cascade include: (i) operation of the centrifuge demonstration cascade at Piketon, Ohio and (ii) analyzing and documenting performance data of the cascade. Tasks relating to the Pathfinder centrifuges include: (i) operation of two Verification Test Machine centrifuges at the K-1600 Test Facility in Oak Ridge and, periodically, one machine test stand to support the centrifuge design research and development and (ii) documenting and analyzing performance of the Pathfinder machines. Tasks related to the centrifuge design research and development include conducting analysis and support efforts in the areas of cascade performance, value engineering, machine reliability and molecular pump. Each task requires a monthly report summarizing key findings, results, and other analysis. Work under the ACTDO Agreement includes addressing an issue identified in February 2014, following successful completion of the 60-day commercial demonstration cascade operation test at the end of 2013. While details are classified, failure to resolve this issue could increase maintenance costs over the life of a centrifuge plant that could impact commercial plant economics. As with other matters that the Debtor has addressed throughout the American Centrifuge technology development program, mitigating actions are being evaluated and implemented and are expected to successfully resolve the issue. As noted above, the scope of the overall work under the ACTDO Agreement is reduced from the scope of work that was being conducted by the Debtor under the RD&D Cooperative Agreement over the past two years. The impact on the Debtor of the revised scope of work and any actions that will be necessitated by the ACTDO Agreement is described in Article II.C.5 hereof.

UT-Battelle has the ability to terminate the ACTDO Agreement if the Debtor (i) fails to provide an adequately skilled workforce or materials/equipment, (ii) fails to make payments to employees or subcontractors, (iii) disregards applicable laws, ordinances, rules or instructions from UT-Battelle, (iv) fails to adhere to time performance requirements, or (v) fails to comply with any material term. UT-Battelle may also terminate in the event of breaches relating to protection of personal information or insurance coverage required by UT-Battelle. Notably, UT-Battelle may also terminate the ACTDO Agreement for the convenience of itself or the U.S. Government.

The ACTDO Agreement also contains certain additional miscellaneous provisions. For example, under the terms of the ACTDO Agreement, the Debtor must comply with federal Cost Accounting Standards ("CAS") for the Debtor and its subcontractors by no later than January 1, 2015. In addition, the U.S. Government will acquire a patent or other intellectual property rights on any inventions or discoveries conceived, or reduced to practice, under the ACTDO Agreement.

Funding to continue the domestic uranium enrichment research, development and demonstration project including under the prior RD&D Cooperative Agreement with the DOE was included in the omnibus appropriations bill for government fiscal year 2014 passed by Congress and signed by the President in January 2014. This bill appropriated $62 million for such activities, of which approximately $52.3 million has been provided under the RD&D Cooperative Agreement. The omnibus appropriations bill also provides DOE with authority to transfer up to an additional $56.65 million of funding within DOE's National Nuclear Security Administration appropriations to further the research, development and demonstration of national nuclear security-related enrichment technology. Such transfer authority is subject to further notification of the House and Senate Appropriations Committees after a minimum 30-day waiting period. To complete such notification, the Secretary of Energy must notify Congress and submit to the Appropriations Committees a cost-benefit analysis of available and prospective domestic enrichment technologies for national security needs and the scope, schedule and cost of the Secretary's preferred option, and notification to transfer funds. The Debtor understands

that the cost-benefit report has been submitted to the House and Senate Appropriations Committees in mid-April, 2014. Further, as noted above, on June 24, 2014, the DOE notified Congress of the transfer or reprogramming of an additional $2.9 million from nonproliferation funds to maintain the American Centrifuge technology and proposed the reprogramming of $30 million of Weapons Activities funds to sustain the work into government fiscal year 2015. Notwithstanding the foregoing, the Debtor has no assurance that the Appropriations Committees will not object to the funds transfer. The balance of funding for the ACTDO Agreement for government fiscal year 2015 is subject to the government fiscal year 2015 appropriations process. The House Committee on Appropriations and the Senate Appropriations Subcommittee on Energy and Water Development have included $96 million and $110 million of funding respectively in their government fiscal year 2015 appropriations bills to maintain domestic centrifuge uranium enrichment technology that can be used to continue funding of the ACTDO Agreement. While appropriations for government fiscal year 2015 will require further action from both Congress and the President, the Debtor believes that these requested funding levels are sufficient to support the ACTDO Agreement through government fiscal year 2015.

(e) Background of American Centrifuge Plant and Machinery

On May 1, 2011, AC Manufacturing was established as a joint venture company between AC Holdings (55%) and B&W TSG (45%) for the purpose of manufacturing and assembling AC100 centrifuge machines. AC Manufacturing consolidates the authority and accountability for centrifuge machine manufacturing and assembly in one business unit, which assumes contractual accountability over the family of centrifuge parts manufacturers. AC Holdings has exercised its no-cost automatic transfer right under the AC Manufacturing Limited Liability Company Agreement, resulting in its ownership of 100% of AC Manufacturing.

Most of the buildings required for the American Centrifuge Plant were constructed in Piketon, Ohio during the 1980s by the DOE. These existing structures include a centrifuge assembly building, a uranium feed and withdrawal building, and two enrichment production buildings with space for approximately 11,500 centrifuges. The Debtor began renovating and building the American Centrifuge Plant following receipt of a construction and operating license from the NRC in April 2007.

Construction of the physical plant includes various systems, including electric, telecommunications, HVAC and water distribution. Other plant infrastructure must be completed, including the piping that enables UF6 gas to flow throughout the enrichment production facility, process systems to support the centrifuge machines and cascades, a distributed control system to monitor and control the enrichment processing equipment, and facilities to feed natural uranium into the process system and withdraw enriched uranium product. The Debtor demobilized most construction activities in August 2009 due to project funding uncertainty. In 2012, the Debtor resumed construction in one process building to replace legacy systems with new plant systems and infrastructure and to install an operating commercial cascade required for the RD&D Program.

The Debtor is required to provide financial assurance to the NRC for the decontamination and decommissioning of the American Centrifuge Plant and to comply with lease turnover requirements. As of December 31, 2013, the Debtor has provided financial assurance to the NRC and the DOE in the form of surety bonds totaling $29.4 million. The surety bonds are fully collateralized with interest-earning cash deposits. Financial assurance provided for the American Centrifuge Plant increased $6.4 million in 2013 related to construction of centrifuge machines as part of the RD&D Program. If construction of the American Centrifuge Plant is resumed, the financial assurance requirements will increase each year commensurate with the status of facility construction and operations.

The DOE has licensed U.S. gas centrifuge technology to the Debtor for use in building new domestic uranium enrichment capacity. The Debtor or its assignee will pay royalties to the U.S. government on annual revenues from sales of LEU produced in the American Centrifuge Plant. The royalty will range from 1% to 2% of annual gross revenue from these sales and provide for a minimum payment of $100,000 per year. Payments are capped at $100 million over the life of the technology license.

5. Limited Demobilization and Disposition of Assets

The Debtor has determined that it is necessary to ensure that the costs of its continued activities with respect to the American Centrifuge Project are in line with the amount of funding that it will receive from UT-Battelle under the ACTDO Agreement because any costs that exceed the funding provided by UT-Battelle will be borne exclusively by the Debtor. The scope of work under the ACTDO Agreement does not involve (a) activities related to engineering, procurement and construction (the "EPC Operations"), (b) work related to the manufacturing of new centrifuge machines (the "ACM Manufacturing Operations"), or (c) design, testing, and procurement of specialty uranium handling equipment necessary to support the uranium enrichment process (the "PETE Operations"). The EPC Operations include, but are not limited to, engineering and design activities, as well as fabrication and assembly of gas centrifuge service modules. The ACM Manufacturing Operations include, but are not limited to, centrifuge machine manufacturing and assembly. The PETE Operations include, but are not limited to, procurement, design and testing of specialty uranium handling equipment used to feed, withdraw and sample uranium and transport uranium cylinders within the uranium enrichment plant. Costs

associated with these activities are not within the scope of the ACTDO Agreement, and no external funding is available for such activities. As such, it is in the Debtor's best interest to effectively and efficiently demobilize such activities in a manner that (a) will not materially affect the Debtor's ability to perform its obligations under the ACTDO Agreement, and (b) will preserve equipment and intellectual property necessary to maintain certain capabilities for future deployment of the American Centrifuge technology for national security purposes or for commercialization.

In order to preserve capital and meet these objectives, the Debtor has determined that it is important to effectuate the limited demobilization of certain of the Debtor's business operations (the "Limited Demobilization"), which will, among other things, result in or require the following actions:

- the cessation of all business operations and activities related to the EPC Operations, the ACM Manufacturing Operations and the PETE Operations;
- the termination or suspension of executory contracts (the majority of which are with suppliers who provide goods or services that will no longer be needed in light of the Limited Demobilization) pursuant to the terms of such contracts or as may be otherwise agreed by the parties thereto;
- authorizing the Debtor to provide directions to the certain of the Non-Debtor Subsidiaries to the extent necessary to effect the Limited Demobilization including any expenditures of amounts by certain of the Non-Debtor Subsidiaries that are necessary to cover the costs of such actions;
- the ability to reject contracts in a cost-effective and efficient manner;
- the ability to dispose of (including abandon, dispose of and return to vendors) certain personal property not required for current operations in a cost-effective and efficient manner; and
- the ability to sell miscellaneous assets not required for current operations in a cost-effective and efficient manner.

The Debtor and its affiliates have been working with suppliers and developing plans necessary to wind down properly the scope of work no longer necessary for the ACTDO Agreement. Furthermore, the Debtor and its affiliates have been working with suppliers affected by the Limited Demobilization 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 for national security purposes or for commercialization. The costs associated with this Limited Demobilization include costs related to securing classified and export controlled information and intellectual property, preparation to preserve machinery and equipment with a structured maintenance plan to protect the long-term viability and operability of this specialized equipment, severance and other costs associated with reductions in staff working in these affected areas, transportation and handling costs to consolidate selected materials and equipment that may be necessary for future deployment, and any necessary settlement costs associated with the wind down of supplier contracts. The objective of this Limited Demobilization is to not only reduce costs for which no external funding exists, but also preserve the Debtor's ability to remobilize certain project activities effectively at a future date for either commercial deployment or for national security purposes. This Limited Demobilization process will take approximately four to six months, and the Debtor currently estimates these costs could be in a range of approximately $25 million to $30 million through the end of 2014. These costs exclude any offsetting proceeds from potential sales of the Debtor's assets no longer needed in its operations. The funds necessary for this demobilization will be provided by the Debtor's DIP Lender pursuant to the DIP Credit Agreement. While the Limited Demobilization contemplates rejection of executory contracts as well as abandonment of assets, the Debtor is not contemplating taking any such actions in connection with the Limited Demobilization at this time.

In addition to developing plans to properly wind down operations, the reduction in scope associated with the ACTDO Agreement has also resulted in a number of assets that are no longer necessary to support the ACTDO Agreement. As a result, the Debtor has sought the Bankruptcy Court's approval of certain sale procedures set forth in the Limited Demobilization Motion and the Auction Motion (each as defined below) and will be disposing of such assets in a manner that ensures it receives the highest and best value for these assets that are no longer needed in the Debtor's operations.

6. Nuclear Regulatory Commission Regulation

The Company's operations are subject to regulation by the U.S. Nuclear Regulatory Commission (the "NRC").

Enrichment holds a certificate of compliance from the NRC with respect to the Paducah Plant. The NRC has extended the certificate of compliance, which would have expired in December 2013, indefinitely due to the pending termination of the certificate

upon the de-lease of the facilities to the DOE. The certificate of compliance represents the NRC's determination that the Paducah Plant is in compliance with NRC safety, safeguards and security regulations. The NRC has the authority to issue notices of violation for violations of the Atomic Energy Act of 1954, NRC regulations, and conditions of licenses, certificates of compliance, or orders. The NRC has the authority to impose civil penalties for certain violations of its regulations. Enrichment Corp has received notices of violation from the NRC for violations of these regulations and certificate conditions. However, in each case, Enrichment Corp took corrective action to bring the facilities into compliance with NRC regulations. None of the proposed notices of violation are expected to have a material adverse effect on Enrichment Corp's financial position or results of operation.

The NRC regulates the construction and operation of the American Centrifuge Plant. In April 2007, the NRC issued the Debtor a license to construct and operate the American Centrifuge Plant, and the Debtor began construction in May 2007. Effective February 8, 2013, this license was transferred to AC Operating. It is for a term of 30 years and includes authorization to enrich uranium to a U^{235} assay of up to 10%. This license is based on a plant designed with an initial annual production capacity of 3.8 million SWU.

The NRC has also issued a license for the operation of the lead cascade. On May 20, 2011, the Debtor submitted a request to the NRC to extend this operating license, which was scheduled to expire on August 23, 2011. On July 15, 2011, the NRC concluded that the application was complete, but deferred conducting a review of the application. Under applicable law, the license will not expire pending the NRC's review of a complete application. Effective February 8, 2013, the license for the lead cascade was also transferred to AC Operating.

The Company's operations requires that it maintain security clearances that are overseen by the NRC and the DOE. These security clearances could be suspended or revoked if the Company is determined by the NRC to be subject to foreign ownership, control or influence. In addition, statute and NRC regulations prohibit the NRC from issuing any license or certificate for the Paducah Plant and the American Centrifuge Plant if it determines that the Company is owned, controlled or dominated by an alien, a foreign corporation, or a foreign government.

Under the NRC's regulations, a direct or indirect transfer of control of a certificate or license holder requires advance written consent of the NRC. Because of the nature of the restructuring transactions contemplated by the Plan, including the cancellation of USEC Common Stock and the issuance of New Common Stock, the Debtor contacted the NRC by letter on June 27, 2013, requesting a determination as to whether the restructuring would be viewed as a direct or indirect transfer of control. On July 31, 2013, the NRC notified the Debtor that so long as the restructuring was consistent with the representations made by the Debtor, it would not be viewed as a direct or indirect transfer of control requiring advance written consent from the NRC. The Debtor believes that the terms of the Plan are consistent with the representations made to the NRC and, therefore, that the advance written consent from the NRC is not required.

7. Environmental Compliance

The Company's operations are subject to various federal, state and local requirements regulating the discharge of materials into the environment or otherwise relating to the protection of the environment.

Enrichment Corp's operations generated low-level radioactive waste that is stored on-site at the Paducah Plant or was shipped off-site for disposal at commercial facilities. In addition, Enrichment Corp's operations generated hazardous waste and mixed waste (i.e., waste having both a radioactive and hazardous component), most of which is shipped off-site for treatment and disposal.

Enrichment Corp's operations also generated depleted uranium that is stored at the Paducah Plant. Depleted uranium is a result of the uranium enrichment process where the concentration of the U^{235} isotope in depleted uranium is less than the concentration of .711% found in natural uranium. Enrichment Corp was previously liable for disposal costs for this depleted uranium. All liabilities arising out of the disposal of depleted uranium generated before July 28, 1998 are direct liabilities of the DOE. During 2012, the DOE provided funding for the RD&D Program by accepting title to Enrichment Corp's balance of depleted uranium and Enrichment Corp did not incur disposal costs for depleted uranium produced in its last year of operation. Accordingly, Enrichment Corp has no disposal liability for depleted uranium.

The Paducah Plant was operated by agencies of the U.S. government for approximately 40 years prior to July 28, 1998. As a result of such operation, there is contamination and other potential environmental liabilities associated with the Paducah Plant. The Paducah Plant has been designated as a Superfund site under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") and is undergoing investigations under the Resource Conservation and Recovery Act. Environmental liabilities associated with plant operations prior to July 28, 1998 are the responsibility of the U.S. government. The USEC Privatization Act and the lease for the plant provide that the DOE remains responsible for decontamination and decommissioning of the Paducah site.

As sublessee of the DOE lease for the American Centrifuge Plant, AC Operating will be responsible for the decontamination and decommissioning of the American Centrifuge Plant. Enrichment Corp will also remain obligated as the lessee. Under the NRC construction and operating license, AC Operating is required to post surety bonds for these disposal costs. All surety bonds required to date have been posted.

8. Competitors

The global uranium enrichment industry is highly competitive, and the Company has three major competitors: (i) Urenco, a consortium of companies owned or controlled by the British and Dutch governments and by two German utilities, (ii) a multinational consortium controlled by Areva, a company approximately 90% owned by the French government and (iii) the Russian government's State Atomic Energy Corporation ("Rosatom"), which sells LEU through TENEX, a Russian government owned entity. Urenco and Areva own a joint venture called the Enrichment Technology Company ("ETC"), which develops and manufactures centrifuge machines for both owners.

China is emerging as a growing producer and has begun to supply limited quantities of LEU to foreign markets. China has existing centrifuge production capacity that it purchased from Russia and is also deploying its own centrifuge enrichment technology, which could be used for China's domestic needs or to export for sale in foreign markets. Depending on the rate of their development of centrifuge technology or other expansion and their plans for this supply, this could be a source of significant long-term competition.

All competitors currently use gas centrifuge technology. Gaseous diffusion plants generally have significantly higher operating costs than gas centrifuge plants due to the significant amounts of electric power required by the gaseous diffusion process. Areva closed its gaseous diffusion plant and now operates a centrifuge enrichment plant. Urenco and Rosatom also use centrifuge technology. Global LEU suppliers compete primarily in terms of price and secondarily on reliability of supply and customer service.

The enrichment industry market is estimated to be about 50 million SWU per year. Prior to ceasing enrichment at the Paducah GDP, Enrichment Corp sold approximately 10 to 12 million SWU per year, of which approximately 5.5 million SWU per year was obtained by us under the Russian Contract.

Urenco reported installed capacity at its European and U.S. enrichment facilities of 17.6 million SWU per year at the end of 2013. Urenco's announced plans call for total capacity of 18 million SWU per year by the end of 2015.

Areva's new gas centrifuge enrichment plant in France began commercial operations in 2011 and reached installed capacity of 5.4 million SWU per year at the end of 2013. Areva expects full capacity of 7.5 million SWU per year by 2016. Areva announced in 2010 that it had received a conditional commitment for a DOE loan guarantee to build its proposed Eagle Rock centrifuge uranium enrichment plant near Idaho Falls, Idaho. In December 2011, Areva suspended plans for the Eagle Rock plant as part of an announced strategic overhaul to reduce Areva's overall debt. While the project has been put on hold, Areva did not exclude the possibility that the Eagle Rock project could proceed under new partnerships. Furthermore, under the new strategic plan, Areva has suspended any planned capacity expansions for its existing gas centrifuge plant beyond the currently-projected 7.5 million SWU.

Rosatom/TENEX also uses centrifuge technology. The World Nuclear Association ("WNA") estimates Russian production capacity, excluding a portion of Russian capacity estimated to have been used for downblending highly enriched uranium, to be approximately 23 million SWU per year. The downblending program ended in 2013 and that portion of Russian capacity is now available to produce SWU for sale into the market. WNA estimates Russian capacity of approximately 30-35 million SWU by 2020.

All of the Company's current competitors are owned or controlled, in whole or in part, by foreign governments. These competitors may make business decisions in both domestic and international markets that are influenced by political or economic policy considerations rather than exclusively by commercial considerations.

In addition, GE Hitachi Global Laser Enrichment ("GLE") has an agreement with Silex Systems Limited, an Australian company, to license Silex's laser enrichment technology. The Company funded research and development of the Silex technology for several years but terminated the arrangement in April 2003 to focus on the American Centrifuge Project. Since 2008, GLE has pursued a phased development process with the goal of constructing a commercial enrichment plant in Wilmington, North Carolina with a target capacity of between 3 and 6 million SWU per year. The NRC issued GLE a license in September 2012. GLE is operating a test loop facility to determine performance and reliability data, which could be used to make a decision on whether or not to proceed with the construction of a commercial plant. GLE officials have said in published reports that such a decision will come

after years of further testing is completed, regulatory approval is achieved, and analysis of market conditions is finalized. In addition, GLE has expressed an interest in deploying enrichment capacity at the site of the Paducah Plant after Enrichment Corp returns the facilities to the DOE. In November 2013, the DOE announced that it planned to enter into discussions with GLE regarding deploying Silex technology at the Paducah site for the purpose of re-enriching tails.

In addition to enrichment, LEU may be produced by downblending government stockpiles of highly enriched uranium. Governments control the timing and availability of highly enriched uranium released for this purpose, and the release of this material to the market may destabilize market conditions. In the past, Enrichment Corp has been the primary supplier of downblended highly enriched uranium made available by the U.S. and Russian governments. To the extent LEU from downblended highly enriched uranium is released into the market in future years for sale by others, these quantities would represent a source of competition.

LEU that Enrichment Corp supplies to foreign customers is exported under the terms of international agreements governing nuclear cooperation between the United States and the country of destination or other entities such as the European Union or the International Atomic Energy Agency. For example, exports to countries comprising the European Union take place within the framework of an agreement for cooperation (the "Euratom Agreement") between the United States and the European Atomic Energy Community, which, among other things, permits LEU to be exported from the United States to the European Union for as long as the Euratom Agreement is in effect. The Euratom Agreement also provides that nuclear equipment and material imported from Euratom countries to the U.S. cannot be used by the United States for defense purposes. This limitation applies to centrifuges from Urenco and Areva, but does not apply to enrichment equipment produced in the United States using U.S. technology, such as the American Centrifuge Project technology.

D. CORPORATE GOVERNANCE, MANAGEMENT AND EMPLOYEE MATTERS

1. Current Board Of Directors

(a) Members of the Board

The Debtor's Board of Directors (the "Board") currently consists of the following ten members: James R. Mellor (chairman of the Board), John K. Welch (the Debtor's president and chief executive officer), Sigmund L. Cornelius, Michael Diament, Joseph T. Doyle, William J. Madia, Hiroshi Sakamoto, Walter E. Skowronski, M. Richard Smith and Mikel H. Williams.

Under the Plan, a New Board will be established as of the Effective Date. The New Board will be an 11-person board but will initially have ten members, with one position vacant. As set forth in the Plan Supplement, the following individuals have been designated to serve as the initial ten members of the New Board: John K. Welch, Michael Diament, Osbert Hood, Patty Jamieson, W. Thomas Jagodinski, Suleman E. Lunat, William J. Madia, Michael P. Morrell, Hiroshi Sakamoto, and Mikel H. Williams. Pursuant to the Noteholder Plan Support Agreement, these individuals were designated by the Consenting Noteholders and determined to be reasonably acceptable by the Debtor. Four of the individuals (Mr. Welch, Dr. Madia, Mr. Diament and Mr. Williams) will continue from the existing Board; one (Mr. Sakamoto) will continue as the designee of Toshiba; and the remaining three will be new members. The vacant position is available to be filled by B&W should it elect, at its discretion, to appoint a designee to the New Board. Further information concerning each of such individuals is included in the Plan Supplement. The New Board will serve in accordance with the New USEC Governing Documents and will be subject to replacement or removal as provided therein.

(b) Committees of the Board

Although the committee structure may by modified by the New Board, the Board currently has four designated standing committees, and all four committees are composed entirely of non-employee directors. The functions performed by each of the four standing committees are described below. Because the Debtor is the parent company, the oversight of the Board and thus the functions of the committee extend in certain respects to the Non-Debtor Subsidiaries and thus to the Company as a whole.

(i) Audit and Finance Committee

The Audit and Finance Committee represents and assists the Board with the oversight of the integrity of the Company's financial statements and internal controls, the Company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, the performance of the Company's internal audit function and the performance of the independent auditors. In addition, the committee is responsible for appointing, overseeing and terminating the Company's independent auditors, and reviewing the Company's accounting processes, financial controls, reporting systems, and the scope of the audits to be conducted. The committee is also responsible for advising the Board on significant financial matters. The committee is also responsible for discussing the Company's guidelines and policies governing risk assessment and risk management and the process

by which each is handled, and to oversee the Company's management of risks related to audit and finance matters or other matters within this committee's scope of responsibilities. The committee meets regularly in executive session with the Company's independent auditors and with the Company's internal auditors. The following directors are members of the Audit and Finance Committee: Mr. Cornelius, Mr. Doyle, Mr. Skowronski and Mr. Williams.

(ii) Compensation, Nominating & Governance Committee

The Compensation, Nominating & Governance Committee's responsibilities with respect to compensation include annually reviewing the performance of the Chief Executive Officer and other senior management, overseeing and administering the Company's executive compensation program and reviewing, overseeing and evaluating overall compensation programs and policies for the Company and its employees; overseeing the management by the Company of risks as they relate to the Company's compensation policies and practices and other matters within the committee's scope of responsibilities; periodically reviewing compensation for non-employee directors and making recommendations to the Board; and establishing annual performance objectives under the Company's incentive programs and oversees administration of employee benefit plans. The committee's responsibilities with respect to nominations and governance include identifying and recommending to the Board individuals qualified to serve as directors of the Debtor, considering director candidates recommended by shareholders, recommending to the Board directors to serve on committees of the Board, and advising the Board with respect to matters of Board composition and procedures; developing and recommending to the Board a set of corporate governance principles applicable to the Debtor and overseeing corporate governance matters generally; overseeing the annual evaluations of the Chief Executive Officer, the Board and its committees and overseeing the Debtor's management of risks related to the Debtor's corporate governance or other matters within the Committee's scope of responsibilities; and reviewing the Debtor's code of business conduct and overseeing the Debtor's processes for monitoring compliance, and for reviewing and approving all transactions between the Debtor and any related person under the Debtor's related person transaction policy. The following directors are members of the Compensation Nominating & Governance Committee: Mr. Cornelius, Mr. Doyle, Mr. Smith, Mr. Diament and Mr. Skowronski,.

(iii) Technology, Competition and Regulatory Committee

The Technology, Competition and Regulatory Committee's responsibilities include monitoring the Company's compliance with regulatory requirements, overseeing the Company's initiatives with and involving various agencies of the United States government and applicable State governments, advising the Board on regulatory and other governmental considerations in the Board's deliberations and decision-making processes and overseeing the Company's management of risks related to the Company's compliance with regulatory requirements or other matters within the Committee's scope of responsibilities. The committee's responsibilities include providing oversight and guidance to management with respect to the Company's technology initiatives, with a focus on the potential technological advances and technological risk related to the Company's centrifuge technology, informing the Board of significant energy policy developments and developments in enrichment technology, monitoring competition and market demand in the enrichment industry, monitoring the protection of the Company's intellectual property, monitoring issues with respect to the Company's information technology, monitoring operational readiness activities and overseeing the Company's management of risks related to the Company's technology, competition or other matters within the Committee's scope of responsibilities. The following directors are members of the Technology, Competition and Regulatory Committee: Dr. Madia, Mr. Smith and Mr. Williams.

(iv) Transaction Committee

The Transaction Committee was formed in 2012 to manage the process with respect to the consideration and evaluation of structuring and strategic alternatives, including preparations for a restructuring of the Debtor and its obligations either on an out-of-court basis, through proceedings before the United States Bankruptcy Court or otherwise. The following are members of the Transaction Committee: Mr. Doyle, Mr. Cornelius, Mr. Mellor and Mr. Smith.

(c) Director Compensation

Aside from Mr. Welch, who is compensated in his capacity as President and Chief Executive Office and does not receive separate compensation for his board service, and Mr. Sakamoto, who does not receive any compensation from the Debtor for his board service, directors currently receive an annual retainer of $80,000 in cash, payable in advance in four equal installments per year. Although not applicable for the term beginning 2014, directors in the prior term received 25,000 restricted stock units with a grant-date fair value of $20,250, which units vest in 2014. All common stock-related rights and interests of the directors, depending on the status of such rights and interests as of the Effective Date, will be treated under the Plan either as USEC Common Stock Interests or Unexercised Common Stock Rights.

The Chairman of the Board, Mr. Mellor, receives an annual chairman's fee of $100,000 in cash in connection with his duties as Chairman of the Board. The chairman of the Audit and Finance Committee, currently Mr. Doyle, receives an annual chairman's fee of $20,000 in cash; the chairman of the Compensation Committee, currently Mr. Smith, receives an annual chairman's fee of $10,000 in cash; and the chairman of each other committee receives an annual chairman's fee of $7,500 in cash.

No separate meeting fees are paid, but all non-employee directors are reimbursed for any reasonable expenses incurred in connection with their duties as directors of the Debtor.

The compensation of the New Board will be at the discretion of the New Board.

2. Current Executive Management

Set forth below is information regarding the Debtor's current executive officers (the "Senior Management Team"). Because the Debtor is the parent company, the responsibilities of the Senior Management Team extend in certain respects to the Non-Debtor Subsidiaries and thus to the Company as a whole.

- **John K. Welch** has been President and Chief Executive Officer since 2005.
- **John C. Barpoulis** has been Senior Vice President and Chief Financial Officer since August 2006 and was Vice President and Treasurer from March 2005 to August 2006. Prior to joining the Debtor, Mr. Barpoulis was Vice President and Treasurer of National Energy & Gas Transmission, Inc. (formerly a subsidiary of PG&E Corporation) and certain of its subsidiaries from 2003 to March 2005 and was Vice President and Assistant Treasurer from 2000 to 2003. National Energy & Gas Transmission, Inc. and certain of its subsidiaries filed for protection under Chapter 11 of the United States Bankruptcy Code in July 2003.
- **Peter B. Saba** has been Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary since February 2009 and was Vice President, General Counsel and Secretary from April 2008 to February 2009. Prior to joining the Debtor, Mr. Saba was of counsel in the global projects group at Paul, Hastings, Janofsky & Walker LLP from July 2005 to April 2008.
- **Philip G. Sewell** has been Senior Vice President and Chief Development Officer since November 2012. Mr. Sewell was Senior Vice President, American Centrifuge and Russian HEU from September 2005 to November 2012, Senior Vice President directing international activities and corporate development programs from August 2000 to September 2005 and assumed responsibility for the American Centrifuge Project in April 2005. Prior to that, Mr. Sewell was Vice President, Corporate Development and International Trade from April 1998 to August 2000, and was Vice President, Corporate Development from 1993 to April 1998.
- **Robert Van Namen** has been Senior Vice President and Chief Operating Officer since November 2012. Mr. Van Namen was Senior Vice President, Uranium Enrichment from September 2005 to November 2012, Senior Vice President directing marketing and sales activities from January 2004 to September 2005 and was Vice President, Marketing and Sales from January 1999 to January 2004.
- **Marian K. Davis** has been Vice President and Chief Audit Executive since July 2011. Prior to joining the Debtor, Ms. Davis was Senior Vice President, Corporate Internal Audit for Sunrise Senior Living, Inc. from November 2003 to May 2010.
- **John M.A. Donelson** has been Vice President, Marketing, Sales and Power since April 2011. He was previously Vice President, Marketing and Sales from December 2005 to April 2011, Director, North American and European Sales from June 2004 to December 2005, Director, North American Sales from August 2000 to June 2004 and Senior Sales Executive from July 1999 to August 2000.
- **Stephen S. Greene** has been Vice President, Finance and Treasurer since February 2007.
- **J. Tracy Mey** has been Vice President and Chief Accounting Officer since July 2010 and was previously Controller and Chief Accounting Officer from January 2007 to July 2010 and Controller from June 2005 to January 2007.
- **E. John Neumann** has been Vice President, Government Relations since April 2004.

- **Steven R. Penrod** has been Vice President, Enrichment Operations since February 2010 and was General Manager of the Paducah Gaseous Diffusion Plant since 2005.
- **Richard V. Rowland** has been Vice President, Human Resources since April 2012 and was previously Corporate Director of Human Resources from March 1997 to April 2012.
- **Paul E. Sullivan** has been Vice President, American Centrifuge and Chief Engineer since June 2009 and was Vice President, Operations and Chief Engineer from February 2009 until June 2009. Prior to joining the Debtor, Mr. Sullivan served for 34 years in the U.S. Navy, retiring with the rank of Vice Admiral.

The Plan provides that the Debtor's officers shall continue to serve in their same respective capacities after the Effective Date for the Reorganized Debtor until replaced or removed in accordance with the New USEC Governing Documents, subject to regulatory compliance.

The Debtor also currently has the services of a Chief Restructuring Officer, John R. Castellano of AP Services, LLC (an affiliate of Alix Partners, LLP) and is obtaining additional interim management support from AP Services, LLC. Mr. Castellano and his team are expected to continue their services through the pendency of the Chapter 11 Case.

3. Employees

As of the Petition Date, the Company as a whole had approximately 1,323 employees, which were employed by the Debtor, by Enrichment Corp or by AC Operating.

As of May 31, 2014, the Debtor's workforce consists of 466 employees, which includes seven temporary employees, with the remaining being permanent, salaried employees. These employees perform services at the Debtor's headquarters in Bethesda, Maryland, its government relations offices located in Washington, D.C., or its American Centrifuge Plant-related sites in Piketon, Ohio or Oak Ridge, Tennessee. The Debtor also augments its workforce with approximately 60 temporary and contract workers, most of whom work at the site in Oak Ridge.

As a result of the Limited Demobilization, the Debtor has notified approximately 32 employees who were employed at the ACP facilities at Oak Ridge, TN and Piketon, OH that such employees' services were no longer needed in light of the reduced scope of work under the ACTDO Agreement. Most of these notified employees have already been laid off.

Pursuant to a petition filed by the United Steelworkers ("USW") Local 689 with the National Labor Relations Board ("NLRB") to represent approximately 73 of the Debtor's employees at the American Centrifuge Plant site in Piketon, Ohio, an election was held under the supervision of the NLRB on February 14 and 15, 2013. In that election, a majority of voting eligible workers voted to be represented by the USW. The Debtor has begun negotiation with the USW for the terms of a collective bargaining agreement, and those negotiations are ongoing.

4. Employee Compensation and Benefit Matters

The Debtor strives to provide its employees with a competitive package of compensation and benefits. Under the Plan, with certain exceptions provided therein, all of the Debtor's employee-related programs, plans, policies, and agreements will be assumed and continued.

(a) Compensation

Compensation generally includes base salary, with provision for holiday, vacation, personal and sick pay, and certain cash incentive awards for eligible employees based upon company and individual performance.

(i) Base Salary

Base salaries for employees have been determined based on each employee's individual performance, level of pay relative to the market, internal pay equity, and the compensation level required to retain the employee. Base salaries are intended to be competitive within the marketplace. The Debtor's philosophy has been that total compensation should be weighted less towards fixed compensation and more towards variable performance-based compensation. The Debtor would expect to continue this practice of emphasizing variable compensation opportunities that stress performance over fixed compensation, subject to the concurrence of the New Board.

(ii) Quarterly Incentive Awards

Beginning in 2012, the Debtor terminated a three-year performance based cash incentive program under the Debtor's 2009 Equity Incentive Plan and suspended an annual cash incentive award and various long term equity incentive awards. The value, at reduced levels, from the suspended incentive programs was transferred to the quarterly incentive plan (the "QIP"), which is currently the only incentive program in effect for the Debtor's employees.

The purpose of the QIP is to motivate participating employees to make extraordinary efforts to achieve short-term target goals that are crucial to the Debtor. Awards under the QIP are based on performance during a three-month period (the "Quarterly Period") and paid in cash after the end of the Quarterly Period. A participant's award for a Quarterly Period (the "Target Award") is a specified dollar amount equal to the sum of his or her (a) Part A Target Award and (b) Part B Target Award. The annualized Part A Target Award represents a participant's historical target annual incentive compensation opportunity. The annualized Part B Target Award represents a portion of a participant's historical "long term" incentive compensation opportunity. The annualized Part A Target Award for each participant is as follows, expressed as a percentage of base salary: (a) 100% for the President/CEO; (b) 70% for Senior Vice Presidents; (c) 36% to 60% for Vice Presidents; (d) 18% to 36% for Key Managers; and (e) 5% to 20% for "Others." The annualized Part B Target Award for each participant is as follows, expressed as a percentage of base salary: (a) 100% for the President/CEO; (b) 70% for Senior Vice Presidents; (c) 36% to 60% for Vice Presidents; (d) 18% to 36% for Key Managers; and (e) 0% to 20% for "Others." In addition, starting in 2014, 25% of each quarterly award will be held back by the Company with payment made either at 90-days after emergence from bankruptcy or, if the Compensation Committee determines, at the end of the year.

Under the QIP, at the beginning of each Quarterly Period, the Compensation Committee, based on the recommendation of the Chief Executive Officer, determines one or more corporate goals for the Quarterly Period (the "Quarterly Period Goals"). Each Quarterly Period Goal is then given a percentage weight, with the sum of the Quarterly Period Goals totaling 100% of the participant's Target Award for the Quarterly Period. Target Awards are earned, if at all, based on satisfaction of the Quarterly Period Goal within a Quarterly Period, as determined by the Compensation Committee. At the end of a Quarterly Period, the Chief Executive Officer will rate the participant's performance on the following scale and make a recommendation to the Compensation Committee as to the appropriate action: (a) a rating of "goal achieved" means that the Quarterly Period Goal was achieved during the Quarterly Period and a whole or partial payout is warranted; (b) a rating of "incomplete/in process" means that the Quarterly Period Goal was not achieved within the Quarterly Period but, because the underlying objective remains important and capable of being achieved, the Compensation Committee may determine to reaffirm the Target Award opportunity, in whole or in part, for the next Quarterly Period; (c) a rating of "goal not achieved" means that the Quarterly Period Goal was not achieved during the Quarterly Period and no payout is warranted. For each Quarterly Period Goal that is satisfied, the participant will be credited with the percentage of the Target Award attributable to that Quarterly Period Goal. The Compensation Committee may exercise negative discretion to reduce the amount of any Target Award payable with respect to any Quarterly Period Goal or any Quarterly Period. In no event will any goal be paid out, whether originally or carried forward, at more than 100% of target.

(iii) Equity Incentives

The suspended incentive programs included certain equity awards in the form of restricted stock. The Plan provides for implementation of a New Management Incentive Plan, substantially in the form included in the Plan Supplement, as of the Effective Date.

(b) Benefits

Benefits generally include medical and dental coverage, with coverage continuation under COBRA; pre-tax contribution flexible spending accounts; basic term life, supplemental life, executive life and disability, group universal life, accidental death and dismemberment and business travel accident insurance; short-term and long-term disability; employee assistance; savings, retirement, pension and related types of benefits; workers' compensation; severance; and miscellaneous other benefits provided to the employees in the ordinary course of business. Information as to certain of such benefits is provided below.

(i) Savings Plans

The Debtor's employees have the opportunity to participate in a defined contribution savings plan (the "USEC Savings Program"), which is a tax-qualified broad-based 401(k) employee savings plan. The Debtor's employees, including executives, are able to contribute the lesser of up to 50% of their annual base salary or dollar limits established annually by the Internal Revenue Service ($17,500 in 2013 and 2014, plus up to $5,500 in catch-up contributions for qualified individuals over age 50). The Debtor matches 200% of the first 2% of pay that is contributed to the USEC Savings Program, 100% of the next 2% of pay that is contributed to the USEC Savings Program and 50% of the next 2% of pay contributed; for a total possible match of 7% (up to a maximum match of $17,850 in 2013 and 2014) on an employee contribution of 6%. Employee contributions are fully vested upon contribution and Debtor match contributions vest 50% after two years of service and 100% after three years of service.

The Debtor also has in place for certain executives the USEC Inc. Executive Deferred Compensation Plan (the "Deferred Compensation Plan"), which is intended to be a non-qualified deferred compensation plan that complies with the regulations of Section 409A of the Internal Revenue Code and provides benefits to management or highly compensated employees. Prior to 2013, participants in the Deferred Compensation Plan could elect to defer up to a maximum of 90% of base salary and a maximum of 100% of cash bonus amounts received through the Debtor's incentive compensation programs. The Debtor matched participant contributions under the Deferred Compensation Plan at the rate that would apply if they had been contributed to the USEC Savings Program without regard for any statutory limitations, reduced by amounts contributed to the USEC Savings Program. The Plan was frozen to new participants and new contributions beginning on January 1, 2013 with the exception of previously elected contributions from 2012 bonuses paid in the first quarter of 2013. The Deferred Compensation Plan is managed by a rabbi trust, which held assets of $3,100,000 as of January 31, 2014, and is administered through Wells Fargo Institutional Retirement Trust. The aggregate benefit liabilities under the Deferred Compensation Plan were $2,749,485 as of January 31, 2014.

(ii) Pension Plans

The Debtor has in place the following pension plans: (i) the Employees' Retirement Plan of USEC Inc. (the "Qualified Pension Plan"), which is a broad-based, tax-qualified defined benefit pension plan whose maximum benefits are limited by legislation; (ii) the USEC Inc. Pension Restoration Plan (the "Pension Restoration Plan"), which is a non-qualified supplemental pension benefit that is designed to continue the accrual of pension benefits that exceed the legislated limits under the Qualified Pension Plan; and (iii) two supplemental executive retirement plans (each, a "SERP").

The Qualified Pension Plan provides eligible retired employees with monthly income and is funded through a pension trust. Under the Qualified Pension Plan, participating employees may retire with an unreduced benefit: (a) at age 65 or later, regardless of service credit, (b) at age 62 or later, with at least ten years of service credit, or (c) when the participating employee's age and years of service credit total 85 or more. In addition, employees may elect to take a reduced early retirement benefit beginning at age 50 with having ten years of service credit. Pensions under the Qualified Pension Plan are calculated under three different formulas and participating employees are entitled to receive the greatest of the three pension benefits. The "regular formula" provides a monthly benefit of 1.2% of the participating employee's average eligible monthly earnings multiplied by his or her years and months of service credit, plus a flat amount of $110. The "alternate formula" provides a monthly benefit of 1.5% of the participating employee's average eligible monthly earnings multiplied by his or her years and months of service credit, less 1.5% of his or her monthly primary social security benefit, multiplied by his or her years and months of service credit. The "minimum formula" provides a monthly benefit of $5.00 for each of the first ten years of service credit, plus $7.00 for each of the 11th through 20th years of service, plus $9.00 for each year in excess of 20 years of service, plus 10% of the participating Employee's average eligible monthly earnings, plus the flat amount of $110. Employees are entitled to include bonuses in the calculation of their average eligible monthly earnings for purposes of the above formulas. As of the Petition Date, there were (a) approximately 148 current employees eligible to participate in the Qualified Pension Plan upon reaching the age of retirement, (b) approximately 53 former employees eligible to participate in the Qualified Pension Plan who had not yet reached the required retirement age necessary to begin receiving benefits thereunder and (c) approximately 122 retired employees currently receiving benefits under the Qualified Pension Plan. The Debtor's funding obligations under the Qualified Pension Plan are monitored by the Debtor and an outside actuary and contributions are made as required. Under the Plan, the Qualified Pension Plan will be continued and all obligations with respect thereto assumed in full. The Qualified Pension Plan was previously closed to new participants and, effective August 5, 2013 the Debtor 'froze' service and wage accruals under the Qualified Pension Plan for all participants.

Enrichment Corp also maintains a qualified pension plan. Under ERISA, both the Debtor and Enrichment Corp are members of the "controlled group," which renders the Debtor jointly and severally obligated to the PBGC for any liability of Enrichment Corp with respect to its pension plan, including liability under ERISA Section 4062(e), as discussed in Part VII.B.2 and VII.B.14.

The Pension Restoration Plan is a benefit provided to certain executives or highly-compensated employees selected by the Compensation Committee of the Debtor's Board. The Pension Restoration Plan is designed to provide covered employees who participate in the Qualified Pension Plan with retirement plan benefits in excess of those provided under the Qualified Pension Plan to make up for the limitation on maximum benefits in the Qualified Pension Plan. Specifically, the benefit payable to the participating employee (or the employee's beneficiary after the employee's death) is equal to the difference between (a) the amount of the retirement benefit that would be payable under the Qualified Pension Plan in the form of a single life annuity beginning at the participating employee's retirement, if Section 401 and Section 415 of the Internal Revenue Code were disregarded, and using the definition of compensation provided in the Pension Restoration Plan and (b) the benefit actually payable under the Qualified Pension Plan commencing at the participating employee's retirement in the form of a single life annuity. The Pension Restoration Plan is

administered by the Compensation Committee of the Debtor's Board. As of the Petition Date, there were ten active participants and two terminated and vested participants in the Pension Restoration Plan and seven retired participants currently receiving benefits under the Pension Restoration Plan. Benefits under the Pension Restoration Plan are paid by the Debtor from its general assets in the form of either a lump sum or a life annuity, as elected by the applicable employee, with such payment commencing no later than 90 days following the participating employee's termination from service. The Pension Restoration Plan was closed to new participants effective September 1, 2008, and, effective August 5, 2013, the Debtor 'froze' service and wage accruals under the Pension Restoration Plan. The aggregate benefit liabilities under the Pension Restoration Plan were $6,985,587 as of January 31, 2014.

The first of the Debtor's SERPs, titled the USEC Inc. 1999 Supplemental Executive Retirement Plan (the "1999 SERP") has only one remaining active participant, with one retired participant currently receiving a monthly annuity from the plan. The 1999 SERP provides the participant with a benefit calculated in the form of a monthly annuity equal to 55% of his final average compensation commencing at the later of termination of employment or age 62, with offsets for benefits received under the retirement programs and any U.S. government retirement program to which the Debtor contributed, and Social Security benefits. The 1999 SERP was closed to new participants effective December 31, 2005. Benefit accruals continue for the sole remaining active participant, but will terminate as of the Effective Date as part of the New Management Incentive Plan. The aggregate benefit liabilities under the 1999 SERP were $3,176,426 as of January 31, 2014.

The second SERP, titled the USEC Inc. 2006 Supplemental Executive Retirement Plan (the "2006 SERP"), was designed to be less expensive than the 1999 SERP and was intended to provide benefits to management or highly compensated employees. As applicable to the Debtor's Chief Executive Officer, the 2006 SERP incorporates the terms of a SERP agreed to with Mr. Welch in September 2005 in connection with setting his initial terms of employment. The Debtor agreed to provide Mr. Welch a benefit equal to 30% of final average pay with five years of service, increasing to 40% with seven years of service and 50% with ten or more years of service, with offsets for benefits received under other retirement programs and Social Security benefits, commencing at the later of termination of employment or age 60. As applicable to participants other than the Chief Executive Officer, the 2006 SERP provides for a monthly supplemental retirement benefit equal to 2.5% of final average pay for each year of service, to a maximum benefit of 50% after 20 years of service, with offsets for benefits received under the Debtor's other retirement programs and Social Security benefits, commencing at the later of termination of employment or age 55. Participation in the 2006 SERP is contingent on the participant agreeing to comply with certain restrictive covenants relating to confidentiality, non-competition and non-solicitation of Company employees for a period of time following his termination of employment. As of the Petition Date, the 2006 SERP had five active participants, one terminated vested participant not yet eligible to receive benefits, and no retired participants receiving benefits. The aggregate benefit liabilities under the 2006 SERP were $9,757,426 as of January 31, 2014. Benefit accruals continue for the active participants, but will terminate as of the Effective Date as part of the New Management Incentive Plan.

Although the SERP benefits represent a significant compensation cost to the Debtor, the Debtor believes they continue to provide important retentive value to executives, in particular in light of the significant unrealized compensation by the executives due to declines in the value of the Debtor's equity. Unlike the qualified pension plans, the SERPs are unfunded obligations of the Debtor and these benefits could be lost under certain circumstances. Therefore, the Debtor believes that executives are motivated to take actions that maximize enterprise value and increase the likelihood of full payment of these unfunded SERP benefits. Under the Plan, the claims of participants are General Unsecured Claims and will be paid in full as and when due.

The Debtor also contributes to a U.S. government pension plan (Civil Service Retirement System) on behalf of two current employees who participate as a result of their status as U.S. government employees working for the government corporation prior to privatization in 1998 (the precedessor United States Enrichment Corporation) and who, upon privatization, became employees of the Debtor.

(c) Severance Arrangements

The Debtor provides severance benefits under (i) a severance plan that applies to all permanent non-executive employees employed at the Debtor's headquarters (the "Employee Severance Plan"), (ii) a severance plan that applies to certain executive employees (the "Executive Severance Plan") and (iii) change in control agreements with certain executive and key employees (the "Change in Control Agreements").

Under the Employee Severance Plan, participating employees may be entitled to severance benefits if they are terminated due to (a) staff reduction, (b) job elimination or (c) position restructuring. Severance pay under the Employee Severance Plan varies based on the "salary band" of the Employee at the time of termination as follows (salary bands for employees of the American Centrifuge Project differ slightly): employees in salary bands A and B may receive two weeks of base pay per year of service, with a minimum of eight weeks and a maximum of 14 weeks; employees in salary band C may receive three weeks of base pay

per year of service, with a minimum of eight weeks and a maximum of 22 weeks; and employees in salary band D and E may receive three weeks of base pay per year of service, with a minimum of ten weeks and a maximum of 32 weeks for those employees in salary band D, and a minimum of 12 weeks and a maximum of 38 weeks for those employees in salary band E. The Employee Severance Plan also includes a key employee severance plan, which provides severance benefits based on a combination of service credit and organizational level, with an increased fixed number of weeks (in no case more than 52) in lieu of a cash retention incentive. Severance pay under the Employee Severance Plan is paid in one lump sum payment, less all applicable taxes and withholdings, at the time provided for in the notice of separation. In addition, eligible employees' participation and elected coverage under certain benefits programs may continue for a period of time equal to the equivalent number of weeks of base pay that the amount of severance represents or three months, whichever is longer. As a retention incentive, a limited number of employees were provided additional weeks of severance but in no case was the total severance greater than 52 weeks. Under the Employee Severance Plan, the Debtor will pay the full premium costs associated with the employee's participation in the benefits plans, including any premium costs traditionally paid by the Employee.

Under the Executive Severance Plan, if a participating executive employee is terminated without cause, the executive is eligible to receive: (a) a prorated share of his or her current annual (and quarterly, if applicable) incentive (payable at the end of the performance period based on actual performance) up to the date of termination; (b) a lump sum cash severance equal to two times the sum of the executive's annual base salary and bonus (generally, the executive's annual value of the Part A Bonus Target Award under the quarterly incentive plan for the year of termination or, if higher, the average of the three most recent annual bonuses paid to the executive prior to the termination date); and (c) continuation of medical and dental coverage as well as life insurance paid for by the Debtor for two years after termination (or until similar coverage is received from a subsequent employer, whichever occurs first), continued eligibility to participate in the Debtor's employee assistance plan for two years, and outplacement assistance services for six months (not to exceed $15,000). As part of the provisions of the New Management Incentive Plan, an additional trigger will be added to the Executive Severance Plan, entitling a participant to such benefits if the participant terminates his or her employment for "good reason" within 12 months after the Effective Date. In addition, effective January 1, 2015, the lump sum cash severance will be reduced from two times to one times the sum of the executive's annual base salary and bonus award, and the continuation of benefits will be reduced from two years to one year after termination.

Under the Change in Control Agreements, signatory employees will receive certain benefits if there is a change in control and within a protected period beginning three months before and ending three years after that change in control the Debtor terminates his or her employment for any reason other than cause, or the employee terminates his or her employment for good reason. The benefits include: (a) a cash payment of unpaid base salary through the date of termination plus all other amounts earned but unpaid under any compensation or benefit plan, (b) a cash lump sum payment equal to two times the sum of annual base salary and annual value of the Part A Target Award for officers and one times base salary and bonus for other key employees, and (c) continuation of life, accident and health insurance benefits for one or two years, as applicable, following such termination of employment (or, if sooner, until the executive is covered by comparable programs of a subsequent employer). In order to receive benefits under the Change in Control Agreement, participating employees must comply with certain non-competition, non-solicitation, and confidentiality provisions. These benefits are in lieu of any severance benefits under the Executive Severance Plan. The definition of "change in control" provides that a restructuring of the Debtor's balance sheet that is approved by a majority of the Debtor's board of directors prior to the consummation of such restructuring transaction shall not be a change in control. For the avoidance of doubt, to the extent applicable, all executory contracts or unexpired leases of the Debtor assumed pursuant to the Plan shall be deemed modified such that the transactions contemplated by the Plan shall not be a "change in control," however such term may be defined in the relevant executory contract or unexpired lease, and no such payment will be deemed triggered as a result thereof; any required consent under any such contract or lease shall be deemed satisfied by the Confirmation of the Plan.

E. SUMMARY OF SIGNIFICANT PREPETITION OBLIGATIONS

1. Obligations to Enrichment Corp

The Debtor has no customers and no source of revenue (other than certain reimbursements of costs received from the DOE under the RD&D Cooperative Agreement). Accordingly, the Debtor's expenses are paid with funds borrowed from Enrichment Corp.

(a) Unsecured Obligations

Historically, Enrichment Corp provided sufficient funds to the Debtor to cover the Debtor's obligations, and recorded such transfers as intercompany payables due to Enrichment Corp. These books and records payables balances were periodically converted to non-cash dividends, with the last such dividend occurring in September 2011. With the suspension of these dividends, amounts borrowed by the Debtor from Enrichment Corp continued to be reflected as intercompany payables to Enrichment Corp but were not repaid. On May 28, 2013, the Debtor executed an unsecured demand note to reflect amounts borrowed from Enrichment Corp from February 21, 2013 through August 1, 2013, bearing an annual interest rate of 10.5%. Accrued interest was capitalized monthly. The Debtor routinely made payments against the balance of the note when reimbursements were received from the DOE under the RD&D

Cooperative Agreement. In addition, the balance of the note as reduced monthly by the amount of corporate expenses incurred and paid by the Debtor which were allocated to Enrichment Corp in accordance with the Company's budget. As of January 31, 2013, the Debtor owed Enrichment Corp approximately $202 million in intercompany payables and approximately $72 million under the unsecured demand note.

The unsecured obligations owed to Enrichment Corp are referred to under the Plan as Intercompany Claims and are treated in Class 4. Class 4 is Unimpaired and not entitled to vote on the Plan.

(b) Secured Obligations

On August 2, 2013, the Debtor entered into a new demand note and a pledge and security agreement to secure the amounts owing under the new demand note and borrowed amounts ceased to be recorded under the unsecured demand note. At that time, the only security pledged was the Debtor's receivable from the DOE under the RD&D Cooperative Agreement. Both the new demand note and the pledge and security agreement were amended and restated on January 24, 2014, to reflect the addition of equipment as a new class of collateral. The amended and restated demand note and the amended and restated pledge and security agreement are hereinafter referred to as the Intercompany Secured Loan.

Under the Intercompany Secured Loan, Enrichment Corp provided funds to the Debtor as and when required. Amounts outstanding under the Intercompany Secured Loan accrue interest at an annual rate of 10.5%. Accrued interest is capitalized monthly. Amounts owed under the Intercompany Secured Loan are due upon demand. No demands for repayment were made by Enrichment Corp. However, the Debtor routinely made payments against the balance when reimbursements were received from the DOE under the RD&D Cooperative Agreement. In addition, the balance under the Intercompany Secured Loan was reduced monthly by the amount of corporate expenses incurred and paid by the Debtor which were allocated to Enrichment Corp in accordance with the Company's budget. As of the Petition Date, the amount outstanding under the Intercompany Secured Note was approximately $56.6 million.

The obligations outstanding under the Intercompany Secured Loan are referred to in the Plan as the Secured Claims and are treated in Class 2. Class 2 is Unimpaired and not entitled to vote on the Plan.

2. Old Note Obligations

Pursuant to that certain Indenture dated as of September 28, 2007 (the "Old Indenture") between the Debtor and Wells Fargo Bank, N.A. as trustee (now CSC Trust Company of Delaware), the Debtor issued $575 million in aggregate principal amount of 3.0% convertible senior notes due October 1, 2014 (the "Old Notes"). Interest is due on the Old Notes of 3.0% per year, payable semiannually in arrears in cash on April 1 and October 1 of each year, beginning on April 1, 2008.

The Old Notes are senior unsecured obligations and rank equally with all of the Debtor's unsecured debt that existed as of and after the issuance of the Old Notes. The Old Notes are structurally subordinated to all liabilities of the Debtor's subsidiaries existing on and after issuance of the Old Notes, and are effectively subordinated to secured indebtedness to the extent of the value of the collateral. The Debtor's subsidiaries do not guarantee any of its obligations under the Old Notes.

As of the Petition Date, the aggregate principal amount of the Old Notes was approximately $530 million.

The obligations arising from the Old Notes are referred to in the Plan as Noteholder Claims and are treated in Class 5. Class 5 is Impaired and is entitled to vote on the Plan.

3. Other Unsecured Obligations

In the ordinary course of operations, the Debtor has at any point in time commitments and obligations incurred as a result of day-to-day operations. As the Debtor's operations are complex, obligations are incurred related to purchases of goods and services, employee wages and benefits, as well as accruals related to periodic recognition of taxes, pension liabilities (as described above) and other commitments related to the Debtor's operations. The Debtor accrues for such obligations arising from past transactions or events, the settlement of which are expected to result in a potential future outlay of cash expenditures as set forth below. **Because certain accruals are based on contingencies that may never arise, they are not reflective of the Debtor's actual fixed obligations as of the Petition Date. See the table at Part I.C.2 for the Debtor's estimate of fixed obligations as of the Petition Date.**

Trade Obligations:	Estimates for commitments for goods and services that have been incurred or received as of the Petition Date.	$ 3.9 million
Compensation, Wages & Benefits:	Estimates for expenses associated with the Debtor's employees, benefits and employee-related programs, as well as deferred compensation described above as of the Petition Date.	$ 8.5 million
Property & Other Taxes:	Recognition of liabilities associated with property taxes and other tax related expenses.	$ 1.4 million
Pension & Retirement Benefits:	Accrued obligations and projected benefit obligations associated with the various savings and pension plans described above, including the non-qualified retirement/pension plans other than deferred compensation.	$28.3 million
Asset Retirement Obligations:	Future decontamination and decommissioning requirements for the American Centrifuge Plant.	$22.6 million
Other Reserves:		$ 3.0 million
TOTAL		$67.7 million

These obligations are General Unsecured Claims, or in certain cases Priority Tax Claims or Other Priority Claims, as defined in the Plan, and are all Unimpaired.

4. Contingent Obligations

The Debtor is an indemnitor on certain surety bonds held by AC Operating as principal in favor of the DOE and the NRC in connection with certain obligations associated with the American Centrifuge Plant. The surety companies hold cash, deposited by the Debtor, in the approximate amount of $29.4 million. The cash fully collateralizes the liabilities under the surety bonds.

5. Prepetition Litigation

The Company is subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. As of the Petition Date, there are no pending lawsuits against the Debtor, except for legal proceedings relating to workers compensation claims.

F. EQUITY INTERESTS

1. Convertible Preferred Stock

On May 25, 2010, the Debtor entered into a securities purchase agreement (the "SPA") with Toshiba and B&W. Under the SPA, Toshiba and B&W agreed to purchase, in three phases and for an aggregate amount of $200 million, shares of a newly created series of preferred stock and warrants to purchase shares of a newly created series of preferred stock or class of common stock. On September 2, 2010, the first closing of $75.0 million occurred under the SPA, with Toshiba and B&W collectively purchasing 75,000 shares of Series B-1 12.75% convertible preferred stock and warrants to purchase 6.25 million shares of common stock at an exercise price of $7.50 per share. However, the remaining two phases of the investment were conditioned upon, among other things, the Debtor's progress in obtaining a loan guarantee from the DOE and so no additional investment was made prior to the Petition Date. Although Toshiba and B&W had a right to terminate the SPA, resulting either in conversion of the preferred stock to common stock or sale of the common stock, that right was not exercised prior to the Petition Date.

The estimated fair value of the preferred stock at issuance was $75.0 million using a discount rate of 12.75%, and was equal to the liquidation value of $1,000 per share or $75.0 million. The preferred stock has a current balance of $113.9 million, which includes additional shares of preferred stock totaling $38.9 million representing dividends paid-in-kind either issued or payable. The preferred stock is classified as a liability in the Debtor's financial statements since it is convertible for a variable number of shares of common stock based on a fixed monetary value known at the issuance date.

Under the Plan, the preferred stock and warrants held by Toshiba and B&W is referred to as the USEC Preferred Stock Interests and is treated in Class 7. The USEC Preferred Stock Interests are Impaired by the Plan and the holders are entitled to vote on the Plan.

2. Common Stock

As of December 31, 2013, the Debtor had approximately 4,948,135 shares of common stock outstanding and approximately 30,000 beneficial holders of common stock.

The Debtor's common stock is traded on the New York Stock Exchange (the "NYSE") under the symbol "USU". On May 8, 2012, the Debtor received a notice from the NYSE that the average closing price of its common stock was below the NYSE's continued listing criteria relating to minimum share price. The Debtor received shareholder approval for a reverse stock split at its annual meeting of stockholders held on June 27, 2013, to regain compliance with the minimum share price condition. On April 30, 2013, the Debtor received notice from the NYSE that the decline in USEC's total market capitalization caused it to be out of compliance with another of the NYSE's continued listing standards. On June 14, 2013, consistent with applicable NYSE rules, the Debtor submitted a plan advising the NYSE of definitive action it has taken, or is taking, that would bring it into conformity with the market capitalization listing standards within 18 months of receipt of the letter. The NYSE accepted the plan and, through the Petition Date, the Debtor's common stock continued to be listed on the NYSE but was subject to the compliance with other NYSE continued listing standards and continued periodic review by the NYSE of the Debtor's progress with respect to its plan.

The common stock had a closing trading price as of the close of business on the day preceding the Petition Date of $5.56. No dividends have been paid on the Debtor's common stock since December 16, 2005.

Prior to the Petition Date, the Debtor had in effect a tax benefit preservation plan intended to help preserve the value of certain deferred tax benefits, including those generated by net operating losses and net unrealized built-in losses. Holders of the Debtor's common stock received preferred stock purchase rights that traded together with common stock but were not immediately exercisable. In the event of certain acquisitions of the Debtor's securities, the preferred stock purchase rights (other than those rights held by the acquirer) would separate from the common stock and become exercisable for common stock or other securities or assets having a market value equal to twice the exercise price of the right. The tax benefit preservation plan was terminated before the Petition Date, and as a result the preferred stock purchase rights, which had not been triggered, were cancelled.

Under the Plan, the common stock is referred to as the USEC Common Stock Interests and is treated in Class 9. The USEC Common Stock Interests are Impaired by the Plan and the holders are deemed to reject the Plan without voting.

G. HISTORICAL FINANCIAL INFORMATION; ADDITIONAL INFORMATION

The Company's fiscal year ends on December 31. Consolidated financial information regarding the Company for the fiscal year ended December 31, 2013 is available in the Annual Report on Form 10-K of USEC Inc. filed with the SEC for such period and consolidated financial information for the prior year ended December 31, 2012 is also available in the Annual Report on Form 10-K of USEC Inc. filed with the SEC for such period. Information for each subsequent fiscal quarter thereafter is available in the applicable Quarterly Report on Form 10-Q. These reports may be accessed on the SEC's website at www.sec.gov or on the Company's website at www.usec.com.

The Company's website (www.usec.com) provides additional information about the Company, including, without limitation, all periodic filings made with the SEC, recent press releases, corporate governance practices and guidelines, and charters for the committees of the Board. The Reorganized Debtor expects that it will continue to maintain its status as a reporting company and will register the New Common Stock under the Exchange Act. In addition, subject to meeting applicable listing standards, the Reorganized Debtor will use commercially reasonable efforts to list the New Common Stock for trading on a national securities exchange as soon as practicable following the Effective Date.

H. REASON FOR CHAPTER 11 FILING

Through the Plan, the Chapter 11 Case is intended to address the October 2014 maturity of the Old Notes, strengthen the Debtor's balance sheet, enhance its ability to sponsor the American Centrifuge Project and improve its long-term business prospects. To remain a competitive supplier of enriched uranium, the Debtor has long recognized the need to modernize its production technology and has been working since 2002 to transition to more efficient advanced gas centrifuge technology through the American Centrifuge Project. The Debtor obtained a license to build a centrifuge plant from the NRC in 2007 and immediately began construction. As part of its effort to obtain funding for construction, the Debtor raised capital in September 2007 in the form of

convertible debt (the Old Notes) and a secondary issuance of common equity (part of the USEC Common Stock). Net proceeds from these offerings were applied to the development, demonstration and deployment of the American Centrifuge Project and to the Debtor's general operating expenses and working capital requirements. In addition, in 2008, the Debtor applied for a $2 billion loan guarantee for the American Centrifuge Project under the DOE Loan Guarantee Program. The Debtor has spent $2.5 billion to date toward the development, demonstration and deployment of the American Centrifuge technology, but needs additional capital of at least $4 billion to construct the American Centrifuge Plant. The Debtor's DOE loan guarantee application remains pending, the American Centrifuge Plant has not yet been built and the Debtor does not have the anticipated cash flow from plant production available to repay the Old Notes at their maturity in October 2014 nor do any refinancing options exist.

Despite program delays, the Debtor continues to work to deploy the innovative American Centrifuge technology. The DOE had supported this effort through its 80% cost share funding for the RD&D Cooperative Agreement since June 2012, which continued through April 30, 2014. Upon expiration, in accordance with its terms, of the RD&D Cooperative Agreement, which was highly successful as all program milestones were met, the Debtor has been able to continue the American Centrifuge Project through funding provided under the ACTDO Agreement. Although the economics of the American Centrifuge Project are severely challenged under the current enrichment market conditions, market conditions are expected to improve and the Debtor 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 its LEU business. In order to finance the American Centrifuge Plant in the future, the Debtor would expect to pursue a DOE loan guarantee, but the DOE has given the Company no assurance that a loan guarantee would be provided. As the only domestic enrichment facility using U.S. technology, the Debtor believes the American Centrifuge Project will be critical to the long-term energy security and national security interests of the United States. The ACTDO Agreement provides the DOE with a path forward for achieving a reliable and economic domestic uranium enrichment capability that promotes private sector deployment and that supports national security purposes. Among other things, this agreement will provide the DOE with the capability to assess technical options for meeting its national security needs and preserves the option for commercial deployment, which the Debtor believes remains the most optimal path forward to economically meet the DOE's national security requirements.

To improve its ability to be a sponsor for deploying the American Centrifuge technology to meet national security needs and on a commercial basis, the Debtor must strengthen its balance sheet by addressing the $530 million obligation related to maturing Old Notes as well as the $113.9 million obligation related to the USEC Preferred Stock held by its strategic partners in the project, Toshiba and B&W. Through negotiations with the Consenting Noteholders, B&W and Toshiba, the Debtor reached agreement for the balance sheet restructuring that is reflected in the Plan. The Debtor is hopeful that the balance sheet restructuring, once implemented following confirmation of the Plan by the Bankruptcy Court, will improve its ability to serve as a contractor if the DOE determines to proceed with deployment of a national security train and as a sponsor to build the American Centrifuge Plant. Deployment of a national security train can serve as a platform to bridge the Debtor to a point in the future where enrichment market economics may have improved sufficiently to support commercial deployment of the American Centrifuge Project. In the event enrichment markets improve in the future to justify commercial deployment, the economics of a national security train program could also benefit from such expansion. However, the balance sheet restructuring must be viewed as just one necessary step in a process that may or may not successfully conclude with full deployment of the American Centrifuge Plant.

III.
EVENTS DURING THE CHAPTER 11 CASE

As described above, on the date hereof, the Debtor commenced its Chapter 11 Case by filing a petition for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Debtor continues to operate its business and manage its properties as debtor in possession pursuant to Bankruptcy Code Sections 1107 and 1108.

An immediate effect of the filing of the Debtor's bankruptcy petition is the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by creditors, the enforcement of Liens against property of the Debtor, and the continuation of litigation against the Debtor. The relief provides the Debtor with the "breathing room" necessary to reorganize its business and prevents creditors from obtaining an unfair recovery advantage while the Chapter 11 Case is ongoing.

A. FIRST DAY ORDERS

On the first day of the Chapter 11 Case, the Debtor filed several applications and motions seeking relief by virtue of so-called "first day orders." First day orders are intended to facilitate the transition between a debtor's prepetition and postpetition business operations by approving certain regular business practices that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the bankruptcy court, and to help chart an administrative path that will enable a debtor to achieve its case objectives. The first day orders the Debtor obtained in the Chapter 11 Case, which are typical of orders entered in business reorganization cases filed on a prearranged basis, authorize, among other things:

- Authorization for the Debtor to maintain its centralized cash management system, to maintain its existing bank accounts, to continue its intercompany practices, and to continue its investment practices;

- Authorization for the Debtor to obtain postpetition financing in the form of the DIP Facility provided by Enrichment Corp and to apply the cash collateral of Enrichment Corp to pay down the Intercompany Secured Loan;
- Authorization for the Debtor to pay compensation, benefits and expense reimbursements to its employees (with certain exceptions for insiders) and to third parties who are involved in the process of providing such compensation, benefits and expense reimbursements;
- Approval of information requirements applicable to certain holders of the Old Notes and notice and hearing procedures applicable to acquisitions of the Old Notes for regulatory purposes;
- Authorization for the Debtor to pay prepetition taxes and governmental fees, if any;
- Authorization for the Debtor to pay prepetition obligations owing under its insurance policies, if any;
- Approval of the Debtor's proposal to provide adequate assurance of future payment to utility companies and establish procedures under which utilities may challenge or seek additional adequate assurance;
- Authorization to retain a claims and noticing agent; and
- Scheduling a hearing on the Disclosure Statement and authorizing the use of a combined notice of the case commencement and such hearing.

B. OTHER INITIAL ORDERS

The Debtor filed several other initial applications and motions on notice, seeking administrative relief relating to professionals, and obtained orders granting (i) authorization for the Debtor to retain and pay ordinary course professionals without separate retention and fee applications; (ii) authorization for the Debtor to retain chapter 11 professionals, including counsel, investment bankers, restructuring consultants, auditors, tax advisors and administrative advisors; and (iii) approval of the procedures by which court-approved chapter 11 professionals may obtain interim compensation and reimbursement pending the filing of interim and final fee applications.

In addition, pursuant to other motions filed on notice, the Debtor obtained, *inter alia*, orders (i) authorizing the assumption of the Plan Support Agreements and payments required thereunder;[5] (ii) extending the period for filing the reports required by Bankruptcy Rule 2015-3; and (iii) approving the adequacy of the Disclosure Statement, approving solicitation procedures to govern voting on the Plan, approving the form and substance of various notices relating to the Plan, scheduling a hearing to consider confirmation of the Plan, and establishing a special bar date for 510(b) Claims.

C. REPRESENTATION OF THE DEBTOR

The Debtor has been authorized to retain and employ certain Professionals to represent it and assist it in connection with the Chapter 11 Case. These Professionals include, among others: (i) Latham & Watkins LLP to serve as co-counsel to the Debtor; (ii) Richards, Layton & Finger, P.A. to serve as co-counsel to the Debtor; (iii) Vinson & Elkins LLP to serve as special counsel with respect to financing matters; (iv) Lazard Frères & Co. LLC to serve as investment banker; (v) AP Services, LLP to provide interim management services (including making John R. Castellano available to serve as Chief Restructuring Officer of the Debtor); (vi) PricewaterhouseCoopers to serve as auditors; (vii) Deloitte Tax LLP to serve as tax service provider; (viii) KPMG LLP to serve as fresh start accountants; and (ix) Logan & Company, Inc. to serve as administrative advisor.

[5] On March 5, 2014, the Debtor filed the *Motion of Debtor for Order Pursuant to 11 U.S.C. §§ 105(a) and 365(a) Approving Assumption of Plan Support Agreements* [Docket No. 17]. On April 18, 2014, the Debtor submitted a revised form of order evidencing the extension of certain milestone dates contained in the termination provisions of the Plan Support Agreements and addressing certain concerns raised by the Pension Benefit Guaranty Corporation [Docket No. 176]. The revised order was entered on April 21, 2014 [Docket No. 190]. On June 27, 2014, the Debtor filed a notice reflecting the further extension of certain milestone dates contained in the termination provisions of the Plan Support Agreements [Docket No. 354].

D. DEBTOR-IN-POSSESSION FINANCING / CASH COLLATERAL

The Debtor obtained authorization to obtain up to $50 million in financing from Enrichment Corp on a secured, superpriority basis, subject to the terms and conditions of the Debtor in Possession Credit Agreement. The Debtor was also authorized to apply the cash collateral of Enrichment Corp, in the form of prepetition receivables from the DOE under the RD&D Cooperative Agreement, to pay down the Intercompany Secured Loan of Enrichment Corp.

On May 9, 2014, the Debtor filed a motion [Docket No. 261] seeking authority to enter into the Amended and Restated Debtor in Possession Credit Agreement to allow for certain modifications to the original Debtor in Possession Credit Agreement necessitated by the expiration of the RD&D Cooperative Agreement and the entry into the ACTDO Agreement. Such motion was granted pursuant to an order entered on May 29, 2014. On June 25, 2014, the Debtor filed the *Notice of Amendment to Debtor in Possession Credit Agreement* [Docket No. 343], which modified the Amended and Restated Debtor in Possession Credit Agreement to (i) extend the date by which the Debtor would be required to commence solicitation of acceptances of the Plan from June 16, 2014 to August 15, 2014, (ii) extend the date by which confirmation of the Plan must be obtained to September 30, 2014 and (iii) extend the Maturity Date (as defined in the Amended and Restated Debtor in Possession Credit Agreement) to the earlier of (x) the effective date of the Plan and (y) October 15, 2014.

E. THE APPROVAL OF THE ACTDO AGREEMENT

On April 18, 2014, the Debtor filed a motion [Docket No. 174] (the "ORNL Motion") seeking approval of the ACTDO Agreement, a firm fixed-price subcontract between the Debtor and UT Battelle, LLC, dated as of May 1, 2014. Pursuant to the ACTDO Agreement, (a) UT-Battelle has agreed to make certain payments to the Debtor, and (b) the Debtor has agreed to perform certain services in connection with the American Centrifuge Project and provide certain reporting to UT-Battelle. Further details regarding the ACTDO Agreement are set forth in Article II.C.4(d) of this Disclosure Statement. On May 1, 2014, the Bankruptcy Court entered an order granting the relief requested in the ORNL Motion.

F. THE APPROVAL OF THE LIMITED DEMOBILIZATION

On May 19, 2014, the Debtor filed a motion [Docket No. 270] (the "Limited Demobilization Motion") seeking entry of an order (a) authorizing the Limited Demobilization, including the cessation of certain business operations and activities related to the EPC Operations, the ACM Manufacturing Operations and the PETE Operations, (b) authorizing the Debtor to terminate executory contracts in accordance with their terms or as may otherwise be agreed by the parties thereto, (c) authorizing the Debtor to provide directions to certain of the Non-Debtor Subsidiaries to take actions necessary to effect the Limited Demobilization and to make expenditures to cover the costs of such subsidiary actions, and (e) establishing streamlined procedures for (i) rejections of executory contracts, (ii) abandonment of certain property, and (iii) sales of certain non-core assets with a sale price less than $400,000. On June 9, 2014, the Bankruptcy Court entered an order [Docket No. 310] granting the relief requested in the Limited Demobilization Motion.

G. THE APPROVAL OF AN AUCTION PROCESS

In connection with the Limited Demobilization, the Debtor additionally determined that it was important to sell certain additional assets not covered by the sale procedures set forth in the Limited Demobilization Motion that are no longer needed for the Debtor's operations. Accordingly, the Debtor intends to conduct an orderly sale process for such assets, which are located at the Debtor's Piketon, Ohio facility and at a facility in Huntsville, Alabama, which is leased and operated by one of the Debtor's suppliers and contains material and equipment owned by the Debtor. To that end, on May 20, 2014, the Debtor filed an application for authorization to employ and retain Capital Recovery Group, LLC as auctioneer, together with a motion approving the auction and the sale of assets [Docket No. 271] (collectively, the "Auction Motion"). The assets sought to be sold pursuant to the Auction Motion consist of: steel; a commercial plant control system; pumps, valves and related equipment; electronic and electrical components; a material transport system; production equipment; diesel generators; tools and hardware; and other specialized equipment and miscellaneous assets. The Auction Motion set forth certain proposed auction procedures, pursuant to which the auctioneer may conduct one or more live or on-line auctions, as well as private negotiated sales. On June 9, 2014, the Bankruptcy Court entered an order [Docket No. 309] granting the relief requested in the Auction Motion.

H. ASSUMPTION OR REJECTION OF CONTRACTS AND LEASES

The Plan provides for the assumption as of the Effective Date of all executory contracts and unexpired leases that are not (i) previously assumed or rejected upon motion by a Final Order, (ii) previously expired or terminated pursuant to their own terms, (iii) the subject of any pending motion, including to assume, to assume on modified terms, to reject or to make any other disposition filed by the Debtor on or before the Confirmation Date, or (iv) subsequently rejected in accordance with the provisions of Section 6.2(c) of

the Plan. As of the date hereof, the Debtor has filed one motion to assume relating to the Plan Support Agreements. The Debtor intends to rely on the Plan's provision for assumption of other contracts and leases in lieu of filing additional motions to assume. The Debtor does not currently contemplate filing any motions to reject, but reserves the right to do so. Notably, on June 3, 2014, the Debtor filed a motion [Docket No. 298] (the "365(d)(4) Motion") seeking to extend by ninety (90) days (through and including October 1, 2014) the Debtor's time to assume or reject unexpired leases of non-residential real property. On June 23, 2014, the Bankruptcy Court entered an order approving the 365(d)(4) Motion [Docket No. 337].

I. EXTENSION OF EXCLUSIVITY

On June 10, 2014, the Debtor filed a motion [Docket No. 317] seeking entry of an order extending the exclusive periods to (i) file a chapter 11 plan of reorganization for ninety (90) days from July 3, 2014 to, through and including October 1, 2014 and (ii) solicit votes on a chapter 11 plan of reorganization for ninety (90) days from September 1, 2014 to, through and including November 30, 2014 (the "Exclusivity Motion"). On June 27, 2014, the Bankruptcy Court entered an order approving the Exclusivity Motion [Docket No. 351].

J. SETTLEMENT AND RELEASE AGREEMENT WITH THE BABCOCK & WILCOX COMPANY AND B&W TSG

As noted above, AC Holdings previously owned 55% of AC Manufacturing, with the remaining 45% owned by B&W TSG. On April 25, 2014, AC Holdings exercised its no-cost automatic transfer right under the AC Manufacturing Limited Liability Company Agreement and it now owns 100% of AC Manufacturing. Upon the automatic transfer, certain agreements between AC Holdings and B&W TSG were automatically terminated, resulting in various disputes among the parties. The Debtor has reached a settlement with The Babcock & Wilcox Company and B&W TSG, the terms of which are memorialized in a settlement agreement between the parties (the "B&W Settlement Agreement"). On June 27, 2014, the Debtor filed a motion seeking the Bankruptcy Court's approval of the B&W Settlement Agreement (the "B&W Settlement Motion") [Docket No. 356]. The B&W Settlement Motion is scheduled to be heard on August 5, 2014.

K. CLAIMS PROCESS

Because of the nature of the Plan, the Debtor has not sought to establish a general bar date for filing Proofs of Claim or Proofs of Interest. Certain holders of Claims or Interests may nevertheless elect to file Proofs of Claim or Proofs of Interests, and the Debtor reserves the right to object to any such Proofs of Claim or Proofs of Interest in accordance with the provisions of the Plan. Although there is no general bar date, the following specific bar dates are in effect: (i) Rejection Damages Claim must be asserted against the Debtor in a Proof of Claim that is filed with the Claims Agent on or before the date that is the first Business Day that is 30 days after the Bankruptcy Court's entry of an order authorizing the rejection; and (ii) 510(b) Claims must be asserted against the Debtor in a Proof of Claim received no later than 5:00 p.m. Eastern Time on August 11, 2014 by the Claims Agent.

L. PLAN PROCESS

The Debtor filed the Plan and proposed Disclosure Statement on the Petition Date, as agreed to in the Plan Support Agreements, and filed a motion requesting an immediate hearing on the adequacy of the Disclosure Statement. The Bankruptcy Court held the hearing on the Disclosure Statement on July 7, 2014. Following the hearing, the Bankruptcy Court entered an order dated July 7, 2014, approving the adequacy of this Disclosure Statement and the procedures for soliciting votes on the Plan from the Voting Classes and providing notice of the Plan to other holders of Claims and Interests. In addition, the Bankruptcy Court's order established the Voting Deadline as August 11, 2014 at 5:00 p.m. Eastern Time, set the deadline for filing objections to the Plan at August 22, 2014 at 4:00 p.m. Eastern Time, and scheduled the Confirmation Hearing for September 5, 2014 at 1:00 p.m. Eastern Time.

As noted above, on June 27, 2014, the Bankruptcy Court entered an order approving the Debtor's Exclusivity Motion and extending the exclusive periods during which the Debtor may file and solicit the Plan through and including October 1, 2014 and November 30, 2014, respectively [Docket No 351].

Assuming that (i) such deadlines and dates remain in place and are not extended, (ii) the Requisite Acceptances are obtained from the Voting Classes, and (iii) the Bankruptcy Court determines to approve and enters an order confirming the Plan, the Debtor anticipates that the Effective Date of the Plan will occur shortly after September 5, 2014, at which time the Debtor will formally emerge from Chapter 11.

IV.
THE PLAN

THIS PART IV IS INTENDED ONLY TO PROVIDE A SUMMARY OF THE MATERIAL TERMS OF THE PLAN AND IS QUALIFIED BY REFERENCE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN AND SHOULD NOT BE RELIED ON FOR A COMPREHENSIVE DISCUSSION OF THE PLAN. TO THE EXTENT THERE ARE ANY INCONSISTENCIES OR CONFLICTS BETWEEN THIS PART IV AND THE PLAN, THE TERMS AND CONDITIONS SET FORTH IN THE PLAN WILL CONTROL AND GOVERN.

A. OVERALL STRUCTURE OF PLAN

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and, if there is any value in the equity, its shareholders. Upon the filing of a petition for relief under Chapter 11, Bankruptcy Code Section 362 provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the Chapter 11 Case.

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor of, or equity security holder in, the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions, and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes for such debt the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

Under the Plan, Claims against and Interests in the Debtor are divided into Classes according to their relative seniority and other criteria. If the Plan is confirmed by the Bankruptcy Court and consummated, (i) the Claims and Interests in certain Classes will receive a negotiated, partial recovery, (ii) the Claims in certain Classes will be reinstated or receive treatment required by the Bankruptcy Code, and (iii) the Claims and Interests in certain other Classes will receive either a nominal recovery or no recovery on such Claims or Interests. On the Effective Date and at certain times thereafter, the Disbursing Agent will distribute Cash, New Common Stock and New Notes, in respect of certain Classes of Claims and Interests as provided in the Plan. The Classes of Claims against and Interests in the Debtor created under the Plan, the treatment of those Classes under the Plan, and the other property to be distributed under the Plan, are described below.

The Plan is premised upon the following: (i) the valuation of the Debtor reflects the fact that there remains insufficient value to provide the Noteholder Claims with a full recovery and, thus, under the Bankruptcy Code's absolute priority rule, no junior class of Claims or Interests is entitled to any recovery; (ii) notwithstanding the fact that application of the absolute priority rule would not entitle any junior class to a recovery, the holders of the Preferred Stock Interests/Claims, Toshiba and B&W, are important strategic partners of the Debtor on a postpetition basis and, thus, the Plan provides for a negotiated recovery to the holders of Preferred Stock Interests/Claims, and (iii) as an accommodation, but subject to acceptance of the Plan by the Classes of Noteholder Claims and Preferred Stock Interests/Claims, the Plan provides a de minimis recovery for the holders of Common Stock Interests/Claims.

B. REORGANIZED CAPITAL STRUCTURE CREATED BY PLAN

The Plan sets forth the capital structure for the Reorganized Debtor upon their emergence from Chapter 11, which is summarized as follows:

- ***Exit Facility.*** On the Effective Date, the Reorganized Debtor will obtain new secured intercompany financing from Enrichment Corp as provided under the secured demand note and pledge and security agreement to be entered into by the Reorganized Debtor as a condition to consummation of the Plan, to provide funds necessary to make payments required under the Plan, as well as funds for working capital and other general corporate purposes of the Debtor. The documents evidencing the Exit Facility will be substantially in the forms included in the Plan Supplement and their material terms are summarized in Appendix B to this Disclosure Statement.
- ***New Notes.*** On the Effective Date, the Reorganized Debtor will issue the New Notes in the aggregate principal amount of $240.38 million, which will be subordinate to certain designated indebtedness of the Reorganized Debtor, including the Exit Facility, as set forth in the New Indenture, and have the terms set forth in the New Indenture included in the Plan

Supplement. The New Notes will have the benefit of the Limited Subsidiary Guaranty, which is that certain guarantee of the New Notes to be provided by Enrichment Corp substantially in the form set forth in the New Indenture, which guaranty will be (i) subordinated, limited and conditional to the extent provided therein and (ii) secured to the extent provided in the Subsidiary Security Agreement. The New Notes include the Majority New Notes (in the amount of $200.00 million) and the Minority New Notes (in the amount of $40.38 million). The material provisions of the New Notes, the Limited Subsidiary Guaranty and the Subsidiary Security Agreement are summarized in Appendix B to this Disclosure Statement and the effectuating documents for each are included in the Plan Supplement.

- ***New Common Stock.*** The Reorganized Debtor will issue New Common Stock on the Effective Date to be allocated among the holders of Allowed Noteholder Claims, Allowed Preferred Stock Interests/Claims and, if Class 5 and Class 6 votes to accept the Plan, Allowed Common Stock Interests/Claims, and will reserve shares of New Common for disposition in accordance with the New Management Incentive Plan. With respect to the allocation of the New Common Stock, the holders of Allowed Noteholder Claims will be entitled to receive 79.04% of the New Common Stock to be issued under the Plan, the holders of Allowed Preferred Stock Interests/Claims will be entitled to receive 15.96% of the New Common Stock to be issued under the Plan and the holders of Allowed Common Stock Interests/Claims will be entitled to receive 5% of the New Common Stock to be issued under the Plan if Class 5 and Class 6 votes to accept the Plan, in each case subject to dilution by shares, if any, distributed to participants in the New Management Incentive Plan. The USEC Common Stock, the USEC Preferred Stock and any Unexercised Common Stock Rights will be cancelled. The material provisions of the New Common Stock and the New Management Incentive Plan are summarized in Appendix B to this Disclosure Statement and the effectuating documents for each are included in the Plan Supplement.

C. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

Bankruptcy Code Section 1122 provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with Bankruptcy Code Section 1122, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims, which, pursuant to Bankruptcy Code Section 1123(a)(1), need not be classified). The Debtor is also required, under Bankruptcy Code Section 1122, to classify Claims against and Interests in the Debtor into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class. The Debtor believes that the Plan has classified all Claims and Interests in compliance with the provisions of Bankruptcy Code Section 1122 and applicable case law.

The classification of Claims and Interests and the nature of distributions to members of each Class are summarized below. The Debtor believes that the consideration, if any, provided under the Plan to holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests as agreed to in the Plan Support Agreements, taking into account the differing nature and priority of such Claims and Interests and the fair value of the Debtor's assets. In view of the deemed rejection by Classes 7 and 8, however, as set forth below, the Debtor will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, Bankruptcy Code Section 1129(b) permits confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted by all impaired classes of claims and interests. Although the Debtor believes that the Plan can be confirmed under Section 1129(b), there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

1. Treatment Of Unclassified Claims Under The Plan

(a) Administrative Claims

An Administrative Claim is defined in the Plan as a Claim for payment of an administrative expense of a kind specified in Bankruptcy Code Sections 503(b) or 1114(e)(2) and entitled to priority pursuant to Bankruptcy Code Section 507(a)(2), including, but not limited to, (i) the actual, necessary costs and expenses of preserving the Estate and operating the business of the Debtor, after the commencement of the Chapter 11 Case, (ii) Professional Fee Claims, (iii) Substantial Contribution Claims, (iv) all fees and charges assessed against the Estate under Section 1930 of Title 28 of the United States Code, and (v) Cure payments for contracts and leases that are assumed under Bankruptcy Code Section 365.

Under the Plan, except as otherwise provided for in Section 10.1 of the Plan, on the applicable Distribution Date, the holder of each such Allowed Administrative Claim will receive in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim, (A) Cash equal to the unpaid portion of such Allowed Administrative Claim or (B) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, will have agreed upon in writing; *provided*, *however*, that Allowed Administrative Claims with respect to liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case will be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

The Plan provides that all final requests for payment of Professional Fee Claims and Substantial Contribution Claims must be filed and served on the Reorganized Debtor, its counsel and other necessary parties in interest no later than 60 days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such requests for payment must be filed and served on the Reorganized Debtor, its counsel and the requesting Professional or other entity no later than 20 days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable request for payment was served.

Administrative Claims will include the (i) reasonable documented out-of-pocket expenses of the Consenting Noteholders and fees and expenses of each of the Consenting Noteholder Advisors in accordance with the terms of their respective engagement letters; without the need for any of the Consenting Noteholders or either of the Consenting Noteholder Advisors to file an application or otherwise seek Bankruptcy Court approval for such payment and (ii) reasonable documented out-of-pocket expenses of the Preferred Stockholders and fees and expenses of each of the Preferred Stockholder Advisors in accordance with the terms of the respective Plan Support Agreement with each Preferred Stockholder; without the need for any of the Preferred Stockholders or any of the Preferred Stockholder Advisors to file an application or otherwise seek Bankruptcy Court approval for such payment.

ADMINISTRATIVE CLAIMS ARE NOT CLASSIFIED AND ARE TREATED AS REQUIRED BY THE BANKRUPTCY CODE. THE HOLDERS OF SUCH CLAIMS ARE NOT ENTITLED TO VOTE ON THE PLAN.

(b) DIP Facility Claim

Pursuant to the Plan, a DIP Facility Claim is a Claim existing under the $50 million postpetition debtor in possession credit facility provided to the Debtor by Enrichment Corp, subject to approval by the Bankruptcy Court.

The DIP Facility Claim will be deemed Allowed in its entirety for all purposes of the Plan and the Chapter 11 Case. The holder of the Allowed DIP Facility Claim will receive, on the later of the Distribution Date or the date on which such DIP Facility Claim becomes payable pursuant to any agreement between such holder and the Debtor or the Reorganized Debtor, as applicable, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed DIP Facility Claim, (i) payment of such Allowed Claim in Cash or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, will have agreed upon in writing.

THE DIP FACILITY CLAIM IS NOT CLASSIFIED AND IS TREATED AS REQUIRED BY THE BANKRUPTCY CODE. THE HOLDER OF SUCH CLAIM IS NOT ENTITLED TO VOTE ON THE PLAN.

(c) Priority Tax Claims

The Plan defines Priority Tax Claims as Claims entitled to priority pursuant to Bankruptcy Code Section 507(a)(8). Such Claims include Claims of governmental units for taxes owed by the Debtor that are entitled to a certain priority in payment pursuant to Bankruptcy Code Section 507(a)(8). The taxes entitled to priority are (i) taxes on or measured by income or gross receipts that meet the requirements set forth in Bankruptcy Code Section 507(a)(8)(A), (ii) property taxes meeting the requirements of Bankruptcy Code Section 507(a)(8)(B), (iii) taxes that were required to be collected or withheld by the Debtor and for which the Debtor is liable in any capacity as described in Bankruptcy Code Section 507(a)(8)(C), (iv) employment taxes on wages, salaries, or commissions that are entitled to priority pursuant to Bankruptcy Code Section 507(a)(4) to the extent that such taxes also meet the requirements of Bankruptcy Code Section 507(a)(8)(D), (v) excise taxes of the kind specified in Bankruptcy Code Section 507(a)(8)(E), (vi) customs duties arising out of the importation of merchandise that meet the requirements of Bankruptcy Code Section 507(a)(8)(F), and (vii) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in Bankruptcy Code Section 507(a)(8)(G).

Under the Plan, each holder of an Allowed Priority Tax Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, as will have been determined by the Debtor or by the Reorganized Debtor, either (i) on the applicable Distribution Date, Cash equal to the due and unpaid portion of such Allowed Priority Tax Claim, (ii) treatment in a manner consistent with Bankruptcy Code Section 1129(a)(9)(C), or (iii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, will have agreed upon in writing.

PRIORITY TAX CLAIMS ARE NOT CLASSIFIED AND ARE TREATED AS REQUIRED BY THE BANKRUPTCY CODE. THE HOLDERS OF SUCH CLAIMS ARE NOT ENTITLED TO VOTE ON THE PLAN.

2. Treatment Of Classified Claims And Interests Under Plan

(a) Class 1: Other Priority Claims

The Plan defines Other Priority Claims as Claims against the Debtor entitled to priority pursuant to Bankruptcy Code Section 507(a), other than a Priority Tax Claim or an Administrative Claim.

The Plan provides that on the applicable Distribution Date, each holder of an Allowed Other Priority Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Other Priority Claim, either (i) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable will have agreed upon in writing.

OTHER PRIORITY CLAIMS ARE UNIMPAIRED. THE HOLDERS OF SUCH CLAIMS ARE DEEMED TO HAVE ACCEPTED THE PLAN.

(b) Class 2: Secured Claims

A Secured Claim is a Claim (i) that is secured by a Lien on property in which the Estate has an interest, which lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, or a Claim that is subject to a valid right of setoff; (ii) to the extent of the value of the holder's interest in the Estate's interest in such property or to the extent of the amount subject to a valid right of setoff, as applicable; and (iii) the amount of which (A) is undisputed by the Debtor or (B) if disputed by the Debtor, such dispute is settled by written agreement between the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor and the holder of such Claim or determined, resolved, or adjudicated by final, nonappealable order of a court or other tribunal of competent jurisdiction.

Under the Plan, as to all Allowed Secured Claims, on the Effective Date, the legal, equitable and contractual rights of each holder of such an Allowed Secured Claim will be Reinstated. On the applicable Distribution Date, each holder of such an Allowed Secured Claim will receive, in full satisfaction, settlement of and in exchange for, such Allowed Secured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Case not been filed, consistent with the relevant underlying documents, if any.

Notwithstanding Section 1141(c) or any other provision of the Bankruptcy Code, all prepetition Liens on property of the Debtor held with respect to an Allowed Secured Claim will survive the Effective Date and continue in accordance with the contractual terms or statutory provisions governing such Allowed Secured Claim until such Allowed Secured Claim is satisfied, at which time such Liens will be released, will be deemed null and void, and will be unenforceable for all purposes. Nothing in the Plan will preclude the Debtor or the Reorganized Debtor from challenging the validity of any alleged Lien on any asset of the Debtor or the value of the property that secures any alleged Lien.

SECURED CLAIMS ARE UNIMPAIRED. THE HOLDERS OF SUCH CLAIMS ARE DEEMED TO HAVE ACCEPTED THE PLAN.

(c) Class 3: General Unsecured Claims

Under the Plan, a General Unsecured Claim is a Claim that is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, a Secured Claim, an Intercompany Claim, a Noteholder Claim, or any Claim that constitutes a Preferred Stock Interest/Claim or a Common Stock Interest/Claim. This definition specifically includes, without limitation, Rejection Damages Claims, if any.

The Plan provides that, on the applicable Distribution Date, each holder of an Allowed General Unsecured Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed General Unsecured Claim, either (i) Cash equal to the unpaid portion of such Allowed General Unsecured Claim or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, will have agreed upon in writing.

GENERAL UNSECURED CLAIMS ARE UNIMPAIRED. THE HOLDERS OF SUCH CLAIMS ARE DEEMED TO HAVE ACCEPTED THE PLAN.

(d) Class 4: Intercompany Claims

Under the Plan, an Intercompany Claim is any unsecured Claim arising prior to the Petition Date against the Debtor by any of the Non-Debtor Subsidiaries. The Non-Debtor Subsidiaries consist of Enrichment Corp, AC Holdings, AC Technology, AC Operating, AC Enrichment, AC Manufacturing and AC Demonstration. For the avoidance of doubt, any Claim arising prior to the Petition Date against the Debtor by any of the Non-Debtor Subsidiaries that is secured by a Lien on property in which the Estate has an interest is a Secured Claim.

Under the Plan, with respect to each Allowed Intercompany Claim, (i) the legal, equitable and contractual rights of the holder of the Intercompany Claim will be Reinstated as of the Effective Date or (ii) by agreement between the holder and the Debtor (with the consent of the Majority Consenting Noteholders), may be adjusted, continued, expunged, or capitalized, either directly or indirectly or in whole or in part, as of the Effective Date.

INTERCOMPANY CLAIMS ARE UNIMPAIRED. THE HOLDERS OF SUCH CLAIMS ARE DEEMED TO HAVE ACCEPTED THE PLAN.

(e) Class 5: Noteholder Claims

The Plan defines a Noteholder Claim as any Claim arising or existing under or related to the Old Notes.

The Plan provides that Noteholder Claims will be deemed Allowed in their entirety for all purposes of the Plan and the Chapter 11 Case in an amount not less than $530.00 million as of the Petition Date, plus all applicable accrued and unpaid interest, fees, expenses and other amounts due under the Old Indenture, which Allowed Noteholder Claims will not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairments or any other challenges under applicable law or regulation by any entity.

Each holder of an Allowed Noteholder Claim will receive, on the Distribution Date and in full satisfaction, settlement, release and discharge of, in exchange for, and on account of such Allowed Noteholder Claim, but subject to the Indenture Trustee's Charging Lien, its Pro Rata share of (i) the New Noteholder Common Stock, (ii) Cash equal to the amount of the interest accrued at the non-default rate on the Old Notes from the date of the last interest payment made by the Debtor before the Petition Date to the Effective Date, (iii) the Additional Plan Cash, and (iv) the Majority New Notes. Under the Plan, the New Noteholder Common Stock is defined as 79.04% of the New Common Stock to be issued under the Plan, subject to dilution on account of the New Management Incentive Plan. The New Noteholder Common Stock will be issued in the form of Class A shares of New Common Stock as described in the New USEC Charter. The Majority New Notes are New Notes in the aggregate principal amount of $200.00 million. The New Notes, in turn, are defined as notes in the aggregate principal amount of $240.38 million, to be issued by the Reorganized Debtor under, and having the terms set forth in, the New Indenture, which new notes will have the benefit of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement.

The material provisions of the New Notes and the New Common Stock are summarized in Appendix B to this Disclosure Statement and the effectuating documents for each are included in the Plan Supplement.

All distributions on account of Allowed Noteholder Claims will be subject to the Indenture Trustee's Charging Lien in accordance with the Plan. It is anticipated that all Additional Plan Cash will be used to satisfy the Indenture Trustee's Charging Lien and, therefore, no Additional Plan Cash will be distributed to the holders of the Allowed Noteholder Claims.

NOTEHOLDER CLAIMS ARE IMPAIRED. THE HOLDERS OF SUCH CLAIMS ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

The Debtor estimates a percentage recovery of approximately 39% on account of the Cash and Majority New Notes only. The recovery for the New Noteholder Common Stock is highly speculative and not quantifiable.

NOTICE OF SPECIAL BAR DATE APPLICABLE TO CURRENT AND FORMER HOLDERS OF OLD NOTES WHO MAY ALLEGE 510(b) CLAIMS AGAINST THE DEBTOR. Any Claim (i) arising from the rescission of a purchase or sale of the Old Notes, (ii) for damages arising from the purchase or sale of such a security, or (iii) for reimbursement or contribution allowed under Bankruptcy Code Section 502 on account of such a Claim (collectively, a "510(b) Claim") must be asserted against the Debtor in a Proof of Claim received no later than the Special Bar Date of 5:00 p.m. Eastern Time on August 11, 2014, by Logan &

Company, Inc., the Debtor's court-approved claim agent, at the following address: USEC Inc. Claims Docketing Department, c/o Logan & Company, Inc., 546 Valley Road, Upper Montclair, NJ 07043. A Proof of Claim form may be obtained from the Claims Agent's website, www.loganandco.com, under client name USEC Inc. Any such Claim that is not asserted in a Proof of Claim received by the Claims Agent before the Special Bar Date will be barred and will not be entitled to receive any payment or distribution of property from the Debtor or its successors or assigns with respect to such Claim. Any Proof of Claim received by the Claims Agent will be subject to objection by the Debtor, as the Debtor does not believe there is any basis for the allowance of any such Claims. As the Plan does not currently provide any treatment for a 510(b) Claim arising from the Old Notes, the allowance of any such Claim may require a modification to the Plan. Please note that a Proof of Claim need not be filed solely to assert a Claim for the principal and interest due on the Old Notes (such a Claim being a Noteholder Claim to be treated as described above); a Proof of Claim is required only for a 510(b) Claim as described above.

(f) Class 6: Preferred Stock Interests/Claims

The Plan defines Preferred Stock Interests/Claims as, collectively, (i) any Interests that are based upon or arise from USEC Preferred Stock and (ii) any Claims that are based upon or arise from USEC Preferred Stock and are subordinated pursuant to Bankruptcy Code Section 510(b). USEC Preferred Stock is any preferred equity in USEC outstanding prior to the Effective Date, including, without limitation, any stock options or other right to purchase the preferred stock of USEC, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights to acquire or receive any preferred stock or other preferred equity ownership interests in USEC prior to the Effective Date.

The USEC Preferred Stock Interests/Claims will be deemed Allowed in their entirety for all purposes of the Plan and the Chapter 11 Case, and such Allowed USEC Preferred Stock Interests/Claims will not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairments or any other challenges under applicable law or regulation by any entity.

Each holder of an Allowed USEC Preferred Stock Interest/Claim will receive, on the Distribution Date its Pro Rata share of (i) the New Preferred Stockholder Common Stock and (ii) the Minority New Notes; and will have the benefits and obligations agreed to in the Supplementary Strategic Relationship Agreement. The New Preferred Stockholder Common Stock is equal to 15.96% of the New Common Stock to be issued under the Plan, subject to dilution on account of the New Management Incentive Plan. The New Preferred Stockholder Common Stock will be issued in the form of Class B shares of New Common Stock as described in the New USEC Charter. The Minority New Notes are New Notes to be issued under the Plan in the aggregate principal amount of $40.38 million.

The material provisions of the New Notes and the New Common Stock are summarized in Appendix B to this Disclosure Statement and the effectuating documents for each are included in the Plan Supplement.

PREFERRED STOCK INTERESTS/CLAIMS ARE IMPAIRED. THE HOLDERS OF SUCH INTERESTS/CLAIMS ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

The Debtor estimates a percentage recovery of approximately 35.1% on account of the Minority New Notes only. The recovery for the New Preferred Stockholder Common Stock is highly speculative and not quantifiable.

(g) Class 7: Common Stock Interests/Claims

The Plan defines Common Stock Interests/Claims as (i) any Interests in the Debtor that are based upon or arise from USEC Common Stock and (ii) any Claims against the Debtor that are based upon or arise from USEC Common Stock and are subordinated pursuant to Bankruptcy Code Section 510(b), which will include any Claim arising from the rescission of a purchase or sale of any USEC Common Stock, any Claim for damages arising from the purchase or sale of any USEC Common Stock, or any Claim for reimbursement, contribution, or indemnification on account of any such Claim; provided, however, that a Claim arising from Indemnification Obligations that are assumed under Section 6.5 of the Plan shall not be considered a Common Stock Interest/Claim.

The Plan provides that all securities or other documents evidencing USEC Common Stock will be cancelled as of the Effective Date.

If Class 5 and Class 6 vote to accept the Plan, the holders of any such Allowed Common Stock Interests/Claims will be entitled to receive on the applicable Distribution Date, in full satisfaction, settlement, release and discharge of, in exchange for, and on account of such Allowed Interest or Claim, their Pro Rata share of the New Minority Common Stock. The New Minority Common Stock is equal to 5.00% of the New Common Stock to be issued under the Plan, subject to dilution on account of the New

Management Incentive Plan. The Minority Common Stock will be issued in the form of Class A shares of New Common Stock as described in the New USEC Charter. The material provisions of the New Common Stock are summarized in Appendix B to this Disclosure Statement and the effectuating documents for the New Common Stock are in the Plan Supplement.

If, however, Class 5 or Class 6 votes to reject the Plan, the holders of Common Stock Interests/Claims will not receive or retain any property under the Plan on account of such Interests or Claims.

The recovery for the New Minority Common Stock is highly speculative and not quantifiable.

COMMON STOCK INTERESTS/CLAIMS ARE IMPAIRED AND HOLDERS ARE NOT ENTITLED TO VOTE ON THE PLAN. But for the provisions of the Plan, and subject to acceptance of the Plan by Class 5 and Class 6, holders of Common Stock Interests/Claims would have no legal entitlement to receive or retain any property from the Debtor. Therefore, in accordance with Bankruptcy Code Section 1126(g), holders of Common Stock Interests/Claims are deemed to have rejected the Plan and are not entitled to vote on the Plan. Because no class of claims or interests junior to the class containing Common Stock Interests/Claims will receive any distribution under the Plan, the Bankruptcy Court can confirm the Plan over the deemed rejection of such class pursuant to Bankruptcy Code Section 1129(b).

NOTICE OF SPECIAL BAR DATE APPLICABLE TO CURRENT AND FORMER HOLDERS OF USEC COMMON STOCK WHO MAY ALLEGE 510(b) CLAIMS AGAINST THE DEBTOR. Any Claim (i) arising from the rescission of a purchase or sale of the USEC Common Stock, (ii) for damages arising from the purchase or sale of such a security, or (iii) for reimbursement or contribution allowed under Bankruptcy Code Section 502 on account of such a Claim (collectively, a "510(b) Claim") must be asserted against the Debtor in a Proof of Claim received no later than the Special Bar Date of 5:00 p.m. Eastern Time on August 11, 2014, by Logan & Company, Inc., the Debtor's court-approved claim agent, at the following address: USEC Inc. Claims Docketing Department, c/o Logan & Company, Inc., 546 Valley Road, Upper Montclair, NJ 07043. A Proof of Claim form may be obtained from the Claims Agent's website, www.loganandco.com, under client name USEC Inc. Any such Claim that is not asserted in a Proof of Claim received by the Claims Agent before the Special Bar Date will be barred and will not be entitled to receive any payment or distribution of property from the Debtor or its successors or assigns with respect to such Claim. Any Proof of Claim received by the Claims Agent will be subject to objection by the Debtor, as the Debtor does not believe there is any basis for the allowance of any such Claims. Please note that a Proof of Claim need not be filed solely to assert an ownership interest in the USEC Common Stock; a Proof of Claim is required only for a 510(b) Claim as described above.

(h) Class 8: Unexercised Common Stock Rights

The Plan defines Unexercised Common Stock Rights as any stock options or other right to purchase any USEC Common Stock, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights to acquire or receive any such USEC Common Stock that have not been exercised prior to the Effective Date. The term specifically excludes Common Stock Interests/Claims.

The Plan provides that all Unexercised Common Stock Rights will be cancelled as of the Effective Date. No holder of Unexercised Common Stock Rights will receive or retain any property under the Plan on account of such Unexercised Common Stock Rights.

UNEXERCISED COMMON STOCK RIGHTS ARE IMPAIRED. THE HOLDERS OF SUCH INTERESTS ARE DEEMED TO HAVE REJECTED THE PLAN AND WILL NOT VOTE.

3. Requirement For Allowance Of Claims And Interests

A Claim or Interest otherwise entitled to be paid or to receive a distribution under the Plan must be an Allowed Claim or Allowed Interest. As defined by the Plan, Allowed means (i) when used with respect to a Claim, whether a Filed Claim or an Unfiled Claim, all or any portion of a Claim (x) as to which either (A) any dispute has been settled, determined, resolved or adjudicated in favor of allowance, as the case may be, in the procedural manner in which such Claim would have been settled, determined, resolved or adjudicated if the Chapter 11 Case had not been commenced, or (B) an objection to allowance has been filed in the Bankruptcy Court by the applicable Claim Objection Deadline, and such objection has been settled or withdrawn by the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, or has been denied by a Final Order, or (y) is not otherwise Disputed or (z) has been expressly allowed in the Plan; or (ii) when used with respect to an Interest, an Interest held in the name, kind and amount set forth in the records of (x) the Debtor in the case of the USEC Preferred Stock or (y) the stock transfer agent in the case of the USEC Common Stock, *provided*, *however*, that all Allowed Claims will remain subject to all limitations set forth in the Bankruptcy Code, including, in particular, Sections 502 and 510, as applicable.

Under the Plan the term "Disputed" means (i) when used with respect to a Claim, whether a Filed Claim or an Unfiled Claim, (x) a Claim as to which (A) the Debtor or the Reorganized Debtor, as applicable, disputes its liability in any manner that would have been available to it had the Chapter 11 Case not been commenced (including, without limitation, by declining to pay the Claim), and (B) the liability of the Debtor has not been settled by the Debtor (with the consent of the Majority Consenting Noteholders) or by the Reorganized Debtor, or has not been determined, resolved, or adjudicated by final order of a court of competent jurisdiction, (y) as an alternative to the foregoing, a Claim as to which the Debtor or the Reorganized Debtor, as applicable, has elected to file an objection in the Bankruptcy Court by the applicable Claim Objection Deadline and such objection has not been settled or withdrawn by the Debtor (with the consent of the Majority Consenting Noteholders) or by the Reorganized Debtor, or has not been determined, resolved, or adjudicated by Final Order; or (z) that has been expressly disputed in the Plan; or (ii) when used with respect to an Interest, an Interest that is in a name, kind and amount different than as set forth in the records of (x) the Debtor in the case of the USEC Preferred Stock or (y) the stock transfer agent in the case of the USEC Common Stock. The Plan provides that no distributions will be made on Disputed Claims or Disputed Interests until and unless such Disputed Claims become Allowed Claims and such Disputed Interests become Allowed Interests. The Plan further provides that no reserve will be required with respect to any Disputed Claim or Disputed Interest.

The Noteholder Claims are deemed to be Allowed Claims under the Plan and the Preferred Stock Interests/Claims are deemed to be Allowed Claims and Interests, as applicable, under the Plan. No other Claims or Interests are deemed to be Allowed under the Plan and, therefore, must satisfy one of the criteria for allowance described above.

Unless otherwise provided in the Plan, the Disclosure Statement or an order of the Bankruptcy Court (including, *inter alia*, with respect to Rejection Damage Claims and 510(b) Claims), there is no requirement for holders of Claims to file Proofs of Claim or Requests for Payment or for holders of Interests to file any Proofs of Interest.

- Rejection Damage Claims: Rejection Damages Claims must be asserted against the Debtor in a Proof of Claim that is (i) filed with the Claims Agent on or before the date that is the first Business Day that is 30 days after the Bankruptcy Court's entry of an order authorizing the rejection of a contract or lease and (ii) contemporaneously with such filing, served upon (a) if such filing occurs prior to the Effective Date, counsel to the Debtor and counsel to the Consenting Noteholders or (b) if such filing occurs after the Effective Date, counsel to the Reorganized Debtor. All rights of the Debtor or the Reorganized Debtor, as applicable, to object to any Rejection Damages Claims are reserved.
- 510(b) Claims: 510(b) Claims must be asserted against the Debtor in a Proof of Claim received no later than the Special Bar Date of 5:00 p.m. Eastern Time on August 11, 2014, by the Claims Agent. Any Proof of Claim received by the Claims Agent will be subject to objection by the Debtor, as the Debtor does not believe there is any basis for the allowance of any such Claims. Please note that a Proof of Claim need not be filed solely to assert a Claim for the principal and interest due on the Old Notes or for an ownership interest in the USEC Common Stock; a Proof of Claim is required only for a 510(b) Claim.

With respect to Filed Claims or filed Proofs of Interest, the Debtor or the Reorganized Debtor will have the right to object to the Proofs of Claim, Requests for Payment or Proofs of Interest in the Bankruptcy Court by the Claims Objection Deadline, but will not be required to do so. The Claim Objection Deadline is the last day for filing objections to Claims in the Bankruptcy Court, which shall be the latest of (i) 60 days after the Effective Date, (ii) 60 days after the applicable Proof of Claim or Request for Payment is filed, and (iii) such other later date as is established by order of the Bankruptcy Court upon motion of the Reorganized Debtor, without notice to any party. Further, the Plan provides that in no event will the failure to object in the Bankruptcy Court to any Filed Claim or any Proof of Interest result in the deemed allowance of any such Claim or Interest. The Debtor or the Reorganized Debtor will have the right to dispute all alleged Claims (whether Filed Claims or Unfiled Claims) and alleged Interests (whether or evidenced by a filed Proof of Interest) in any manner that would have been available to it had the Chapter 11 Case not been filed (including, without limitation, by declining to pay any alleged Claim or to recognize any alleged Interest), or may elect in its discretion to have any alleged Claim or Interest adjudicated by the Bankruptcy Court.

The Plan authorizes the Reorganized Debtor to compromise and settle various Claims without any further approval by the Bankruptcy Court.

4. Distributions Via Disbursing Agent; Procedures For Making Distributions

As used in the Plan, the term Disbursing Agent means the Reorganized Debtor and/or any other Person(s) designated by (a) the Debtor (with the consent of the Majority Consenting Noteholders) on or before the Effective Date or (b) the Reorganized Debtor in its sole discretion after the Effective Date to serve as a disbursing agent under the Plan. The Plan provides that if any Disbursing Agent is an independent third party, such Disbursing Agent will receive, without further Bankruptcy Court approval, reasonable

compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from the Reorganized Debtor. No Disbursing Agent will be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. The Indenture Trustee will serve as the Disbursing Agent with respect to distributions to Noteholders.

The Plan additionally sets forth the procedures for making distributions thereunder. More specifically, the Plan provides that the Disbursing Agent(s) will make distributions to the holders of the Allowed Claims and Allowed Interests in the same manner and to the same addresses as payments are made in the ordinary course of the Debtor's businesses; provided, however, that if a Filed Claim or filed Proof of Interest references a different payment address, the address on the Filed Claim or filed Proof of Interest will be used. The Plan further provides that, if any holder's distribution is returned as undeliverable, no further distributions to such holder will be made unless and until the Disbursing Agent is notified by the Debtor, the Claims Agent, or such holder of such holder's then current address, at which time all missed distributions will be made to such holder without interest. If any distribution is made by check and such check is not returned but remains uncashed for six months after the date of such check, the Disbursing Agent may cancel and void such check, and the distribution with respect thereto will be deemed undeliverable. If, pursuant to Section 7.7 of the Plan, any holder is requested to provide an applicable Internal Revenue Service form or to otherwise satisfy any tax withholding requirements with respect to a distribution and such holder fails to do so within six months of the date of such request, such holder's distribution will be deemed undeliverable.

The Plan further provides that unless otherwise agreed between the Reorganized Debtor and the applicable Disbursing Agent, amounts in respect of returned or otherwise undeliverable or unclaimed distributions made by the Disbursing Agent on behalf of the Reorganized Debtor will be returned to the Reorganized Debtor until such distributions are claimed. All claims for returned or otherwise undeliverable or unclaimed distributions must be made (i) on or before the first (1st) anniversary of the Effective Date or (ii) with respect to any distribution made later than such date, on or before six months after the date of such later distribution; after which date all undeliverable property will revert to the Reorganized Debtor free of any restrictions thereon and the claims of any holder with respect to such property will be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary. In the event of a timely claim for any returned or otherwise undeliverable or unclaimed distribution, the Reorganized Debtor will deliver the applicable distribution amount or property to the Disbursing Agent for distribution pursuant to the Plan.

5. Requirement For Distribution Record Date And Application Of Distribution Record Date

Only those holders of Claims and Interests who are holders as of the applicable Distribution Record Date established under the Plan will be entitled to receive payment or other distributions if and when their Claims are Allowed Claims. The Plan provides that:

- In respect of the Noteholder Claims and any Interests, the Distribution Record Date is the Business Day immediately preceding the Effective Date, at 5:00 p.m. prevailing Eastern time on such Business Day. On such Distribution Record Date, (a) for Noteholder Claims, the transfer ledgers for the Old Notes and (b) for Interests, the records of the Debtor in the case of the USEC Preferred Stock and the records of the stock transfer agent in the case of the USEC Common Stock, will be closed for purposes of determining the record holders of Claims or Interests, and there will be no further changes in the record holders of any Noteholder Claims or Interests.
- In respect of all other Claims, the Distribution Record Date is the Business Day immediately following the Confirmation Date, at 5:00 p.m. prevailing Eastern time on such Business Day. On such Distribution Record Date, the Debtor's books and records for Unfiled Claims and the claims register maintained by the Claims Agent for Filed Claims will be closed for purposes of determining the record holders of such Claims, and there will be no further changes in the record holders of any such Claims.

As to all Claims and Interests receiving a distribution under the Plan, the Plan provides that, except as provided therein, the Reorganized Debtor, the Disbursing Agent(s), the Indenture Trustee, and each of their respective agents, successors and assigns will have no obligation to recognize any transfer of Claims or Interests occurring after the Distribution Record Date and will be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the applicable books and records, claims registers or transfer ledgers as of 5:00 p.m. prevailing Eastern time on the Distribution Record Date irrespective of the number of distributions to be made under the Plan to such Persons or the date of such distributions.

6. Expected Delivery Date For Payments And Distributions; Prepayment

For Claims and Interests within Classes that are entitled to receive distributions, the Plan provides that, except as otherwise provided in the Plan or as ordered by the Bankruptcy Court, all distributions to holders of Allowed Claims and Allowed Interests as of

the applicable Distribution Date will be made on or as soon as practicable after the applicable Distribution Date, but in no event later than the first Business Day that is 20 days after such date; *provided, however*, that distributions on account of Noteholder Claims under the Plan will be made on the Effective Date. The Distribution Date varies between Claims and Interests and also varies based upon Allowed status. Specifically, the Plan provides the following Distribution Dates for different Claims and Interests:

- For any Claim that is an Allowed Claim on the Effective Date, (a) for any portion that was due prior to or on the Effective Date, the Effective Date or (b) for any portion that is due after the Effective Date, at such time as such portion becomes due in the ordinary course of business and/or in accordance with its terms.
- For any Claim that is not an Allowed Claim on the Effective Date, the later of (a) the date on which the Debtor becomes legally obligated to pay such Claim and (b) the date on which the Claim becomes an Allowed Claim.
- For any Interest that is an Allowed Interest on the Effective Date, the Effective Date.
- For any Interest that is not an Allowed Interest on the Effective Date, the date on which such Interest becomes an Allowed Interest.
- For all Common Stock Interests/Claims in Class 7, the later of (a) the Effective Date if all Interests and Claims in such Class are Allowed Interests and Allowed Claims as of such date and (b) if any Interest or Claim in such Class is a Disputed Interest or Disputed Claim as of the Effective Date, the first Business Day after all Disputed Interests and/or Disputed Claims within the Class have been determined, resolved, or adjudicated by Final Order.

In all cases, a later date may be established by order of the Bankruptcy Court upon motion of the Debtor, the Reorganized Debtor, or any other party. The Plan further provides, however, that the Reorganized Debtor or the Disbursing Agent will have the right, in its discretion, to accelerate any Distribution Date occurring after the Effective Date if the facts and circumstances so warrant. The Plan further provides that, except as otherwise provided in the Plan, any ancillary documents entered into in connection therewith, or the Confirmation Order, the Reorganized Debtor will have the right to prepay, without penalty, all or any portion of an Allowed Claim at any time; *provided*, *however*, that any such prepayment will not be violative of, or otherwise prejudice, the relative priorities and parities among the Classes of Claims.

7. Distributions Subject To Tax Withholding And Reporting

In connection with the Plan and all distributions thereunder, the applicable Disbursing Agent will, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions thereunder will be subject to any such withholding and reporting requirements. The Disbursing Agent(s) will be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, requiring that, as a condition to the receipt of a distribution, the holder of an Allowed Claim or Allowed Interest complete IRS Form W-9 or the appropriate IRS Form W-8, as applicable to each holder. Notwithstanding any other provision of the Plan, (a) each holder of an Allowed Claim or Allowed Interest that is to receive a distribution pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such holder by any governmental unit, including income and other tax obligations, on account of such distribution, and (b) no distribution will be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the applicable Disbursing Agent to allow it to comply with its tax withholding and reporting requirements. Any property to be distributed pursuant to the Plan will, pending the implementation of such arrangements, be treated as an undeliverable distribution to be held by the Indenture Trustee or the Disbursing Agent, as the case may be, until such time as the Disbursing Agent is satisfied with the holder's arrangements for any withholding tax obligations.

8. Calculation Of Distribution Amounts Of New Securities

No fractional shares of New Securities will be issued or distributed under the Plan. Each Person entitled to receive New Securities will receive the total number of whole shares of New Common Stock or their pro rata share in principal amount of New Notes, whichever is relevant, to which such Person is entitled. Whenever any distribution to a particular Person would otherwise call for distribution of a fraction of New Securities, the actual distribution of such New Securities will be rounded to the next higher or lower whole number as follows: (a) fractions one-half (½) or greater will be rounded to the next higher whole number and (b) fractions of less than one-half (½) will be rounded to the next lower whole number. Notwithstanding the foregoing, (a) if the Person is entitled to New Common Stock and rounding to the next lower whole number would result in such Person receiving zero shares of New Common Stock, such Person will receive one share of New Common Stock; and (b) if the Person is entitled to a pro rata share in principal amount of New Notes and rounding to the next lower whole number would result in such Person receiving zero dollars'

worth of New Notes, such Person will receive a New Note in the principal amount of one $1.00. If two or more Persons are entitled to fractional entitlements and the aggregate amount of New Securities that would otherwise be issued to such Persons with respect to such fractional entitlements as a result of such rounding exceeds the number of whole New Securities which remain to be allocated, the Disbursing Agent will allocate the remaining whole New Securities to such holders by random lot or such other impartial method as the Disbursing Agent deems fair. Upon the allocation of all of the whole New Securities authorized under the Plan, all remaining fractional portions of the entitlements will be cancelled and will be of no further force and effect. The Disbursing Agent will have the right to carry forward to subsequent distributions any applicable credits or debits arising from the rounding described in this paragraph.

9. Reservation Of Rights Regarding Claims or Interests; Setoff

Except as otherwise explicitly provided in the Plan, nothing will affect the Debtor's or the Reorganized Debtor's rights and defenses, both legal and equitable, with respect to any Claims or Interests, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment. With respect to setoff, the Plan provides that the Reorganized Debtor may, but will not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtor or the Reorganized Debtor may have against the holder of such Claim; *provided*, *however*, that neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver or release by the Reorganized Debtor of any such claim that the Debtor or the Reorganized Debtor may have against such holder.

D. IMPLEMENTATION OF PLAN

1. Continued Corporate Existence; Revesting Of Assets

The Plan generally contemplates that the Reorganized Debtor will continue to exist as of and after the Effective Date as a legal entity, in accordance with the applicable laws of the State of Delaware and pursuant to the New USEC Governing Documents. The Reorganized Debtor reserves the right to change its name, which any such name change to be mutually acceptable to the Debtor and the Majority Consenting Noteholders, announced in the Plan Supplement and effective upon the Effective Date.

Except as otherwise provided in the Plan, the property of the Debtor's Estate, together with any property of the Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, will revest in the Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtor may operate its business and may use, acquire and dispose of such property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court. Except as specifically provided in the Plan or the Confirmation Order, as of the Effective Date, all property of the Reorganized Debtor will be free and clear of all Claims and Interests, and all Liens with respect thereto.

2. Corporate Governance; New Certificates Of Incorporation And By-laws; Directors And Officers

As of the Effective Date, the Reorganized Debtor will be governed by the New USEC Governing Documents, which will contain provisions that satisfy the Plan and the Bankruptcy Code and will include, among other things, pursuant to Bankruptcy Code Section 1123(a)(6), a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by Bankruptcy Code Section 1123(a)(6) and limited as necessary to facilitate compliance with applicable non-bankruptcy federal laws governing foreign ownership of the Debtor. The certificate of incorporation and the by-laws of the Debtor, as amended, will constitute the New USEC Governing Documents. The New USEC Governing Documents will be in substantially the forms of such documents included in the Plan Supplement and will be in full force and effect as of the Effective Date.

On the Effective Date, a New Board will be installed for the Reorganized Debtor. The New Board will consist of eleven (11) members, each as identified in the Plan Supplement. Thereafter, the New Board will serve in accordance with the New USEC Governing Documents and will be subject to replacement or removal as provided therein.

The officers of USEC will continue to serve in their same respective capacities after the Effective Date for the Reorganized Debtor until replaced or removed in accordance with the New USEC Governing Documents, subject to applicable law.

3. Management Incentive Plan; Indemnification; Insurance

To retain and incentivize the management of the Reorganized Debtor, the Plan provides for a New Management Incentive Plan to be implemented on the Effective Date. As defined by the Plan, the New Management Incentive Plan is a composite plan, including equity grants and other incentive awards, severance protection and certain retirement program changes, to be evidenced by documents substantially in the form included in the Plan Supplement, and to be implemented on the Effective Date pursuant to Section 5.8 of the Plan. A summary of the material terms of the New Management Incentive Plan is included in Appendix B to this Disclosure Statement.

Specifically, the Plan provides that on the Effective Date, the Reorganized Debtor will be authorized and directed to establish and implement the New Management Incentive Plan. Under the equity component of the New Management Incentive Plan, 1,000,000 shares of New Common Stock, Class A, will be issued or reserved for issuance with respect to awards of stock options, stock appreciation rights, restricted stock, restricted stock units and/or other forms of equity-based awards granted to employees, officers, directors or other individuals providing bona fide services to or for the Reorganized Debtor or its affiliates, as set forth in the New Management Incentive Plan. As of the Effective Date, pursuant to the Confirmation Order and Section 303 of the Delaware General Corporation Law, the New Management Incentive Plan will be deemed adopted by the unanimous action of the New Board and approved by the unanimous action of the stockholders of the Reorganized Debtor (including, without limitation, for purposes of Sections 162(m) and 422 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder). The Plan provides that the foregoing sentence will not be deemed to limit the application of Section 303 of the Delaware General Corporation Law to any other corporate action taken pursuant to the Plan. The Plan further provides that, after the Effective Date, the New Management Incentive Plan may be amended or modified from time to time by the New Board only to the extent permitted by the terms of the New Management Incentive Plan, and any such permitted amendment or modification shall not require an amendment of the Plan. Any pre-existing understandings, either oral or written, between the Debtor and any member of management, any employee, or any other Person as to entitlement to (i) any pre-existing equity or equity-based awards or (ii) participate in any pre-existing equity incentive plan, equity ownership plan or any other equity-based plan (but specifically excluding any Cash payment components of any such equity-based plans) will be null and void as of the Effective Date and shall not be binding on the Reorganized Debtor on or following the Effective Date.

The Plan provides that the New USEC Governing Documents will contain provisions, or the Reorganized Debtor will enter into indemnification agreements, which, to the fullest extent permitted by applicable law, (i) eliminate the personal liability of the Debtor's directors, officers and key employees serving before, on and after the Petition Date and the Reorganized Debtor's directors, officers and key employees serving on and after the Effective Date for monetary damages; and (ii) require the Reorganized Debtor, subject to appropriate procedures, to indemnify those of the Debtor's directors, officers and key employees serving prior to, on or after the Effective Date for all claims and actions, including, without limitation, for pre-Effective Date acts and occurrences.

The Plan additionally provides that the Debtor or the Reorganized Debtor, as the case may be, will maintain director and officer insurance coverage in the amount of $115 million, and for a tail period of six years, for those Persons covered by any such policies in effect during the pendency of the Chapter 11 Case, continuing after the Effective Date, insuring such Persons in respect of any claims, demands, suits, causes of action, or proceedings against such Persons based upon any act or omission related to such Person's service with, for, or on behalf of the Debtor (whether occurring before or after the Petition Date). The Plan further provides that such policies will be fully paid and noncancellable**.** If not purchased by the Debtor before the Effective Date, the Plan provides that, on or after the Effective Date, the Reorganized Debtor will purchase directors and officer insurance covering the period on or after the Effective Date.

4. Funding

The Plan authorizes the Reorganized Debtor to (i) enter into the Exit Facility, (ii) grant any liens and security interests and incur the indebtedness as required under the Exit Facility, and (iii) issue, execute and deliver all documents, instruments and agreements necessary or appropriate to implement and effectuate all obligations under the Exit Facility, with each of the foregoing being acceptable to the Majority Consenting Noteholders, and to take all other actions necessary to implement and effectuate borrowings under the Exit Facility. On the Effective Date, the Exit Facility, together with new promissory notes, if any, evidencing obligations of the Reorganized Debtor thereunder, and all other documents, instruments and agreements to be entered into, delivered, or confirmed thereunder on the Effective Date, will become effective. The new promissory notes issued pursuant to the Exit Facility and all obligations under the Exit Facility and related documents will be paid as set forth in the Exit Facility and related documents. A copy of the credit agreement that is proposed to evidence the Exit Facility is included in the Plan Supplement. A summary of the material terms of the Exit Facility is included in Appendix B to this Disclosure Statement.

In addition, the Plan authorizes the Debtor and the Reorganized Debtor, as applicable, to (i) engage in intercompany transactions to transfer Cash for distribution pursuant to the Plan, (ii) continue to engage in intercompany transactions (subject to any applicable contractual limitations, including any in the Exit Facility), including, without limitation, transactions relating to the incurrence of intercompany indebtedness, and (iii) grant any liens and security interests to any subsidiary as may be necessary to procure intercompany funding from such subsidiary consistent with the Exit Facility, if applicable.

5. Cancellation Of Old Securities And Agreements

Under the Plan, on the Effective Date, except as otherwise provided for in the Plan, the Old Securities will be deemed extinguished, cancelled and of no further force or effect.

The Old Notes and any securities instruments evidencing the USEC Preferred Stock, the USEC Common Stock and the Unexercised Common Stock Rights will be deemed surrendered in accordance with Section 7.6 of the Plan, which, among other things, provides that, as a condition precedent to receiving any distribution on account of its Allowed Claim or Interest, as applicable, (a) each record Noteholder will be deemed to have surrendered the Old Notes or other documentation underlying each Noteholder Claim, and all such surrendered Old Notes and other documentation will be deemed to be cancelled pursuant to Section 5.4 of the Plan, and (b) each holder of an Allowed Common Stock Interest/Claim and an Allowed Preferred Stock Interest/Claim will be deemed to have surrendered any stock certificate or other documentation underlying each such Interest/Claim, and any such stock certificates and other documentation will be deemed to be cancelled pursuant to Section 5.4 of the Plan.

For the avoidance of doubt, with respect to the USEC Preferred Stock, the Securities Purchase Agreement dated as of May 25, 2010 and the Investor Rights Agreement dated as of September 2, 2010 (and any amendments to the foregoing) will be cancelled as of the Effective Date, without liability to, or future obligation of, any party; but the Strategic Relationship Agreement dated as of May 25, 2010 will continue and be assumed under Section 6.1(a) of the Plan.

The Plan further provides that the obligations of the Debtor (and the Reorganized Debtor) under any agreements, indentures, or certificates of designations governing the Old Securities and any other note, bond, or indenture evidencing or creating any indebtedness or obligation with respect to the Old Securities will be discharged in each case without further act or action under any applicable agreement, law, regulation, order, or rule and without any action on the part of the Bankruptcy Court or any Person; *provided*, *however*, that the Old Notes and the Old Indenture will continue in effect solely for the purposes of (x) allowing the holders of the Old Notes to receive the distributions provided for Noteholder Claims under the Plan, (y) allowing the Disbursing Agent to make distributions on account of the Noteholder Claims, and (z) preserving the rights of the Indenture Trustee with respect to any indemnification rights provided by the Old Indenture and the Indenture Trustee's Charging Lien.

Subsequent to the performance by the Indenture Trustee or its agents of any duties that are required under the Plan, the Confirmation Order and/or under the terms of the Old Indenture, the Indenture Trustee and its agents (a) will be relieved of, and released from, all obligations associated with the Old Notes arising under the Old Indenture or under other applicable agreements or law and (b) will be deemed to be discharged.

6. New Notes

On the Effective Date, Reorganized USEC will authorize the issuance of the New Notes in the aggregate principal amount of $240.38 million. The New Notes will be governed by the New Indenture will be subordinated to the extent set forth therein and will have the benefit of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement. The Plan provides that the Debtor or the Reorganized Debtor, as applicable, will use commercially reasonable efforts to cause the New Notes to be represented by one or more global notes and to be issued in book-entry form through the facilities of The Depository Trust Company. The Limited Subsidiary Guaranty is that certain guarantee of the New Notes to be provided by Enrichment Corp, one of the Non-Debtor Subsidiaries, substantially in the form set forth in the New Indenture, which guarantee will be (i) subordinated, limited and conditional to the extent provided therein and (ii) secured to the extent provided in the Subsidiary Security Agreement. The Subsidiary Security Agreement, in turn, is the security agreement to be entered into by Enrichment Corp to secure the Limited Subsidiary Guaranty, which will be substantially in the form included in the Plan Supplement, the material terms of which are summarized in Appendix B to this Disclosure Statement.

The issuance and distribution of the New Notes pursuant to the Plan to holders of Allowed Noteholder Claims and Allowed Preferred Stock Interests/Claims will be authorized under Bankruptcy Code Section 1145 as of the Effective Date without further act or action by any Person, except as may be required by the New Indenture or applicable law, regulation, order or rule, including, without limitation, the Trust Indenture Act of 1939, as amended; and all documents evidencing the same will be executed and delivered as provided for in the Plan or the Plan Supplement.

7. Limited Subsidiary Guaranty With Respect to New Notes; Participation in Plan by Enrichment Corp

Enrichment Corp has agreed to be a co-proponent and participant in the Plan for purposes of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement to accompany the New Notes. Accordingly, it has consented to the jurisdiction of the Bankruptcy Court for the purpose of enforcing its agreement to execute, deliver and perform under the Limited Subsidiary Guaranty and the Subsidiary Security Agreement. Enrichment Corp will, however, have no other obligations under the Plan.

As a co-proponent of the Plan, Enrichment Corp will be deemed to be, and the Confirmation Order will find that Enrichment Corp is, an affiliate of the Debtor participating in a joint plan with the Debtor for purposes of Bankruptcy Code Section 1145. Accordingly, the issuance by Enrichment Corp of the Limited Subsidiary Guaranty pursuant to the Plan to the holders of Allowed Noteholder Claims and Allowed Preferred Stock Interests/Claims will be authorized under Bankruptcy Code Section 1145 as of the Effective Date without further act or action by any Person, except as may be required by applicable law, regulation, order or rule; and all documents evidencing same will be executed and delivered as provided for in the Plan or the Plan Supplement.

8. New Common Stock

The New USEC Charter provides that the Reorganized Debtor will have authorized capital consisting of 100,000,000 shares of Common Stock, with 70,000,000 to be designated as Class A and 30,000,000 to be designated as Class B, and 20,000,000 shares of preferred stock.

From the authorized capital, on the Effective Date, the Debtor will issue or reserve for issuance under the Plan 10,000,000 shares of New Common Stock, consisting of (i) 7,113,600 shares of New Common Stock, Class A to be issued as the New Noteholder Common Stock for distribution to holders of Allowed Noteholder Claims; (ii) 1,436,400 shares of New Common Stock, Class B to be issued as the New Preferred Stockholder Common Stock for distribution to holders of Allowed Preferred Stock Interests/Claims; (iii) 450,000 shares of New Common Stock, Class A to be issued as the New Minority Common Stock for distribution to holders of Allowed Common Stock Interests/Claims; and (iv) 1,000,000 shares of New Common Stock to be issued or reserved for issuance on account of stock options, stock appreciation rights, restricted stock, restricted stock units, and/or other forms of equity-based awards granted under the New Management Incentive Plan (excluding shares of New Common Stock that may be issuable as a result of the antidilution provisions).

The New Common Stock issued under the Plan will be subject to dilution based upon (a) any shares of the New Common Stock as may be issued pursuant to the New Management Incentive Plan as set forth in Section 5.8 of the Plan and (b) any other shares of New Common Stock issued post-emergence in accordance with the provisions of the New USEC Governing Documents.

The issuance and distribution of the New Common Stock pursuant to the Plan to holders of Allowed Noteholder Claims, Allowed Preferred Stock Interests/Claims and Allowed Common Stock Interests/Claims will be authorized under Bankruptcy Code Section 1145 as of the Effective Date without further act or action by any Person, except as may be required by the New USEC Governing Documents or applicable law, regulation, order or rule. All documents evidencing same will be executed and delivered as provided for in the Plan or the Plan Supplement.

The rights of the holders of New Common Stock will be as provided for in the New USEC Governing Documents.

As promptly as possible after the Effective Date, the Reorganized Debtor will file, and use reasonable best efforts to have declared effective as promptly as practicable, a "resale shelf" registration statement on the applicable form with the United States Securities and Exchange Commission to register the resale of New Noteholder Common Stock or New Preferred Stockholder Common Stock by any holder who may be deemed an "underwriter" pursuant to Bankruptcy Code Section 1145(b)(1).

The Reorganized Debtor will be a public company, will have registered the New Common Stock under the Securities Exchange Act of 1934, and will make periodic filings as required by the Securities Exchange Act of 1934.

9. Preservation Of Rights Of Action; Compromises And Settlements

Except as otherwise provided in the Plan (including with respect to any Litigation Rights that may be released pursuant to Section 10.7(a) of the Plan), the Confirmation Order, or the Plan Supplement, and in accordance with Bankruptcy Code Section 1123(b), on the Effective Date, the Debtor or the Reorganized Debtor will retain all of the respective Litigation Rights that the Debtor or the Reorganized Debtor may hold against any Person. The Debtor or the Reorganized Debtor will retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all such Litigation Rights without approval of the Bankruptcy Court.

Except as otherwise provided in the Plan or by Final Order, no Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any claims, rights of action, suits, or proceedings against such Person as any indication that the Debtor or the Reorganized Debtor, as applicable, will not pursue any and all available Litigation Rights against such Person. Unless any Litigation Rights are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or by Final Order, the Debtor and the Reorganized Debtor expressly reserve all Litigation Rights for later adjudication and, therefore, no preclusion doctrine (including, without limitation, res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel, or laches) will apply to any of the Litigation Rights upon, after, or as a consequence of the Confirmation Date or the Effective Date.

The Plan authorizes the Reorganized Debtor, from and after the Effective Date, to compromise and settle various Claims against it and/or Litigation Rights and other claims that it may have against other Persons without any further approval by the Bankruptcy Court. Until the Effective Date, the Debtor expressly reserves the right to compromise and settle Claims against it and Litigation Rights or other claims that it may have against other Persons, subject to the approval of the Bankruptcy Court if, and to the extent, required.

10. Corporate Action; Effectuating Documents; Plan Supplement

On the Effective Date, the adoption and filing of the New USEC Governing Documents and all actions contemplated by the Plan will be authorized and approved in all respects pursuant to the Plan. All matters provided for in the Plan involving the corporate structure of the Debtor or the Reorganized Debtor, and any corporate action required by the Debtor or the Reorganized Debtor in connection with the Plan, will be deemed to have occurred and will be in effect, without any requirement of further action by the stockholders or directors of the Debtor or the Reorganized Debtor, and will be fully authorized pursuant to Section 303 of the Delaware General Corporation Law.

Any chief executive officer, president, chief financial officer, senior vice president, general counsel, or other appropriate officer of the Reorganized Debtor will be authorized to execute, deliver, file, or record the documents included in the Plan Supplement and such other contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Any secretary or assistant secretary of the Reorganized Debtor will be authorized to certify or attest to any of the foregoing actions. All of the foregoing is authorized without the need for any required approvals, authorizations, or consents except for express consents required under the Plan.

The Plan Supplement may be filed in parts either contemporaneously with the filing of the Plan or from time to time thereafter, but in no event than one (1) week prior to the Voting Deadline. Once filed, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours. The Plan Supplement is also available for inspection on (a) the website maintained by the Claims Agent: http://www.loganandco.com, and (b) the Bankruptcy Court's website: http://www.deb.uscourts.gov. In addition, holders of Claims or Interests may obtain a copy of any document included in the Plan Supplement upon written request to the Debtor's counsel in accordance with Section 10.15 of the Plan.

11. Exemption From Transfer Taxes

Pursuant to Bankruptcy Code Section 1146(a), any transfers from the Debtor to the Reorganized Debtor or any other Person pursuant to, in contemplation of, or in connection with the Plan, including any Liens granted to secure the Exit Facility or the New Notes, including the Limited Subsidiary Guaranty, and the issuance, transfer or exchange of any debt, equity securities or other interest under or in connection with the Plan, will not be taxed under any law imposing a stamp tax, real estate transfer tax, mortgage recording tax, sales or use tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or government assessment, and the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement distributions under the Plan, including the documents contained in the Plan Supplement and all documents necessary to evidence and implement any of the transactions and actions described in the Plan or the Plan Supplement.

E. TREATMENT OF CONTRACTS AND LEASES

1. Assumption Of Contracts And Leases; Cure

The Plan provides that, except as otherwise provided therein, the Confirmation Order, or the Plan Supplement, as of the Effective Date, the Debtor will be deemed to have assumed each executory contract or unexpired lease to which the Debtor is a party as of the Petition Date unless any such contract or lease (i) was previously assumed or rejected upon motion by a Final Order, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of any pending motion, including to assume, to assume on modified terms, to reject or to make any other disposition filed by the Debtor on or before the Confirmation Date, or (iv) is subsequently rejected in accordance with the provisions of Section 6.2(c) of the Plan. The Plan further provides that the Confirmation Order will constitute an order of the Bankruptcy Court under Bankruptcy Code Section 365(a) approving the contract and lease assumptions described above, as of the Effective Date.

Each executory contract and unexpired lease that is assumed will include (i) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such contract or lease and (ii) all contracts or leases appurtenant to the subject premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

To the extent applicable, all executory contracts or unexpired leases of the Debtor assumed pursuant to the Plan will be deemed modified such that the transactions contemplated by the Plan will not be a "change in control," however such term may be defined in the relevant executory contract or unexpired lease, and any required consent under any such contract or lease will be deemed satisfied by the Confirmation of the Plan.

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default will be satisfied, under Bankruptcy Code Section 365(b)(1) by Cure. Under the Plan, the Debtor will, at its option, be permitted to resolve any dispute with respect to the amount of Cure either (i) through the Bankruptcy Court, or (ii) in the procedural manner in which a dispute regarding the amounts owed under a particular executory contract and unexpired lease would have been settled, determined, resolved or adjudicated if the Chapter 11 Case had not been commenced. If there is a dispute regarding (i) the nature or amount of any Cure, (ii) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of Bankruptcy Code Section 365) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, Cure will occur following (y) the entry of a Final Order resolving the dispute and approving the assumption if such dispute is adjudicated in the Bankruptcy Court, or (z) as to amounts under the executory contract or unexpired lease, following final resolution of such matter if the Debtor elected to handle such dispute in the procedural manner in which it would have been settled, determined, resolved or adjudicated if the Chapter 11 Case had not been commenced. Notwithstanding any of the subsections of Section 6.2 of the Plan, the Debtor will be authorized to reject any executory contract or unexpired lease to the extent the Debtor, in the exercise of its sound business judgment, concludes that the amount of the Cure obligation as determined by Final Order or as otherwise finally resolved, renders assumption of such contract or lease unfavorable to the Debtor's Estate. In the event the Debtor so rejects any previously assumed contract or lease, and such rejection gives rise to a Rejection Damages Claim, such Rejection Damages Claim arising out of such rejection will be limited to the amount of the Allowed Rejection Damage Claim.

Except as otherwise provided in the Plan or by Final Order of the Bankruptcy Court, all Allowed Claims arising from the assumption of any contract or lease will be treated as Administrative Claims pursuant to Section 3.1(a) of the Plan.

2. Compensation And Benefit Programs

The Plan defines Employee Programs to consist of all of the Debtor's employee-related programs, plans, policies and agreements, including, without limitation, (i) all health and welfare programs, plans, policies and agreements, (ii) all pension plans within the meaning of Title IV of the Employee Retirement Income Security Act of 1974, as amended, (iii) all supplemental retirement and deferred compensation programs, plans, policies and agreements, (iv) all retiree benefit programs, plans, policies and agreements subject to Bankruptcy Code Sections 1114 and 1129(a)(13), (v) all employment, retention, incentive, bonus, severance, change in control, and other similar programs, plans, policies and agreements, and (vi) all other employee compensation, benefit and reimbursement programs, plans, policies and agreements, but excluding any prepetition equity incentive plans, equity ownership plans or any equity-based plans of any kind of the Debtor and in all cases subject to the provisions of Section 6.4(b) of the Plan. For the avoidance of doubt, the Plan provides that the term "Employee Programs" includes the "Quarterly Incentive Plan."

Under the Plan, except to the extent (i) otherwise provided for in the Plan, (ii) previously assumed or rejected by an order of the Bankruptcy Court entered on or before the Confirmation Date, (iii) the subject of a pending motion to reject filed by the Debtor on or before the Confirmation Date, or (iv) previously terminated, all Employee Programs in effect before the Effective Date, will be deemed to be, and will be treated as though they are, contracts that are assumed under the Plan. Nothing contained therein will be deemed to modify the existing terms of Employee Programs, including, without limitation, the Debtor's and the Reorganized Debtor's rights of termination and amendment thereunder.

To the extent any "change in control" provision contained in any Employee Program would be triggered and payable solely as a result of the transactions contemplated by the Plan, such Employee Program will not be assumed to the extent a waiver of the change in control provision is not executed by the employee having the benefit of such change in control provision, but otherwise will remain in full force and effect and may be triggered as a result of any transactions occurring after the Effective Date.

As of the Effective Date, any and all equity incentive plans, equity ownership plans, or any other equity-based plans entered into before the Effective Date, including Claims arising from any change in control provision therein, will be deemed to be, and will

be treated as though they are, contracts that are rejected pursuant to Bankruptcy Code Section 365 under the Plan pursuant to the Confirmation Order, *provided, however*, that nothing contained in the Plan will impact any Cash payment components of any such equity-based plans.

Under the Plan, the Reorganized Debtor further affirms and agrees that (i) it is and will continue to be the contributing sponsor of the Employees' Retirement Plan of USEC Inc. (the "Pension Plan"), a tax-qualified defined benefit pension plan insured by the Pension Benefit Guaranty Corporation (the "PBGC") under Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1301-1461, et seq; (ii) the Pension Plan is subject to minimum funding requirements of ERISA and §§ 412 and 430 of the Internal Revenue Code; (iii) no provision of the Plan, the Confirmation Order, or Bankruptcy Code Section 1141, will, or will be construed to, discharge, release, or relieve the Debtor, the Reorganized Debtor, or any other party, in any capacity, from any liability with respect to the Pension Plan under any law, governmental policy, or regulatory provision; and (iv) neither the PBGC nor the Pension Plan will be enjoined from enforcing such liability as a result of the Plan's provisions for satisfaction, release and discharge of Claims. The Debtor further affirms and agrees that any discharge of liability provided under the Plan will not operate to discharge any obligations it might have under applicable non-bankruptcy law with respect to any tax-qualified defined benefit pension plan maintained by Enrichment Corp, one of the Non-Debtor Subsidiaries, as a result of the Debtor's status as a member of the "controlled group" for such pension plan. As of the Effective Date, the Reorganized Debtor will contribute to the Pension Plan the amount necessary to satisfy minimum funding standards under sections 302 and 303 of ERISA, 29 U.S.C. §§ 1082 and 1083, and Sections 412 and 430 of the Internal Revenue Code, to the extent that any such contributions were not made during the Chapter 11 Case.

3. Certain Indemnification Obligations

Indemnification Obligations are defined to include any obligation of the Debtor to indemnify, reimburse, or provide contribution pursuant to by-laws, articles or certificates of incorporation, contracts, or otherwise. Under the Plan, Indemnification Obligations owed to those of the Debtor's directors, officers and employees serving prior to, on and after the Petition Date will be deemed to be, and will be treated as though they are, contracts that are assumed pursuant to Bankruptcy Code Section 365 under the Plan, and such Indemnification Obligations (subject to any defenses thereto) will survive the Effective Date of the Plan and remain unaffected by the Plan, irrespective of whether obligations are owed in connection with a pre-Petition Date or post-Petition Date occurrence. Indemnification Obligations owed to Debtor's Professionals pursuant to Bankruptcy Code Sections 327 or 328 and order of the Bankruptcy Court, whether such Indemnification Obligations relate to the period before or after the Petition Date, will be deemed to be, and will be treated as though they are, contracts that are assumed pursuant to Bankruptcy Code Section 365 under the Plan.

4. Rejection Of Contracts And Leases; Rejection Damages Claims

The Debtor, with the consent of the Majority Consenting Noteholders, reserves the right, at any time prior to the Effective Date, except as otherwise specifically provided in the Plan, to seek to reject any executory contract or unexpired lease to which the Debtor is a party and to file a motion requesting authorization for the rejection of any such contract or lease. While the Limited Demobilization contemplates rejection of certain executory contracts, the Debtor is not contemplating taking any such actions in connection with the Limited Demobilization at this time. Any executory contracts or unexpired leases that expire by their terms prior to the Effective Date will be deemed to be rejected, unless previously assumed or otherwise disposed of by the Debtor.

If the rejection by the Debtor, pursuant to the Plan or otherwise, of a contract or lease results in a Rejection Damages Claim, then such Rejection Damages Claim will be forever barred and will not be enforceable against the Debtor or the Reorganized Debtor or the properties of either of them unless a Proof of Claim is (i) filed with the Claims Agent on or before the date that is the first Business Day that is 30 days after the Bankruptcy Court's entry of an order authorizing the rejection of a contract or lease and (ii) contemporaneously with such filing, served upon (a) if such filing occurs prior to the Effective Date, counsel to the Debtor and counsel to the Consenting Noteholders or (b) if such filing occurs after the Effective Date, counsel to the Reorganized Debtor. All rights of the Debtor or the Reorganized Debtor, as applicable, to object to any Rejection Damages Claim are reserved. The Plan provides that a Rejection Damages Claim is a Claim arising from the Debtor's rejection of a contract or lease, which Claim will be limited in amount by any applicable provision of the Bankruptcy Code, including, without limitation, Bankruptcy Code Section 502, subsection 502(b)(6) thereof with respect a Claim of a lessor for damages resulting from the rejection of a lease of real property, subsection 502(b)(7) thereof with respect to a Claim of an employee for damages resulting from the rejection of an employment contract, or any other subsection thereof.

Allowed Rejection Damages Claims will be treated as General Unsecured Claims pursuant to and in accordance with the terms of the Plan.

5. Extension Of Time To Assume Or Reject

The Plan provides that, notwithstanding anything set forth in Article VI of the Plan, in the event of a dispute as to whether a contract is executory or a lease is unexpired, the Debtor's right to move to assume or reject such contract or lease will be extended until the date that is 30 days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired. The deemed assumption provided for in Section 6.1(a) of the Plan will not apply to any such contract or lease, and any such contract or lease will be assumed or rejected only upon motion of the Debtor following the Bankruptcy Court's determination that the contract is executory or the lease is unexpired.

F. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF PLAN

1. Conditions To Confirmation

The Plan specifies certain conditions precedent that must be satisfied or, if permitted, waived, before the Confirmation Date can occur. Such conditions precedent are as follows:

- an order, pursuant to Bankruptcy Code Section 1125 (i) will have been entered finding that the Disclosure Statement contains adequate information, and (ii) will be in form and substance mutually acceptable to the Debtor, the Majority Consenting Noteholders and Enrichment Corp; and
- the proposed Confirmation Order will be in form and substance mutually acceptable to the Debtor, the Majority Consenting Noteholders and Enrichment Corp.

2. Conditions To Effective Date

The Plan specifies certain conditions precedent that must be satisfied or, if permitted, waived, before the Effective Date can occur. Such conditions precedent are as follows:

- the Confirmation Order will have been entered and will, among other things (i) provide that the Debtor and the Reorganized Debtor are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the transactions contemplated by and the contracts, instruments, releases, indentures and other agreements or documents created under or in connection with the Plan; (ii) approve the entry into the Exit Facility in form and substance acceptable to each of the Debtor, the Majority Consenting Noteholders and the lender under the Exit Facility; (iii) authorize the issuance of the New Securities; and (iv) provide that, notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order will be immediately effective, subject to the terms and conditions of the Plan;
- the Confirmation Order will be in form and substance mutually acceptable to the Debtor and the Majority Consenting Noteholders and will not then be stayed, vacated, or reversed;
- the documents evidencing the Exit Facility will be in form and substance acceptable to each of the Debtor, the Majority Consenting Noteholders, and the lender under the Exit Facility; to the extent any of such documents contemplate execution by one or more persons, any such document will have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document will have been satisfied or waived;
- any changes to the documents that comprise the Plan Supplement (including the New USEC Governing Documents, the New Indenture (including the Limited Subsidiary Guaranty), the Subsidiary Security Agreement, the New Management Incentive Plan and the Supplementary Strategic Relationship Agreement) will be mutually acceptable to the Debtor, Enrichment Corp, the Majority Consenting Noteholders, B&W (solely to the extent required by the B&W Plan Support Agreement), and Toshiba (solely to the extent required by the Toshiba Plan Support Agreement), unless, however, the consent of the Consenting Noteholders is required pursuant to the Noteholder Plan Support Agreement, in which case the consent of the Consenting Noteholders shall be required; to the extent any of such documents contemplates execution by one or more persons, any such document shall have been executed and delivered by the respective parties thereto; and all conditions precedent to the effectiveness of each such document shall have been satisfied or waived, including, without limitation, and with respect to the New Indenture, the effectiveness of the application for qualification of the New Indenture under the Trust Indenture Act of 1939, as amended;
- the Reorganized Debtor will have arranged for credit availability under the Exit Facility in amount, form and substance reasonably satisfactory to the Debtor, the Majority Consenting Noteholders, and the lender under the Exit Facility;

- the representations and warranties of the Debtor set forth in the Plan Support Agreements will continue to be valid, true and accurate in all respects and such Plan Support Agreements will remain in full force and effect;
- all material authorizations, consents and regulatory approvals required in connection with consummation of the Plan will have been obtained;
- all other actions, documents and agreements necessary to implement the Plan (i) will be in form and substance mutually acceptable to the Debtor and the Majority Consenting Noteholders, not including ministerial actions, documents and agreements, and (ii) will have been effected or executed, or will be effected or executed contemporaneously with implementation of the Plan; and
- the fees and expenses required to be paid on the Effective Date to the Consenting Noteholder Advisors and the Preferred Stockholder Advisors pursuant to the Plan will have been paid in full in Cash.

3. Waiver Of Conditions

Each of the conditions precedent to the occurrence of the Confirmation Date and the Effective Date, with the express exception of (a) the condition that an order finding that the Disclosure Statement contains adequate information will have been entered, (b) the condition that the Confirmation Order will have been entered, and (c) the condition that Confirmation Order will not then be stayed, vacated, or reversed, may be waived in whole or in part by the Debtor without any notice to parties in interest or the Bankruptcy Court and without a hearing, *provided*, *however*, that such waiver will not be effective without the consent of Enrichment Corp, the Majority Consenting Noteholders, B&W (solely to the extent required by the B&W Plan Support Agreement), and Toshiba (solely to the extent required by the Toshiba Plan Support Agreement).

4. Retention of Jurisdiction

The Plan provides for continuing jurisdiction by the Bankruptcy Court after the Effective Date. Specifically, as set forth in the Plan, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, without limitation, jurisdiction to:

- allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim (whether a Filed Claim or Unfiled Claim) or Interest not otherwise Allowed under the Plan (other than personal injury or wrongful death Claims, unless agreed by the holder), including, without limitation, the resolution of any Request for Payment and the resolution of any objections to the allowance or priority of Claims or Interests;
- hear and determine all applications for Professional Fees and Substantial Contribution Claims; *provided*, *however*, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Reorganized Debtor will be made in the ordinary course of business and will not be subject to the approval of the Bankruptcy Court;
- hear and determine all matters with respect to contracts or leases or the assumption or rejection of any contracts or leases to which a Debtor is a party or with respect to which the Debtor may be liable, including, if necessary and without limitation, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom;
- effectuate performance of and payments under the provisions of the Plan;
- hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Case or the Litigation Rights;
- enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;
- enforce the agreement of Enrichment Corp to execute and deliver the Limited Subsidiary Guaranty and the Subsidiary Security Agreement;
- hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including, without limitation, disputes arising under agreements, documents, or instruments

executed in connection with the Plan, *provided*, *however*, that any dispute arising under or in connection with the New Securities, the Exit Facility, the New USEC Governing Documents, the New Management Incentive Plan, the New Indenture (including the Limited Subsidiary Guaranty), or the Subsidiary Security Agreement will be dealt with in accordance with the provisions of the applicable document;

- consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with the implementation, consummation, or enforcement of the Plan or the Confirmation Order;
- enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;
- hear and determine any matters arising in connection with or relating to the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order;
- enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Case or provided for under the Plan;
- except as otherwise limited in the Plan, recover all assets of the Debtor and property of the Estate, wherever located;
- hear and determine matters concerning state, local and federal taxes in accordance with Bankruptcy Code Sections 346, 505 and 1146;
- hear and determine all disputes involving the existence, nature, or scope of the Debtor's discharge;
- hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and
- enter a final decree closing the Chapter 11 Case.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Case, including the matters set forth above, the provisions of the Plan will have no effect upon and will not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

G. RELEASES, DISCHARGE, INJUNCTIONS; EXCULPATION

1. Releases By The Debtor

The Plan provides for certain releases to be granted by the Debtor, the Reorganized Debtor and any Person seeking to exercise the rights of the Debtor's Estate, in favor of the Debtor or any of the Non-Debtor Subsidiaries; any of the directors, officers and employees of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case; any Professionals of the Debtor; each of the Consenting Noteholders (but solely in its capacity as such) and the Consenting Noteholder Advisors, each of the Preferred Stockholders (but solely in its capacity as such) and the Preferred Stockholder Advisors; the DIP Facility Lender; the Indenture Trustee; the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the foregoing parties (but only in their respective capacities on behalf of such parties); and any of the successors or assigns of any of the foregoing parties.

Specifically, the Plan provides that, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtor, the Reorganized Debtor and any Person seeking to exercise the rights of the Debtor's Estate, including, without limitation, any successor to the Debtor or any Estate representative appointed or selected pursuant to Bankruptcy Code Section 1123(b)(3), will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action (including claims or causes of action arising under Chapter 5 of

the Bankruptcy Code), and liabilities whatsoever (other than for fraud, willful misconduct, criminal conduct and/or gross negligence), whether direct or derivative, in connection with or related to the Debtor, the Chapter 11 Case, or the Plan (other than the rights of the Debtor and the Reorganized Debtor to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Reorganized Debtor, the Chapter 11 Case, or the Plan, and that may be asserted by or on behalf of the Debtor, the Estate, or the Reorganized Debtor against (i) the Debtor or any of the Non-Debtor Subsidiaries, (ii) any of the directors, officers and employees of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case, (iii) any Professionals of the Debtor, (iv) each of the Consenting Noteholders (but solely in its capacity as such), (v) each of the Consenting Noteholder Advisors, (vi) each of the Preferred Stockholders (but solely in its capacity as such); (vii) each of the Preferred Stockholder Advisors, (viii) the DIP Facility Lender, (ix); the Indenture Trustee, (x) the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the parties identified in the foregoing (i) through (ix), but only in their respective capacities on behalf of such parties, and (xi) any of the successors or assigns of any of the parties identified in the foregoing (i) through (x); *provided, however*, that nothing in Section 10.7(a) of the Plan will operate to release any intercompany obligations or extinguish any intercompany accounts reflecting amounts owing to or from the Debtor or any of the Non-Debtor Subsidiaries unless otherwise provided in the Plan; and *provided further*, *however*, that nothing in Section 10.7(a) of the Plan will be deemed to prohibit the Debtor or the Reorganized Debtor from asserting and enforcing any claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities they may have against any of their employees, directors or officers that is based upon an alleged breach of a confidentiality, noncompete or any other contractual obligation owed to the Debtor or the Reorganized Debtor.

The releases being provided by the Debtor relate to claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action (including claims or causes of action arising under Chapter 5 of the Bankruptcy Code), and liabilities held by the Debtor or that may be asserted on behalf of the Debtor (the "Debtor Claims"). The Debtor Claims are part of the Debtor's estate created pursuant to Bankruptcy Code Section 541 and, absent extraordinary circumstances, the Debtor has the exclusive authority to pursue or settle such claims.

Moreover, the Debtor does not believe that there are any valid Debtor Claims against any of the released parties. Any action brought to enforce a potential Debtor Claim would involve significant costs to the Debtor, including legal expenses and the distraction of the Debtor's key personnel from the demands of the Debtor's ongoing business. In light of these considerations, and given the contributions made by the recipients of the releases to the Debtor's business and/or reorganization efforts, the releases of the Debtor Claims are appropriate and in the best interests of the Debtor's estate.

2. Limited Release by Directors and Officers

The Plan additionally provides for certain releases to be granted by each director and officer of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case in favor of the Debtor, the Reorganized Debtor and any Person seeking to exercise the rights of the Debtor's Estate. Specifically, the Plan provides that, as of the Effective Date, to the fullest extent permissible by applicable law, for good and valuable consideration, the adequacy of which is hereby confirmed, each director and officer of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whatsoever (other than for actual fraud and/or criminal conduct) against the Debtor, the Reorganized Debtor and any Person seeking to exercise the rights of the Debtor's Estate, including, without limitation, any successor to the Debtor or any Estate representative appointed or selected pursuant to Bankruptcy Code Section 1123(b)(3), whether such claims are statutory, contractual, or common law claims; *provided, however*, that nothing in the Plan will be deemed a waiver or release of any director's or officer's claims or causes of action against the Debtor or the Reorganized Debtor as it relates to wages, salaries, commissions, bonuses, sick pay, personal leave pay, indemnification, severance pay, or other compensation or benefits, or payments or form of remuneration of any kind, excluding payments or remuneration based in stock or equity, owing and arising out of such director's or officer's employment with the Debtor, whether such claims are statutory, contractual or common law claims; *and provided further, however*, that nothing in Section 10.7(b) of the Plan will operate to (i) prohibit, penalize, or otherwise discourage any applicable director or officer from reporting, providing testimony regarding, or otherwise communicating any nuclear safety concern, workplace safety concern, public safety concern, or concern of any sort, to the NRC, the U.S. Department of Labor, or any federal or state government agency, or (ii) prohibit any applicable director or officer from engaging in any activity protected by the Sarbanes-Oxley Act, 18 U.S.C. § 1514A and the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, H.R. 4173.

3. Releases By Holders Of Claims And Interests

The Plan also provides for the release of claims held by holders of Claims and Interests who affirmatively vote in favor of the Plan against the Non-Debtor Subsidiaries, the directors, officers and employees of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case, any Professionals of the Debtor, each of the Consenting Noteholders (but solely in its capacity as such), the Consenting Noteholder Advisors, each of the Preferred Stockholders (but solely in its capacity as such), each of the Preferred Stockholder Advisors, the DIP Facility Lender, the Indenture Trustee and the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the foregoing, but only in their capacities as such, and the successors or assigns of any of the identified parties.

Specifically, as of the Effective Date, to the fullest extent permissible by applicable law, for good and valuable consideration, the adequacy of which is hereby confirmed, each holder of a Claim or Interest that affirmatively votes in favor of the Plan will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whatsoever (other than for fraud, willful misconduct, criminal conduct and/or gross negligence) against (i) any of the Non-Debtor Subsidiaries, (ii) any of the directors, officers and employees of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case, (iii) any Professionals of the Debtor, (iv) each of the Consenting Noteholders (but solely in its capacity as such), (v) the Consenting Noteholder Advisors, (vi) each of the Preferred Stockholders (but solely in its capacity as such), (vii) each of the Preferred Stockholder Advisors, (viii) the DIP Facility Lender, (ix) the Indenture Trustee, (x) the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the parties identified in the foregoing (i) through (ix), but only in their respective capacities on behalf of such parties, and (xi) any of the successors or assigns of any of the parties identified in the foregoing (i) through (x) (the Persons identified in clauses (i) through (xi) collectively, the "Claimholder Releasees") in connection with or related to the Debtor, the Chapter 11 Case, or the Plan (other than the rights under the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Reorganized Debtor, the Chapter 11 Case, or the Plan; *provided, however*, that nothing in the Plan will be deemed a waiver or release of a Claim or Interest holder's right to receive a distribution pursuant to the terms of the Plan or any obligation under the Plan or Confirmation Order. For the avoidance of doubt, the Release by holders of Claims and Interests is not and will not be deemed a waiver of the Debtor's rights or claims against the holders of Claims and Interests, including the Debtor's rights to assert setoffs, recoupments or counterclaims or to object or assert defenses to any such Claim, and all such rights, Litigation Rights, causes of action and claims are expressly reserved, except as otherwise provided in the Plan.

4. Discharge Of The Debtor

The Plan provides that, except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims of any nature whatsoever against the Debtor or any of its assets or properties and, regardless of whether any property will have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims, upon the Effective Date, (i) the Debtor will be deemed discharged and released under Bankruptcy Code Section 1141(d)(1)(A) from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Bankruptcy Code Section 502, whether or not (A) a Proof of Claim based upon such debt is filed or deemed filed under Bankruptcy Code Section 501, (B) a Claim based upon such debt is Allowed under Bankruptcy Code Section 502, (C) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (D) the holder of a Claim based upon such debt accepted the Plan, and (ii) all Preferred Stock Interests/Claims and Common Stock Interests/Claims will be terminated.

The Plan further provides that, as of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons will be precluded from asserting against the Debtor or the Reorganized Debtor, any other or further claims, debts, rights, causes of action, claims for relief, liabilities, or equity interests relating to the Debtor based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order will be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtor and termination of all Preferred Stock Interests/Claims and Common Stock Interests/Claims, pursuant to Bankruptcy Code Sections 524 and 1141, and such discharge will void any judgment obtained against the Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

5. Exculpation And Limitation Of Liability

The Plan contains standard exculpation provisions applicable to the key parties in interest with respect to their conduct in the Chapter 11 Case.

Specifically, the Plan provides that, to the fullest extent permitted by applicable law and approved in the Confirmation Order, none of the Debtor, the Reorganized Debtor, the Non-Debtor Subsidiaries, the Debtor's Professionals, the Consenting Noteholders (solely in their respective capacities as such), the Consenting Noteholder Advisors, the Preferred Stockholders (solely in their respective capacities as such), the Preferred Stockholder Advisors, the DIP Lender, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns), will have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, criminal conduct, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code, and in all respects will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

The Plan further provides that, notwithstanding any other provision of the Plan, to the fullest extent permitted by applicable law and approved in the Confirmation Order, no holder of a Claim or an Interest, no other party in interest, and none of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, will have any right of action against the Debtor, the Reorganized Debtor, the Non-Debtor Subsidiaries, the Debtor's Professionals, the Consenting Noteholders (solely in their respective capacities as such), the Consenting Noteholder Advisors, the Preferred Stockholders (solely in their respective capacities as such), the Preferred Stockholder Advisors, the DIP Lender, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, criminal conduct, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code.

The exculpation provision in the Plan is expressly limited by applicable law and approval by the Bankruptcy Court in the Confirmation Order. There can be no guarantee that all parties listed in the exculpation will be found to be entitled to the exculpation. Although the Consenting Noteholders are included in the exculpation, such parties should not rely on the availability of exculpation in determining their vote on the Plan.

6. Injunction

The Plan provides that, except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan will be permanently enjoined from taking any of the following actions against the Debtor, the Reorganized Debtor and their respective subsidiaries or their property on account of any such discharged Claims, debts or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtor or the Reorganized Debtor; or (v) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

The Plan further provides that, except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, or may hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, or liability that is released pursuant to Sections 10.7, 10.8, or 10.9 of the Plan are permanently enjoined from taking any of the following actions on account of such released Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award,

decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff against any debt, liability, or obligation due to any released Person; or (v) commencing or continuing any action, in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

Without limiting the effect of the foregoing provisions upon any Person, by accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in the Plan.

7. Special Provision Regarding Defined Benefit Pension Plans

Notwithstanding any provision of the Plan, the Confirmation Order, or the Bankruptcy Code (including Section 1141 thereof) to the contrary, including but not limited to Sections 10.6 – 10.10 of the Plan, neither the Plan, the Confirmation Order, nor the Bankruptcy Code will release, discharge or exculpate the Debtor, the Reorganized Debtor, or any Person, in any capacity, from any liability or responsibility with respect to the Pension Plan or any other defined benefit pension plan under any law, governmental policy, or regulatory provision. The Pension Benefit Guaranty Corporation, the Pension Plan, and any other defined benefit pension plan will not be enjoined or precluded from enforcing such liability or responsibility by any of the provisions of the Plan, the Confirmation Order or the Bankruptcy Code.

8. No Impairment of Rights of Insurers and Sureties

Nothing in the Plan or the Confirmation Order (including, without limitation, any provision that purports to be preemptory or supervening or grants an injunction or release) alters the rights and obligations of the Debtor and the Debtor's insurers and sureties (or any of their affiliates) under any insurance policies and bonds (and any agreements related thereto) or modifies the coverage provided thereunder or the terms and conditions thereof except that on and after the Effective Date, the Reorganized Debtor will become and remain liable for all of the Debtor's obligations under the insurance policies, bonds and agreements regardless of whether such obligations arise before or after the Effective Date. Any such rights and obligations will be determined under the applicable insurance policies, bonds and agreements and applicable non-bankruptcy law.

9. Reservation of Rights Under Police and Regulatory Laws

Notwithstanding anything to the contrary in the Plan or the Confirmation Order, the discharges, exculpations, releases, and injunctions set forth in the Plan or the Confirmation Order will not impair the rights, claims or causes of action of governmental units against the Debtor or any other person under police and regulatory laws and regulations promulgated thereunder, and such rights, claims and causes of action will not be discharged or otherwise adversely affected by the Plan or the Confirmation Order, will survive the Chapter 11 Case as if it had not been commenced, and may be determined or adjudicated before the respective administrative agency having jurisdiction or court of competent jurisdiction, including but not limited to any defense asserted under the Plan or the Confirmation Order.

Nothing in the Plan or the Confirmation Order authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization, or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements under police or regulatory law.

H. MODIFICATION; SEVERABILITY; REVOCATION

The Debtor, subject to the consent of Enrichment Corp, the Majority Consenting Noteholders and the Preferred Stockholders (solely to the extent required by the B&W Plan Support Agreement and the Toshiba Plan Support Agreement, as applicable), may alter, amend, or modify the Plan under Bankruptcy Code Section 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in Bankruptcy Code Section 1101(2), the Debtor may, subject to the consent of Enrichment Corp, the Majority Consenting Noteholders and the Preferred Stockholders (solely to the extent required by the B&W Plan Support Agreement and the Toshiba Plan Support Agreement, as applicable), under Bankruptcy Code Section 1127(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order; *provided*, *however*, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtor, with the consent of Enrichment Corp, the Majority Consenting Noteholders, B&W (solely to the extent required by the B&W Plan Support Agreement) and Toshiba (solely to the extent required by the Toshiba Plan Support Agreement), will have the power to alter and interpret such term or provision to make it valid or enforceable

to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

The Debtor reserves the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtor revokes or withdraws the Plan in accordance with Section 10.14 thereof, or if Confirmation or the Effective Date does not occur, then (a) the Plan will be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan will be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, will (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, any Debtor or any other Person, (ii) prejudice in any manner the rights of the Debtor or any Person, including any of Enrichment Corp, the Consenting Noteholders, B&W or Toshiba, in any further proceedings involving the Debtor, or (iii) constitute an admission of any sort by any Debtor or any other Person, including any of Enrichment Corp, the Consenting Noteholders, B&W or Toshiba.

I. ADDITIONAL PLAN PROVISIONS

THE FOREGOING SUMMARY OF THE PLAN IS INTENDED TO HIGHLIGHT ONLY CERTAIN PROVISIONS OF THE PLAN. IT IS NOT INTENDED TO COVER EVERY PROVISION OF THE PLAN AND IT IS NOT A SUBSTITUTE FOR A COMPLETE REVIEW OF THE PLAN ITSELF. THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE PROVISIONS OF THE PLAN ITSELF, WHICH PROVISIONS CONTROL IN THE EVENT OF ANY INCONSISTENCY WITH THE SUMMARY.

V.
APPLICABILITY OF FEDERAL AND OTHER SECURITIES LAWS

The Debtor believes that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code, and state securities laws exempt from federal and state securities registration requirements (a) the offer and the sale of securities pursuant to the Plan and (b) subsequent transfers of such securities.

A. Offer And Sale Of New Securities: Bankruptcy Code Exemption

Holders of Allowed Noteholder Claims and Allowed Preferred Stock Interests/Claims will receive New Common Stock and New Notes under the Plan as well as the benefit of the Limited Subsidiary Guaranty. Holders of Allowed Common Stock Interests/Claims may, under certain circumstances, receive New Common Stock under the Plan. Bankruptcy Code Section 1145(a)(1) exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if three principal requirements are satisfied: (1) the securities must be issued "under a plan" of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (2) the recipients of the securities must hold a claim against, an interest in, or a claim for administrative expenses in the case concerning the debtor or such affiliate; and (3) the securities must be issued in exchange for the recipient's claim against or interest in the debtor, or such affiliate, or "principally" in such exchange and "partly" for cash or property. In reliance upon this exemption, the Debtor believes that the offer and sale of the New Securities and the Limited Subsidiary Guaranty under the Plan will be exempt from registration under the Securities Act and state securities laws. With respect to the New Common Stock and New Notes, such New Securities clearly fall squarely under the rubric of Bankruptcy Code Section 1145(a)(1) and, thus, requires no additional explanation. As to the issuance of the Limited Subsidiary Guaranty, Enrichment Corp, as noted above, has agreed to be a co-proponent and participant in the Plan for purposes of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement and has consented to the jurisdiction of the Bankruptcy Court for the purpose of enforcing its agreement to execute, deliver and perform under the Limited Subsidiary Guaranty and the Subsidiary Security Agreement. Enrichment Corp is, thus, an affiliate participating in the Debtor's plan (as a co-proponent) for purposes of Bankruptcy Code Section 1145(a)(1).

B. Subsequent Transfers Of New Securities

The New Securities generally may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by Section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" (see discussion below) with respect to such securities, as that term is defined under the Bankruptcy Code. In addition, such securities generally may

be resold without registration under state securities or "blue sky" laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of securities issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirement or conditions to such availability.

Bankruptcy Code Section 1145(b) defines the term "underwriter" for purposes of the Securities Act as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer," (1) purchases a claim against, interest in, or claim for an administrative expense in the case concerning the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest; (2) offers to sell securities offered or sold under a plan for the holders of such securities; (3) offers to buy securities offered or sold under the plan from the holders of such securities, if the offer to buy is: (a) with a view to distribution of such securities and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (4) is an "issuer" with respect to the securities, as the term "issuer" is used in Section 2(a)(11) of the Securities Act.

Section 2(a)(11) of the Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. "Control" (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan of reorganization may be deemed to be a "control person," particularly if such management position is coupled with the ownership of a significant percentage of the debtor's (or successor's) voting securities. Ownership of a significant amount of voting securities of a reorganized debtor (or its successor) could also result in a person being considered to be a "control person."

To the extent that persons deemed to be "underwriters" receive New Common Stock or New Notes pursuant to the Plan, such New Common Stock or New Notes, as the case may be, may not be resold unless such securities were registered under the Securities Act or an exemption from such registration requirements is available. Entities deemed to be statutory underwriters for purposes of Bankruptcy Code Section 1145 may, however, under certain conditions, sell such securities without registration pursuant to the resale provisions of Rule 144 under the Securities Act or another available exemption under the Securities Act.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New Common Stock or New Notes to be issued pursuant to the Plan, or a "control person" of the Reorganized Debtor, would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtor expresses no view as to whether any such person would be such an "underwriter" or "control person." PERSONS WHO RECEIVE NEW COMMON STOCK AND NEW NOTES UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS APPLICABLE UNDER THE SECURITIES LAWS AND THE CIRCUMSTANCES UNDER WHICH SECURITIES MAY BE SOLD IN RELIANCE ON SUCH LAWS.

It should be noted, however, that the Plan contemplates that the Reorganized Debtor, as promptly as possible after the Effective Date, will file, and use reasonable best efforts to have declared effective as promptly as practicable, a "resale shelf" registration statement on the applicable form with the United States Securities and Exchange Commission to register the resale of New Noteholder Common Stock by any holder who may be deemed an "underwriter" pursuant to Bankruptcy Code Section 1145(b)(1). No assurances can be given as to timing for filing or of effectiveness of such a registration statement.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTOR MAKES NO REPRESENTATIONS CONCERNING, AND DOES NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE NEW COMMON STOCK OR NEW NOTES OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, THE DEBTOR ENCOURAGES EACH CLAIMANT TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, THE DEBTOR MAKES NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE NEW COMMON STOCK OR NEW NOTES.

THE NEW COMMON STOCK WILL BE ISSUED SUBJECT TO THE TERMS AND CONDITIONS OF THE NEW USEC GOVERNING DOCUMENTS AND THE NEW NOTES (INCLUDING THE LIMITED SUBSIDIARY GUARANTEE) WILL BE SUBJECT TO THE TERMS AND CONDITIONS OF THE NEW INDENTURE.

C. Reporting Obligations

The Plan provides that the Reorganized Debtor will cause the Class A Stock to be registered under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result, the Reorganized Debtor will be required to file periodic reports under the Exchange Act with the SEC while the Class A Stock is so registered. Subject to meeting applicable listing standards, the Reorganized Debtor will use commercially reasonable efforts to list the Class A Stock for trading on a national securities exchange as soon as practicable following the Effective Date.

VI.
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. INTRODUCTION

The following discussion summarizes certain federal income tax consequences expected to result from the consummation of the Plan. This discussion is only for general information purposes and only describes the expected tax consequences to holders of Claims and Interests ("Holders") entitled to vote on the Plan. It is not a complete analysis of all potential federal income tax consequences and does not address any tax consequences arising under any state, local or foreign tax laws or federal estate or gift tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended (the "IRC" or "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date of this Disclosure Statement. These authorities may change, possibly retroactively, resulting in federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the federal income tax consequences resulting from the consummation of the Plan or that any contrary position would not be sustained by a court.

This discussion assumes that Holders of the Old Notes and the USEC Preferred Stock Interests have held such property as "capital assets" within the meaning of IRC Section 1221 (generally, property held for investment) and will hold the New Notes and New Common Stock as capital assets. In addition, this discussion assumes that the Debtor's obligations under the Old Notes and New Notes will be treated as debt for federal income tax purposes.

This discussion does not address all federal income tax considerations that may be relevant to a particular Holder in light of that Holder's particular circumstances, including the impact of the tax on net investment income imposed by Section 1411 of the Tax Code. In addition, it does not address considerations relevant to Holders subject to special rules under the federal income tax laws, such as financial institutions, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-exempt organizations, tax-qualified retirement plans, partnerships and other pass-through entities, Holders subject to the alternative minimum tax, Holders holding the Old Notes, USEC Preferred Stock Interests, New Notes or New Common Stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment, and U.S. Holders (as defined below) who have a functional currency other than the U.S. dollar.

HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE CONSUMMATION OF THE PLAN AND THE OWNERSHIP AND DISPOSITION OF THE NEW NOTES AND NEW COMMON STOCK RECEIVED PURSUANT TO THE PLAN, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS, OR ANY OTHER FEDERAL TAX LAWS.

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, TAXPAYERS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE, (B) ANY SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (C) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

B. **FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTOR**

1. **Cancellation Of Indebtedness And Reduction Of Tax Attributes**

The Debtor generally should realize cancellation of indebtedness ("COD") income to the extent the adjusted issue price of the Old Notes exceeds the sum of (a) the fair market value of any property (including New Common Stock) and (b) the issue price of the New Notes received by Holders of the Old Notes. The amount of COD income that will be realized by the Debtor is uncertain because it will depend on the fair market value of the New Common Stock and the issue price of the New Notes on the Effective Date (see discussion of the rules relating to the determination of the issue price of the New Notes below in "*—Federal Income Tax Consequences to Holders of Certain Claims—U.S. Holders of Noteholder Claims (Class 5)—New Notes— Contingent Debt Rules*").

Under IRC Section 108, COD income realized by a debtor will be excluded from gross income if the discharge of debt occurs in a case brought under the Bankruptcy Code, the debtor is under the court's jurisdiction in such case and the discharge is granted by the court or is pursuant to a plan approved by the court (the "Bankruptcy Exception"). Because the Bankruptcy Exception will apply to the transactions consummated pursuant to the Plan, the Debtor will be entitled to exclude from gross income any COD income realized as a result of the implementation of the Plan.

Under IRC Section 108(b), a debtor that excludes COD income from gross income under the Bankruptcy Exception generally must reduce certain tax attributes by the amount of the excluded COD income. Attributes subject to reduction include net operating losses ("NOLs"), NOL carryforwards and certain other losses, credits and carryforwards, and the debtor's tax basis in its assets (including stock of subsidiaries). A debtor's tax basis in its assets generally may not be reduced below the amount of liabilities remaining immediately after the discharge of indebtedness. If the debtor is a member of a consolidated group and is required to reduce its basis in the stock of another group member, a "look-through rule" generally requires a corresponding reduction in the tax attributes of the lower-tier member. If the amount of a debtor's excluded COD income exceeds the amount of attribute reduction resulting from the application of the foregoing rules, certain other tax attributes of the consolidated group may also be subject to reduction. NOLs for the taxable year of the discharge and NOL carryovers to such year generally are the first attributes subject to reduction. However, a debtor may elect under IRC Section 108(b)(5) (the "Section 108(b)(5) Election") to reduce its basis in its depreciable property first. If the debtor is a member of a consolidated group, the debtor may treat stock in another group member as depreciable property for purposes of the Section 108(b)(5) Election, provided the lower-tier member consents to a corresponding reduction in its basis in its depreciable property. If a debtor makes a Section 108(b)(5) Election, the limitation on reducing the debtor's basis in its assets below the amount of its remaining liabilities does not apply. The Debtor has not yet determined whether it will make the Section 108(b)(5) Election.

For tax periods through the 2012 tax year, the Debtor has reported on its federal income tax returns approximately $88 million of consolidated NOLs and NOL carryforwards and approximately $102 million of consolidated NOLs and NOL carrryforwards for purposes of the alternative minimum tax ("AMT NOLs"). The Debtor believes that for federal income tax purposes, the Debtor's consolidated group (the "Debtor Group") generated approximately $130 million to $150 million of consolidated NOLs and approximately $130 million to $150 million of AMT NOLs in the 2013 tax year, and likely will generate additional NOLs and AMT NOLs for the 2014 tax year. However, the amount of the Debtor Group's 2013 and 2014 NOLs and AMT NOLs will not be determined until the Debtor Group prepares its consolidated federal income tax returns for such periods. Moreover, the Debtor Group's NOLs and AMT NOLs are subject to audit and possible challenge by the IRS. Accordingly, the amount of the Debtor Group's NOLs and AMT NOLs ultimately may vary from the amounts set forth above.

The Debtor currently anticipates that the application of IRC Section 108(b) (assuming no Section 108(b)(5) Election is made) will result in a reduction of the Debtor Group's consolidated NOLs and AMT NOLs and possibly basis in certain assets. However, the ultimate effect of the attribute reduction rules is uncertain because, among other things, it will depend on the amount of COD income realized by the Debtor.

2. **Section 382 Limitation On Net Operating Losses And Built-In Losses**

Under IRC Section 382, if a corporation or a consolidated group of corporations with NOLs or built-in losses (a "loss corporation") undergoes an "ownership change," the loss corporation's use of its pre-change NOLs and recognized built-in losses ("RBILs") (and certain other tax attributes) generally will be subject to an annual limitation in the post-change period. In general, an "ownership change" occurs if the percentage of the value of the loss corporation's stock owned by one or more direct or indirect "five percent shareholders" increases by more than fifty percentage points over the lowest percentage of value owned by the five percent shareholders at any time during the applicable testing period (an "Ownership Change"). The testing period generally is the shorter of (i) the three-year period preceding the testing date or (ii) the period of time since the most recent Ownership Change of the corporation.

Subject to the special bankruptcy rules discussed below, the amount of the annual limitation on a loss corporation's use of its pre-change NOLs and RBILs (and certain other tax attributes) is generally equal to the product of the applicable long-term tax-exempt rate (as published by the IRS for the month in which the Ownership Change occurs) and the value of the loss corporation's outstanding stock immediately before the Ownership Change (excluding certain capital contributions). If a loss corporation has a net

unrealized built-in gain ("NUBIG") immediately prior to the Ownership Change, the annual limitation may be increased as certain gains are recognized during the five-year period beginning on the date of the Ownership Change (the "Recognition Period"). If a loss corporation has a net unrealized built-in loss ("NUBIL") immediately prior to the Ownership Change, certain losses recognized during the Recognition Period also would be subject to the annual limitation and thus may reduce the amount of pre-change NOLs that could be used by the loss corporation during the Recognition Period.

A NUBIG or NUBIL is generally the difference between the fair market value of a loss corporation's assets and its tax basis in the assets, subject to a statutorily-defined threshold amount. The amount of a loss corporation's NUBIG or NUBIL must be adjusted for built-in items of income or deduction that would be attributable to a pre-change period if recognized during the Recognition Period. The NUBIG or NUBIL of a consolidated group generally is calculated on a consolidated basis, subject to special rules.

If a loss corporation has a NUBIG immediately prior to an Ownership Change, any recognized built-in-gains ("RBIGs") will increase the annual limitation in the taxable year the RBIG is recognized. An RBIG generally is any gain (and certain income) with respect to an asset held immediately before the date of the Ownership Change that is recognized during the Recognition Period to the extent of the fair market value of the asset over its tax basis immediately prior to the Ownership Change. However, the aggregate amount of all RBIBs that are recognized during the Recognition Period may not exceed the NUBIG. On the other hand, if a loss corporation has a NUBIL immediately prior to an Ownership Change, any RBILs will be subject to the annual limitation in the same manner as pre-change NOLs. An RBIL generally is any loss (and certain deductions) with respect to an asset held immediately before the date of the Ownership Change that is recognized during the Recognition Period to the extent of the excess of the tax basis of the asset over its fair market value immediately prior to the Ownership Change. However, the aggregate amount of all RBILS that are recognized during the Recognition Period may not exceed the NUBIL. RBIGs and RBILs may be recognized during the Recognition Period for depreciable and amortizable assets that are not actually disposed. The Debtor believes that the Debtor Group will have a large NUBIL on the Effective Date and potentially significant RBILs recognized during the Recognition Period on depreciable and amortizable assets.

An Ownership Change prior to the Effective Date would result in an annual limitation on the Debtor's use of the Debtor Group's consolidated NOLs and AMT NOLs (and possibly other tax attributes) attributable to the period prior to such date along with RBILs arising during the Recognition Period. It is likely that any change in ownership prior to the Effective Date would result in a significant portion of the Debtor Group's existing NOLs (and possibly other tax attributes) and RBILs arising during the Recognition Period being unusable in periods after such Ownership Change. The Debtor expects the consummation of the Plan will result in an Ownership Change of the Debtor Group. Because the Ownership Change will occur in a case brought under the Bankruptcy Code, one of the following two special rules should apply in determining the Debtor Group's ability to utilize in post-Effective Date tax periods NOLs (and possibly other tax attributes) attributable to tax periods preceding the Effective Date and RBILs arising during the Recognition Period provided there is no Ownership Change of the Debtor prior to the Effective Date.

Under IRC Section 382(l)(5), an Ownership Change in bankruptcy will not result in any annual limitation on the debtor's pre-change NOLs (and certain other tax attributes) and RBILs arising during the Recognition Period if the stockholders and qualified creditors of the debtor receive at least 50% of the stock (by vote and value) of the reorganized debtor in the bankruptcy reorganization as a result of being shareholders or creditors of the debtor. Instead, the debtor's pre-change NOLs are reduced by the amount of any interest deductions with respect to debt converted into stock in the bankruptcy reorganization that were allowed in the three full taxable years preceding the taxable year in which the Ownership Change occurs and in the part of the taxable year prior to and including the date of the Ownership Change attributable to the bankruptcy reorganization (the "Plan Ownership Change"). However, if any pre-change NOLs (and certain other tax attributes) of the debtor already are subject to an annual usage limitation under IRC Section 382 at the time of an Ownership Change subject to IRC Section 382(l)(5), those NOLs (and certain other tax attributes) will continue to be subject to such limitation.

A qualified creditor is any creditor who has held the debt of the debtor for at least eighteen months prior to the petition date or who has held "ordinary course indebtedness" that has been owned at all times by such creditor. A creditor who does not become a direct or indirect five percent shareholder of the reorganized debtor generally may be treated by the debtor as having always held any debt owned immediately before the Ownership Change, unless the creditor's participation in formulating the plan of reorganization makes evident to the debtor that the creditor has not owned the debt for the requisite period.

A debtor may elect not to apply IRC Section 382(l)(5) to an Ownership Change that otherwise satisfies its requirements. This election must be made on the debtor's federal income tax return for the taxable year in which the Ownership Change occurs. If IRC Section 382(l)(5) applies to an Ownership Change (and the debtor does not elect out), any subsequent Ownership Change of the debtor within the two-year period following the date of the Plan Ownership Change will result in the debtor being unable to use any pre-change losses in any taxable year ending after such subsequent Ownership Change to offset future taxable income.

If an Ownership Change pursuant to a bankruptcy plan does not satisfy the requirements of IRC Section 382(l)(5), or if a debtor elects not to apply IRC Section 382(l)(5), the debtor's use of its pre-change NOLs (and certain other tax attributes) and RBILs arising during the Recognition Period will be subject to an annual limitation as determined under IRC Section 382(l)(6). In such case, the amount of the annual limitation generally will be equal to the product of the applicable long-term tax-exempt rate (3.56% for March 2014) and the value of the debtor's outstanding stock immediately after the bankruptcy reorganization, provided such value may not exceed the value of the debtor's gross assets immediately before the Ownership Change, subject to certain adjustments. However, if any pre-change NOLs (and certain other tax attributes) of the debtor already are subject to an annual limitation at the time of an Ownership Change subject to IRC Section 382(l)(6), those NOLs (and certain other tax attributes) will be subject to the lower of the two annual limitations.

The Debtor is unable to determine whether the Ownership Change expected to result from the consummation of the Plan may satisfy the requirements of IRC Section 382(l)(5), as such determination will depend on the extent to which Holders of the Old Notes immediately prior to consummation of the Plan may be treated as qualified creditors for purposes of IRC Section 382(l)(5). If IRC Section 382(l)(6) applies, the Debtor Group's pre-change NOLs and certain other tax attributes remaining after reduction for excluded COD income along with RBILs arising during the Recognition Period will be subject to an annual limitation generally equal to the product of the long-term tax-exempt rate for the month in which the Plan Ownership Change occurs and the value of the Debtor's outstanding stock immediately after consummation of the Plan. NOLs, RBILs, and certain other tax attributes not utilized in a given year due to the annual limitation may be carried forward for use in future years until their expiration dates (with any RBIL disallowed during the Recognition Period permitted to be carried forward under rules similar to those applying to NOL carryforwards). To the extent the annual limitation of the Reorganized Debtor's consolidated group (the "Reorganized Debtor Group") exceeds the Reorganized Debtor Group's taxable income (for purposes of Section 382) in a given year, the excess will increase the annual limitation in future taxable years.

3. Alternative Minimum Tax

In general, a federal alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20% rate to the extent such tax exceeds the corporation's regular federal income tax for the taxable year. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated, with further adjustments required if AMTI, determined without regard to adjusted current earnings ("ACE"), differs from ACE. In addition, even though a corporation otherwise might be able to offset all of its taxable income for regular tax purposes by available NOL carryforwards, only 90% of its AMTI generally may be offset by available AMT NOL carryforwards. Accordingly, for tax periods after the Effective Date, the Reorganized Debtor Group may have to pay AMT regardless of whether it generates non-AMT NOLs or has sufficient non-AMT NOL carryforwards to offset regular taxable income for such periods. In addition, if a corporation undergoes an Ownership Change within the meaning of IRC Section 382 and is in a NUBIL position on the date of the Ownership Change, the corporation's aggregate tax basis in its assets would be reduced for certain AMT purposes to reflect the fair market value of such assets as of the change date. A corporation that pays AMT generally is later allowed a nonrefundable credit (equal to a portion of its prior year AMT liability) against its regular federal income tax liability in future taxable years when it is no longer subject to the AMT.

C. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CERTAIN CLAIMS AND INTERESTS

1. Definition of U.S. Holder and Non-U.S. Holder

A "U.S. Holder" is Holder of the Old Notes, USEC Preferred Stock Interests, New Notes or New Common Stock that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Tax Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

A "Non-U.S. Holder" means a Holder of the Old Notes, USEC Preferred Stock Interests, New Notes or New Common Stock that is not a U.S. Holder and is, for U.S. federal income tax purposes, an individual, corporation (or other entity treated as a corporation for U.S. federal income tax purposes), estate or trust.

2. **U.S. Holders Of Noteholder Claims (Class 5)**

(a) Exchange of Old Notes for New Notes and New Common Stock

Recognition of Gain or Loss. The federal income tax consequences of the exchange of Old Notes for New Notes and New Common Stock (the "Old Notes Exchange") depend, in part, on whether the Old Notes and New Notes constitute "securities" for purposes of the provisions of the Tax Code relating to tax-free transactions. The test of whether a debt obligation is a security involves an overall evaluation of the nature of the obligation, with the term of the obligation usually regarded as one of the most significant factors. Debt obligations with a term of five years or less generally have not qualified as securities, whereas debt obligations with a term of ten years or more generally have qualified as securities. Another important factor in determining whether a debt obligation is a security is the extent to which the obligation is subordinated to other liabilities of the issuer. Generally, the more senior the debt obligation, the less likely it is to be a security.

The Old Notes should qualify as a security because the notes are unsecured obligations with an original term of approximately seven years and are convertible into stock of the Debtor. Although the matter is not free from doubt, it appears that the New Notes may constitute securities for federal income tax purposes because they have a term of five years which can be extended to ten years in certain circumstances. Accordingly, the Debtor intends to take the position that the Old Notes Exchange constitutes a tax-free transaction for federal income tax purposes.

Subject to the preceding discussion, U.S. Holders of Old Notes should not recognize gain or loss in the Old Notes Exchange. A U.S. Holder's initial tax basis in the New Notes and New Common Stock should be equal to its adjusted tax basis in the Old Notes exchanged therefor, allocated between the New Notes and New Common Stock in proportion to their fair market values as of the Effective Date. A U.S. Holder's holding period in the New Notes and New Common Stock should include the U.S. Holder's holding period in the Old Notes. A U.S. Holder's tax basis and holding period in the New Notes and New Common Stock would generally be required to be calculated separately for each block of Old Notes exchanged therefor. Because distributions under the Plan are allocated first to principal and then to interest, if any, for U.S. Federal income tax purposes, it is unclear whether the cash that the U.S. Holders receive on the Effective Date in an amount equal to the unpaid accrued interest on the Old Notes should be treated by the U.S. Holders as interest income or as additional consideration for the Old Notes in which case any gain would be recognized to the extent of the cash received. In addition, this Article VI.C.2.a does not address the federal income tax treatment of the Additional Plan Cash because it is anticipated that all Additional Plan Cash will be used to satisfy the Indenture Trustee's Charging Lien and, therefore, no Additional Plan Cash will be distributed to the U.S. Holders of Old Notes.

If the New Notes do not constitute a security then a U.S. Holder of Old Notes would recognize gain, but not loss, to the extent of the fair market value (as determined for purposes of IRC Section 356) of the New Notes. The amount of gain (if any) recognized by a U.S. Holder would be equal to the excess of (i) the sum of the issue price of the New Notes (see discussion of issue price below in "*—New Notes— Contingent Debt Rules*") and the fair market value of the New Common Stock over (ii) the U.S. Holder's adjusted tax basis in the Old Notes exchanged therefor. Subject to the "*—New Notes—Market Discount*" discussion below, any such gain generally would be capital gain, and would be long-term capital gain if the U.S. Holder has held the Old Notes for more than one year as of the Effective Date. In this case, the U.S. Holder's initial tax basis in the New Common Stock would be equal to its adjusted tax basis in the Old Notes minus the fair market value of the New Notes received on the Effective Date plus the amount of any gain recognized by the U.S. Holder in the Old Notes Exchange. The U.S. Holder's initial tax basis in the New Notes would be equal to the debt's fair market value (as determined for purposes of IRC Section 358) on the Effective Date. The U.S. Holder's holding period in the New Common Stock would include the U.S. Holder's holding period in the Old Notes, and its holding period in the New Notes would begin on the day after the Effective Date.

U.S. Holders should consult their tax advisors regarding the character of any gain as long-term or short-term capital gain, or as ordinary income, as its character will be determined by a number of factors, including (but not limited to) the tax status of the U.S. Holder, whether the Old Notes constitute a capital asset in the U.S. Holder's hands, whether the Old Notes have been held for more than one year, whether the Old Notes have bond premium or market discount, and whether and to what extent the U.S. Holder previously claimed a bad debt deduction with respect to the Old Notes. U.S. Holders also should consult their tax advisors regarding the applicable tax rates and netting rules for capital gains, and as to whether any resulting gain recognition may be deferred under the installment method until principal is repaid on the New Notes.

(b) New Notes

Characterization of the New Notes. The New Notes provide that the Reorganized Debtor (i) may elect to pay a portion of the interest on the New Notes in kind, by either increasing the principal amount of the New Notes or issuing additional New Notes (a "PIK Election"), and (ii) upon the occurrence of certain funding contingencies (the "Maturity Date Condition"), may elect to extend

the maturity date of the New Notes to the tenth anniversary of their issue date (a "Maturity Date Election"). Special rules apply under Section 1.1272-1(c) (the "Alternative Payment Schedule Rules") and Section 1.1275-4 (the "Contingent Debt Rules") of the U.S. Treasury Regulations to debt instruments that provide for one or more alternative payment schedules upon the occurrence of one or more contingencies if the alternative payments schedules result in different yields for the debt instrument (which different yields would occur in the case of the New Notes upon the Reorganized Debtor's exercise of the PIK Election or the Maturity Date Election provided the New Notes have an issue price that is less than their principal amount). If either the New Notes or Old Notes are publicly traded, the Contingent Debt Rules will apply to the New Notes unless there is a single payment schedule which is significantly more likely than not to occur, in which case the Alternative Payment Schedule Rules will apply to determine the yield and maturity date of the New Notes. If neither the New Notes nor the Old Notes are publicly traded, then the fixed yield rules in Section 1.1272-1(d) of the Treasury Regulations (the "Fixed Yield Rules") should apply to the New Notes, in which case the yield on the New Notes will be the stated interest rate.

At this time the Debtor believes that (i) there is no single payment schedule that will be significantly more likely than not to occur and (ii) the New Notes and the Old Notes will be publicly traded during the relevant period, and thus the Contingent Debt Rules should apply to the New Notes. However, because this determination ultimately must be made as of the issue date of the New Notes, no assurance can be made that the Debtor will treat the New Notes as a contingent payment debt instrument (a "CPDI") subject to the Contingent Debt Rules.

Tax Reporting. Pursuant to the Indenture for the New Notes, the Reorganized Debtor shall determine whether the New Notes are publicly traded, the "issue price" of the New Notes and whether the Contingent Debt Rules, the Alternative Payment Schedule Rules or the Fixed Yield Rules will apply to the New Notes (the "Tax Reporting Rules"), and the Reorganized Debtor will provide this information to the Trustee and the Holders of the New Notes. Each Holder, by acceptance of the New Notes, agrees to use this "issue price" and apply the Tax Reporting Rules (including, if applicable, the comparable yield and projected payment schedule, or the applicable payment schedule) for its own tax reporting and return filing.

Contingent Debt Rules. If the New Notes are treated as a CPDI, all interest on the New Notes (including stated interest) will be treated as original issue discount ("OID") and U.S. Holders will be required to include OID in gross income (as ordinary income) as it accrues (regardless of their method of accounting), which may be in advance of receipt of the cash attributable to that income. Under the Contingent Debt Rules, OID would accrue according to the "noncontingent bond method," based on the "comparable yield" of the New Notes, which the Reorganized Debtor would be required to determine.

The "comparable yield" of a debt instrument is a rate, as of the issue date, at which the issuer would issue a fixed rate debt instrument without contingencies but otherwise with terms and conditions similar to that debt instrument, including the level of subordination, term, timing of payments and general market conditions. The Contingent Debt Rules provide that the Reorganized Debtor, solely for U.S. federal income tax purposes, would be required to prepare a projected payment schedule including actual noncontingent payments to be made on the New Notes and estimates of the amount and timing of contingent payments on the New Notes, such that the projected payment schedule produces the comparable yield. The Reorganized Debtor's determination of the comparable yield and projected payment schedule, and the adjustments thereto described below, would be binding on each Holder and must be used in respect of the New Notes for U.S. federal income tax purposes. The Reorganized Debtor's determination, however, is not binding on the IRS, and if the IRS were to challenge this determination, a Holder might be required to treat the New Notes as subject to the Alternative Payment Schedule Rules.

The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of OID and adjustments thereto in respect of the New Notes for U.S. federal income tax purposes, and do not constitute a projection or representation regarding the actual amount and timing of the payments to be made on the New Notes.

The annual amounts of OID includible in income will equal the sum of the "daily portions" of the OID with respect to a U.S. Holder's New Notes for each day on which the U.S. Holder owns the New Notes during the tax year. Generally, a U.S. Holder determines the daily portions of OID by allocating to each day in an "accrual period" a pro rata portion of the OID that is allocable to that accrual period. The term "accrual period" means an interval of time with respect to which the accrual of OID is measured and which may vary in length over the term of the New Notes provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on either the first or last day of an accrual period.

The amount of OID allocable to an accrual period will be the product of the "adjusted issue price" of the New Notes at the beginning of the accrual period and its "comparable yield" adjusted for the length of the accrual period. The "adjusted issue price" of the New Notes will be their "issue price," increased by any OID previously accrued, determined without regard to any adjustments to OID accruals described below, and decreased by the amounts of any noncontingent payments and the projected amounts of any contingent payments previously made on the New Notes.

The issue price of a debt instrument issued in exchange for another debt instrument depends on whether either debt instrument is considered "traded on an established market" ("publicly traded"). If the New Notes are treated as "publicly traded" for U.S. federal income tax purposes, the "issue price" of the New Notes will be the fair market value of the New Notes as of their issue date. If the Old Notes are, but the New Notes are not, treated as publicly traded for U.S. federal income tax purposes, then the issue price of the New Notes received in exchange for the relevant Old Notes will be the fair market value of the Old Notes exchanged for the New Notes, as determined on the issue date of the New Notes. If neither the Old Notes nor the New Notes are treated as publicly traded, then the issue price of the New Notes issued in exchange for the Old Notes will be the principal amount of such New Notes.

The New Notes will be considered to be publicly traded if, at any time during the 31-day period ending 15 days after their issue date, the New Notes are traded on an "established market." The New Notes will be considered to trade on an established market if (i) there is a price for an executed purchase or sale of the New Notes that is reasonably available within a reasonable period of time after the sale; (ii) there is at least one price quote for the New Notes from at least one reasonably identifiable broker, dealer or pricing service, which price quote is substantially the same as the price for which the person receiving the quoted price could purchase or sell the New Notes (a "firm quote"), or (iii) there is at least one price quote for the New Notes other than a firm quote, available from at least one such broker, dealer, or pricing service. Although the matter is not free from doubt, these same rules should also apply for purposes of determining whether the Old Notes will be considered to be publicly traded.

Treasury Regulations require the Reorganized Debtor to make a determination as to whether the Old Notes or New Notes are publicly traded, and if the Reorganized Debtor determines that the Old Notes or New Notes are publicly traded, to determine the fair market value of the New Notes on their issue date which will establish their "issue price." The Treasury Regulations require the Reorganized Debtor to make such determinations available to U.S. Holders in a commercially reasonable fashion, including by electronic publication, within 90 days of the issue date of the New Notes. The Treasury Regulations provide that each of these determinations is binding on a Holder unless the Holder satisfies certain conditions. Certain rules apply as to whether a sales price or quote may establish the fair market value of the New Notes and under what conditions the Reorganized Debtor may otherwise establish the fair market value of the New Notes.

Because the relevant trading period for determining whether the Old Notes and New Notes are publicly traded and the issue price of the New Notes has not yet occurred, the Debtor is unable to determine the issue price of the New Notes at this time. However, it does appear likely that the Old Notes and New Notes will be publicly traded during the relevant period, in which case the issue price of the New Notes will be their fair market value as of their issue date.

If the New Notes are subject to the Contingent Debt Rules, and the actual contingent payments made on the New Notes differ from the projected contingent payments, adjustments will need to be made to account for the difference. If, during any taxable year, a U.S. Holder receives actual contingent payments with respect to the New Notes for that taxable year that in the aggregate exceeds the total amount of projected contingent payments for such taxable year, such U.S. Holder would incur a net positive adjustment equal to the amount of such excess. Such net positive adjustment would be treated as additional OID for such taxable year. If, during a taxable year, a U.S. Holder receives actual contingent payments with respect to the New Notes for that taxable year that in the aggregate are less than the amount of projected contingent payments for such taxable year, such U.S. Holder would incur a net negative adjustment equal to the amount of such deficit. A net negative adjustment would:

- first, reduce the amount of OID required to be accrued in that year;
- second, be treated as ordinary loss to the extent of the U.S. Holder's total prior OID inclusions with respect to the New Notes (which would include any prior net positive adjustments), reduced to the extent such OID was offset by prior net negative adjustments; and
- third, be treated as a negative adjustment in the succeeding taxable year(s), and, if not used by the time the New Note was sold or matured, be treated as a reduction in the amount realized on a sale, exchange, retirement or other disposition.

Positive or negative adjustments with respect to a future contingent payment would be taken into account before the payment is due (which would increase or decrease the adjusted issue price and adjusted tax basis of the New Notes) if the future contingent payment becomes fixed more than six months before the payment is due.

If the New Notes are subject to the Contingent Debt Rules and a U.S. Holder's tax basis in the New Notes on the Effective Date differs from their issue price, the U.S. Holder must, upon acquiring the New Notes, reasonably allocate this difference to daily portions of interest or projected payments over the remaining term of the New Notes. If a U.S. Holder's tax basis on the Effective Date is greater than the issue price of the New Notes, the difference that is allocated is treated as a negative adjustment on the date the daily portion accrues or the payment is made. If a U.S. Holder's tax basis on the Effective Date is less than the issue price of the New

Notes, the difference that is allocated is treated as a positive adjustment on the date the daily portion accrues or the payment is made. On the date of any adjustment, the U.S. Holder's adjusted basis in the New Notes will be reduced by the amount treated as a negative adjustment and will be increased by the amount treated as a positive adjustment.

Special rules apply if a contingent payment becomes fixed more than six months before a payment is due. U.S. Holders should consult their own tax advisors regarding these special rules.

Alternative Payment Schedule Rules. If either the New Notes or the Old Notes are "publicly traded" during the relevant period and the issue price of the New Notes is not equal to their principal amount, and the Reorganized Debtor determines as of the issue date of the New Notes that a single payment schedule is significantly more likely than not to occur, the yield and maturity of the New Notes will be determined based on that payment schedule pursuant to the Alternative Payment Schedule Rules. The Reorganized Debtor's determination that the New Notes are subject to the Alternative Payment Schedule Rules would be binding on each Holder. The Reorganized Debtor's determination, however, is not binding on the IRS, and if the IRS were to challenge this determination, a Holder might be required to treat the New Notes as subject to the Contingent Debt Rules.

If the New Notes are determined to be subject to the Alternative Payment Schedule Rules, the New Notes would be issued with OID in an amount equal to the excess of the stated redemption price at maturity of the New Notes (taking into account the payment schedule assumption described above) over the issue price of the New Notes. The stated redemption price at maturity of a note generally is the sum of all payments provided by the note other than payments of qualified stated interest. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer, such as amounts that the Reorganized Debtor may elect to pay in kind pursuant to the PIK Election) at least annually at a single fixed rate.

U.S. Holders would be required to include OID in gross income (as ordinary income) as it accrues (regardless of their method of accounting), which may be in advance of receipt of cash attributable to that income (see "*—New Notes—Contingent Debt Rules*"). However, a U.S. Holder generally will not be required to include separately in income cash payments received on the New Notes to the extent the payments constitute payments of previously accrued OID.

If payments are made on the New Note contrary to the payment schedule used to compute the yield and maturity of the New Notes, then solely for the purposes of determining the amount of OID on the New Notes, the New Notes will be treated as retired and reissued on the date of the change in circumstances for an amount equal to their adjusted issue price and the yield to maturity on the New Notes will be redetermined taking into account such change in circumstances.

The "yield to maturity" (as of the issue date) of a debt instrument that is subject to the Alternative Payment Schedule Rules is the discount rate that, when used in computing the present value of all principal and interest payments to be made on the debt instrument, produces an amount equal to the issue price of the debt instrument. OID will be included in income under accrual rules generally comparable to those discussed above in "*—Contingent Debt Rules*," but U.S. Holders will use the yield to maturity rather than the comparable yield when applying those rules and the special rules relating to contingent payments and adjustments will not apply.

Fixed Yield Rules. If neither the New Notes nor the Old Notes are publicly traded during the relevant period, then the Fixed Yield Rules would apply to the New Notes rather than the Contingent Debt Rules or the Alternative Payment Schedule Rules. In such event, the yield on the New Notes would be the stated interest rate, and U.S. Holders would recognize stated interest income and OID with respect to the New Notes under the general rules discussed above in "*—New Notes—Contingent Debt Rules*" and "*—New Notes—Alternative Payment Schedule Rules*."

Treatment of PIK Notes. A newly distributed note (a "PIK Note") issued in payment of interest on a New Note is aggregated with, and will be treated as part of, the New Note with respect to which it was issued. Thus, the issue price (and tax basis) of a PIK Note issued in payment of interest on a New Note likely will be determined by allocating the adjusted issue price (and adjusted tax basis), at the time of distribution, of the underlying New Note between the newly distributed PIK Note and the underlying New Note in proportion to their respective principal amounts. OID on a PIK Note will accrue in the same manner as described above in the case of such underlying New Note. A U.S. Holder's holding period for a PIK Note will likely be identical to their holding period for the underlying New Note. The same rules would apply to a newly distributed note received in lieu of cash interest on a PIK Note.

Market Discount. A U.S. Holder that acquired an Old Note at a market discount generally will be required to treat any gain recognized on the Old Notes Exchange as ordinary income to the extent of accrued market discount not previously included in gross income by the U.S. Holder. A U.S. Holder will be considered to have acquired an Old Note at a market discount if its tax basis in the note immediately after acquisition was less than the sum of all amounts payable thereon (other than payments of qualified stated interest) after the acquisition date, unless the difference is less than 0.25% of the Old Note's issue price multiplied by the number of complete years from the acquisition date to maturity (in which case, the difference is de minimis market discount).

However, if the Old Notes Exchange qualifies as a recapitalization, special rules apply whereby a U.S. Holder that acquired an Old Note at a market discount generally should not be required to recognize any accrued market discount as income at the time of the Old Notes Exchange to the extent it receives stock or securities in exchange for the Old Note. Rather, any gain realized by the U.S. Holder on a subsequent taxable disposition of the New Common Stock received in the exchange will be ordinary income to the extent of the amount of market discount accrued on the Old Note prior to the exchange that is allocable to the stock, and the treatment of the New Notes will depend on whether they are treated as a CPDI.

If the New Notes are treated as a CPDI, the difference between a U.S. Holder's tax basis in the New Notes on the Effective Date and their issue price will be allocated to daily portions of interest or to projected payments and treated as positive adjustments as discussed above in "—*Contingent Debt Rules*," and the market discount rules discussed below will not apply.

If the New Notes are not treated as a CPDI, the New Notes will be treated as having accrued market discount to the extent of the allocable amount of market discount accrued on the Old Note that was not previously included in income by the U.S. Holder with respect to the Old Note. In addition, if the U.S. Holder's initial tax basis in the New Notes is less than the note's issue price, such difference will be treated as market discount (a portion of which may be treated as accrued market discount under the rule discussed in the previous sentence), unless the difference is less than 0.25% of the New Notes' stated redemption price at maturity multiplied by the number of complete years from the Effective Date to maturity (in which case, the difference is de minimis market discount).

The method of allocating accrued market discount to stock and securities when both are received in exchange for a market discount obligation in a recapitalization is uncertain. Accordingly, U.S. Holders that acquired the Old Notes with market discount should consult their tax advisors regarding this issue.

Market discount generally will be treated as accruing on a straight line basis over the term of the New Note or, at the U.S. Holder's election, under a constant yield method. If a constant yield election is made, it will apply only to the New Note held by the U.S. Holder and may not be revoked. A U.S. Holder may elect to include market discount in income as it accrues over the remaining term of the New Note. Once made, this accrual election applies to all market discount obligations acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If a U.S. Holder does not elect to include accrued market discount in income over the remaining term of the New Note, the U.S. Holder may be required to defer the deduction of a portion of the interest on any indebtedness incurred or maintained to purchase or carry the note until maturity or until a taxable disposition of the note.

If a New Note is treated as a market discount obligation, the U.S. Holder will be required to treat any gain recognized on the disposition of the note as ordinary income to the extent of accrued market discount not previously included in income with respect to the obligation. If the U.S. Holder disposes of the New Note in certain otherwise nontaxable transactions, the U.S. Holder may be required to include accrued market discount in income as ordinary income as if the U.S. Holder sold the note at its then fair market value.

Amortizable Bond Premium. If the New Notes are not treated as a CPDI then, to the extent a U.S. Holder's initial tax basis in a New Note is greater than the stated redemption price at maturity of the note, the U.S. Holder generally will be considered to have acquired the New Note with amortizable bond premium (and the New Note would not have any OID). Generally, a holder that acquires a debt obligation at a premium may elect to amortize bond premium from the acquisition date to the debt's maturity date under a constant yield method. Once made, this election applies to all debt obligations held or subsequently acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. The amount amortized in any taxable year generally is treated as an offset to payments of qualified stated interest on the related debt obligation.

Acquisition Premium. If the New Notes are not treated as a CPDI and a U.S. Holder's initial tax basis in a New Note is less than or equal to the stated redemption price at maturity of the note, but greater than the issue price of the note, the U.S. Holder will be treated as acquiring the New Note at an "acquisition premium." Unless an election is made, the U.S. Holder generally will reduce the amount of OID otherwise includible in gross income for an accrual period by an amount equal to the amount of OID otherwise includible in gross income multiplied by a fraction, the numerator of which is the excess of the U.S. Holder's initial tax basis in the New Note over the note's issue price and the denominator of which is the excess of the sum of all amounts payable on the New Note over the note's issue price.

Sale, Retirement or Other Taxable Disposition. A U.S. Holder of a New Note will recognize gain or loss upon the sale, redemption, retirement or other taxable disposition of the New Note equal to the difference between the amount realized upon the disposition (less a portion allocable to any accrued interest that has not yet been included in income by the U.S. Holder, which generally will be taxable as ordinary income) and the U.S. Holder's adjusted tax basis in the New Note.

If the New Notes are treated as a CPDI, gain or loss on the sale, redemption, retirement or other taxable disposition of a New Note generally will be subject to the following rules: (1) gain will be treated as interest income, taxable as ordinary income, (2) loss will be treated as ordinary loss to the extent of the U.S. Holder's prior net OID inclusions with respect to the New Note, and (3) any remaining loss will be treated as capital loss.

If the New Notes are not treated as a CPDI then, subject to the "*—New Notes—Market Discount*" discussion above, any gain or loss on the sale, redemption, retirement or other taxable disposition of the New Notes generally will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder has held the New Note for more than one year as of the date of disposition. U.S. Holders should consult their tax advisors regarding the applicable tax rates and netting rules for capital gains and losses. There are limitations on the deduction of capital losses by both corporate and noncorporate taxpayers.

(c) New Common Stock

Distributions. A U.S. Holder of New Common Stock generally will be required to include in gross income as ordinary dividend income the amount of any distributions paid on the New Common Stock to the extent such distributions are paid out of the Reorganized Debtor Group's current or accumulated earnings and profits as determined for federal income tax purposes. Distributions not treated as dividends for federal income tax purposes will constitute a return of capital and will first be applied against and reduce a U.S. Holder's adjusted tax basis in the New Common Stock, but not below zero. Any excess amount will be treated as gain from a sale or exchange of the New Common Stock. U.S. Holders that are treated as corporations for federal income tax purposes may be entitled to a dividends received deduction with respect to distributions out of earnings and profits.

Sale or Other Taxable Disposition. A U.S. Holder of New Common Stock will recognize gain or loss upon the sale or other taxable disposition of New Common Stock equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in the New Common Stock. Subject to the rules discussed above in "*—New Notes—Market Discount*" and the recapture rules under IRC Section 108(e)(7), any such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder has held the New Common Stock for more than one year as of the date of disposition. Under the IRC Section 108(e)(7) recapture rules, a U.S. Holder may be required to treat gain recognized on the taxable disposition of the New Common Stock as ordinary income if the U.S. Holder took a bad debt deduction with respect to the Old Notes. U.S. Holders should consult their tax advisors regarding the applicable tax rates and netting rules for capital gains and losses. There are limitations on the deduction of capital losses by both corporate and noncorporate taxpayers.

3. **U.S. Holders Of Preferred Stock Claims/Interests (Class 6)**

(a) Exchange of USEC Preferred Stock Interests for New Notes and New Common Stock

Recognition of Gain or Loss. U.S. Holders of USEC Preferred Stock Interests should recognize gain, but not loss, on the exchange of USEC Preferred Stock Interests for New Notes and New Common Stock (the "Preferred Stock Exchange") to the extent of the fair market value (as determined for purposes of IRC Section 356) of the New Notes. The amount of gain (if any) recognized by a U.S. Holder will be equal to the difference between (i) the sum of the issue price of the New Notes (see discussion of the rules relating to the determination of the issue price of the New Notes above in "*—U.S. Holders of Noteholder Claims (Class 5 —New Notes— Contingent Debt Rules*") and the fair market value of the New Common Stock and (ii) the U.S. Holder's adjusted tax basis in the USEC Preferred Stock Interests exchanged therefor. Any such gain generally will be capital gain, and will be long-term capital gain if the U.S. Holder has held the USEC Preferred Stock Interests for more than one year as of the Effective Date. The U.S. Holder's initial tax basis in the New Common Stock will be equal to its adjusted tax basis in the USEC Preferred Stock Interests minus the fair market value of the New Notes received on the Effective Date plus the amount of any gain recognized by the U.S. Holder on the Preferred Stock Exchange. The U.S. Holder's initial tax basis in the New Notes will be equal to the debt's fair market value (as determined for purposes of IRC Section 358) on the Effective Date. The U.S. Holder's holding period in the New Common Stock will include the U.S. Holder's holding period in the USEC Preferred Stock Interests, and its holding period in the New Notes would begin on the day after the Effective Date.

(b) New Notes

See the discussion above under "*—U.S. Holders of Noteholder Claims (Class 5)—New Notes*."

(c) New Common Stock

See the discussion above under "*—U.S. Holders of Noteholder Claims (Class 5)—New Common Stock*."

4. **Non-U.S. Holders**

The rules governing U.S. federal income taxation of a Non-U.S. Holder are complex. The following discussion includes only certain U.S. federal income tax consequences of the Plan to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. Non-U.S. Holders should consult with their own tax advisors to determine the effect of U.S. federal, state, and local tax laws, as well as any other applicable non-U.S. tax laws and/or treaties, with regard to their participation in the transactions contemplated by the Plan, their ownership of Claims, and the ownership and disposition of New Notes and New Common Stock, as applicable.

Whether a Non-U.S. Holder realizes gain or loss on an exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

(a) Gain Recognition

Any gain recognized by a Non-U.S. Holder on the Old Notes Exchange (as described above in *"—U.S. Holders Of Noteholder Claims (Class 5)—Exchange of Old Notes for New Notes and New Common Stock*"), Preferred Stock Exchange (as described above in *"—U.S. Holders Of Preferred Stock Claims/Interests (Class 6)—Exchange of USEC Preferred Stock Interests for New Notes and New Common Stock*"), or a subsequent sale or other taxable disposition of the New Notes (as described above in *"—U.S. Holders Of Noteholder Claims (Class 5)— New Notes—Sale, Retirement or Other Taxable Disposition*") or New Common Stock (as described above in *"—U.S. Holders Of Noteholder Claims (Class 5)— New Common Stock—Sale or Other Taxable Disposition*") generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the relevant sale, exchange or other taxable disposition occurs and certain other conditions are met, (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if required by an applicable income tax treaty, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) or (c) the Old Common Stock or New Common Stock constitutes a U.S. real property interest ("USRPI") by reason of the Debtor or Reorganized Debtor, as applicable, being treated as a U.S. real property holding corporation ("USRPHC") for U.S. federal income tax purposes.

If the first exception applies, to the extent that any gain is recognized, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed its capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain recognized in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such Non-U.S. Holder is a corporation for U.S. federal income tax purposes, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

With respect to the third exception, the Debtor believes it is not currently a USRPHC, and does not anticipate that it or the Reorganized Debtor will become a USRPHC. Because the determination of whether the Debtor or Reorganized Debtor is a USRPHC depends on the fair market value of its USRPIs relative to the fair market value of its other business assets and its non-U.S. real property interests, however, there can be no assurance the Debtor is not a USRPHC or the Reorganized Debtor will not become one in the future. Even if the Reorganized Debtor were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of the New Common Stock will not be subject to U.S. federal income tax if such class of stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually or constructively, 5% or less of such class of the New Common Stock throughout the shorter of the five-year period ending on the date of the sale or other disposition or the Non-U.S. Holder's holding period for such stock.

(b) Interest

Payments to a Non-U.S. Holder that are attributable to interest (including OID, accrued but untaxed interest and gain from the sale, redemption, retirement or other taxable disposition of the New Notes that is treated as interest income as discussed above in "*—U.S. Holders of Noteholder Claims (Class 5) —New Notes—Sale, Retirement or Other Taxable Disposition*") that is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States generally will not be subject to U.S.

federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN) establishing that the Non-U.S. Holder is not a U.S. person. Interest income, however, may be subject to U.S. withholding tax if:

- the Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of voting stock of the Debtor (with respect to payments of interest on the Old Notes) or the Reorganized Debtor (with respect to payments of interest on the New Notes);
- the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" (each, within the meaning of the Tax Code) with respect to the Debtor (with respect to payments of interest on the Old Notes) or the Reorganized Debtor (with respect to payments of interest on the New Notes); or
- the Non-U.S. Holder is a bank receiving interest described in section 881(c)(3)(A) of the Tax Code.

If interest paid to a Non-U.S. Holder is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if required by an applicable income tax treaty, such interest is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States), the Non-U.S. Holder generally will not be subject to U.S. federal withholding tax but will be subject to U.S. federal income tax with respect to such interest in the same manner as a U.S. Holder under rules similar to those discussed above with respect to gain that is effectively connected with the conduct of a trade or business in the United States (see "*—Gain Recognition*" above).

A Non-U.S. Holder that does not qualify for the above exemption with respect to interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax on such interest at a 30% rate, unless such Non-U.S. Holder is entitled to a reduction in or exemption from withholding on such interest as a result of an applicable income tax treaty. To claim such entitlement, the Non-U.S. Holder must provide the applicable withholding agent with a properly executed IRS Form W-8BEN claiming a reduction in or exemption from withholding tax on such payments of interest under the benefit of an income tax treaty between the United States and the country in which the Non-U.S. Holder resides or is established. For purposes of providing a properly executed IRS Form W-8BEN, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

(c) Dividends on New Common Stock

Any distributions made with respect to New Common Stock that constitute dividends for U.S. federal income tax purposes (see *"—U.S. Holders Of Noteholder Claims (Class 5)— New Common Stock—Distributions*") that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or, if required by an applicable income tax treaty, are not attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable) of the gross amount of the dividends. A Non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to New Common Stock held by a Non-U.S. Holder that are effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax with respect to such dividends in the same manner as a U.S. Holder under rules similar to those discussed above with respect to gain that is effectively connected with the conduct of a trade or business in the United States (see "*—Gain Recognition*" above).

(d) Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under the Foreign Account Tax Compliance Act ("FATCA") on certain types of payments made on the New Notes or New Common Stock to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on interest or dividends on, or gross proceeds from the sale or other disposition of, the New Notes or New Common Stock (as the case may be) paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Tax Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Tax Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Tax Code), annually report certain information about

such accounts, and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. A payment amount that is subject to withholding under FATCA will not also be subject to U.S. federal withholding tax or backup withholding.

Withholding under FATCA generally may apply to payments of interest on the Notes and dividends on the New Common Stock made on or after July 1, 2014 and to payments of gross proceeds from the sale or other disposition of the New Notes or the New Common Stock on or after January 1, 2017.

5. Information Reporting And Backup Withholding

The Reorganized Debtor (or its paying agent) may be obligated to furnish information to the IRS regarding the consideration received by Holders (other than corporations and other exempt Holders such as certain Non-U.S. Holders) pursuant to the Plan. In addition, the Reorganized Debtor will be required to report annually to the IRS with respect to each Holder (other than corporations and other exempt Holders such as certain Non-U.S. Holders) the amount of interest paid and OID accrued on the New Notes, the amount of dividends paid on the New Common Stock, and the amount of any tax withheld from payment thereof.

Holders may be subject to backup withholding (currently, at a rate of 28%) on the consideration received pursuant to the Plan. Backup withholding may also apply to interest, OID and principal payments on the New Notes, dividends paid on the New Common Stock and proceeds received upon sale or other disposition of the New Notes or New Common Stock. Certain Holders (including corporations and certain Non-U.S. Holders) generally are not subject to backup withholding. A Holder that is not otherwise exempt generally may avoid backup withholding by furnishing to the Reorganized Debtor (or its paying agent) such Holder's taxpayer identification number and certifying, under penalties of perjury, that the taxpayer identification number provided is correct and that the Holder has not been notified by the IRS that it is subject to backup withholding.

Backup withholding is not an additional tax. Taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

THE FOREGOING DISCUSSION OF FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN DESCRIBED HEREIN. NEITHER THE PROPONENTS NOR THEIR PROFESSIONALS WILL HAVE ANY LIABILITY TO ANY PERSON OR HOLDER ARISING FROM OR RELATED TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN OR THE FOREGOING DISCUSSION.

VII.
RISK FACTORS

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND INTERESTS THAT ARE ENTITLED TO VOTE SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THESE RISK FACTORS ARE MANY, THESE FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH THE DEBTOR'S BUSINESS OR THE PLAN AND ITS IMPLEMENTATION.

A. CERTAIN BANKRUPTCY CONSIDERATIONS

1. General

While the Debtor believes that the Chapter 11 Case will be of relatively short duration and will not be seriously disruptive to its business, the Debtor cannot be certain that this will be the case. Although the Plan is designed to minimize the length of the Chapter 11 Case, it is impossible to predict with certainty the amount of time that the Debtor may spend in bankruptcy or to assure that the Plan will be confirmed.

Even if the Plan is confirmed on a timely basis, a chapter 11 proceeding could have an adverse effect on the Debtor's business. Among other things, it is possible that a bankruptcy proceeding could adversely affect the Debtor's relationships with its key suppliers and employees, and the federal government upon which its plans for the American Centrifuge Project are dependent, and could also adversely affect Enrichment Corp as an important source of funding to the Debtor. A chapter 11 proceeding also will involve additional expenses and could materially divert the attention of the Debtor's management from operation of the business and implementation of the strategic objectives related to the American Centrifuge Project.

The extent to which a chapter 11 proceeding disrupts the Debtor's business will likely be directly related to the length of time it takes to complete the proceeding. If the Debtor is unable to obtain confirmation of the Plan on a timely basis because of a challenge to the Plan or a failure to satisfy the conditions to the Plan, it may be forced to operate in bankruptcy for an extended period while it tries to develop a different reorganization plan that can be confirmed, which would increase both the probability and the magnitude of the adverse effects described above.

2. The Debtor May Not Be Able To Secure Confirmation Of The Plan

Even if the Requisite Acceptances are received from the Voting Classes, the Bankruptcy Court, which, as a court of equity, may exercise substantial discretion, may choose not to confirm the Plan. Bankruptcy Code Section 1129 requires, among other things, a showing that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization of the Debtor, and that the value of distributions to dissenting holders of Claims and Interests will not be less than the value such holders would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. Although the Debtor believes that the Plan satisfies such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

Confirmation of the Plan is also subject to certain conditions as described in Article VIII of the Plan. These conditions may not be met and there can be no assurance that Enrichment Corp, the Majority Consenting Noteholders or the Preferred Stockholders will agree to modify or waive such conditions. If the Plan is not confirmed, it is unclear what distributions, if any, holders of Allowed Claims and Interests would receive with respect to their Allowed Claims and Interests.

The Debtor reserves the right, subject to the terms and conditions of the Plan, which include obtaining the consent of (a) Enrichment Corp, (b) the Majority Consenting Noteholders and (c) the Preferred Stockholders (solely with respect to any terms of the Plan that affect the rights of such Preferred Stockholders), to modify the terms and conditions of the Plan as necessary for confirmation. Any such modifications could result in less favorable treatment of any non-accepting Class, as well as any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan. Changes to the Plan may also delay the confirmation of the Plan and the Debtor's emergence from bankruptcy.

3. Non-Consensual Confirmation Of The Plan Will Be Necessary

When any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponent's request if at least one impaired class of claims has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtor believes that the Plan satisfies these requirements with respect to the Impaired Classes that are deemed to reject the Plan. Nevertheless, in the event that a Voting Class does not accept the Plan, although the Debtor may seek nonconsensual confirmation with respect to such Voting Class, there can be no assurance that the Bankruptcy Court will reach this conclusion.

4. The Debtor And Other Parties In Interest May Object To The Amount, Classification And Treatment Of A Claim

Except as otherwise provided in the Plan, the Debtor and Reorganized Debtor reserve the right to object to the amount and classification and treatment of any Claim or Interest under the Plan. In certain circumstances before the Effective Date, other parties in interest may also object to the amount, classification and treatment of any Claim or Interest under the Plan. Any holder of a Claim or Interest that is or may become subject to an objection may not receive the distributions described in this Disclosure Statement or the Plan.

5. The Debtor May Fail To Meet All Conditions Precedent To Effectiveness Of The Plan

Although the Debtor believes that the Effective Date may occur very shortly after the Confirmation Date, there can be no assurance as to such timing (or that the Effective Date even occurs). Moreover, if the conditions precedent to the Effective Date, including the entry of a Confirmation Order, execution and delivery of certain documents, and receipt of all necessary authorizations, have not occurred within a reasonable period of time, the Plan may be vacated by the Bankruptcy Court.

6. Contingencies Will Not Affect Validity Of Votes Of Impaired Classes To Accept Or Reject The Plan

The distributions available to holders of Allowed Claims and Allowed Interests under the Plan can be affected by a variety of contingencies. The occurrence of any and all such contingencies, which could affect distributions available to holders of Allowed Claims and Allowed Interests under the Plan, will not affect the validity of the vote taken by the Voting Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

7. Filing Could Adversely Affect The Debtor's Business And Relationships

It is possible that the Chapter 11 Case could adversely affect the Debtor's business and relationships with employees and suppliers, as well as with the federal government. Due to uncertainties, many risks exist, including the following:

- employees may be distracted from performance of their duties or more easily attracted to other employment opportunities;
- although the Debtor anticipates that Allowed General Unsecured Claims will be paid in full on the Effective Date, holders of such Claims may nevertheless suspend or terminate their relationship with the Debtor, exercise rights of set-off or similar remedies, and/or further restrict ordinary credit terms or require guarantee of payment, either during or after the Chapter 11 Case;
- key suppliers could terminate their relationship or require financial assurances or enhanced performance;
- trade creditors could require payment in advance or cash on delivery;
- the ability to renew existing contracts and compete for new business may be adversely affected;
- the ability to pursue acquisitions and obtain financing for such acquisitions may be negatively impacted;
- competitors may take business away from the Debtor; and
- the operations and relationships of Enrichment Corp, even though not included as a debtor in the Chapter 11 Case, may suffer, which could impair its ability to continue to provide intercompany funding and other support upon which the Debtor relies.

The occurrence of one or more of these events could have a material and adverse effect on the financial condition, operations and prospects of the Debtor.

8. The Chapter 11 Case May Be Longer Than Expected

The Debtor cannot be certain that the Chapter 11 Case will be of relatively short duration and will not unduly disrupt its business. It is impossible to predict with certainty the amount of time needed in bankruptcy, and the Debtor cannot be certain that the Plan will be confirmed. Moreover, time limitations exist within which the Debtor has an exclusive right to file a plan before other proponents can propose and file their own plan.

A lengthy Chapter 11 Case would also involve additional expenses and divert the attention of management from operation of the business, as well as create concerns for employees, suppliers and the federal government. Moreover, it may impact the continuing availability of financing from Enrichment Corp under the DIP Facility or impair the ability of Enrichment Corp to provide the Exit Facility. The disruption that such a Chapter 11 Case would inflict upon the business would increase with the length of time it takes to complete the proceeding and the severity of that disruption would depend upon the attractiveness and feasibility of the Plan from the perspective of the constituent parties, including essential employees and suppliers.

If the Debtor is unable to obtain confirmation of the Plan on a timely basis, because of a challenge to the Plan, a failure to obtain an order from the Bankruptcy Court confirming the Plan, or a failure to satisfy the conditions to the effectiveness of the Plan, the Debtor may be forced to operate in bankruptcy for an extended period while trying to develop a different reorganization plan that can be confirmed. A protracted bankruptcy case would increase both the probability and the magnitude of the adverse effects described above. Such a protracted process would also jeopardize the proposed reorganization and the benefits the Debtor expects to obtain therefrom.

9. Specific Deadlines Contained In The Plan Support Agreements May Not Be Met, Resulting in the Consenting Noteholders, B&W And/Or Toshiba Withdrawing Their Support From The Plan

The Plan Support Agreements contain termination rights that may be exercised by the Majority Consenting Noteholders under the Noteholder Plan Support Agreement, by B&W under the B&W Plan Support Agreement and by Toshiba under the Toshiba Plan Agreement. If any of these termination rights are exercised, the Consenting Noteholders, B&W and/or Toshiba may withdraw their support from the Plan. With respect to the timing of the Chapter 11 Case, termination rights under the Plan Support Agreements will arise if the Confirmation Order is not entered by September 30, 2014 or if the Effective Date of the Plan does not occur by October 15, 2014.

10. Tax Implications Of The Plan

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtor currently does not intend to seek any ruling from the IRS on the tax consequences of the Plan. Even if the Debtor decides to request a ruling, there would be no assurance that the IRS would rule favorably or that any ruling would be issued before the Effective Date. In addition, in such case, there would still be issues with significant uncertainties, which would not be the subject of any ruling request. **Thus, there can be no assurance that the IRS will not challenge the various positions the Debtor has taken, or intends to take, with respect to the tax treatment of the Plan, including the tax treatment of holding any debt or equity issued pursuant to the Plan, or that a court would not sustain such a challenge.**

B. RISKS RELATED TO THE DEBTOR's BUSINESS AND FINANCIAL CONDITION

1. The Debtor Earns Limited Revenue And Is Dependent On Intercompany Support From Enrichment Corp

Except for receipt of payments related to work performed under the ACTDO Agreement, the Debtor has no revenue-generating operations, and all other revenue-generating operations are conducted at the subsidiary level. Although the Debtor has been a borrower under a third-party credit facility, that facility, as to which Enrichment Corp was also a borrower and pledgor of collateral, terminated in September 2013. Since that time, the Debtor's only source of financing has been Enrichment Corp. 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 discussed below, and general corporate expenses. Although a subsidiary of the Debtor, Enrichment Corp has a separate board of directors (the "Enrichment Board") and its own set of creditors. Thus, the ability of the Debtor to obtain financing and other support from Enrichment Corp is dependent on a determination by the Enrichment Board that such financing is in the interest of Enrichment Corp. Although the Enrichment Board has authorized Enrichment Corp to provide the DIP Facility and the Exit Facility, and to provide the Limited Subsidiary Guarantee with respect to the New Notes, such current and future financing and support are conditional and dependent on Enrichment Corp's own financial condition.

Therefore, in evaluating the risks relating to the Debtor's business and financial condition, it is necessary also to consider Enrichment Corp's business and financial condition. Until the American Centrifuge Plant is operational and generating revenue, anything that adversely affects Enrichment Corp will adversely affect the Debtor. Further, Enrichment Corp may terminate the DIP Facility or withdraw its support of the Plan, which could have a material adverse effect on the Debtor's liquidity, business and prospects.

2. The Cessation Of Enrichment At The Paducah Plant Could Have A Material Adverse Effect On The Company's Business and Prospects

On June 17, 2014, Enrichment Corp signed the Framework Agreement with the DOE establishing a framework for the orderly de-lease and return of the Paducah Plant in accordance with the GDP Lease. The Framework Agreement provides for the de-lease and return of the leased areas at the Paducah Plant on October 1, 2014 conditioned upon: (i) the DOE's new deactivation contractor at Paducah completing mobilization and being ready to take control of the entire leased areas, including the ability to safely and securely manage the leased areas following their return to the DOE; (ii) sufficient funding being appropriated for the deactivation contractor and the DOE to perform activities necessary to enable the DOE to accept the leased areas in accordance with applicable laws and regulations; and (iii) the Debtor complying with the agreed to plan to meet the Paducah lease turnover requirements at the Paducah Plant. To the extent these conditions have not been satisfied by October 1, the return of the leased areas will be completed as quickly as possible after October 1, 2014, on a date mutually agreed to by the DOE and Enrichment Corp. Under the terms of the Framework Agreement, Enrichment Corp has agreed to complete certain activities to accomplish the turnover of leased areas in accordance with the Paducah lease and the DOE has agreed to accept such areas and certain agreed to materials and other personal

property in accordance with the Paducah lease. The Company's right to lease portions of the DOE-owned site in Piketon, Ohio needed for the American Centrifuge Project remain unaffected by the Framework Agreement, the de-lease of areas at the Paducah Plant, or the termination of the Paducah lease with respect to the Paducah Plant. Failure to achieve the de-lease of the Paducah Plant on October 1, 2014 would result in increased costs and negatively impact Enrichment Corp's results of operations.

Under the Paducah Plant lease, the Debtor has no obligation for decontamination and decommissioning of the Paducah Plant. Nevertheless, Enrichment Corp could incur significant costs in connection with the Paducah Plant transition that could put demands on Enrichment Corp's liquidity and negatively impact the results of operations, including:

- Lease Turnover Costs. Enrichment Corp expects to incur significant costs in connection with the return of leased facilities to the DOE. Site expenses, including lease turnover activities and Paducah and Portsmouth retiree benefit costs, were $103.3 million in 2013 and $27.0 million in the first quarter of 2014. Following the cessation of enrichment at the Paducah Plant, costs for plant activities that formerly were capitalized as production costs are now 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. As of March 31, 2014, Enrichment Corp had accrued current liabilities for lease turnover costs related to the Paducah Plant totaling approximately $22 million. Lease turnover costs are costs incurred in returning the Paducah Plant to the DOE in accordance with the lease, including removing nuclear material and removing lessee-generated waste. The actual lease turnover costs could be greater than anticipated, which could result in additional demands on the Enrichment Corp's liquidity and could negatively impact its results of operations.

- Severance Costs. Enrichment Corp has already incurred and expects to incur additional significant severance costs in connection with ceasing enrichment at the Paducah Plant. The Paducah Plant workforce was reduced through layoffs by 199 employees between June and December 2013 and an additional 140 employees during the first quarter of 2014. Additional layoffs of 299 employees occurred in April and May and further layoffs are expected in stages through 2014, including at other locations, depending on business needs to manage inventory, fulfill customer orders, meet regulatory requirements and transition the site back to the DOE in a safe and orderly manner. Enrichment Corp estimates that it could make total employee-related severance payments related to the Paducah Plant workers remaining after July 1, 2014 of approximately $12.6 million in the event of a full termination of activities at the site without a transfer of employees to another employer.

- Pension and Postretirement Benefit Costs. Enrichment Corp has engaged in discussions with the PBGC regarding their assertion that the Portsmouth Plant transition is a cessation of operations that triggers liability under ERISA Section 4062(e). Enrichment Corp has also had discussions with the PBGC regarding the cessation of enrichment at the Paducah Plant and related transition of employees, including reductions in force. Given the significant number of employees at the Paducah Plant, the amount of any potential liability related to such a transition could be more significant than the preliminary PBGC calculation of the potential ERISA Section 4062(e) liability in connection with the Portsmouth Plant transition of approximately $130 million. If the PBGC determines that liability has been triggered under ERISA Section 4062(e), the PBGC has the right to require the employer to place an amount in escrow or furnish a bond to the PBGC to provide protection in the event the plan terminates within five years in an underfunded state. Alternatively, the employer and the PBGC may enter into an alternative arrangement with respect to any such requirement, such as accelerated funding of the plan or the granting of a security interest. Any such action taken by the PBGC could severely impact Enrichment Corp's liquidity. Moreover, as a member of the "controlled group," the Debtor is jointly and severally obligated to the PBGC for any liability of Enrichment Corp under ERISA Section 4062(e).

- Other Transition Costs. Enrichment Corp expects to continue limited operations at the Paducah site through the second quarter of 2014 in order to manage inventory, continue to meet customer orders and to meet the turnover requirements of its lease with the DOE. Enrichment Corp has completed repackaging existing inventory and is transferring its inventory to off-site locations to meet future customer orders. Enrichment Corp still needs to lease certain areas at Paducah to complete these activities. Under the Framework Agreement, Enrichment Corp has agreed to maintain these areas until the de-lease and return to the DOE on October 1, 2014. The return of the areas to the DOE is conditioned upon: (i) the DOE's new deactivation contractor at Paducah completing mobilization and being ready to take control of the entire leased areas, including the ability to safely and securely manage the leased areas following their return to the DOE; (ii) sufficient funding being appropriated for the deactivation contractor and the DOE to perform activities necessary to enable the DOE to accept the leased areas in accordance with applicable laws and regulations; and (iii) Enrichment Corp complying with the agreed to plan to meet the GDP Lease turnover requirements at the Paducah Plant. In the event such conditions are not met and the return of leased areas is delayed, Enrichment Corp would incur additional costs. Disputes could also arise regarding the requirements of the lease and responsibility for associated turnover costs.

- Inventory Relocation and Management. In preparation for the return of the Paducah Plant to the DOE, Enrichment Corp is moving the uranium inventories held at the Paducah Plant to other licensed commercial nuclear facilities. Enrichment Corp expects to manage this inventory under agreements with the operators of the facilities, and will depend on these operators to provide essential services to Enrichment Corp, including receiving, managing, protecting, and delivering these inventories as needed, and in some cases, transferring inventories into cylinders that are suitable for transportation and delivery to other processors. All services are provided at Enrichment Corp's cost and Enrichment Corp is dependent upon the performance of these services in a timely manner. In addition to the cost and risk of moving the inventory to these other facilities, Enrichment Corp may need to bear the cost and risk of further transportation of all or part of the inventory to other facilities where it can be made available in the future to customers to whom Enrichment Corp is obligated to supply the material. These costs and risks are different and potentially greater than the costs and risks associated with inventory management at the Paducah Plant.

The cessation of enrichment at the Paducah Plant could also have significant impacts on Enrichment Corp's existing business, including:

- There will be a transition period of at least several years until the Debtor will have further clarity regarding its commercialization plans for the American Centrifuge Plant. During this period, Enrichment Corp will no longer be enriching uranium but making sales from its existing inventory, from its future purchases under the Russian Supply Agreement and from other potential sources of supply. The Company has an objective of minimizing the period of transition until it has a new source of domestic U.S. enrichment production. However, there is currently no definitive timeline for the American Centrifuge Plant deployment to provide this source of production and the economics of the American Centrifuge Project and the Russian Supply Agreement are severely challenged as a result of current enrichment market conditions. Absent a definitive timeline for deployment of the American Centrifuge Plant, efforts to pursue the American Centrifuge Project, to implement the Russian Supply Agreement or to pursue other options could be adversely affected by this lack of certainty in timing and could threaten Enrichment Corp's overall viability.
- The cessation of enrichment at the Paducah Plant could adversely affect Enrichment Corp's relationships with a variety of stakeholders, including customers. Customers could ask Enrichment Corp to provide adequate assurances of performance under existing contracts that could adversely affect its business. Customers may also not be willing to modify existing contracts, some of which must be revised to permit acceptance of LEU from anticipated supply sources during the transition period. The cessation of enrichment at the Paducah Plant could also adversely affect the Company's ability to enter into new contracts with customers, including its ability to contract for the output of the American Centrifuge Plant and for the material purchased under the Russian Supply Agreement.

All of these factors could have a significant adverse effect on Enrichment Corp's results of operations and financial condition, and correspondingly on the Debtor's ability to achieve its strategic initiatives.

3. The Success Of The Company's Enrichment Business Depends On Its Ability To Deploy Competitive Gas Centrifuge Enrichment Technology

Enrichment Corp ceased enrichment at the Paducah Plant at the end of May 2013. The economics, timing and ability of the Debtor and the AC Subsidiaries to commercialize an advanced uranium enrichment centrifuge technology as a replacement for the Paducah Plant are uncertain. Moreover, the construction of the American Centrifuge Plant is a large and capital-intensive undertaking that is subject to significant risks and uncertainties. If the Debtor and the AC Subsidiaries are unable to successfully and timely finance and deploy the American Centrifuge Plant or an alternative enrichment technology on a cost-effective basis, due to the risks and uncertainties described herein or for any other reasons, the Company's, and each of the Debtor's and Enrichment Corp's, gross profit margins, cash flows, liquidity and results of operations would be materially and adversely affected and their business likely would not remain viable over the long term.

4. Current Enrichment Market Conditions Are Severely Challenging The Economics Of The American Centrifuge Project And The Debtor's Ability To Finance And Proceed With Commercialization Of The Project

The Debtor's plan and timing for proceeding with the financing and commercialization of the American Centrifuge Project are uncertain. Factors that can affect this plan and the economics of the project include key variables related to project cost, schedule, the status of the supply chain for centrifuge manufacturing and plant support systems, market demand and market prices for LEU, financing costs and other financing terms. An oversupply of nuclear fuel available for sale has increased over time as more than 50 reactors in Japan and Germany have been taken off-line in the aftermath of the March 2011 tsunami that caused irreparable damage to

four reactors in Japan. The economics of the project are severely challenged by the current supply/demand imbalance in the market for LEU and related downward pressure on market prices for SWU which are now at their lowest levels in more than a decade. At current market prices, the Debtor does not believe that its plans for commercialization of the American Centrifuge Project are economically viable without additional government support beyond the $2 billion loan guarantee funding that the Debtor has applied for from the DOE. In addition, low prices for competing fuels such as natural gas and subsidized renewables in the United States could slow the deployment of new base load nuclear power capacity and has resulted in early retirement of five nuclear plants in the United States. Based on current market conditions, the Debtor sees limited uncommitted demand for LEU relative to supply prior to the end of the decade, which could continue to adversely affect market prices. If there is a delay or reduction in the number of Japanese reactor restarts, the supply/demand imbalance and its impact on market prices and therefore project economics could worsen. The Debtor has also experienced construction cost pressures including inflation due to delays in deployment of the project that are impacting the project economics. In addition, actions the Debtor has taken or may take as part of the Limited Demobilization due to the reduction in the scope of work of the RD&D Program under the ACTDO Agreement may also adversely impact project economics.

5. Transition From The RD&D Cooperative Agreement To A Reduced Scope Under The ACTDO Agreement, Uncertainty Regarding Continued Funding Under Or After The Completion Of The ACTDO Agreement, As Well As Other Uncertainties And Risks Related To Implementation Of The ACTDO Agreement, Could Adversely Impact The Debtor's Liquidity, The Plan And The Debtor's Ability To Commercially Deploy The American Centrifuge Project

The period of performance under and funding for the RD&D Cooperative Agreement with the DOE ended on April 30, 2014, and the Debtor entered into the ACTDO Agreement on May 1, 2014 with UT-Battelle, as the management and operating contractor of ORNL, for continued research development and demonstration of the American Centrifuge technology in furtherance of the DOE's national security objectives. The scope of work under the ACTDO Agreement includes continuation of cascade operations at the Piketon, Ohio facility, testing at the test facility in Oak Ridge, Tennessee, and the core American Centrifuge research and technology activities; and the furnishing of related reports to UT-Battelle. The scope of the overall work under the ACTDO Agreement is reduced from the scope of work that was conducted under the RD&D Cooperative Agreement. On a dollar basis per month, the scope of work under the ACTDO Agreement is about 60% of the scope of work recently performed under the RD&D Cooperative Agreement. The resulting reduced scope of work does not include engineering, procurement and construction activities, specialized process equipment, or the manufacturing of new centrifuge machines. The Debtor is working with suppliers and evaluating actions that will be required as a result of the reduction in the scope of the program to meet the objectives of the ACTDO Agreement, including demobilization of the program areas not being continued under the reduced scope. Costs associated with this Limited Demobilization and wind-down of affected activities of the project are not within the scope of the ACTDO Agreement, and there is no external funding available for such activities. These costs are expected to include costs related to securing classified and export controlled information, preparation to preserve equipment and intellectual property needed to maintain the capability for future deployment of the American Centrifuge technology for national security purposes or for commercialization, severance and other costs associated with reductions in USEC employees working in those program areas, transportation and handling costs to consolidate selected materials and equipment that may be needed for future deployment and certain contract settlement costs. The Debtor currently estimates that these costs could be in the range of approximately $25 to $30 million through the end of 2014. These costs exclude any offsetting proceeds from potential sales of Company assets and property associated with the project. The Debtor's actual costs and exposure could be greater than these estimates. Its ability to pay such costs is subject to continued funding by Enrichment Corp, and to liquidity limitations. These demobilization costs and termination liabilities could have a material adverse effect on the Debtor's liquidity, business and prospects and could delay or otherwise adversely impact its ability to proceed with the Plan.

In addition, actions the Debtor has taken or may take as part of this Limited Demobilization may have adverse consequences on the American Centrifuge Project, including the potential loss of key suppliers and employees and increases in the cost and schedule and its ability to remobilize for commercial deployment of the American Centrifuge Plant.

The ACTDO Agreement is a firm fixed price contract with a total price of approximately $33.7 million for the period from May 1, 2014 to September 30, 2014. The agreement provides for payments of approximately $6.7 million per month. The agreement also provides UT-Battelle with two options to extend the agreement by six months each. Each option is priced at approximately $41.7 million. UT-Battelle may exercise its option by providing notice 60 days prior to the end of the term of the agreement. The total price of the contract, including options, is approximately $117 million. There is a risk that UT-Battelle may not exercise its options to extend the ACTDO Agreement. The Debtor could incur cost overruns if the costs incurred for the work required to be performed under the ACTDO Agreement exceed the firm fixed funding provided thereunder, which cost overruns could adversely impact the Debtor's liquidity.

As with the RD&D Cooperative Agreement, the ACTDO Agreement is incrementally funded. Funding of approximately $16 million has been provided under the agreement, but the Debtor does not currently have any funding in place for the American Centrifuge Project beyond July 11, 2014. Funding to continue the domestic uranium enrichment research, development and demonstration project including under the RD&D Cooperative Agreement was included in the omnibus appropriations bill for government fiscal year 2014 passed by Congress and signed by the President in January 2014. This bill appropriated $62 million for such activities, of which approximately $52.3 million had been provided under the RD&D Cooperative Agreement. The omnibus appropriations bill also provides the DOE with authority to transfer up to an additional $56.65 million of funding within the DOE's National Nuclear Security Administration appropriations to further the research, development and demonstration of national nuclear security-related enrichment technology. Such transfer authority is subject to notification of the House and Senate Appropriations Committees after a minimum 30-day waiting period. To complete such notification, the Secretary of Energy must notify Congress and submit to the Appropriations Committees a cost-benefit analysis of available and prospective domestic enrichment technologies for national security needs and the scope, schedule and cost of the Secretary's preferred option, and notification to transfer funds. The Debtor understands that the cost-benefit report has been submitted to the House and Senate Appropriations Committees in mid-April, 2014. Further, on June 24, 2014, the DOE notified Congress of the transfer or reprogramming of an additional $2.9 million from nonproliferation funds to maintain the American Centrifuge technology and proposed the reprogramming of $30 million of Weapons Activities funds to sustain the work into government fiscal year 2015. Notwithstanding the foregoing, the Debtor has no assurance that the Appropriations Committees will not object to the funds transfer and/or that such funding will be made available on time or at all. In addition, the Administration's budget for government fiscal year 2015 did not include funding for the American Centrifuge technology. Notably, the House Committee on Appropriations and the Senate Appropriations Subcommittee on Energy and Water Development have included $96 million and $110 million of funding respectively in their government fiscal year 2015 appropriations bills to maintain domestic centrifuge uranium enrichment technology that can be used to continue funding of the ACTDO Agreement. Appropriations for government fiscal year 2015 will require further action from both Congress and the President. Further, a lack of additional funding could limit UT-Battelle's ability to exercise the option periods. If additional government funding is not provided during the term of the ACTDO Agreement, including for any option periods, or upon completion of such agreement, the Debtor could further demobilize or terminate the American Centrifuge Project, which would result in severance costs, contractual commitments, contractual termination penalties and other related costs that would impose additional demands, which could be significant, on its liquidity and could affect the bankruptcy filing. Further, the Plan Support Agreements confirmed in the bankruptcy proceeding provide the Majority Consenting Noteholders and Preferred Stockholders with the right to terminate those agreements in the event the DOE terminates or suspends its 80% cost-share funding of or if there is a termination, suspension or material delay in completion of the RD&D Program for the American Centrifuge technology or a successor program. Such actions may have a material adverse impact on the Debtor's ability to deploy the American Centrifuge technology, on its liquidity, on the long-term viability of its LEU business, and could delay or impact its ability to obtain confirmation of the Plan and to and emerge from bankruptcy.

6. Future Government Support And Funding For The American Centrifuge Project Following The ACTDO Agreement Is Uncertain, As Is The Debtor's Continued Role In A Government Program

In light of the current status of the American Centrifuge Project, the 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 that 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 the DOE's national security needs and preserving the option of commercial deployment. Pursuant to those instructions, UT-Battelle chose to subcontract with the Debtor. The Debtor has provided to the DOE and to UT-Battelle options for maintaining a domestic enrichment capability, including options for deployment of a national security train and options for additional government support for commercial deployment, as well as the Debtor's potential role in such options. However, the scope of and the Debtor's role in a program after completion of the ACTDO Agreement are uncertain, and the Debtor has no assurance that the U.S. government will continue to support the project beyond the current subcontract or beyond the current funding available for that subcontract. There is no assurance regarding what option, if any, the DOE will pursue to maintain a domestic enrichment capability, regarding the timing of a DOE decision, or as to the scope, schedule, cost and funding of such option and whether Congress will support and fund such option. Despite the technical progress that has been made to confirm the technical readiness of the American Centrifuge technology for deployment, if additional funding is not in place to continue the American Centrifuge Project, if Enrichment Corp discontinues its funding of the Debtor, if the DOE determines not to continue the program or the Debtor's role in the program is discontinued, or if the Debtor determines there is no longer a viable path to commercialization of the American Centrifuge Project, the Debtor could further demobilize or terminate the American Centrifuge Project.

7. Commercial Deployment Of The American Centrifuge Plant Would Require Significant Additional Capital, And The Sources And Timing Of Obtaining Such Capital Is Uncertain And Could Result In Changes In The Debtor's Anticipated Ownership Of Or Role In The American Centrifuge Project

The Debtor's ability to and the timing for proceeding with the financing and commercial deployment of the American Centrifuge technology, including the availability of additional government support for deployment of a national security train or for commercial deployment, are uncertain. The Debtor does not currently have any funding in place for the project following completion of the ACTDO Agreement and, as discussed above, the government's plans for continuation of the program or for proceeding with a national security train and the timing thereof are uncertain. The Debtor anticipates that funding will be needed for the project for the period from completion of the current or any subsequent program until the receipt of financing for commercial deployment. The amount of any such funding would depend on a number of factors including whether the government has proceeded with the deployment of a national security train and whether the Debtor will be selected as the contractor, as well as the timing of commercial deployment in light of market conditions and the length of time until financing could be obtained for a commercial plant, and is subject to uncertainty.

If the Debtor proceeds with commercialization of the American Centrifuge Project, the Debtor expects to need at least $4 billion of capital in order to commercially deploy the American Centrifuge Plant based on prior estimates of cost and prior schedule of commercial deployment. These estimates of costs and schedule for commercial deployment would need to be revised and would depend on a number of factors, including timing and scope of commercial deployment, the government's decisions with respect to deployment of a national security train, and remobilization costs, but the Debtor would expect the capital needed for commercial deployment would continue to be substantial. While a portion of that capital could include cash generated by the project during startup and additional capital contributions from the Debtor's operations, the majority of the capital will need to come from third parties. The Debtor has applied for a $2 billion loan guarantee under the DOE Loan Guarantee Program, which was established by the Energy Policy Act of 2005, and the Debtor has also had discussions with Japanese export credit agencies regarding financing up to $1 billion of the cost of completing the American Centrifuge Plant, with such potential financing predicated on receiving a DOE loan guarantee. While the Debtor has no assurance that those capital sources would be available at the time of commercial deployment, the Debtor previously anticipated that under such a financing plan the potential remaining sources for capital could include cash generated by the project during startup, available cash flow from Enrichment Corp's operations and additional third-party capital. The Debtor expects that the additional third-party capital would be raised at the project level, including through the issuance of additional equity participation in the project. The Debtor is uncertain regarding the amount of internally generated cash flow from operations that will be available to fund the project in light of the delays in deployment of the project, reduced cash flow from operations as a result of ceasing enrichment at the Paducah Plant and potential requirements for internally generated cash flow to satisfy pension and postretirement benefits and other obligations. The amount of capital that the Debtor would be able to contribute to the project going forward would also impact its share of the ultimate ownership of the project, which would be reduced as a result of raising equity and other capital to deploy the project. The Debtor does not currently have any of its own funds available to invest in the equity of the American Centrifuge Project in order to retain a meaningful economic stake in the project to the extent it is commercialized.

In order to successfully raise the necessary capital, the Debtor would need to demonstrate 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, as discussed above, is not supported by current enrichment market conditions without additional government support. The Debtor could also take actions to restructure the American Centrifuge Project that could result in changes in the Debtor's anticipated ownership of or role in the project.

8. The Debtor Could Further Demobilize Or Terminate The American Centrifuge Project In The Near Term, Which Could Have A Material Adverse Effect On Its Liquidity, Business And Prospects

Actions the Debtor may take with respect to the American Centrifuge Project could have significant adverse consequences on its business. Any additional demobilization beyond the Limited Demobilization, or the termination of the American Centrifuge Project, could raise doubt about the Debtor's long-term viability and could result in actions by third parties that could give rise to events that individually, or in the aggregate, impose significant demands on its liquidity. For example, the PBGC could take the position that a demobilization of the American Centrifuge Project, either alone or taken together with actions related to the transition of the Paducah Plant, create potential liabilities under the Employee Retirement Income Security Act of 1974, as amended, Section 4062(e). Any additional demobilization or the termination of the American Centrifuge Project could also result in actions by vendors, customers, creditors and other third parties in response to the Debtor's actions or based on their view of its financial strength and future business prospects. In addition, the Debtor could incur significant costs in connection with any additional demobilization (beyond the Limited Demobilization) or termination of the American Centrifuge Project that could put significant demands on its liquidity. The Debtor currently estimates that it could incur total employee related severance and benefit costs of approximately $16 million for all American Centrifuge workers in the event of a full demobilization of the project. Depending on the length of the

demobilization period, the Debtor would also incur significant costs related to the execution of the demobilization in addition to the costs described above. The Debtor's actual costs could be greater than these estimates. Continued funding to the Debtor from Enrichment Corp would also be in doubt in this scenario. Further, the Plan Support Agreements provide the Majority Consenting Noteholders and Preferred Stockholders with the right to terminate those agreements in the event there is a termination or suspension or material delay in completion of the RD&D Program. Such actions may have a material adverse impact on the Debtor's ability to deploy the American Centrifuge technology, on the Debtor's liquidity, on the long-term viability of the LEU business, and could delay or impact the Debtor's ability to obtain confirmation of the Plan and its emergence from bankruptcy.

9. Actions The Debtor Has Taken Under the Limited Demobilization Or May Take In The Future To Reduce Spending On The American Centrifuge Plant May Have Adverse Consequences On The American Centrifuge Plant

As a result of the reduction in DOE funding and scope of work for the American Centrifuge Project under the ACTDO Agreement, the Debtor has undertaken the Limited Demobilization and may need to implement additional spending reductions in the future as discussed above. The Limited Demobilization and any further reductions in spending on the American Centrifuge Project has or will:

- cause the Debtor to need to suspend or to terminate contracts with suppliers and contractors involved in the American Centrifuge Project and make it more difficult to obtain key suppliers for the American Centrifuge Plant and preserve the manufacturing infrastructure developed over the last several years;
- cause the Debtor to implement worker layoffs, including the termination of approximately thirty-two (32) workers under the Limited Demobilization, and potentially lose additional key skilled personnel, all of whom have security clearances, which could be difficult to re-hire or replace, and incur severance and other termination costs;
- delay efforts to reduce the centrifuge machine cost through value engineering; and
- delay deployment of the American Centrifuge Project and increase its overall cost, which could adversely affect the overall economics of the project and the Debtor's ability to successfully commercialize the American Centrifuge technology.

Such actions may have a material adverse impact on the Debtor's ability to deploy the American Centrifuge technology, on its liquidity, and on the long-term viability of the Debtor's LEU business, and could delay or impact the Debtor's ability to obtain confirmation of the Plan and its emergence from bankruptcy.

10. Failure To Meet Milestones Under The 2002 DOE-USEC Agreement Could Result In The DOE Exercising One Or More Remedies Under The 2002 DOE-USEC Agreement

The 2002 DOE-USEC Agreement requires the Debtor to 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, including the following milestones:

- June 2014 – Commitment to proceed with commercial operation
- November 2014 – Secure firm financing commitment(s) for the construction of the commercial American Centrifuge Plant with an annual capacity of approximately 3.5 million SWU per year
- July 2017 – Begin commercial American Centrifuge Plant operations
- September 2018 – Commercial American Centrifuge Plant annual capacity at 1 million SWU per year
- September 2020 – Commercial American Centrifuge Plant annual capacity of approximately 3.5 million SWU per year

The DOE has full remedies under the 2002 DOE-USEC Agreement if the Debtor fails to meet a milestone that would materially impact its ability to begin commercial operations of the American Centrifuge Plant on schedule, and such delay was within the Debtor's control or was due to its fault or negligence or if the Debtor abandons or constructively abandons the commercial deployment of an advanced enrichment technology. These remedies include terminating the 2002 DOE-USEC Agreement, revoking

the Debtor's access to the DOE's centrifuge technology that is required for the success of the American Centrifuge Project, requiring the Debtor to transfer certain rights in the American Centrifuge technology and facilities to the DOE, and requiring the Debtor to reimburse the DOE for certain costs associated with the American Centrifuge Project.

As 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 the related downward pressure on market prices for SWU, which are at their lowest levels in more than a decade, the Debtor has not met the June 2014 milestone noted above. The Debtor does not believe that the failure to meet this milestone was within the Debtor's control or was due to the Debtor's fault or negligence – a contention disputed by the DOE. The 2002 DOE-USEC Agreement provides that if a delaying event beyond the control and without the fault or negligence of the Debtor occurs that could affect the Debtor's ability to meet an American Centrifuge Plant milestone, the DOE and the Debtor will jointly meet to discuss in good faith possible adjustments to the milestones as appropriate to accommodate the delaying event. The DOE has informed the Debtor that, while it is not taking any action at this time, it has reserved its rights under the 2002 DOE-USEC Agreement and other agreements. The Debtor has similarly reserved its rights with respect to such agreements and has requested to meet with the DOE to discuss the possible modification of the 2002 DOE-USEC Agreement necessitated by the impact of the continuing disruption in the enrichment markets. At the present time, both the Debtor and the DOE have agreed to reserve all of their respective rights under the agreement, the Debtor has not requested a determination regarding the delaying event, and both parties have agreed to meet at a future date to discuss the agreement. The DOE informed the Debtor that it requires that the modifications to the 2002 DOE-USEC Agreement be made in connection with the assumption of that agreement (which would otherwise occur pursuant to confirmation of the Plan) and, if the parties cannot agree on appropriate modifications before that date, the DOE may invoke its rights and remedies and object to the assumption of the 2002 DOE-USEC Agreement in the Chapter 11 Case.

The Debtor also granted to the DOE an irrevocable, non-exclusive right to use or permit third parties on behalf of the DOE to use all centrifuge technology intellectual property ("Centrifuge IP") royalty free for U.S. government purposes (which includes completion of the cascade demonstration test program and national defense purposes, including providing nuclear material to operate commercial nuclear power reactors for tritium production). The Debtor also granted an irrevocable, non-exclusive license to the DOE to use such Centrifuge IP developed at its expense for commercial purposes (including a right to sublicense), which may be exercised only if the Debtor misses any of the milestones under the 2002 DOE-USEC Agreement or if the Debtor (or its affiliate or entity acting through it) is no longer willing or able to proceed with, or has determined to abandon or has constructively abandoned, the commercial deployment of the centrifuge technology. Such commercial purposes license is subject to payment of an agreed upon royalty to the Debtor, which shall not exceed $665 million in the aggregate.

Any of these actions could have a material adverse impact on the Debtor's business and prospects. Uncertainty surrounding the milestones under the 2002 DOE-USEC Agreement or the initiation by the DOE of any action or proceeding under the 2002 DOE-USEC Agreement could adversely affect the Debtor's ability to obtain financing for the American Centrifuge Project.

11. The Continued Effects On The Industry Of The March 11, 2011 Earthquake And Tsunami In Japan Could Materially And Adversely Affect The Company's Business, Results Of Operations And Prospects

The nuclear fuel industry continues to be affected by the aftermath of the March 2011 earthquake and tsunami in Japan that irreparably damaged nuclear reactors at Fukushima. The restart of reactors in Japan has taken significantly longer than initially estimated and none of the 50 reactors in Japan is in operation today. Seventeen reactors have begun restart procedures with regulatory authorities; however, the timing remains uncertain as to when these reactors will return to operational status. The Japanese Nuclear Regulatory Authority has stated that it will take a minimum of six months to review a reactor seeking to restart, after which utilities must obtain consent from local authorities to commence operations. Germany has shut down eight of its reactors and announced that it will be phasing out all 17 nuclear reactors by 2022. Although Enrichment Corp does not serve any of the German reactors, the shutdown of any reactor contributes to the excess supply in the market.

The events at Fukushima and its aftermath have negatively affected the balance of supply and demand. This impact could continue to grow depending on the length and severity of delays or cancellations of deliveries. Prior to the events in Japan, Japanese demand was approximately 6 million SWU annually. The longer that this demand is reduced or absent from the market, the greater the cumulative impact on the market. Market prices for Enrichment Corp's products are at their lowest levels in more than a decade and this trend could continue or worsen. Suppliers whose deliveries are cancelled or delayed due to shutdown reactors or delays in reactor refuelings have excess supply available to sell in the market. This has adversely affected Enrichment Corp's success in selling LEU. Decreases in SWU prices have also adversely affected the Debtor's ability to finance and deploy the American Centrifuge Plant. The events have created significant uncertainty and the Company's business, cash flow, results of operations and prospects could be materially and adversely affected.

Enrichment Corp has long been a leading supplier of LEU to Japan and TEPCO, owner of the Fukushima plant, has historically been one of Enrichment Corp's largest customers. Sales to Japanese utility customers in 2013 were approximately $105 million. As of December 31, 2013, estimated future revenue from Japanese utilities under contracts in backlog is expected to be approximately 26% of the total backlog. A portion of these contracts are requirements contracts and therefore sales to Japanese utility customers with such contracts could be delayed or ultimately canceled depending on how quickly their reactors return to service. If deliveries under contracts included in Enrichment Corp's backlog are significantly delayed, modified or canceled, because purchases are tied to requirements or because customers seek to limit their obligations under existing contracts, Enrichment Corp's revenues and earnings may be materially and adversely impacted, with a corresponding impact on the Debtor's financial condition and prospects.

The effects of the March 2011 earthquake and tsunami in Japan, and other market conditions, have impacted the Debtor's ability to finance and deploy the American Centrifuge Plant, including obtaining financing in the timeframe needed and the overall economics of the project. Funding following the RD&D Program, as well as the economics, financing and timing of commercial deployment, are uncertain. The DOE loan guarantee process has taken longer than anticipated and there may be additional delays that could adversely affect the Debtor's ability to successfully finance and deploy the American Centrifuge Plant. The Debtor's ability to finance the project could also be further adversely impacted by the potential extended duration of the current supply/demand imbalance in the market for LEU. In addition, while the Debtor has discussed with Japanese export credit agencies financing up to $1 billion of the cost of completing the American Centrifuge Plant, these discussions could be adversely affected by the impacts of the events in Japan and the delay in commercial deployment. There is no assurance that the Japanese export credit agencies will not shift their priorities in the future or otherwise be unable to provide financing in the amount needed. If the Debtor's ability to obtain Japanese export credit agency financing was adversely affected, this would also adversely affect the ability to obtain a DOE loan guarantee and complete the American Centrifuge Plant.

The March 2011 events in Japan could also have a material and adverse impact on the nuclear energy industry in the long term. The impact of the events could harm the public's perception of nuclear power and could raise public opposition to the planned future construction of nuclear plants. Some countries may delay or abandon deployment of nuclear power as a result of the events in Japan. Italy has renewed its moratorium on nuclear power and other European Union countries are reviewing their future plans for nuclear power. Countries have undertaken new safety evaluations of their plants and how well they operate in situations involving earthquakes and other natural disasters and other situations involving the loss of power. Several investment banks have exited uranium trading in the past few months and spot demand has declined. The uranium market continues to be oversupplied and prices remain under downward pressure because of the continued delay of reactor restarts in Japan. Demand for nuclear fuel could be negatively affected by such actions, which could have a material adverse effect on the Company's results of operations and prospects.

Any resulting increased public opposition to nuclear power could lead to political opposition and could slow the pace of global licensing and construction of new or planned nuclear power facilities or negatively impact existing facilities' efforts to extend their operating licenses. The events could also result in additional permitting requirements and burdensome regulations that increase costs or have other negative impacts and could raise concerns regarding potential risks associated with certain reactor designs or nuclear power production. Since Fukushima, the staff of the NRC has issued requirements for design-basis enhancements to improve U.S. nuclear safety. The implementation of these plant upgrades has been projected to cost approximately $3.6 billion over three to five years at the same time that low natural gas prices and subsidies for renewable power sources are challenging the economics of operating plants. This could adversely affect the economic viability of the facilities of the Company's customers. The events in Japan have also raised concerns regarding how to deal with spent fuel, which could result in additional burdensome regulations or costs to the nuclear industry which could potentially impact demand for LEU. These events could adversely affect the Company's business, results of operations and prospects.

12. Enrichment Corp Is Dependent On Purchases Of Russian LEU And Existing Inventory To Meet Its Obligations To Customers

With the cessation of enrichment at the Paducah Plant, Enrichment Corp is now dependent on purchases of Russian LEU and existing inventory to meet its obligations to customers. While Enrichment Corp may be able to acquire alternative sources of supply in the market given the current oversupply, the availability, cost and terms of such alternative sources of supply are uncertain. A significant delay in, or stoppage or termination of, deliveries of LEU from Russia under the Russian Supply Agreement or a failure of the LEU to meet quality specifications set forth in such agreements, could adversely affect Enrichment Corp's ability to make deliveries to customers and would adversely affect revenues and results of operations. A delay, stoppage or termination could occur due to a number of factors, including logistical or technical problems with shipments, commercial or political disputes between the parties or their governments, or a failure or inability by either party to meet the terms of such agreements. Geopolitical events such as the events currently taking place in Ukraine, including domestic or international reactions or responses to such events and subsequent government or international actions including the imposition of sanctions, could also impact Enrichment Corp's ability to purchase, sell or make deliveries of LEU from Russia to customers. An interruption of deliveries under the Russian Supply Agreement could,

depending on the length of such an interruption, threaten Enrichment Corp's ability to fulfill these delivery commitments with adverse effects on Enrichment Corp's reputation, costs, results of operations, cash flows and long-term viability. Depending upon the reasons for the interruption and subject to limitations of liability and force majeure terms under sales contracts as well as the availability, cost and terms of alternative sources of supply, Enrichment Corp could be required to compensate customers for a failure or delay in delivery. Any adverse effects experienced by Enrichment Corp will have corresponding impacts on the Debtor's operations, business and prospects.

13. Enrichment Corp May Be Unable To Sell All Of The Commercial Russian LEU That It Purchases Under The Russian Supply Agreement For Prices That Cover Its Purchase Costs, Which Could Adversely Affect Its Profitability And The Viability Of Its Business; Restrictions On Imports Or Sales Of Russian LEU Could Adversely Affect The Ability To Sell Commercial Russian LEU Purchased Under The Russian Supply Agreement

Enrichment Corp may not achieve the anticipated benefits from the Russian Supply Agreement because of current market prices for LEU and restrictions on U.S. imports of LEU and other uranium products produced in the Russian Federation. The price Enrichment Corp is charged for the SWU component of Russian LEU under the Russian Supply Agreement is determined by a formula that combines a mix of price points and other pricing elements. A multi-year retrospective view of market-based price points in the formula is used to minimize the disruptive effect of short-term swings in these price points, but may result in prices that are not aligned with the prevailing market prices when those prices are depressed, as is currently the case. Currently, the price Enrichment Corp is paying for Russian LEU is above market prices. Further, there are floor prices applicable to the calculation of the price for such SWU. While the agreement provides for reexamination of a key element of the pricing formula in later years to account for significant increases or decreases in market prices, there can be no assurance that this will result in a reduction in the price Enrichment Corp would pay in those years. These factors may limit Enrichment Corp's ability to make new sales at prices that exceed the purchase price it pays for the Russian LEU. While the prices included in its existing sales contracts in its backlog currently exceed the price Enrichment Corp pays for Russian LEU, Enrichment Corp's ability to place Russian LEU into its backlog contracts is subject to the U.S. import limitations and, in some cases, the contracts' terms.

As stated previously, the Russian Supply Agreement provides for the supply by TENEX of commercial Russian LEU to Enrichment Corp over a ten-year period with deliveries beginning in 2013. Sales of Russian LEU are more challenging than sales of material produced in the United States by Enrichment Corp. Some of Enrichment Corp's customers are unable or unwilling to accept Russian LEU. In addition, Enrichment Corp may not achieve the anticipated benefits from the Russian Supply Agreement because of restrictions on U.S. imports of LEU and other uranium products produced in the Russian Federation. These imports (other than LEU Enrichment Corp previously imported under the Russian Contract under the Megatons to Megawatts program) are subject to quotas imposed under legislation enacted into law in September 2008 and under the 1992 Russian Suspension Agreement, as amended. Under the Russian Supply Agreement, Enrichment Corp has the right to use a portion of the import quotas to support its sales in the United States of SWU purchased under the Russian Supply Agreement beginning in 2014. Prior to the expiration of the quotas at the end of 2020, Enrichment Corp will not be able to import for consumption in the United States LEU delivered to Enrichment Corp under the Russian Supply Agreement in excess of the portion of the quotas available to it, except for imports that are expressly excluded from the quotas (e.g., LEU for use in fabricating initial fuel cores for any U.S. nuclear reactors entering service for the first time). In 2016, Enrichment Corp expects to deliver the remaining portion of its currently existing inventory. Thereafter Enrichment Corp will need to procure LEU from other sources or take other actions to service its U.S. customers that Enrichment Corp is unable to supply from SWU purchased under the Russian Supply Agreement. Further, the LEU that Enrichment Corp cannot sell for consumption in the United States will have to be sold for consumption by utilities outside the United States, but the ability to sell to those utilities may be limited by policies of foreign governments or regional institutions that seek to restrict the amount of Russian LEU purchased by utilities under their jurisdiction, as well as requirements that LEU imported into the United States to be used to fabricate for foreign customers must be processed and re-exported within a certain period of time. The U.S. Commerce Department has agreed that so long as Enrichment Corp's existing Japanese customers hold imported Russian LEU from Enrichment Corp in dedicated storage, they are not required to re-export the material under these time limits until it is withdrawn from storage, but the fact that the time limits on re-export will apply once the material is withdrawn may create uncertainty for Japanese utilities contemplating the use of such storage. As a result, they may resist taking Russian LEU from Enrichment Corp. Further, geopolitical events such as the events currently taking place in Ukraine, including domestic or international reactions or responses to such events and subsequent government or international actions, including the imposition of sanctions, could also impact Enrichment Corp's ability to purchase, sell or make deliveries of LEU from Russia to customers. Even in the absence of sanctions or other legal restrictions, customers may be unwilling to agree to purchase or amend contracts to permit delivery of the Russian LEU. Accordingly, there is no assurance that Enrichment Corp will be successful in its efforts to sell this LEU in the United States or outside of the United States.

14. The Company's Defined Benefit Pension Plans Are Underfunded

Each of the Debtor and Enrichment Corp maintain qualified defined benefit pension plans which together cover approximately 7,100 current and former employees and retirees, including approximately 881 active employees. These pension plans are guaranteed by the PBGC, a wholly owned U.S. government corporation that was created by ERISA. At December 31, 2013, these plans were underfunded (based on generally accepted accounting principles ("GAAP")) by approximately $123 million. Under ERISA, as both the Debtor and Enrichment Corp are members of the "controlled group," the Debtor is jointly and severally obligated to the PBGC for any liability of Enrichment Corp under ERISA Section 4062(e), and Enrichment Corp is jointly and severally obligated to the PBGC for any liability of the Debtor under ERISA Section 4062(e).

On September 30, 2011, Enrichment Corp completed the de-lease of the Portsmouth Plant and transition of employees performing government services work to the DOE's decontamination and decommissioning contractor. Enrichment Corp notified the PBGC of this occurrence. Pursuant to ERISA Section 4062(e), if an employer ceases operations at a facility in any location and, as a result, more than 20% of the employer's employees who are participants in a PBGC-covered pension plan established and maintained by the employer are separated, the PBGC has the right to require the employer to place an amount in escrow or furnish a bond to the PBGC to provide protection in the event the plan terminates within five years in an underfunded state. Alternatively, the employer and the PBGC may enter into an alternative arrangement with respect to any such requirement, such as accelerated funding of the plan or the granting of a security interest. The PBGC could also elect not to require any further action by the employer. The PBGC has informally advised Enrichment Corp of its preliminary view that the Portsmouth Plant transition is a cessation of operations that triggers liability under ERISA Section 4062(e) and that its preliminary estimate is that the ERISA Section 4062(e) liability (computed taking into account the plan's underfunding on a "termination basis," which amount differs from that computed for GAAP purposes) for the Portsmouth Plant transition is approximately $130 million. Enrichment Corp informed the PBGC that it does not agree with the PBGC's view that ERISA Section 4062(e) liability was triggered in 2011, and also disputes the amount of the preliminary PBGC calculation of the potential ERISA Section 4062(e) liability. In addition, Enrichment Corp believes that the DOE is responsible for a significant portion of any pension costs associated with the transition of employees at the Portsmouth Plant. Enrichment Corp plans to engage in further discussions with the PBGC, but has not reached a resolution with the PBGC and there is no assurance that a consensual resolution will be reached.

With respect to Enrichment Corp's Paducah Plant, which ceased enrichment at the end of May 2013, the PBGC informally advised Enrichment Corp that the Paducah de-lease would be a cessation of operations when the 20% requirement is met and would also trigger liability under ERISA Section 4062(e). Enrichment Corp informed the PBGC that while it does not believe that an ERISA Section 4062(e) event has occurred at Paducah, the 20% reduction to active plan participants threshold was reached at Paducah in April 2014. Given the significant number of employees who were employed at the Paducah Plant prior to the cessation of enrichment, the amount of any potential liability related to the cessation of enrichment or other transition actions at the Paducah Plant could be more significant than the preliminary PBGC calculation of the potential ERISA Section 4062(e) liability in connection with the Portsmouth Plant transition of approximately $130 million. In the event that ceasing enrichment or other transition actions at Paducah are determined to constitute a cessation of operations that triggers liability under ERISA Section 4062(e), the potential amount of any liability would depend on various factors, including the amount of any underfunding under the affected defined benefit pension plan (also computed based on the plan's underfunding on a "termination basis"), taking into account plan asset performance and changes in interest rates used to value liabilities, as well as the number of employees who are participants in the affected plan prior to any covered event and the number of such employees who leave the plan as a result of any such event, and whether the pension obligations are transferred to a subsequent employer on the site. Enrichment Corp would seek to defend against this position based on the facts and circumstances at the time. In light of current demands on Enrichment Corp's liquidity, depending on the timing and amount of any requirement to satisfy any such liability, Enrichment Corp might not have the cash needed to do so, which could have a material adverse effect on its liquidity and prospects. This would in turn impact the Debtor, not only because it is jointly and severally liable with Enrichment Corp, but also because it is currently dependent on Enrichment Corp for financing.

In addition, despite the technical progress being made by the RD&D Program, the Debtor could still determine to demobilize the project in the event of lack of funding for the American Centrifuge Project or lack of prospects for successful financing and commercialization of the American Centrifuge Plant. The PBGC could take the position that a future decision to demobilize the American Centrifuge Project, either alone or taken together with the transition of the Portsmouth Plant and Paducah Plant, could create additional potential liabilities under ERISA Section 4062(e), the amount of which would depend on the various factors described above. The Debtor would also seek to defend against this position based on the facts and circumstances at the time. In light of current demands on the Debtor's liquidity, as well as on Enrichment Corp's liquidity, which would have joint and several liability with the Debtor, depending on the timing and amount of any requirement to satisfy any such liability, the Debtor or Enrichment Corp might not have the cash needed to do so, which could have a material adverse effect on their respective liquidity and prospects.

15. The Debtor May Not Obtain A Loan Guarantee From The DOE And Other Financing Needed For The Project And Could Demobilize Or Terminate The Project

The Debtor applied for a $2 billion loan guarantee under the DOE Loan Guarantee Program in July 2008. Instead of moving forward with a conditional commitment for a loan guarantee, in the fall of 2011, the DOE proposed the RD&D Program. The DOE indicated that the application for a DOE loan guarantee would remain pending during the RD&D Program but gave no assurance that a successful RD&D Program would result in a loan guarantee. If the Debtor proceeds with commercialization of the American Centrifuge Plant in the future, it would expect to pursue the DOE loan guarantee; however, there is no assurance that it would be successful in obtaining a DOE loan guarantee. Factors that could affect the Debtor's ability to obtain a DOE loan guarantee include:

- the ability to address the DOE's technical concerns to the DOE's satisfaction through the RD&D Program;
- the ability to address the DOE's financial concerns to the DOE's satisfaction, including the Debtor's inability to confirm and consummate the Plan, thereby achieving the balance sheet restructuring contemplated by the Plan, or a determination by the DOE that the balance sheet restructuring achieved through the Plan is inadequate to address its financial concerns;
- the ability to address any additional concerns that may be raised by the DOE as part of its review of the Debtor's loan guarantee application in the future;
- the ability to demonstrate to the DOE that the Debtor can obtain the capital needed to complete the American Centrifuge Plant;
- reliance on the continued support of the Debtor's strategic investors, Toshiba and B&W;
- the ability to reach agreement with the DOE regarding the terms of a loan guarantee conditional commitment;
- the outcome of any reviews of the Debtor's loan guarantee application by the DOE credit group, the Office of Management and Budget, the Department of the Treasury and the National Economic Council, including uncertainty regarding the Debtor's ability to achieve a manageable credit subsidy cost estimate and to fund any potential capital shortfall that would be created by a high credit subsidy cost; and
- uncertainty regarding the continuation of the DOE Loan Guarantee Program, including the impact of defaults and related investigations under the DOE Loan Guarantee Program.

In light of the Debtor's inability to obtain a conditional commitment for the DOE loan guarantee to date, and given the significant uncertainty surrounding the prospects for obtaining a DOE loan guarantee or other government support and the timing thereof, the Debtor continues to evaluate its options concerning the American Centrifuge Project. The Debtor may also take actions in the future if it determines at any time that it does not see a path forward to the receipt of a loan guarantee conditional commitment or if it sees further delay or increased uncertainty with respect to its prospects for obtaining a loan guarantee or other government support and commercializing the American Centrifuge Project, or for other reasons, including as needed to preserve its liquidity. Further cuts in project spending and staffing could make it even more difficult to remobilize the project and could lead to more significant delays and increased costs and potentially make the project uneconomic. Termination of the American Centrifuge Project could have a material adverse impact on the Company's business and prospects because the long-term competitive position of its enrichment business depends on the successful deployment of competitive gas centrifuge enrichment technology.

16. Apart From A DOE Loan Guarantee, Commercialization Of The American Centrifuge Technology Will Require Additional External Financial And Other Support That May Be Difficult To Secure

The Debtor may not be able to attract the financing it needs to complete the American Centrifuge Plant. The Debtor has had discussions with Japanese export credit agencies ("ECAs") regarding financing up to $1 billion of the cost of completing the American Centrifuge Plant. Any Japanese ECA financing will be subject to the terms and conditions negotiated with the lenders and the Debtor will need to satisfy any technical, financial and other conditions to funding in order to close on the financing. The Debtor is dependent on Toshiba's support for these discussions. In addition, the Debtor's ability to obtain Japanese ECA financing is also dependent upon the project receiving a DOE loan guarantee. There is no assurance that the Debtor will obtain this financing.

The Debtor also expects to need at least $1 billion of capital to complete the project in addition to the DOE loan guarantee and the Japanese ECA funding. The amount of additional capital is dependent on a number of factors, including the amount of any

revised cost estimate and schedule for the project, the amount of contingency or other capital the DOE may require as part of a loan guarantee, and the amount of the DOE credit subsidy cost that would be required to be paid in connection with a loan guarantee. The Debtor currently anticipates the sources for this capital to include cash generated by the project during startup, available cash flow from Enrichment Corp's operations and additional third-party capital. The Debtor expects that additional third-party capital would be raised at the project level, including through the issuance of additional equity participation in the project. However, there is no assurance that the Debtor will be able to raise this capital. Raising additional equity or other capital to deploy the project would significantly reduce the Debtor's anticipated share of the ultimate ownership of the project and it could determine to terminate the project. Factors that could affect the Debtor's ability to obtain Japanese ECA financing or other financing needed to complete the American Centrifuge Plant or the cost of such financing include:

- the ability to get loan guarantees or other support from the U.S. government;
- the continued participation of the Debtor's strategic investors Toshiba and B&W;
- the ability to address the financial concerns identified by the DOE;
- potential shifts in the priorities of Japanese ECAs as a result of the March 2011 events in Japan or other factors outside of the Debtor's control;
- the ability to satisfy the DOE that efforts the Debtor has taken, including with respect to the RD&D Program and other efforts to reduce technology risk have addressed their concerns;
- the estimated costs, efficiency, timing and return on investment of the deployment of the American Centrifuge Plant;
- the ability to secure and maintain a sufficient number of long-term SWU purchase commitments from customers on satisfactory terms, including adequate prices, in particular in light of uncertainty regarding the potential duration of the current supply/demand imbalance in the market for LEU;
- the level of success of Enrichment Corp's current operations and the amount of internally generated cash flow from operations that it has available to finance the project and potential requirements for internally generated cash flow to satisfy pension and postretirement benefits and other obligations;
- the willingness of Enrichment Corp to invest any excess cash in the American Centrifuge Plant and the terms of any such investment;
- SWU prices and current and anticipated future SWU market conditions and the impact on the overall economics of the American Centrifuge Plant and the Debtor's ability to attract the necessary capital;
- the Debtor's perceived competitive position and investor confidence in its industry and in the Debtor;
- projected costs for the decontamination and decommissioning of the American Centrifuge Plant, and the impact of related financial assurance requirements;
- concerns about the Company's perceived financial strength, including as a result of significant net losses in recent years, its ability to obtain or delays in obtaining confirmation of the Plan, and uncertainty regarding the ability to continue as a going concern;
- the Debtor's credit rating;
- market price and volatility of the Debtor's common stock, including the New Common Stock to be issued under the Plan;
- general economic and capital market conditions;
- the continuing impact of the March 2011 events in Japan;
- conditions in energy markets;

- regulatory developments, including changes in laws and regulations;
- reliance on LEU delivered to Enrichment Corp under the Russian Supply Agreement, and uncertainty regarding deliveries and market based components of prices under the Russian Supply Agreement, and limitations on its ability to sell commercial Russian LEU purchased under the Russian Supply Agreement;
- restrictive covenants in the Exit Facility, the New Indenture and any future financing arrangements that limit operating and financial flexibility; and
- adverse reactions to the Debtor's filing for chapter 11 relief which cause potential financing partners to decline participation in the funding of the American Centrifuge Project.

17. Increased Costs And Cost Uncertainty Could Adversely Affect The Debtor's Ability To Finance And Deploy The American Centrifuge Plant

The cost and schedule for the commercial deployment of the American Centrifuge Plant are uncertain. The Debtor continues to expect the funding needed to complete the project to be substantial. There are significant carrying costs associated with the project and maintaining the project infrastructure. Following the expiration of the ACTDO Agreement, unless the DOE proceeds with a successor program or construction of a national security train, these costs would have to be borne by the Debtor. Such additional carrying costs could further threaten the overall economics of the project, and the Debtor currently does not have any funding in place to meet any such costs.

In connection with obtaining any financing in the future for commercial deployment, including as part of any submittal of a future update to its application with the DOE Loan Guarantee Office and other American Centrifuge commercialization efforts, the Debtor would need to resume negotiating with suppliers regarding the transition to fixed cost or maximum cost contracts to complete the project. However, these suppliers may not be willing to provide fixed cost or maximum cost contracts on terms that are acceptable to the Debtor or potential lenders or at all. The cost and schedule for the project would depend on a large variety of factors, including how the Debtor ultimately deploys the project and the timing thereof, decisions by ORNL on whether to extend, revise or terminate the ACTDO Agreement (including any option period thereunder) and decisions by the DOE and Congress on the preferred option (if any) for maintaining a domestic enrichment capability to meet national security requirements as well as the scope, schedule, cost and funding for such option, the outcome of future discussions with suppliers, changes in commodity and other costs, and the ability to develop and implement cost saving and value engineering actions. There is no assurance that the Debtor will achieve required schedule or target costs for the project or that the Debtor will develop a viable business plan for commercial deployment that supports loan repayment and provides potential investors with an attractive return on investment based on the project's risk profile, which as described above is not supported by current enrichment market conditions without additional government support.

Further increases in the cost of the American Centrifuge Plant would increase the amount of external capital the Debtor must raise and would adversely affect its ability to successfully finance and deploy the American Centrifuge Plant. The costs associated with the American Centrifuge Plant may be materially higher than anticipated. Cost estimates and budget for the American Centrifuge Plant have been, and will continue to be, based on many assumptions that are subject to change as new information becomes available or as events occur. Uncertainty surrounding the Debtor's ability to accurately estimate costs or to limit potential cost increases could adversely affect its ability to successfully finance and deploy the American Centrifuge Plant. Inability to finance and deploy the American Centrifuge Plant could have a material adverse impact on the Company's business and prospects because the long-term competitive position of the Company's enrichment business depends on the successful deployment of competitive gas centrifuge enrichment technology.

18. The Centrifuge Machines And Supporting Equipment Deployed In The American Centrifuge Plant May Not Meet Performance Or Availability Targets Over The Life Of The Project

The target output for the American Centrifuge Plant is based on assumptions regarding performance and availability of centrifuge machines and related equipment and actual performance may be different than expected. Factors that can influence performance include:

- the performance and reliability of individual centrifuge components built by strategic suppliers;
- the availability and performance of plant support systems;
- the operable lives of individual components and the level of maintenance required to sustain overall plant availability;

- the ability to acquire or manufacture replacement parts for centrifuges or plant support systems when needed; and
- differences in actual commercial plant conditions from the conditions used to establish and test design criteria.

In particular, work under the ACTDO Agreement includes addressing an issue identified in February 2014, following successful completion of the 60-day commercial demonstration cascade operation test at the end of 2013. While details are classified, failure to resolve this issue could increase maintenance costs over the life of a centrifuge plant that could impact commercial plant economics. As with other matters that the Debtor has addressed throughout the American Centrifuge technology development program, mitigating actions are being evaluated and implemented and are expected to successfully resolve the issue; however, there is no assurance that the issue will be resolved and will not impact overall plant availability or plant economics.

Failure to achieve targeted performance over the life of the American Centrifuge Plant could affect the overall economics of the American Centrifuge Plant and the ability to finance and successfully deploy the project. This could have a material adverse impact on the Company's business and prospects.

19. The Debtor Will Be Dependent On Third-Party Suppliers For Key Components For The AC 100 Machine For The American Centrifuge Plant

The Debtor relies on third-party suppliers for key American Centrifuge components. In the event the Debtor proceeds with commercial deployment of the American Centrifuge Plant, its dependence on key suppliers will increase. The failure of any of the suppliers to provide their respective components as scheduled or at all or of the quality and the precise specifications needed could result in substantial delays in, or otherwise materially hamper, the deployment of the American Centrifuge Plant.

There are a limited number of potential suppliers for these key components and finding alternate suppliers could be difficult, time consuming and costly. Because of this, the Debtor's ability to obtain favorable contractual terms with these suppliers is limited. The Debtor may also have issues with respect to the retention of key suppliers as a result of the Limited Demobilization or as a result of further delays in commercial deployment, which could adversely affect the Debtor's ability to remobilize. The Debtor's inability to effectively integrate its key third-party suppliers could also result in delays and otherwise increase costs. Delays could also occur if the Debtor decides to search for alternate suppliers or to self-perform certain items that it previously anticipated outsourcing to third-party suppliers.

20. The Debtor Is Dependent On The Continued Cooperation And Support Of Toshiba And B&W

Toshiba and B&W have been important strategic partners to the Debtor in its effort to deploy the American Centrifuge Project. Their support was evidenced in the investment transactions that resulted in Toshiba and B&W acquiring the USEC Preferred Stock and agreeing to make additional investments conditioned upon, among other things, progress in obtaining a loan guarantee from the DOE. Although the conditions were not satisfied prior to the Petition Date, and thus no additional investments were made, Toshiba and B&W have continued to evidence their support by entering into, respectively, the Toshiba Plan Support Agreement and the B&W Plan Support Agreement. Under these Plan Support Agreements, Toshiba and B&W have agreed to discuss in good faith possible future funding to the American Centrifuge Project, subject to certain conditions. As discussed above, these Plan Support Agreements contain termination rights that may be exercised by B&W and/or Toshiba. If any of these termination rights are exercised, B&W and/or Toshiba may withdraw their support from the Plan, as may the Consenting Noteholders.

If either Toshiba or B&W were to withdraw their support for the American Centrifuge Project, that could have a significant adverse impact on the Debtor's ability to deploy the American Centrifuge Plant and on the Debtor's business and prospects. In addition, the ability to obtain Japanese ECA financing is highly dependent on the continued support by Toshiba. If the ability to obtain Japanese ECA financing were adversely affected, this would also adversely affect the Debtor's ability to obtain a DOE loan guarantee and complete the American Centrifuge Plant.

21. The Debtor May Not Realize The Expected Benefits Of Strategic Relationships With Toshiba Or B&W

Prior to the Petition Date, the Debtor entered into a strategic relationship agreement with Toshiba and B&W that provided a process to explore potential business opportunities throughout the nuclear fuel cycle. That agreement will continue under the Plan, and the Plan provides for a Supplementary Strategic Relationship Agreement to be entered into with Toshiba and B&W. However, the realization of the expected benefits of these strategic relationships is subject to a number of risks, including:

- success in potential efforts to sell LEU in connection with Toshiba's nuclear power plant proposals, including Toshiba's success in nuclear reactor sales;

- success in achieving cost savings and other benefits through a manufacturing relationship with B&W;
- success in reaching agreement on and meeting the conditions for any additional investment by B&W or Toshiba in the American Centrifuge Project; and
- success in strengthening American Centrifuge Project execution depth through the Debtor's relationship with Toshiba and B&W.

The Debtor may not achieve the perceived benefits of the strategic relationships to the extent anticipated, which could have an adverse impact on the perceived benefits of these strategic relationships transactions and the Debtor's prospects.

22. The Ability To Retain Key Personnel Is Critical To The Success Of The Company's Business

The success of the Company's business depends on key executives, managers and other skilled personnel. The ability to retain these key personnel may be difficult in light of the Debtor's filing for chapter 11 relief, the uncertainties currently facing the business and changes the Company may make to the organizational structure to adjust to changing circumstances. The Debtor or any of the Non-Debtor Subsidiaries may need to enter into retention or other arrangements that could be costly to maintain. The Company does not have employment agreements with its corporate executives or other key personnel, nor does it have key man life insurance policies. If executives, managers or other key personnel resign, retire or are terminated, or their service is otherwise interrupted, the Company may not be able to replace them in a timely manner and it could experience significant declines in productivity. In addition, some of the key personnel are involved in the development of the centrifuge technology and many of them have security clearances. The loss of these key personnel could result in delays in the deployment of the American Centrifuge Project. Given the proprietary nature of centrifuge technology, the Debtor is also at risk as to its intellectual property if key employees resign to work for a competitor.

23. Changes In The Price For SWU Or Uranium Could Affect Gross Profit Margins And Ability To Service Indebtedness And Finance The American Centrifuge Project

As previously discussed, the events at Fukushima and its aftermath have negatively affected the balance of supply and demand and there is limited uncommitted demand for LEU prior to the end of the decade. This supply/demand imbalance was reflected in lower uranium and nuclear fuel prices during 2012 and 2013 and continuing in 2014. These market prices for the Company's products are at their lowest levels in more than a decade. Changes in the price for SWU and uranium are also influenced by numerous other factors, such as:

- LEU and uranium production levels and costs in the industry;
- actions taken by governments to regulate, protect or promote trade in nuclear material, including the continuation of existing restrictions on unfairly priced imports;
- actions taken by governments to narrow, reduce or eliminate limits on trade in nuclear material, including the decrease or elimination of existing restrictions on unfairly priced imports;
- the release by governments of stockpiles of enriched and natural uranium without consideration of the adverse impact of the availability of those stockpiles on producers;
- actions of competitors;
- exchange rates;
- availability and cost of alternate fuels; and
- inflation.

The long-term nature of SWU sales contracts with customers delays the impact of any material change in market prices and may prolong any adverse impact of low market prices on gross profit margins. For example, even if prices increase and new higher-priced contracts are secured, the contractual obligation under contracts signed prior to the increase is to deliver LEU and uranium at the lower prices. A decrease in the price for SWU could also affect the Company's future ability to service its indebtedness and finance the American Centrifuge Project.

The price Enrichment Corp is charged for the SWU component of Russian LEU under the Russian Supply Agreement is determined by a formula that combines a mix of price points and other pricing elements. A multi-year retrospective view of market-based price points in the formula is used to minimize the disruptive effect of short-term swings in these price points, but may result in prices that are not aligned with the prevailing market prices when those prices are depressed, as is currently the case. Currently, the price Enrichment Corp is paying for Russian LEU is above market prices. Further, there are floor prices applicable to the calculation of the price for such SWU. While the agreement provides for reexamination of a key element of the pricing formula in later years to account for significant increases or decreases in market prices, there can be no assurance that this will result in a reduction in the price Enrichment Corp would pay in those years. These factors may limit Enrichment Corp's ability to make new sales at prices that exceed the purchase price it pays for the Russian LEU. While the prices included in its existing sales contracts in its backlog currently exceed the price Enrichment Corp pays for Russian LEU, its ability to place Russian LEU into its backlog contracts is subject to U.S. import limitations and, in some cases, the contracts' terms.

24. The Company Faces Significant Competition From Three Major Producers Who May Be Less Cost Sensitive Or May Be Favored Due To National Loyalties And From Emerging Competitors

The Company, currently through Enrichment Corp, competes with three major producers of LEU, all of which are wholly or substantially owned by governments: Areva (France), Rosatom/TENEX (Russia) and Urenco (Germany, Netherlands and the United Kingdom). These competitors use centrifuge technology to enrich uranium. In addition, Urenco and Rosatom/TENEX are currently expanding their centrifuge production capacity.

There is also the potential that any of these suppliers will further increase their expansion rates from what they have announced, or for Areva to proceed with a currently suspended planned expansion in the United States. All of these represent competition in the Company's efforts to sell SWU, including output from the American Centrifuge Plant. The Company also faces competition from China and others.

The Company's competitors have greater financial resources than the Company does, including access to below-market financing terms. Foreign competitors enjoy support from their government owners, which may enable them to be less cost- or profit-sensitive than the Company. In addition, decisions by foreign competitors may be influenced by political and economic policy considerations rather than commercial considerations. For example, foreign competitors may elect to increase their production or exports of LEU, even when not justified by market conditions, thereby depressing prices and reducing demand for LEU, which could adversely affect the Company's revenues, cash flows and results of operations. Similarly, the elimination or weakening of existing restrictions on imports from foreign competitors could adversely affect the Company's revenues, cash flows and results of operations.

25. Dependence On The Company's Largest Customers Could Adversely Affect The Company

In 2013, Enrichment Corp's 10 largest customers represented 69% of total revenue, and the three largest customers represented 37% of total revenue. Revenue from Energy Northwest under the depleted uranium enrichment arrangement represented approximately 20% of total revenue in 2013 and 2012 and this agreement has now ended. A reduction in purchases from Enrichment Corp's other largest customers, whether due to their decision not to purchase optional quantities or for other reasons, including a disruption in their operations that reduces their need for LEU from us, could adversely affect Enrichment Corp's business and results of operations, with a corresponding negative impact upon the Debtor.

Enrichment Corp is seeing increased price competition as competitors and secondary suppliers lower their prices to sell excess supply created by current market conditions. This has adversely affected the sales efforts of Enrichment Corp and of the Debtor for the American Centrifuge Plant. Because price is a significant factor in a customer's choice of a supplier of LEU, when contracts come up for renewal, customers may reduce their purchases from Enrichment Corp if it is not able to compete on price, resulting in the loss of new sales contracts. Historically, the Debtor's ability to compete on price has been limited by Enrichment Corp's higher operating costs at the Paducah Plant than competitors who operated centrifuge facilities and are protected from competition in their home markets. The Debtor, through AC Enrichment, also must sell the potential future output of the American Centrifuge Plant under long term contracts on price and other terms that will support a reasonable business case and financing for the American Centrifuge Plant. Once lost, customers may be difficult to regain because they typically purchase LEU under long-term contracts. Therefore, given the need to maintain existing customer relationships, particularly with the largest customers, the Company's ability to raise prices in order to respond to increases in costs or other developments may be limited. In addition, because Enrichment Corp has a fixed commitment to purchase Russian LEU under the Russian Supply Agreement, any reduction in purchases by the customers below the level required for the Company to resell both the Company's inventory and the Russian material could adversely affect revenues, cash flows and results of operations.

26. The Ability To Compete In Certain Foreign Markets May Be Limited For Political, Legal And Economic Reasons

Agreements for cooperation between the U.S. government and various foreign governments or governmental agencies control the export of nuclear materials from the United States. If any of the agreements governing exports to countries in which customers are located were to lapse, terminate or be amended, it is possible sales could no longer be made or LEU could no longer be delivered to customers in those countries. This could adversely affect the Company's results of operations.

Purchases of LEU by customers in the European Union are subject to a policy of the Euratom Supply Agency that seeks to limit foreign enriched uranium to no more than 20% of European Union consumption per year. Application of this policy to consumption in the European Union of the LEU that Enrichment Corp supplies or purchases can significantly limit its ability to make sales to European customers.

Further, geopolitical events such as the events currently taking place in Ukraine, including domestic or international reactions or responses to such events and subsequent government or international actions, including the imposition of sanctions, could also impact Enrichment Corp's ability to purchase, sell or make deliveries of LEU from Russia to customers.

Certain emerging markets lack a comprehensive nuclear liability law that protects suppliers by channeling liability for injury and property damage suffered by third persons from nuclear incidents at a nuclear facility to the facility's operator. To the extent a country does not have such a law and has not otherwise provided nuclear liability protection for suppliers to the projects to which the Company supplies SWU, the Company intends to negotiate terms in its customer contracts that it believes will adequately protect it in a manner consistent with this channeling principle. However, if a customer is unwilling to agree to such contract terms, the lack of clear protection for suppliers in the national laws of these countries could adversely affect the Company's ability to compete for sales to meet the growing demand for LEU in these markets and the Company's prospects for future revenue from such sales.

27. The Dollar Amount Of The Sales Backlog, As Stated At Any Given Time, Is Not Necessarily Indicative Of Future Sales Revenues And Is Subject To Uncertainty

Backlog is the estimated aggregate dollar amount of SWU and uranium sales that the Company expects to recognize as revenue in future periods under existing contracts with customers. At December 31, 2013, backlog was estimated to be $3.3 billion, including $0.4 billion expected to be delivered in 2014. There is no assurance that the revenues projected in the backlog will be realized, or, if realized, will result in profits. While most of Enrichment Corp's (and all of AC Enrichment's) contracts provide for fixed purchases of SWU, some contracts are tied to the customer's SWU requirements. Accordingly, the estimate of backlog is partially based on customers' estimates of the timing and size of these fuel requirements that may prove to be inaccurate. Backlog is also based on estimates of selling prices, which are subject to change. For example, depending on the terms of specific contracts, prices may be adjusted based on escalation using a general inflation index, published SWU or uranium market price indicators prevailing at the time of delivery, and other factors, all of which are unpredictable, particularly in light of general uncertainty in the nuclear market and the economy generally. The Company uses external composite forecasts of future market prices and inflation rates in its pricing estimates. These forecasts may not be accurate, and therefore estimates of future prices could be overstated. Any inaccuracy in estimates of future prices would add to the imprecision of the backlog estimate.

For a variety of reasons, the amounts of SWU and uranium that Enrichment Corp or the Debtor's other subsidiaries will sell in the future under its existing contracts, and the timing of customer purchases under those contracts, may differ from estimates. Customers may not purchase as much as the Company predicted, nor at the times the Company anticipated, as a result of operational difficulties, changes in fuel requirements or other reasons. Reduced purchases would reduce the revenues Enrichment Corp or the Debtor's other subsidiaries actually receive from contracts included in the backlog. For example, revenue could be reduced by actions of the NRC or nuclear regulators in foreign countries issuing orders to delay, suspend or shut down nuclear reactor operations within their jurisdictions, or by an interruption of deliveries of Russian LEU to Enrichment Corp that are needed to meet its delivery commitments to customers. Efforts taken to advance customer orders, including any discounts that are given, could also reduce the amount Enrichment Corp or the Debtor's other subsidiaries receive under contracts in the backlog. Customers could also seek to modify or cancel orders in response to concerns regarding the Debtor or Enrichment Corp's financial strength or future business prospects, including as a result of the transition of the Paducah Plant enrichment or as a result of the Debtor's chapter 11 filing.

The backlog includes sales prices that are significantly above current market prices. Therefore, customers may seek to limit their obligations under existing contracts or may be unwilling to extend contracts that have termination rights. The backlog also

includes contracts that must be revised to reflect anticipated supply sources during the transition period. Certain customers have contracted with Enrichment Corp or AC Enrichment on the expectation that the Debtor would obtain financing for, or deploy, the American Centrifuge Plant by certain deadlines in the future that if missed, would give the customer a right to terminate the remainder of the contract. The Company estimates that approximately 30% of its backlog is under contracts with requirements related to financing or deployment of the American Centrifuge Plant. Enrichment Corp has been working with customers to renegotiate those contracts to modify or eliminate any such termination rights. Enrichment Corp expects to continue to work with customers regarding the remaining contracts; however, some customers have indicated they expect to exercise their contract termination rights in light of current market prices. Enrichment Corp is also working with customers to modify contracts that may have delivery, scheduling, origin or other terms that may be inconsistent with anticipated supply sources during the transition period. Enrichment Corp has no assurance that its customers will agree to revise existing contracts or will not seek to exercise contract termination rights or require concessions, which could adversely affect the value of its backlog. A loss of all or part of the existing backlog, or a reduction in its value, also could adversely affect the Debtor's ability to secure adequate contracts to support commercialization of the American Centrifuge Project and the likelihood that the Debtor will succeed in securing financing for, or deploying, the American Centrifuge Plant and thereby adversely affect the Debtor's prospects.

Unless market conditions improve or Enrichment Corp lowers prices to compete with excess supply, it expects to continue to see a reduction to its sales backlog over time. Enrichment Corp's ability to make new sales is also constrained by the uncertainty about the future prospects associated with the transition from production at the Paducah Plant to commercial production at the American Centrifuge Plant. During the period of transition to commercialization of the American Centrifuge Plant, Enrichment Corp anticipates a lower level of revenue and sales, aligned with its anticipated sources of LEU.

The sources of supply to meet existing backlog will include LEU delivered under the Russian Supply Agreement, which is subject to U.S. government quotas in the U.S. market and foreign trade restrictions in other markets, and which does not fit the origin requirements of every contract in the backlog. To the extent Enrichment Corp's delivery obligations cannot be fully met with Russian LEU under the Russian Supply Agreement, Enrichment Corp expects to rely on inventory (and, in the future, supply from the American Centrifuge Plant). To the extent these sources are insufficient, Enrichment Corp could also seek to secure supply from producers and secondary suppliers of LEU with origins that are acceptable under existing contacts, and could also seek a relaxation of trade restrictions or an increase in quotas available to Enrichment Corp, but the timing, cost and availability of any these options is uncertain.

28. The Company's Future Prospects Are Tied Directly To The Nuclear Energy Industry Worldwide

Potential events that could affect either nuclear reactors under current or future contracts with the Company or the nuclear industry as a whole include:

- accidents, terrorism or other incidents at nuclear facilities or involving shipments of nuclear materials;
- regulatory actions or changes in regulations by nuclear regulatory bodies;
- decisions by agencies, courts or other bodies that limit the Debtor's or its subsidiaries' ability to seek relief under applicable trade laws to offset unfair competition or pricing by foreign competitors;
- disruptions in other areas of the nuclear fuel cycle, such as uranium supplies or conversion;
- civic opposition to, or changes in government policies regarding, nuclear operations;
- business decisions concerning reactors or reactor operations;
- the need for generating capacity; or
- consolidation within the electric power industry.

These events could adversely affect the Company to the extent they result in a reduction or elimination of customers' contractual requirements to purchase from the Company, the suspension or reduction of nuclear reactor operations, the reduction of supplies of raw materials, lower demand, burdensome regulation, disruptions of shipments or production, increased competition from third parties, increased operational costs or difficulties or increased liability for actual or threatened property damage or personal injury.

29. Changes To, Or Termination Of, Any Agreements With The U.S. Government, Or Deterioration In The Company's Relationship With The U.S. Government, Could Adversely Affect Results Of Operations

The Debtor, Enrichment Corp or other of the Non-Debtor Subsidiaries are a party to a number of agreements and arrangements with the U.S. government that are important to the business, including:

- leases for the Paducah Plant and the American Centrifuge facilities;
- the Framework Agreement for transition of the Paducah Plant;
- the 2002 DOE-USEC Agreement and other agreements that address issues relating to the domestic uranium enrichment industry and centrifuge technology;
- the ACTDO Agreement for continuation of the American Centrifuge RD&D Program; and
- contract work for the DOE and the DOE contractors at the Paducah Plant.

Termination or expiration of one or more of these agreements, without replacement with an equivalent agreement or arrangement that accomplishes the same objectives as the terminated or expired agreement(s), could adversely affect the Company's results of operations. In addition, deterioration in the Company's relationship with the U.S. agencies that are parties to these agreements could impair or impede its ability to successfully implement these agreements, including the de-lease and transition of the Paducah Plant, which could adversely affect results of operations.

30. Enrichment Corp May Not Be Successful In Collecting Amounts Due From the DOE Related To U.S. Government Contract Work

Enrichment Corp formerly performed services under contract with the DOE at the Portsmouth Plant, which contracts expired in 2011. Enrichment Corp may not be successful in collecting unpaid receivables from the DOE for such work. The Company's consolidated balance sheet includes gross receivables from the DOE or the DOE contractors for contract services work totaling $99.7 million as of March 31, 2014. Of the $99.7 million, $80.8 million represents certified claims submitted to the DOE under the Contract Disputes Act ("CDA") consisting of $38.0 million in claims for payment of breach-of-contract amounts due to the DOE's failure to timely approve provisional billing rates equaling unreimbursed costs for the periods through December 31, 2011 and $42.8 million in claims for reimbursement of DOE's share of pension and postretirement benefit costs related to close-out of the Portsmouth contracts discussed below. The DOE's Contracting Officer has denied Enrichment Corp's initial claims for payment of $38.0 million related to billing rates. Enrichment Corp appealed the DOE's denial of its claims to the U.S. Court of Federal Claims on May 30, 2013. There is no assurance that Enrichment Corp will be successful in these claims or recover any amounts for these past due receivables.

In December 2012, Enrichment Corp invoiced the DOE for $42.8 million, representing its share of pension and postretirement benefits costs related to Portsmouth site employees who performed work under contracts with the DOE and transitioned to the DOE's decontamination and decommissioning contractor. The DOE denied payment on this invoice in January 2013 and subsequent to providing additional information, as requested, to the DOE, Enrichment Corp submitted a claim on August 30, 2013 under the CDA for payment of the $42.8 million. The DOE subsequently requested additional information, and the DOE's Contracting Officer has not issued a decision on this claim. In the third quarter of 2013, Enrichment Corp recognized a long-term receivable for this claimed amount. The receivable has a full valuation allowance due to the lack of a resolution with the DOE and uncertainty regarding the amounts owed and the timing of collections. The amounts owed by the DOE may be more than the amounts invoiced by Enrichment Corp to date. There is no assurance that the DOE will agree with Enrichment Corp or that Enrichment Corp will be successful in recovering amounts from the DOE in a timely manner or at all.

Revenue from U.S. government contract work is based on cost accounting standards and allowable costs that are subject to audit by the Defense Contract Audit Agency ("DCAA") or such other entity that the DOE authorizes to conduct the audit. Billing rates are also subject to audit and must be approved by the DOE. Allowable costs include direct costs as well as allocations of indirect plant and corporate overhead costs. Enrichment Corp has finalized and submitted to the DOE incurred cost submissions for the Portsmouth Plant and Paducah Plant contract work for the six months ended December 31, 2002 and the years ended December 31, 2003 through 2012. DCAA historically has not completed their audits of Incurred Cost Submissions in a timely manner. DCAA has been periodically working on audits for the six months ended December 31, 2002 and the year ended December 31, 2003 since May 2008. In June 2011, a new DOE contractor began an audit for the year ended December 31, 2004, and has since begun audits of the years ended December 31, 2005 and 2006. During December 2013, the DOE provided its position regarding establishing Final

Indirect Cost Rates for the CY 2003, CY 2004 and CY 2005 periods based in part on audit work performed by DCAA and the DOE contractor. Federal Acquisition Regulations requires the DOE contracting officer to conduct negotiations and prepare a written indirect cost agreement. Neither of these actions has occurred. While Enrichment Corp does not agree with all of the findings of the audits for these years, even if accepted, Enrichment Corp believes that the minimal impact on the amounts billed demonstrates that the DOE's continued withholding of payments is unwarranted. In May 2014, in connection with continuing discussions with the DOE regarding these claims, the DOE paid Enrichment Corp approximately $4.7 million as additional amounts for these years.

Audit adjustments, unilateral rate disallowances by the DOE or delays by the DOE in approving rate increases could reduce the amounts Enrichment Corp is allowed to bill or collect for the DOE contract work, require Enrichment Corp to refund to the DOE a portion of amounts already billed, or delay Enrichment Corp's timely recovery of costs, which could adversely affect liquidity, cash flows and results of operations. Enrichment Corp also performs limited services for the DOE at the Paducah site. Such services are principally related to providing security and infrastructure support at the site. The DOE has historically failed to timely approve provisional billing rates equaling unreimbursed costs for the services performed. As a result, Enrichment Corp has total gross receivables of $99.7 million for services provided to the DOE or DOE contractors, as of March 31, 2014. There is no assurance that the DOE will revise the provisional billing rates to permit timely payment or that it will ultimately agree to the amounts due.

31. The Company's Operations Are Highly Regulated By The NRC And The DOE

The Company's operations are subject to regulation by the NRC. The NRC has issued Enrichment Corp a certificate of compliance for the Paducah Plant. In addition, the American Centrifuge demonstration facility and the construction and operation of the American Centrifuge Plant are licensed and regulated by the NRC. The license for American Centrifuge Plant activities is held by AC Operating.

The NRC could refuse to renew a certificate or license if it determines that: (1) the certificate or license holder Debtor is foreign owned, controlled or dominated; (2) the issuance of a renewed certificate or license would be inimical to the maintenance of a reliable and economic domestic source of enrichment; (3) the issuance of a renewed certificate or license would be adverse to U.S. defense or security objectives; or (4) the issuance of a renewed certificate or license is otherwise not consistent with applicable laws or regulations in effect at the time of renewal.

The NRC has the authority to issue notices of violation for violations of the Atomic Energy Act of 1954, the NRC regulations and conditions of licenses, certificates of compliance, or orders. The NRC has the authority to impose civil penalties or additional requirements and to order cessation of operations for violations of its regulations. Penalties under the NRC regulations could include substantial fines, imposition of additional requirements or withdrawal or suspension of licenses or certificates. Any penalties imposed on the Company could adversely affect its results of operations. The NRC also has the authority to issue new regulatory requirements or to change existing requirements. Changes to the regulatory requirements could also adversely affect the Company's results of operations.

In addition, the American Centrifuge Project development and manufacturing facilities in Oak Ridge, and certain operations at the Company's other facilities, are subject to regulation by the DOE. The DOE has the authority to impose civil penalties and additional requirements, which could adversely affect the Company's results of operations.

The Company's operations require that it maintains security clearances that are overseen by the NRC and the DOE in accordance with the National Industrial Security Program Operating Manual. These security clearances could be suspended or revoked if the Company is determined by the NRC to be subject to foreign ownership, control or influence. In addition, statute and NRC regulations prohibit the NRC from issuing any license or certificate to the Company if it determines that it is owned, controlled or dominated by an alien, foreign corporation, or a foreign government.

32. Failures Or Security Breaches Of Information Technology Systems Could Have An Adverse Effect On The Company's Business

The Company's business requires it to use and protect classified and other protected information. Its computer networks and other IT systems are designed to protect this information through the use of classified networks and other procedures. A material network breach in the security of the IT systems could include the theft of the Company's intellectual property. To the extent any security breach results in a loss or damage to data, or in inappropriate disclosure of classified or other protected information, it could cause grave damage to the country's national security and to the Company's business. One of the biggest threats to classified information the Company protects comes from the insider threat – an employee with legitimate access who engages in misconduct. Transitions in the business, in particular the potential for employee layoffs and other transitions, can increase the risk that an insider with access could steal the Company's intellectual property.

33. The Company's Operations Are Subject To Numerous Federal, State And Local Environmental Protection Laws And Regulations

The Company incurs substantial costs for compliance with environmental laws and regulations, including the handling, treatment and disposal of hazardous, low-level radioactive and mixed wastes generated as a result of operations at the Paducah Plant and the American Centrifuge Plant. Unanticipated events or regulatory developments, however, could cause the amount and timing of future environmental expenditures to vary substantially from those expected.

Pursuant to numerous federal, state and local environmental laws and regulations, the Company is required to hold multiple permits related to the Paducah Plant and the American Centrifuge Project. Some permits require periodic renewal or review of their conditions, and the Company cannot predict whether it will be able to renew such permits or whether material changes in permit conditions will be imposed. Changes to or an inability to obtain or renew permits could increase costs or impact the Company's ability to meet its obligations to customers and could adversely impact the Company's results of operations and Debtor's ability to finance the American Centrifuge Plant.

34. The Company's Operations Involve The Use, Transportation And Disposal Of Toxic, Hazardous And/Or Radioactive Materials And Could Result In Liability Without Regard To Fault Or Negligence

The Company's plant operations involve the use of toxic, hazardous and radioactive materials. A release of these materials could pose a health risk to humans or animals. If an accident were to occur, its severity would depend on the volume of the release and the speed of corrective action taken by plant emergency response personnel, as well as other factors beyond the Company's control, such as weather and wind conditions. Actions taken in response to an actual or suspected release of these materials, including a precautionary evacuation, could result in significant costs for which the Company, or the specific responsible entity, could be legally responsible. In addition to health risks, a release of these materials may cause damage to, or the loss of, property and may adversely affect property values.

The Company, through each specific lessee entity, leases facilities from the DOE at the American Centrifuge Plant and centrifuge test facilities in Piketon, Ohio and Oak Ridge, Tennessee. In addition, despite ceasing enrichment at the Paducah Plant, Enrichment Corp continues certain operations and currently remains obligated under a lease of the Paducah site from the DOE. Pursuant to the Price-Anderson Act, the DOE has indemnified the lessee entity against claims for public liability (as defined in the Atomic Energy Act of 1954, as amended) arising out of or in connection with activities under those leases resulting from a nuclear incident or precautionary evacuation. If an incident or evacuation is not covered under the DOE indemnification, the lessee entity could be financially liable for damages arising from such incident or evacuation, which could have an adverse effect on both the lessee entity's and the Company's results of operations and financial condition. The DOE indemnification does not apply to incidents outside the United States, including in connection with international transportation of LEU.

While the DOE has provided indemnification pursuant to the Price-Anderson Act, there could be delays in obtaining reimbursement for costs from the DOE and the DOE may determine that some or all costs are not reimbursable under the indemnification.

Enrichment Corp does not maintain any nuclear liability insurance for its operations at the Paducah site. Further, American Nuclear Insurers, the only provider of nuclear liability insurance, has declined to provide nuclear liability insurance to the American Centrifuge Plant due to past and present DOE operations on the site. In addition, the Price-Anderson Act indemnification does not cover loss or damage to property located on the leased facilities due to a nuclear incident.

In the Company's contracts, the Company seeks to protect itself from liability, but there is no assurance that such contractual limitations on liability will be effective in all cases. The costs of defending against a claim arising out of a nuclear incident or precautionary evacuation, and any damages awarded as a result of such a claim, could adversely affect the Company's results of operations and financial condition.

35. Levels Of Returns On Pension And Postretirement Benefit Plan Assets, Changes In Interest Rates And Other Factors Affecting The Amounts To Be Contributed To Fund Future Pension And Postretirement Benefit Liabilities Could Adversely Affect Earnings And Cash Flows In Future Periods

Earnings may be positively or negatively impacted by the amount of expense the Debtor and Enrichment Corp records for employee benefit plans. This is particularly true with expense for the pension and postretirement benefit plans. GAAP requires a company to calculate expense for these plans using actuarial valuations. These valuations are based on assumptions relating to financial markets and other economic conditions. Changes in key economic indicators can result in changes in the assumptions used.

The key year-end assumptions used to estimate pension and postretirement benefit expenses for the following year are the discount rate, the expected rate of return on plan assets, healthcare cost trend rates and the rate of increase in future compensation levels. The rate of return on pension assets and changes in interest rates affect funding requirements for defined benefit pension plans. The IRS and the Pension Protection Act of 2006 regulate the minimum amount the Debtor and Enrichment Corp contribute to their pension plans. The amount required to contribute to pension plans can have an adverse effect on the Debtor and Enrichment Corp's cash flows.

36. An Ownership Change Could Impact The Debtor's Ability To Fully Utilize Tax Benefits

Under Section 382 of the Tax Code, if a corporation or consolidated group of corporations with net operating losses, built-in losses and certain other tax attributes (collectively, the "Tax Benefits") undergoes an "ownership change," the use of the Tax Benefits by the corporation or consolidated group generally would be subject to an annual limitation in the post-change period. In general, an "ownership change" occurs if the percentage of value of a corporation's stock owned by one or more stockholders owning (or deemed to own under Section 382 of the Tax Code) five percent or more of the corporation's stock increases by more than 50 percentage points over the lowest percentage of value owned by such stockholders over a rolling three-year period.

The Debtor does not believe it has experienced an ownership change as defined by Section 382 of the Tax Code as of the Petition Date. Please see "*Certain U.S. Federal Income Tax Consequences of the Plan—Federal Income Tax Consequences to the Debtor—Section 382 Limitation on Net Operating Losses and Built-in Losses*" for a discussion of the consequences of an "ownership change" prior to the Effective Date and the impact of the Plan on the Reorganized Debtor's use of the Tax Benefits after the Effective Date.

The use of the Tax Benefits is subject to uncertainty because it will be dependent upon the amount of taxable income generated by the Reorganized Debtor and its subsidiaries, whether certain bankruptcy tax rules apply, the amount that the Tax Benefits will be reduced as a result of the consummation of the Plan and to what extent any surviving Tax Benefits may be subject to an annual usage limitation as discussed in "*Certain U.S. Federal Income Tax Consequences of the Plan—Federal Income Tax Consequences to the Debtor*." There can be no assurance that the Reorganized Debtor will be able to use all or any portion of these Tax Benefits.

37. Certain Tax Implications Of The Chapter 11 Cases

Holders of Claims and Interests should carefully review Part VI herein, "Certain Federal Income Tax Consequences of the Plan," to determine how the tax implications of the Plan and the Chapter 11 Cases may adversely affect the Reorganized Debtor and certain Holders of Claims and Interests.

C. RISKS RELATING TO THE RESTRUCTURING AND THE SECURITIES TO BE ISSUED UNDER THE PLAN

1. The Debtor May Emerge From The Restructuring With No Certainty As to Future Government Support

The DOE has provided funding to the Debtor under the RD&D Program on an incremental basis. The DOE has no obligation to continue funding beyond a current period. The Debtor has limited visibility as to funding beyond a current period, often until the end of the period. That situation is likely to continue until the DOE is in a position to provide the long-term support the Debtor is currently seeking – which support may not occur. The Plan will not change the funding environment in which the Debtor operates.

2. The Debtor's Future After Emergence Will Be Determined By The New Board

The Plan provides for the Debtor's current Board to be replaced on the Effective Date by a New Board. While certain members of the New Board will be continuing from the current Board, they will be joined by new members who have different backgrounds, experiences and perspectives and, thus, may have different views on the issues that will determine the future of the Debtor as well as the Non-Debtor Subsidiaries. Although there will be certain regulatory, contractual or other constraints on the actions of the New Board, there is no certainty that the New Board will continue to pursue, or will pursue in the same manner, the Debtor's current strategic plans with respect to the American Centrifuge Project or any other matter. Moreover, the New Board may elect to make changes in the Debtor's current management team as well as changes to the individuals serving as directors or managers of the Non-Debtor Subsidiaries, which could have an impact on the direction and management of the Non-Debtor Subsidiaries.

3. Risks Associated With The Exit Facility

The proposed Exit Facility, under which Enrichment Corp is the lender, does not commit Enrichment Corp to provide financing in any specific amount. Enrichment Corp will provide financing in such amounts as may requested by the Reorganized

Debtor, but has no obligation to make such loans if it does not have funds available or doing so would jeopardize its ability to satisfy its other obligations. If Enrichment Corp determines it necessary to terminate the financing, the Reorganized Debtor may seek a third-party financing facility, but there is no assurance that a third party would be willing to provide such financing. Thus, the Reorganized Debtor may find itself with no other source from which replacement financing will be available.

Although the proposed Exit Facility does not contain typical operating and financial covenants, it is a demand note and Enrichment Corp can require repayment upon demand. In addition, the Exit Facility could be replaced or supplemented in the future by a third-party financing facility (assuming a third party is willing to provide such financing), which could contain covenants restricting the ability of the Reorganized Debtor to, among other things, incur or prepay other indebtedness, grant liens, sell assets, make investments and acquisitions, consummate certain mergers and other fundamental changes, make certain capital expenditures and declare or pay dividends or other distributions. Complying with these covenants could limit the Reorganized Debtor's flexibility to successfully execute its business strategy. Enrichment Corp could be a co-borrower or guarantor under any such future facility.

Failure to comply with obligations under the Exit Facility or a subsequent third-party facility, or the occurrence of a "material adverse effect" under any such subsequent third-party facility, could result in an event of default under one or more of the documents governing the Reorganized Debtor's indebtedness or Enrichment Corp's indebtedness if a party to a future facility. There is no assurance that the Reorganized Debtor, or Enrichment Corp if a party to a future facility, would be able to cure any default and, in certain cases, the Reorganized Debtor, or Enrichment Corp if a party to a future facility, may not have the opportunity to cure a default. A default, if not cured or waived, could result in the acceleration of indebtedness. If, as a result of a default, indebtedness is accelerated, the Reorganized Debtor, or Enrichment Corp if a party to a future facility, cannot be certain that it will have funds available to pay the accelerated indebtedness or that it will have the ability to refinance the accelerated indebtedness on favorable terms, or at all. Further, even if the Reorganized Debtor, or Enrichment Corp if a party to a future facility, is able to pay or refinance the accelerated indebtedness, it may not be able to remedy the consequence of a default under the documents governing other indebtedness or obligations. The Exit Facility (and likely any future third-party financing facility) will be secured by a pledge of substantially all of the assets of the Reorganized Debtor and a default thereunder may give Enrichment Corp (or such third-party lender) the right to foreclose on the Reorganized Debtor's assets.

4. Risks Associated With New Notes

(a) The Reorganized Debtor will have Significant Indebtedness After the Effective Date

The Reorganized Debtor will emerge from the Chapter 11 Case with a significant amount of indebtedness. In addition to the indebtedness under the New Notes, and despite the restructuring under the Plan, the Reorganized Debtor still has substantial obligations to third parties. In addition, the terms of the New Indenture will not restrict the Reorganized Debtor, or any of its subsidiaries (including Enrichment Corp), from incurring substantial additional indebtedness in the future. Moreover, the Reorganized Debtor's business plan contemplates raising a substantial amount of additional indebtedness, including in connection with the further commercial deployment of the American Centrifuge Project.

The Reorganized Debtor's substantial level of indebtedness (and other third-party obligations) could have important consequences, including:

- the terms and conditions imposed by the documents governing its indebtedness could make it more difficult for the Reorganized Debtor to satisfy its obligations to its lenders and other creditors, resulting in possible defaults on and acceleration of such indebtedness or breaches of such other commitments;
- the Reorganized Debtor may be more vulnerable to adverse economic conditions and have less flexibility to plan for, or react to, changes in the nuclear enrichment industry which could place the Reorganized Debtor at a competitive disadvantage compared to any industry competitors that have less debt or comparable debt at more favorable interest rates and that, as a result, may be better positioned to withstand economic downturns;
- the Reorganized Debtor may find it more difficult to obtain additional financing for future working capital, further development of the American Centrifuge Project and other general corporate requirements; and
- the Reorganized Debtor will be required to dedicate a substantial portion of its cash resources to payments on the New Notes thereby reducing the availability of its cash for further development of the American Centrifuge Project and other purposes.

If the Reorganized Debtor incurs substantial additional indebtedness, the foregoing risks would intensify.

(b) The Reorganized Debtor may Elect to Pay Interest on the New Notes in Kind Rather than Cash

At its option, the Reorganized Debtor has elected to pay in kind 1.5% of interest due on the New Notes for the time period between the date of issuance and September 30, 2014, and may elect to (i) pay in kind up to 3% of interest due on the New Notes for the time period between October 1, 2014 and September 30, 2015, and (ii) pay in kind up to 5.5% of interest due on the New Notes from October 1, 2015 through maturity, at its option, by either increasing the principal amount of the outstanding notes or by issuing new notes for the entire amount of the interest payment, thereby increasing the aggregate principal amount of the New Notes. As such, holders of the New Notes could potentially receive less cash interest on the New Notes than if the Reorganized Debtor were required to make interest payments completely in cash.

(c) Repayment of the New Notes is Dependent upon Cash Flow Generated by Enrichment Corp

As discussed above, the Reorganized Debtor expects to depend to a significant extent upon Enrichment Corp to generate and make available to it substantially all of the cash necessary to service its indebtedness under the New Notes and to fund its other commitments and to pay its expenses. Enrichment Corp's ability to generate cash will be affected by a range of economic, competitive and business factors, many of which are outside of its or the Reorganized Debtor's control. Moreover, Enrichment Corp's ability to make cash available to the Reorganized Debtor will depend on the sufficiency of such cash to first satisfy its own financial obligations.

If Enrichment Corp is unable to generate sufficient cash flow beyond its own financial commitments, it may not be able to provide to the Reorganized Debtor the funding necessary to service the indebtedness under the New Notes. In such event, the Reorganized Debtor will be required to adopt one or more alternatives to raise additional capital. Its ability to implement successfully any such alternative financing plans will be dependent on a range of factors, including general economic conditions and the prospects for successful commercialization of the American Centrifuge technology. There can be no assurance that the Reorganized Debtor could raise capital from sources other than Enrichment Corp. Enrichment Corp's inability to generate sufficient cash flow to satisfy the Reorganized Debtor's obligations under the New Notes could leave the Reorganized Debtor without funds necessary to make payments on the New Notes.

(d) The Right of Holders of New Notes to Receive Payments will be Junior to "Issuer Senior Debt"

The New Notes will be subordinated obligations of the Reorganized Debtor, junior in right of payment to the obligations of the Reorganized Debtor classified in the New Indenture as "Issuer Senior Debt", which includes (i) indebtedness of the Reorganized Debtor under the credit agreement (as defined in the new Indenture) and all obligations of the Reorganized Debtor with respect thereto, (ii) all obligations and claims against the Reorganized Debtor under any equity investment or any commitment to make any such equity investment with respect to the American Centrifuge Project made on or after the date that the New Notes are issued, (iii) all obligations and claims with respect to the Reorganized Debtor arising from financing or government support of the American Centrifuge Project, and (iv) indebtedness of the Reorganized Debtor to Enrichment Corp that is issued or incurred on or after the date the New Notes are issued and all obligations with respect thereto. The Reorganized Debtor expects that the amount of Issuer Senior Debt that it will incur from and after the date that the New Notes are issued (including pursuant to the Exit Facility) will be substantial.

In a bankruptcy, liquidation, reorganization or dissolution or other similar transaction with respect to the Reorganized Debtor, its assets will be available to pay the New Notes only after all payments have been made on its Issuer Senior Debt. After all payments have been made on such Issuer Senior Debt, holders of the New Notes will participate with trade creditors and all other holders of unsubordinated indebtedness in the assets remaining. However, because the New Indenture requires that amounts otherwise payable to holders of the notes in a bankruptcy or similar proceeding be paid to holders of Issuer Senior Debt instead, holders of the New Notes may receive less, ratably, than holders of trade payables in any such proceeding. As a result, there can be no assurance that in any such event sufficient assets would remain to make any payments on the New Notes. In addition, all payments on the New Notes will be blocked in the event of a payment default on Issuer Senior Debt and may be blocked for up to 179 consecutive days in the event of certain non-payment defaults on Issuer Senior Debt.

In addition, the New Notes will be the Reorganized Debtor's general unsecured obligation, will rank equal in right of payment to any future unsubordinated indebtedness of the Reorganized Debtor other than Issuer Senior Debt, will be structurally subordinated to all future indebtedness of and other liabilities of the Reorganized Debtor's subsidiaries (other than Enrichment Corp) and will be effectively subordinated to any future secured indebtedness of the Reorganized Debtor to the extent of the value of the collateral securing such indebtedness.

In addition, the Debtor currently has obligations owing to each of PBGC and the United States government and each of the PBGC and the United States government are beneficiaries of certain Federal statutes that may entitle them to obtain statutory liens on the assets of the Reorganized Debtor.

(e) There is no Public Market for the New Notes and No Assurance that an Active Market will Develop

The New Notes will constitute a new issue of securities with no established market. No assurance can be given that an active public or other market will develop for the New Notes or as to the liquidity of or the market for the New Notes. If a market does not develop or is not maintained, holders of the New Notes may experience difficulty in reselling the New Notes or may be unable to sell them at all. If a market for the New Notes develops, any such market may cease to continue at any time. If a public market develops for the New Notes, future prices of the New Notes will depend on many factors, including, among other things, prevailing interest rates, the Reorganized Debtor's and its subsidiaries' results of operations and the markets for similar securities and other factors, including the Reorganized Debtor's and its subsidiaries' financial condition. The New Notes may trade at a discount from their principal amount.

(f) The Reorganized Debtor may be Unable to Finance the Change of Control Repurchase Offers

Upon a change of control (as defined in the New Indenture), the Reorganized Debtor is required to offer to repurchase the New Notes at a price equal to 101% of the principal amount of the New Notes plus accrued and unpaid interest to the date of repurchase. The Reorganized Debtor's ability to pay cash to the holders of the New Notes in connection with such repurchase will be limited by the then existing financial resources of the Reorganized Debtor and its subsidiaries, including Enrichment Corp. Accordingly, it is possible that the Reorganized Debtor will not have sufficient funds at the time of the change of control to make the required repurchase of New Notes. Any requirement to offer to repurchase the New Notes may therefore require the Reorganized Debtor to refinance the New Notes, which it may not be able to do on commercially reasonable terms, if at all. The Reorganized Debtor's failure to offer to repurchase all outstanding New Notes or to purchase all validly tendered New Notes would be an event of default under the New Indenture. Such an event of default may cause the acceleration of other debt or funding commitments to which the Reorganized Debtor or its subsidiaries, including Enrichment Corp may be a party.

Future debt of the Reorganized Debtor or Enrichment Corp may contain restrictions on repayment requirements with respect to specified events or transactions that constitute a change of control under the New Indenture. As a result, following a change of control event, the Reorganized Debtor may not be able to repurchase the New Notes and Enrichment Corp may not be able to provide cash to the Reorganized Debtor for such repurchase unless all indebtedness outstanding under any such future debt arrangement is first repaid and any other indebtedness that contains similar provisions is repaid, or waivers are obtained from the holders of such indebtedness to permit the Reorganized Debtor to repurchase the New Notes or Enrichment Corp to provide such cash to the Reorganized Debtor. Such a waiver may not be obtained, in which case the Reorganized Debtor may be unable to repay all indebtedness under the New Notes. In addition, any future debt agreements that the Reorganized Debtor or its subsidiaries (including Enrichment Corp) enter into also may contain similar provisions.

In addition, the definition of change of control in the New Indenture includes a phrase relating to the sale of "substantially all" of the Reorganized Debtor's assets. There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of New Notes to require the Reorganized Debtor to repurchase its New Note as a result of a sale of less than all of the Reorganized Debtor's assets to another person may be uncertain.

(g) The Maturity Date of the New Notes may be Extended from Five Years to Ten Years

In the event that a Funding Condition (as defined in the New Indenture) with respect to the American Centrifuge Plant is satisfied after the date that the New Notes are issued, the Reorganized Debtor may elect to extend the maturity date of the New Notes from five (5) years from the date of issuance to ten (10) years from the date of issuance. In the event that the maturity date of the New Notes is extended, payment of the principal amount of the New Notes will not be due to the holders of the New Notes until the date that is ten (10) years from the date of issuance of the New Notes.

(h) The New Notes may be Treated as Issued with Original Issue Discount

As previously discussed, the New Notes will be treated as having been issued with original issue discount (OID) for U.S. Federal income tax purposes.

If a bankruptcy petition were later filed by or against the Reorganized Debtor under applicable U.S. Federal bankruptcy laws, the issuance of the New Notes and the claim by any holder of the New Notes for the principal amount of the New Notes may be limited to an amount equal to the sum of: (i) the original issue price of the New Notes and (ii) that portion of the OID that does not constitute "unmatured interest" for purposes of the applicable U.S. federal bankruptcy laws.

Any OID that was not amortized as of the date of any such bankruptcy filing may constitute unmatured interest. Accordingly, holders of the New Notes under these circumstances may receive a lesser amount than they may be entitled to under the terms of the New Indenture, even if sufficient funds are available.

(i) The New Indenture Contains Only Limited Covenants and these Limited Covenants May Not Protect the Holders of the New Notes

The New Indenture contains only limited restrictive covenants and does not contain restrictions that would, among other things:

- require the Reorganized Debtor to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity;
- limit the Reorganized Debtor, or any of its subsidiaries, from incurring any indebtedness or from issuing securities that would be structurally senior to the New Notes;
- limit the Reorganized Debtor's ability to incur secured indebtedness and otherwise pledge its assets or those of its subsidiaries (other than Enrichment Corp);
- restrict the Reorganized Debtor's ability to repurchase its securities; or
- restrict the ability of the Reorganized Debtor to make investments or to pay dividends or make other payments in respect of its common stock or other securities ranking junior to the New Notes.

Accordingly, the New Indenture does not contain covenants that are typically found in indentures governing securities such as the New Notes that would protect holders of the New Notes in the event that the Reorganized Debtor experiences significant adverse changes to its financial condition or results of operations.

(j) New Notes may be Subject to Restrictions on Resale

See Part V for a discussion of restrictions on resale of the New Notes acquired under the Plan.

5. Risks Associated With Limited Subsidiary Guarantee

(a) Enrichment Corp has Significant Payment Obligations and may Incur Significant Additional Indebtedness

Enrichment Corp currently has significant payment obligations to third parties, including pursuant to its commitment to fund its defined benefit pension plans and to fund the wind down of its Paducah enrichment facility. In addition, the terms of the New Indenture will not restrict Enrichment Corp from incurring substantial indebtedness in the future. Any indebtedness or other obligations that Enrichment Corp might incur in the future that meet the definition of "Designated Senior Claims" in the New Indenture will be senior in right of payment to the Limited Subsidiary Guaranty and will have a security interest in, or liens on, the assets constituting the collateral securing the Limited Subsidiary Guaranty that will be senior in right of priority to the security interest securing the Limited Subsidiary Guaranty. Enrichment Corp's substantial payment obligations and current and potential future indebtedness could restrict its ability to make any payment on the Limited Subsidiary Guaranty or to provide cash to the Reorganized Debtor to, among other things, make payments on the New Notes. If Enrichment Corp incurs substantial additional indebtedness, these risks would intensify. In addition, as described below, payments on the Limited Senior Guaranty will likely be subject to a number of restrictions, including payment blockage.

(b) The Limited Subsidiary Guaranty may be Released Prior to Maturity of the New Notes

Under the terms of the New Indenture, Enrichment Corp's Limited Subsidiary Guaranty will automatically and unconditionally be released upon the occurrence of certain "Termination Events" specified in the New Indenture except for Enrichment Corp's guarantee of interest accrued and unpaid in cash from the date of issuance through the earlier of the commencement of certain proceedings related to a bankruptcy of Enrichment Corp or the stated maturity date. These Termination Events include, among other things, certain situations where the Reorganized Debtor decides to abandon or terminate all activities

under the American Centrifuge Project or to permanently wind down, demobilize or suspend all such activities or the funding of the RD&D Program ceases prior to completion. In the event that any such Termination Event with respect to the Limited Subsidiary Guaranty shall occur, the holders of the New Notes would only have recourse to the Limited Subsidiary Guaranty to the limited extent described above.

(c) The Amount that can be Collected Under the Limited Subsidiary Guaranty will be Limited

Enrichment Corp's Limited Subsidiary Guaranty will be limited to the maximum amount that can be guaranteed by Enrichment Corp without rendering such guaranty voidable, and the Limited Subsidiary Guaranty may be voided prior to maturity of the New Notes. In general, the maximum amount that can be guaranteed by Enrichment Corp may be significantly less than the principal amount of the New Notes.

The Limited Subsidiary Guaranty (including the liens securing the Limited Subsidiary Guaranty) could be deemed fraudulent conveyances under certain circumstances, and a court may try to subordinate or void them.

Under the federal bankruptcy laws and comparable state fraudulent conveyance statutes, if a court were to find that, at the time the Limited Subsidiary Guaranty was issued:

- the Limited Subsidiary Guaranty was issued with the intent to hinder, delay or defraud any present or future creditor; or
- Enrichment Corp contemplated insolvency with a design to favor one or more creditors to the exclusion of others; or
- Enrichment Corp did not receive fair consideration or reasonably equivalent value for issuing the Limited Subsidiary Guaranty and, at the time Enrichment Corp issued the Limited Subsidiary Guaranty, Enrichment Corp:
  - was insolvent or became insolvent as a result of such obligation;
  - was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital; or
  - intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they matured (as all of the foregoing terms are defined or interpreted under the relevant fraudulent transfer or conveyance statutes);

the court could void or subordinate the obligations evidenced by the guaranty (including the liens securing the guaranty).

If a court were to find that the issuance or the incurrence of the Limited Subsidiary Guaranty (or the issuance of the liens securing the Limited Subsidiary Guaranty) was a fraudulent transfer or conveyance, the court could void the payment obligations under the guaranty, could rule that holders of the New Notes were not entitled to the benefits of any lien securing the Limited Subsidiary Guaranty, could subordinate the Limited Subsidiary Guaranty to presently existing and future indebtedness of Enrichment Corp or could require the holders of the New Notes to re-pay any amounts received with respect to the Limited Subsidiary Guaranty. In the event of a finding that a fraudulent transfer or conveyance occurred, a holder of New Notes may not receive any repayment on the guaranty.

As a general matter, value is given for a transfer or an obligation if in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is satisfied. A court could find that Enrichment Corp did not receive reasonably equivalent value or fair consideration for the Limited Subsidiary Guaranty to the extent it found that Enrichment Corp did not obtain a reasonably equivalent benefit from the Debtor's restructuring and issuance of the New Notes.

Because the measures for insolvency for purposes of the foregoing considerations will vary depending on the law applied in any proceeding with respect to the foregoing, there is no certainty as to the standards a court would use to determine whether or not Enrichment Corp was insolvent at the relevant time or, regardless of the standard that a court uses, whether the guaranty would be subordinated to any other debt of Enrichment Corp. In general, however, a court would consider the following in determining an entity's insolvency:

- the sum of its debts, including contingent and unliquidated liabilities, was greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent and unliquidated liabilities, as they become absolute and mature; or
- whether it could not pay its debts as they became due.

The Limited Subsidiary Guaranty will contain a provision intended to limit Enrichment Corp's liability to the maximum amount that it could incur without causing the incurrence of obligations under the Limited Subsidiary Guaranty to be a fraudulent transfer. This provision may not be effective to protect the Limited Subsidiary Guaranty from being avoided under fraudulent transfer law. Under certain case law, the validity of such a customary savings clause in a guaranty has been questioned.

(d) The Right to Payments on the Limited Subsidiary Guaranty will be Junior to "Designated Senior Claims"

The Limited Subsidiary Guaranty will be a subordinated obligation of Enrichment Corp, junior in right of payment to all current and future obligations and claims of Enrichment Corp constituting "Designated Senior Claims." The New Indenture contains no restrictions on the amount of Designated Senior Claims that Enrichment Corp may incur. As discussed above, Enrichment Corp has liability for underfunding of its defined benefit plans, as well as control group liability for the Debtor's plan, in the approximate amount of $123.4 million as of December 31, 2013, although the amount of such underfunding could be greater if valued on a PBGC termination basis. Under the New Indenture, Enrichment Corp's obligations held by or for the benefit of the PBGC pursuant to any settlement of certain claims related to the Company's underfunded defined pension benefits plans or held by the United States Government are among those obligations of Enrichment Corp that will constitute Designated Senior Claims. There is no restriction on the amount of indebtedness that can constitute a Designated Senior Claim. It is expected that any such Designated Senior Claims could be significant. In addition, certain obligations of Enrichment Corp incurred in connection with the Reorganized Debtor's efforts to finance commercialization of the American Centrifuge Project will also constitute Designated Senior Claims. Under the terms of the New Indenture, there is no limit on the amount of Designated Senior Claims that Enrichment Corp may incur and it is expected that Enrichment Corp's obligations constituting Designated Senior Claims will be substantial.

In a bankruptcy, liquidation, reorganization or dissolution or other similar transaction with respect to Enrichment Corp, its assets will be available to pay its obligations under the Limited Subsidiary Guaranty only after all payments have been made on all of Enrichment Corp's obligations under the Designated Senior Claims. After all payments have been made on such Designated Senior Claims, holders of the New Notes will be senior to any trade creditors and all other holders of unsubordinated indebtedness to the extent of the value, if any, of any remaining collateral securing the Limited Senior Guaranty and after all proceeds of the encumbered assets will be *pari passu* with such trade and unsecured creditors in the unencumbered assets remaining. However, because the New Indenture requires that amounts otherwise payable with respect to the Limited Subsidiary Guaranty to holders of the New Notes in a bankruptcy or similar proceeding be paid to holders of Designated Senior Claims instead, the proceeds of such unencumbered assets must first be paid to the holders of Designated Senior Claims with remaining claims, and thus holders of the New Notes may receive less, ratably, pursuant to the Limited Subsidiary Guaranty than holders of trade payables and other holders of unsubordinated indebtedness in any such proceeding. As a result, there is no assurance that in any such event sufficient assets would remain to make any payments on the Limited Subsidiary Guaranty. In addition, all payments on the Limited Subsidiary Guaranty will be blocked in the event of a payment default on Designated Senior Claims and may be blocked for up to 179 consecutive days in the event of certain non-payment defaults on Designated Senior Claims.

(e) The Liens Securing the Limited Subsidiary Guaranty are Junior to Liens of Designated Senior Claims

Enrichment Corp's obligations under the Limited Subsidiary Guaranty are secured by a lien on Enrichment Corp's assets constituting collateral under the New Indenture and the related security documents. The security interest securing the Limited Subsidiary Guaranty will be junior in priority to any and all security interests and liens at any time securing the Designated Senior Claims. It is expected that, after issuance of the New Notes, Enrichment Corp will incur obligations under third-party indebtedness or amounts due to the United States Government that will constitute Designated Senior Claims. Moreover, Enrichment Corp plans to engage in further discussions with the PBGC concerning a possible settlement in connection with its underfunded defined benefit pension plan. Upon Enrichment Corp incurring obligations that constitutes Designated Senior Claims, the security interest securing Enrichment Corp's obligations under the Limited Subsidiary Guaranty will become junior to the security interests and liens securing such Designated Senior Claims. In addition, it is expected that, in connection with the incurrence of any Designated Senior Claims, the trustee and the collateral agent under the New Indenture (on behalf of the holders of the New Notes) and the representatives of various Designated Senior Claims will enter into an intercreditor agreement substantially in the form attached to the New Indenture that will define the relative rights in the collateral of the holders of the Designated Senior Claims and the Trustee (as representative of the holders of the New Notes). For example, under the terms of the New Indenture, related security documents and the intercreditor agreement, once the relevant parties enter into the intercreditor agreement, representatives of the holders of Designated Senior Claims will, at all times prior to termination of all Designated Senior Claims, control all remedies or other actions related to the collateral

securing Limited Subsidiary Guaranty other than after the termination of a 180-day standstill period commencing on the date that the collateral agent for the applicable Designated Senior Claims receives notice from the collateral agent for the New Notes of acceleration of all obligations under Enrichment Corp's guaranty and the related security documents. The intercreditor agreement will prohibit the holders of the New Notes from foreclosing on the collateral securing the New Notes or exercising other remedies or taking other actions with respect to such collateral during the standstill period at any time prior to payment in full of the obligations under all Designated Senior Claims and require proceeds of collateral to be turned over to the holders of Designated Senior Claims.

There can be no assurance that, in the event that any Designated Senior Claim is secured by the interests of Enrichment Corp constituting collateral securing the Limited Subsidiary Guaranty, the proceeds from any sale or liquidation of such collateral will be available to pay Enrichment Corp's obligations under the Limited Subsidiary Guaranty after first satisfying Enrichment Corp's obligation in full under the Designated Senior Claims secured by such collateral. In addition, Enrichment Corp currently has obligations owing to each of PBGC and the United States government and each of the PBGC and the United States government are beneficiaries of certain Federal statutes that entitle them to obtain statutory liens on the assets of Enrichment Corp which liens may be entitled to priority over the security interest securing the Limited Subsidiary Guaranty.

(f) There are Limited Restrictions on the Disposition of Collateral Securing the Limited Subsidiary Guaranty

The trustee and the collateral agent under the New Indenture and the applicable security documents have limited rights to control the collateral securing the Limited Subsidiary Guaranty, and the sale of assets comprising a substantial portion of such collateral by Enrichment Corp is likely and will reduce the pool of assets securing the Limited Subsidiary Guaranty.

The New Indenture and the related security documents will allow Enrichment Corp to remain in possession of, retain exclusive control over, freely operate, invest and dispose of any income from, the assets securing the Limited Subsidiary Guaranty. So long as no default or event of default under the New Indenture and the security documents arises, the trustee and collateral agent under the New Indenture and the applicable security documents have limited rights to limit Enrichment Corp's conduct of ordinary course activities with respect to the collateral. For example, Enrichment Corp's business plan contemplates that the LEU comprising a substantial portion of the collateral securing the Limited Subsidiary Guaranty will be sold with the proceeds from such sale being used to satisfy Enrichment Corp's other obligations, including its commitment to fund its defined benefit pension plans and its obligations in connection with the wind down of the Paducah Plant. In addition, it is currently contemplated that Enrichment Corp will advance funds generated, in part, by the sale of these assets to the Reorganized Debtor pursuant to the Exit Facility. Accordingly, it is expected that the amount of value of the assets available to secure Enrichment Corp's obligations under the Limited Subsidiary Guaranty will be reduced over time.

6. Risks Associated With New Common Stock

(a) The Value of the New Common Stock is Highly Speculative

The value of the Reorganized Debtor on a going concern basis, and thus the value of the New Common Stock, is highly uncertain and therefore is highly speculative. Any future value will be dependent on the successful commercialization of the American Centrifuge Plant, as to which there is no assurance.

(b) There is no Current Public Market for the New Common Stock and the Trading Price May be Volatile

The New Common Stock, Class A (the "Class A Stock") will be issued to the holders of Noteholder Claims and the holders of Common Stock Interests/Claims. The Reorganized Debtor intends to cause the Class A Stock to be registered under Section 12(g) of the Exchange Act. As a result, the Reorganized Debtor will be required to file periodic reports under the Exchange Act with the SEC while the Class A Stock is so registered. Subject to meeting applicable listing standards, the Reorganized Debtor will use commercially reasonably efforts to list the New Common Stock for trading on a national securities exchange as soon as practicable following the Effective Date. There can be no assurance that the Reorganized Debtor will satisfy the listing criteria of any national securities exchange. Unless and until the Class A Stock is listed on any national or regional securities exchange, shares of the Class A Stock may be traded only infrequently in transactions arranged through brokers or otherwise, and reliable market quotations for the Class A Stock may not be available. However, as the Reorganized Debtor will be required to file periodic reports with the SEC so long as it has a security registered under Section 12 of the Exchange Act, the Class A Stock may be eligible for quotation by certain members of the Financial Industry Regulatory Authority on the OTC Bulletin Board.

Persons to whom the Class A Stock is issued pursuant to the Plan may prefer to liquidate their investment rather than hold such New Common Stock on a long-term basis. Accordingly, any market that does develop for the Class A Stock may be volatile. Other factors that may further depress or contribute to the volatility of any market for the Class A Stock include: the restrictions on transferability of the New Common Stock discussed below, perceptions as to the general long-term prospects and financial health of the Reorganized Debtor and the likelihood that the Reorganized Debtor will not pay dividends for the foreseeable future.

(c) Potential Future Issuance of Class A Stock Could Adversely Affect the Future Trading Price

On the Effective Date, the Reorganized Debtor will, pursuant to the New USEC Charter have the authority to issue 100,000,000 shares of New Common Stock. Under the Plan, the Reorganized Debtor will issue in the aggregate 7,563,600 shares of Class A Stock (i) to the holders of the Allowed Noteholder Claims, (ii) to the holders of the Allowed Common Stock Interests Claims and (iii) pursuant to the New Management Incentive Plan. In addition, under the Plan, on the Effective Date, the Reorganized Debtor will, pursuant to the New USEC Charter, issue an aggregate of 1,436,400 shares of New Common Stock, Class B (the "Class B Stock") to the two holders of the Allowed Preferred Stock Interests/Claims. Under the terms of the Class B Stock as provided in the New USEC Charter, each share of Class B Stock is automatically converted to Class A Stock upon transfer of such share to other than permitted holders of the Class B Stock or their affiliates. In addition, under the Plan, the Reorganized Debtor may issue additional shares of New Common Stock issued post-emergence in accordance with the provisions of the New USEC Governing Documents.

Future sales or other issuances of Class A Stock, the perception that such sales or other issuances could occur or the availability for future sale of shares of Class A Stock or securities convertible into or exchangeable for shares of Class A Stock (including pursuant to the shares of Class B Stock issued on the Effective Date) could adversely affect the market prices of the Class A Stock and could impair the Reorganized Debtor's ability to raise capital through future offerings of equity securities. In addition, under the New USEC Charter, the Reorganized Debtor is authorized to issue 20,000,000 shares of preferred stock. The Reorganized Debtor may, in the future, elect to issue shares of preferred stock, which would likely have rights that are senior to the New Common Stock.

(d) It is Unlikely that the Reorganized Debtor will Pay Dividends in the Foreseeable Future

All of the Reorganized Debtor's cash flow will be required to be used in the foreseeable future (i) to fund the Reorganized Debtor's obligations under the Plan, (ii) to make payments of interest on the New Notes, (iii) to continue the commercial deployment of the American Centrifuge Project, and (iv) generally for working capital and general corporate purposes. In addition, the terms of the New Note Indenture restrict, and it is expected that the terms of other third-party indebtedness will restrict, the ability of Enrichment Corp to advance funds to the Reorganized Debtor for the purpose of paying dividends. Accordingly, the Reorganized Debtor does not anticipate paying cash dividends on the New Common Stock in the foreseeable future.

(e) The New USEC Charter Contains Certain Restrictions on Foreign Ownership of the New Common Stock

Under the Debtor's current certificate of incorporation, the Debtor has certain rights with respect to shares of common stock held beneficially or of record by foreign persons. Foreign persons are defined to include, among others, an individual who is not a U.S. citizen, an entity that is organized under the laws of a non-U.S. jurisdiction and an entity that is controlled by individuals who are not U.S. citizens or by entities that are organized under the laws of non-U.S. jurisdictions. The rights continue under the New USEC Charter to be put in place under the Plan and will apply to the New Common Stock.

Under the New USEC Charter, as under the Debtor's current certificate of incorporation, the occurrence of any one or more of the following events is a "foreign ownership review event" and triggers the board of directors' right to take various actions: (1) the beneficial ownership by a foreign person of (a) 5% or more of the issued and outstanding shares of any class of equity securities, (b) 5% or more in voting power of the issued and outstanding shares of all classes of equity securities, or (c) less than 5% of the issued and outstanding shares of any class of equity securities or less than 5% of the voting power of the issued and outstanding shares of all classes of equity securities, if such foreign person is entitled to control the appointment and tenure of any of the Reorganized Debtor's management positions or any director; (2) the beneficial ownership of any shares of any class of equity securities by or for the account of a foreign uranium enrichment provider or a foreign competitor (referred to as "contravening persons"); or (3) any ownership of, or exercise of rights with respect to, shares of any class of equity securities or other exercise or attempt to exercise control of the Reorganized Debtor that is inconsistent with, or in violation of, any regulatory restrictions, or that could jeopardize the continued operations of the Reorganized Debtor's facilities (an "adverse regulatory occurrence"). These rights include requesting information from holders (or proposed holders) of securities, refusing to permit the transfer of securities by such holders, suspending or limiting voting rights of such holders, redeeming or exchanging shares of stock owned by such holders on terms set forth in the New USEC Charter, and taking other actions that the Reorganized Debtor deems necessary or appropriate to ensure compliance with the foreign ownership restrictions.

The terms and conditions of the redemption or exchange rights with respect to shares held by foreign persons or contravening persons are as follows:

- Redemption price or exchange value: Generally the redemption price or exchange value for any shares of common stock redeemed or exchanged would be their fair market value. However, if the Reorganized Debtor redeems or exchanges shares held by foreign persons or contravening persons and the board of directors in good faith determines that such person knew or should have known that its ownership would constitute a foreign ownership review event (other than shares for which the board determined at the time of the person's purchase that the ownership of, or exercise of rights with respect to, such shares did not at such time constitute an adverse regulatory occurrence), the redemption price or exchange value is required to be the lesser of fair market value and the person's purchase price for the shares redeemed or exchanged.
- Form of payment: Cash, securities or a combination, valued by the board of directors in good faith.
- Notice: At least 30 days' notice of redemption is required; however, if the Reorganized Debtor has deposited the cash or securities for the redemption or exchange in trust for the benefit of the relevant holders, it may redeem shares held by such holders on the same day that it provides notice.

Accordingly, there are situations in which a foreign stockholder or contravening person could lose the right to vote its shares of New Common Stock or in which the Reorganized Debtor may redeem or exchange shares held by a foreign person or contravening person and in which such redemption or exchange could be at the lesser of fair market value and the person's purchase price for the shares redeemed or exchanged, which could result in a significant loss for that person.

(f) Anti-Takeover Provisions Could Delay or Prevent an Acquisition of the Reorganized Debtor

The Reorganized Debtor will continue as a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of the Reorganized Debtor, even if a change of control would be beneficial to the Reorganized Debtor's shareholders. Provisions of New USEC Charter or New USEC By-laws may make it more difficult for a third party to acquire control of the Reorganized Debtor without the consent of the New Board. Moreover, the New Board may adopt a tax benefit preservation plan or other measures that could increase the cost of, or prevent, a takeover attempt. In addition, the New Indenture governing the New Notes prohibits the Reorganized Debtor from engaging in certain mergers or consolidations unless, among other things, the surviving entity assumes the obligations under the New Notes. These various restrictions could deprive shareholders of the opportunity to realize takeover premiums for their shares.

(g) New Common Stock may be Subject to Restrictions on Resale

See Part V for a discussion of restrictions on resale of the New Common Stock acquired under the Plan.

D. DISCLOSURE STATEMENT DISCLAIMER

1. The Information Contained Herein Is For Soliciting Votes Only

The information contained in this Disclosure Statement is for purposes of soliciting votes on the Plan and may not be relied upon for any other purposes.

2. This Disclosure Statement Was Not Approved By The SEC

This Disclosure Statement has not been filed with the SEC or any state regulatory authority. Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. The Financial Information Contained In This Disclosure Statement Is Not Audited

The financial information contained in this Disclosure Statement has not been audited. In preparing this Disclosure Statement, the Debtor relied on financial data derived from its books and records that was available at the time of such preparation. Although the Debtor used reasonable good faith efforts to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtor believes that such financial information fairly reflects the financial condition of the Debtor, the Debtor is unable to warrant or represent that the financial information contained herein and attached hereto is without material inaccuracies.

4. This Disclosure Statement Contains Forward Looking Statements

This Disclosure Statement contains "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may," "expect," "believe," "predicts," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are inherently speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The liquidation analysis, distribution projections and other information contained herein and attached hereto are estimates only, and the timing and amount of actual distributions to holders of Allowed Claims and Interests may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate.

5. No Legal Or Tax Advice Is Provided To You By This Disclosure Statement

This Disclosure Statement is not, and the contents of this Disclosure Statement should not be construed to be, legal, business or tax advice to you. Each holder of a Claim or an Interest should consult his or her own legal counsel and accountant with regard to any legal, business, tax and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

6. No Admissions Are Made By This Disclosure Statement

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any Entity (including, without limitation, the Debtor) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtor, the Reorganized Debtor, the holders of Allowed Claims or Allowed Interests or any other parties in interest.

7. No Reliance Should Be Placed On Any Failure To Identify Litigation Rights Or Projected Objections

No reliance should be placed on the fact that a particular Litigation Right or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. Except as otherwise provided in the Plan, the Confirmation Order or a Final Order, the Debtor or the Reorganized Debtor, as applicable, may seek to investigate, file and prosecute any Litigation Rights or objections to Claims and Interests, and may do so after the Confirmation Date or Effective Date of the Plan irrespective of whether the Disclosure Statement identifies such Litigation Rights or objections.

8. Nothing Herein Constitutes A Waiver Of Any Right To Object To Claims Or Recover Transfers And Assets

Unless otherwise provided in the Plan, the vote by a holder of an Allowed Claim or Allowed Interest for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtor, the Reorganized Debtor or any party in interest, as the case may be, to object to that holder's Allowed Claim or Allowed Interest, or recover any preferential, fraudulent or other voidable transfer or assets, regardless of whether any Litigation Rights of the Debtor or its Estate are specifically or generally identified herein.

9. The Information Used Herein Was Provided By The Debtor And Was Relied Upon By The Debtor's Advisors

Counsel to and other advisors retained by the Debtor have relied upon information provided by the Debtor in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtor have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

10. The Potential Exists For Material Inaccuracies, And The Debtor Has No Duty To Update

The statements contained in this Disclosure Statement are made by the Debtor as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtor has used its reasonable good faith efforts to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtor nonetheless cannot, and does not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtor may subsequently update the information in this Disclosure Statement, the Debtor has no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

11. No Representations Made Outside The Disclosure Statement Are Authorized

No representations concerning or relating to the Debtor, the Chapter 11 Case or the Plan are authorized by the Debtor, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtor.

VIII.
CONFIRMATION AND CONSUMMATION OF THE PLAN OF REORGANIZATION

A. SOLICITATION ORDER

On July 7, 2014, the Bankruptcy Court entered an order that, among other things, determines the dates, procedures and forms applicable to the process of soliciting votes on the Plan and establishes certain procedures with respect to the tabulation of such votes [Docket No. 378] (the "Solicitation Order"). A copy of the Solicitation Order is may be obtained free of charge at www.loganandco.com under client name USEC Inc., or by request made to (i) the Debtor's counsel at Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, Attn: Annemarie Reilly, (212) 751-4864 (facsimile) or Annemarie.Reilly@lw.com (email) or (ii) the Voting Agent, Logan & Company, Inc., at 546 Valley Road, Upper Montclair, New Jersey 07043, (973) 509-3190 (telephone), (973) 509-1131 (facsimile) or USEC@loganandco.com (email).

B. PARTIES ENTITLED TO VOTE

In general, a holder of a claim or interest may vote to accept or to reject a plan if (a) the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest and (b) the claim or interest is "impaired" by the plan and entitled to receive a recovery under the plan.

Under Bankruptcy Code Section 1124, a class of claims or interests is deemed to be "impaired" under a plan unless (i) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest is not entitled to receive or retain any distribution under the plan on account of such claim or interest, although a de minimis distribution is provided under the plan by consent of senior classes, or does not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan.

C. CLASSES ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN

Noteholder Claims in Class 5 and Preferred Stock Interests/Claims in Class 6 are deemed to be Allowed under the Plan, are Impaired by the Plan and entitled to receive a distribution under the Plan. Therefore, holders of Claims and Interests in Classes 5 and 6 are entitled to vote to accept or reject the Plan. By operation of law, Classes 1, 2, 3 and 4, which are Unimpaired Classes of Claims, are deemed to have accepted the Plan; and Classes 7 and 8, which are Impaired Classes of Claims and Interests that are not entitled to receive anything under the Plan (notwithstanding the de minimis distribution for Class 7 if Classes 5 and 6 vote to accept the Plan) are deemed to have rejected the Plan. Therefore, the holders of Claims or Interests in Classes 1, 2, 3, 4, 7 and 8 are not entitled to vote to accept or reject the Plan.

D. VALIDITY OF BALLOTS

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of ballots will be determined by the Voting Agent and the Debtor in their sole discretion, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtor reserves the absolute right to contest the validity of any such withdrawal. The Debtor also reserves the right to reject any and all ballots not in proper form, the acceptance of which would, in the opinion of the Debtor or its counsel, be unlawful. The Debtor further reserves the right to waive any defects or irregularities or conditions of delivery as to any particular ballot. The interpretation (including the ballot and the

respective instructions thereto) by the Voting Agent and the Debtor, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of ballots must be cured within such time as the Debtor (or the Bankruptcy Court) determine. Neither the Debtor nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

E. WITHDRAWAL OF BALLOTS; REVOCATION

Any party who has delivered a valid ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline (or, with the written consent of the Debtor, after the Voting Deadline). To be valid, a notice of withdrawal must (i) contain the description of the Claim(s) or Interest(s) to which it relates and the aggregate principal amount represented by such Claim(s) or Interest(s), (ii) be signed by the withdrawing party in the same manner as the ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) or Interest(s) and possesses the right to withdraw the vote sought to be withdrawn, and (iv) be received by the Voting Agent in a timely manner prior to the Voting Deadline (or thereafter with the written consent of the Debtor) at Logan & Company, Inc., Attention: USEC, Inc., 546 Valley Road, Upper Montclair, New Jersey 07043. The Debtor intends to consult with the Voting Agent to determine whether any withdrawals of ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtor expressly reserves the absolute right to contest the validity of any such withdrawals of ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of ballots which is not received in a timely manner by the Voting Agent will not be effective to withdraw a previously cast ballot. Any party who has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed ballot may revoke such ballot and change his or its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent properly completed ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed ballot is received, only the ballot which bears the latest date will be counted for purposes of determining whether the requisite acceptances have been received.

F. SPECIAL INSTRUCTIONS FOR HOLDERS OF NOTEHOLDER CLAIMS

If you are the holder of any Noteholder Claim, or if you are acting on behalf of the holder of any of such Claims, please carefully review the special instructions that accompany your ballot. The special instructions may not be consistent with the general instructions contained in this Disclosure Statement. In the event of an inconsistency, you should follow the special instructions that accompany your ballot.

The Voting Record Date for determining which holders of Old Notes are entitled to vote on the Plan is July 3, 2014. The Indenture Trustee for the Old Notes will not vote on behalf of the holders of such notes. Holders must submit their own ballots.

1. Beneficial Owners

A beneficial owner holding Old Notes as record holder in its own name may vote using either a master ballot or a beneficial owner ballot. The ballot must be completed, signed and returned to the Voting Agent on or before the Voting Deadline using the self-addressed envelope provided.

A beneficial owner holding Old Notes in "street name" through a bank, brokerage firm, other nominee or agent for any such nominee (the "Nominee") may vote on the Plan by one of the following two methods (as selected by such beneficial owner's Nominee):

- Complete and sign the beneficial owner ballot provided by the Nominee. Return the ballot to the Nominee as promptly as possible and in sufficient time to allow such Nominee to process the ballot and return it to the Voting Agent by the Voting Deadline. If no self-addressed envelope was provided by the Nominee, contact the Voting Agent for instructions; or
- If the Nominee provides a pre-validated beneficial owner ballot (as described below), complete and sign the pre-validated ballot and return it to the Voting Agent by the Voting Deadline using the return envelope provided in the Solicitation Package.

Any beneficial owner ballot returned to a Nominee by a beneficial owner will not be counted for purposes of acceptance or rejection of the Plan unless such Nominee properly completes and delivers to the Voting Agent either the beneficial owner ballot or a master ballot that reflects the vote of such beneficial owner.

If any beneficial owner owns Old Notes through more than one Nominee, such beneficial owner may receive multiple mailings containing beneficial owner ballots. The beneficial owner should execute a separate ballot for each block of Old Notes that it holds through any particular Nominee and return each ballot to the respective Nominee in the envelope provided therewith (or directly to the Voting Agent if the beneficial owner receives a pre-validated ballot from its Nominee). Beneficial owners who execute multiple ballots with respect to Old Notes held through more than one Nominee must indicate on each ballot the names of ALL such other Nominees and the additional amounts of such Old Notes so held and voted. If a beneficial owner holds a portion of the Old Notes through a Nominee and another portion as a record holder, the beneficial owner should follow the procedures described for a holder of record for the portion held of record and the procedures described for a holder with a Nominee to vote the portion held through a Nominee.

2. Nominees

A Nominee that on the Voting Record Date is the registered holder of Old Notes for a beneficial owner can obtain the votes of the beneficial owners of such Old Notes, consistent with customary practices for obtaining the votes of securities held in "street name," in one of the following two ways:

- The Nominee may "pre-validate" a beneficial owner ballot by (i) signing the ballot; (ii) indicating on the ballot the name of the registered holder, the amount of Old Notes held by the Nominee for the beneficial owner, and the account numbers for the accounts in which such Old Notes are held by the Nominee; and (iii) forwarding such ballot, together with the Disclosure Statement, return envelope and other materials requested to be forwarded, to the beneficial owner for voting. The beneficial owner must then complete the information requested in the ballot, review the certifications contained in the ballot, and return the ballot directly to the Voting Agent in the pre-addressed envelope so that it is RECEIVED by the Voting Agent before the Voting Deadline. A list of the beneficial owners to whom "pre-validated" beneficial owner ballots were delivered should be maintained by Nominees for inspection for at least one year form the Voting Deadline; or

- If the Nominee elects not to pre-validate the beneficial owner ballot, the Nominee may obtain the votes of beneficial owners by forwarding to the beneficial owners the unsigned beneficial owner ballot, together with the Disclosure Statement, a return envelope provided by, and addressed to, the Nominee, and other materials requested to be forwarded. Each such beneficial owner must then indicate his/her or its vote on the ballot, complete the information requested in the ballot, review the certifications contained in the ballot, execute the ballot, and return the ballot to the Nominee. After collecting the beneficial owner ballot, the Nominee should, in turn, complete a master ballot compiling the votes and other information from the beneficial owner ballot, execute the master ballot, and deliver the master ballot to the Voting Agent so that it is RECEIVED by the Voting Agent before the Voting Deadline. All beneficial owner ballots returned by beneficial owners should either be forwarded to the Voting Agent (along with the master ballot) or retained by Nominees for inspection for at least one year from the Voting Deadline. EACH NOMINEE SHOULD ADVISE ITS BENEFICIAL OWNERS TO RETURN THEIR BENEFICIAL OWNER BALLOTS TO THE NOMINEE BY A DATE CALCULATED BY THE NOMINEE TO ALLOW IT TO PREPARE AND RETURN THE MASTER BALLOT OT THE VOTING AGENT SO THAT IT IS RECEIVED BY THE VOTING AGENT BEFORE THE VOTING DEADLINE

UNLESS THE BENEFICIAL OWNER BALLOT OR MASTER BALLOT BEING FURNISHED IS TIMELY SUBMITTED TO THE VOTING AGENT ON OR PRIOR TO THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PLAN; PROVIDED, HOWEVER, THAT THE DEBTOR RESERVES THE RIGHT, IN ITS SOLE DISCRETION, EXTEND THE VOTING DEADLINE OR, IF NECESSARY, REQUEST THAT BANKRUPTCY COURT COUNT ANY SUCH BENEFICIAL OWNER BALLOT OR MASTER BALLOT. IN NO CASE SHOULD A BENEFICIAL OWNER BALLOT OR MASTER BALLOT BE DELIVERED TO ANY ENTITY OTHER THAN THE NOMINEE OR THE VOTING AGENT.

3. Delivery of Old Notes

The Debtor is not at this time requesting the delivery of, and neither the Debtor nor the Voting Agent will accept, certificates representing any Old Notes.

G. FURTHER INFORMATION; ADDITIONAL COPIES

If you have any questions or require further information about the voting procedures for voting your Claim or Interest, or about the packet of material you received, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d)), please contact the Voting Agent at:

Logan & Company, Inc.
Attention: USEC, Inc.
546 Valley Road
Upper Montclair, New Jersey 07043
Telephone: (973) 509-3190
Email: USEC@loganandco.com

H. CONFIRMATION PROCEDURES

Bankruptcy Code Section 1128(a) requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a plan of reorganization. The Bankruptcy Court scheduled the Confirmation Hearing for September 5, 2014 at 1:00 p.m. Eastern Time. Notice of the Confirmation Hearing will be provided to all known creditors and equity holders or their representatives as required by the Solicitation Order. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned or continued date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Bankruptcy Code Section 1128(b) provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objecting party, the nature and amount of Claims or Interests held or asserted by the objecting party against the Debtor's Estate, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, together with proof of service thereof, and served upon (i) the Office of the United States Trustee for the District of Delaware, attn: Mark Kenney, J. Caleb Boggs Federal Building, 844 N. King Street, Suite 2207, Lock Box 35, Wilmington, Delaware 19801 (ii) Latham & Watkins LLP, attn: D. J. Baker, 885 Third Ave, New York, New York 10022, (iii) Richards, Layton & Finger, P.A., attn: Mark D. Collins, 920 N. King Street, Wilmington, Delaware 19801, (iv) Akin Gump Strauss Hauer & Feld LLP, attn: Michael Stamer, One Bryant Park, New York, New York 10036 and attn: James Savin, 1333 New Hampshire Ave. N.W., Washington DC 20036, (v) Pepper Hamilton LLP, attn.: David Stratton, Hercules Plaza, Suite 5100, 1313 Market Street, Wilmington, Delaware 19899, and (vi) such other parties as the Bankruptcy Court may order, so as to be actually received no later than the date and time designated in the notice of the Confirmation Hearing.

Bankruptcy 9014 governs objections to confirmation of the Plan. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

I. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

1. General Requirements

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Bankruptcy Code Section 1129(a) have been satisfied with respect to the Plan. The Debtor believes that: (i) the Plan satisfies or will satisfy all of the statutory requirements of Chapter 11 of the Bankruptcy Code; (ii) the Debtor has complied or will have complied with all of the requirements of Chapter 11 of the Bankruptcy Code; and (iii) the Plan has been proposed in good faith. Specifically, the Debtor believes that the Plan satisfies or will satisfy the applicable confirmation requirements of Bankruptcy Code Section 1129(a) set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtor has complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means proscribed by law.
- Any payment made or promised by the Debtor or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

- The Debtor has disclosed (i) the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer or voting trustee of the Reorganized Debtor, (ii) any affiliate of the Debtor participating in the Plan with the Debtor, or a successor to the Debtor under the Plan, and (iii) the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy, and the Debtor has disclosed the identity of any insider that will be employed or retained by the Debtor, and the nature of any compensation for such insider.
- Any governmental regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the Debtor, as applicable, has approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval.
- With respect to each Impaired Class of Claims or Interests, each holder of an Impaired Claim or Impaired Interest either has accepted the Plan or will receive or retain under the Plan on account of such holder's Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount such holder would receive or retain if the Debtor was liquidated on the Effective Date under Chapter 7 of the Bankruptcy Code. See discussion of "Best Interests Test" below.
- Except to the extent the Plan meets the "nonconsensual confirmation" standards of the Bankruptcy Code, each Class of Claims or Interests has either accepted the Plan or is not Impaired under the Plan. As to nonconsensual confirmation, see discussion of "Confirmation Without Acceptance By All Impaired Classes" below.
- Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Administrative Claims, the DIP Facility Claim, Priority Tax Claims and Other Priority Claims will be paid in full on the Distribution Date.
- At least one class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such Class.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. See discussion of "Feasibility" below.
- All fees payable under Section 1930 of Title 28, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.
- The Plan provides for the continuation after the Effective Date of payment of all retiree benefits (as defined in Bankruptcy Code Section 1114(a)), at the level established pursuant to Bankruptcy Code Section 1114(e)(1)(B) or 1114(g) at any time prior to confirmation of the Plan, for the duration of the period the Debtor has obligated themselves to provide such benefits.

2. Best Interests Test

Often called the "best interests" test, Bankruptcy Code Section 1129(a)(7) requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor is liquidated under Chapter 7 of the Bankruptcy Code as of the effective date of the plan. To make these findings with respect to the Plan, the Bankruptcy Court must: (a) estimate the Cash liquidation proceeds that a chapter 7 trustee would generate if the Debtor's Chapter 11 Case was converted to a chapter 7 case on the Effective Date of the Plan and the assets of the Debtor's estate were liquidated; (b) determine the liquidation distribution that each non-accepting holder of a Claim or an Interest would receive from such liquidation proceeds under the priority scheme dictated in Chapter 7; and (c) compare such holder's liquidation distribution to the distribution that such holder would receive under the Plan if the Plan were confirmed.

In chapter 7 cases, creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid in full: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms, by order of the bankruptcy court or by law; and (e) holders of equity interests.

Accordingly, the cash amount that would be available for satisfaction of Claims (other than Secured Claims) or Interests would consist of the proceeds resulting from the disposition of the unencumbered assets of the Debtor, augmented by the unencumbered Cash held by the Debtor at the time of the commencement of the liquidation. Such Cash would be reduced by the amount of the costs and expenses of the liquidation and by such additional Administrative Claims and Priority Claims that may result from termination of the Debtor's business and the use of Chapter 7 for purposes of a liquidation.

(a) Liquidation Analysis

As described in more detail in the Liquidation Analysis attached as Appendix D to this Disclosure Statement, the Debtor believes that confirmation of the Plan will provide each holder of an Allowed Claim or Allowed Interest in each Impaired Class with a recovery greater than or equal to the value of any distributions if the Chapter 11 Case was converted to a case under Chapter 7 of the Bankruptcy Code because, among other reasons, proceeds received in a chapter 7 liquidation are likely to be discounted due to the distressed nature of the sale of the Debtor's assets, and the fees and expenses of a chapter 7 trustee would likely further reduce Cash available for distribution. In addition, distributions in a chapter 7 case may not occur for a longer period of time than distributions under the Plan, thereby reducing the present value of such distributions. In this regard, it is possible that distribution of the proceeds of a liquidation could be delayed for a significant period while the chapter 7 trustee and its advisors become knowledgeable about, among other things, the Chapter 11 Case and the Claims against the Debtor.

(b) Valuation of the Debtor

Although the Debtor has entered into the ACTDO Agreement, the long-term business prospects for the Debtor, including its ability to successfully commercialize the American Centrifuge Plant, remain highly uncertain and to a large degree out of the Debtor's direct control. As discussed above, the economics of the American Centrifuge Plant are severely challenged by the current supply/demand imbalance in the market for LEU and related downward pressure on market prices for SWU. As a result, the Debtor does not believe that its plans for commercialization are economically viable without additional U.S. government support (over and above the recently negotiated ACTDO Agreement and the previously contemplated $2 billion DOE loan guarantee). In addition, the Debtor does not currently have any of the more than $4 billion of required financing in place for the American Centrifuge Plant following the expiration or termination of the ACTDO Agreement. Furthermore, the Debtor does not currently have any of its own funds available to invest in the equity of American Centrifuge Plant in order to retain a meaningful economic stake in the project to the extent it is commercialized. As will be discussed in greater detail below, the Debtor does not have any meaningful forward-looking projections for the American Centrifuge Plant due to the highly uncertain market conditions and numerous variables impacting potential commercialization opportunities.

While the Debtor's equity interest in Enrichment Corp also represents an asset of the Debtor, the Debtor does not believe that this equity stake today has or in the future will have any realizable value. Enrichment Corp has significant legacy liabilities, including pension and post-retirement healthcare obligations, among others. While Enrichment has sufficient assets and liquidity to fund its liabilities in the normal course, it is highly uncertain and speculative as to whether Enrichment Corp will have sufficient assets to cover its liabilities over the long-term and therefore have any residual equity value that would flow to the Debtor.

As a result of the factors described above, the value of the Reorganized Debtor on a going concern basis is highly uncertain and not quantifiable. Despite not being quantifiable, the Debtor believes there is inherent option value that would accrue to the benefit of the Debtor's stakeholders as a result of reorganizing pursuant to the Plan as a going concern and being able to continue to pursue the deployment of the American Centrifuge Plant for the purposes of meeting the DOE's national security needs or for commercialization after emergence from Chapter 11. Importantly, however, in a hypothetical chapter 7 liquidation, the Debtor does not believe it has any realizable value over and above the scrap or liquidation value of its assets, which would be negligible.

(c) Application of the "Best Interests" Test to the Liquidation Analysis and the Valuation Analysis

Despite the valuation of the Reorganized Debtor on a going-concern basis being highly uncertain, the Debtor believes the Plan maximizes the value of the Estate and is in the best interest of all stakeholders. As described in Part VIII.I.2(a) above regarding the Debtor's liquidation analysis, the Debtor believes a chapter 7 liquidation of the Debtor would result in (i) an administratively insolvent estate and (ii) no recoveries for the holders of General Unsecured Claims, Intercompany Claims, Noteholder Claims, Preferred Stock Interests/Claims or Common Stock Interests/Claims. Pursuant to the Plan, however, each of these aforementioned stakeholders would receive Plan distributions with some value.

A comparison of the estimated recoveries under the Plan to a chapter 7 liquidation for each Impaired Class is provided below.

Claim/Interest	*Projected Recovery Under the Plan*	*Projected Recovery from Chapter 7 Liquidation*
Class 5: Noteholder Claims	$200.00 million of New Notes Cash in the amount of accrued and unpaid interest on the Old Notes 79.04% of the New Common Stock (subject to dilution) … Estimated Percentage Recovery: 39.4% for New Notes and Cash only; recovery for New Common Stock is highly speculative and not quantifiable.	0%
Class 6: Preferred Stock Interests/Claims	$40.38 million of New Notes 15.96% of New Common Stock (subject to dilution) … Estimated Percentage Recovery: 35.4% for New Notes only; recovery for New Common Stock is highly speculative and not quantifiable.	0%
Class 7: Common Stock Interests/Claims	5% of New Common Stock (subject to dilution) … Estimated Percentage Recovery: Highly speculative and not quantifiable.	0%
Class 8: Unexercised Common Stock Rights	0%	0%

Accordingly, the Debtor believes that the "best interests" test of Bankruptcy Code Section 1129 is satisfied.

3. Feasibility

In connection with confirmation of the Plan, the Bankruptcy Court will be required to determine that the Plan is feasible pursuant to Bankruptcy Code Section 1129(a)(11), which means that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor, unless such liquidation or reorganization is proposed in the Plan. The consideration of feasibility in the Debtor's case must be informed by the following:

(a) The Debtor, since its formation in 1998, has operated as a holding company. As the ultimate parent company to seven non-debtor direct and indirect subsidiaries, the Debtor is not primarily engaged in direct revenue or cash flow generating operations. Rather, the Debtor's direct non-debtor subsidiary, Enrichment Corp, has been the primary operating entity and revenue generator for the Company. In addition to providing holding company functions including executive management, strategic leadership, and other corporate functions, the Debtor was the issuer of the Old Notes, as well as the USEC Preferred Stock and the USEC Common Stock. Funds required to service the Old Notes and dividends for the USEC Common Stock were ultimately provided by Enrichment Corp. As described previously, the Debtor is also party to the 2002 DOE-USEC Agreement. While Enrichment Corp has been the primary revenue and cash flow generator, the Debtor has been developing and working to deploy at the American Centrifuge Plant the world's most advanced uranium enrichment centrifuge technology for several years with proceeds from capital raises, funds provided directly by Enrichment Corp, and until recently through the cost sharing program under the RD&D Cooperative Agreement, and currently pursuant to a firm fixed price contract under the ACTDO Agreement. The Debtor has been the beneficiary of Enrichment Corp's cash flows through dividends, intercompany funding, and most recently as its DIP Lender, as no other viable financing options currently exist. While funding has been provided to the Debtor under the RD&D Cooperative Agreement, and most recently, under the ACTDO Agreement, Enrichment Corp funds the Debtor's activities for general corporate purposes as well as costs associated with American Centrifuge.

(b) The Debtor has embarked upon this restructuring to strengthen its balance sheet, improve its long-term business prospects and address a very specific and impending debt maturity. The Debtor carries approximately $530 million in principal amount of convertible note debt, in the form of the Old Notes, which comes due in October 2014. While Enrichment Corp provides working capital funding for the Debtor, the Debtor has no viable means of

refinancing the principal amount outstanding of the Old Notes or satisfying this obligation in cash at maturity. Additionally, the Debtor has approximately $113.9 million in preferred stock obligations, in the form of the USEC Preferred Stock, increasing the leverage burden for the Debtor. In order to continue operating as a holding company and provide managerial support to its subsidiaries, the Debtor engaged with the principals in its capital structure to reach a consensual balance sheet restructuring that is reflected in the Plan, and that will allow the Debtor and its non-debtor subsidiaries the ability to continue operations in the normal course. This balance sheet restructuring is founded on three key principals including (a) a 55% reduction in the amount of third party debt obligations outstanding and elimination of all USEC Preferred Stock; (b) an extension of maturity payments for at least five years, and potentially another five years if certain conditions have been met, as a result of the cancellation of the Old Notes and issuance of New Notes; and (c) a reduction in the annual cash interest burden, as a result of the cancellation of the Old Notes and issuance of New Notes, which have a pay in-kind interest feature. Furthermore, the New Notes Indenture contains minimal covenants that will not constrain the Debtor from managing and operating its business in the normal course. Although the Debtor's plans and timing for proceeding with the deployment of the American Centrifuge Project are uncertain, the ability to significantly delever its capital structure and address an immediate near-term maturity issue affords the Debtor the opportunity to continue to lead and manage its non-debtor subsidiaries going forward.

(c) The benefits of this balance sheet restructuring will also provide stability and continuity for the Debtor's primary non-debtor subsidiary, Enrichment Corp. Historically, Enrichment Corp sold LEU to third parties that it acquired from two primary sources: (a) the enrichment of uranium at the Paducah Plant and (b) the purchase of LEU as the exclusive executive agent for the U.S. government under the Russian Contract pursuant to the 20-year Megatons to Megawatts program. Enrichment Corp is currently undergoing a period of transition as it ceased enrichment at the Paducah Plant at the end of May 2013 and the Russian Contract expired on December 31, 2013. Today, Enrichment Corp is preparing to be a significantly smaller company with lower revenues as it transitions from having two sources of supply that provided approximately 10 to 12 million SWU per year to making sales from its existing inventory, from future purchases of commercial LEU from Russia pursuant to the Russian Supply Agreement at lower quantities than existed under the Russian Contract, and from potential other suppliers. While Enrichment Corp and the DOE have a framework for transitioning the Paducah site back to the DOE, Enrichment Corp expects to continue its operations as a going concern by selling its substantial inventory, as well as commercial LEU purchased from Russia and from other potential suppliers, to customers under backlog and through new commercial sales. The cash proceeds generated from such sales will be devoted to funding ongoing operating costs, as well as Enrichment Corp's legacy liabilities, and supporting the operating costs of the Debtor. Enrichment Corp expects to be able to satisfy these liabilities in the ordinary course from the monetization of its sizable LEU inventory, as well as operating profits from the sale of purchased Russian and other LEU to customers, for the reasonably foreseeable future. As a result of the Debtor's reduced leverage, lower cash interest burden, and deferral of third party debt maturities, Enrichment Corp may continue to provide funding support to the Debtor, while at the same time ensuring that it has sufficient liquidity to fund its own obligations in the normal course.

(d) Importantly, the Debtor's ability to deploy the American Centrifuge Project is not a fundamental requirement of this restructuring. Rather, the Debtor is focused on strengthening its balance sheet by reducing its leverage and its cash interest burden, as well as extending third-party debt maturities, in order to provide it with the ongoing ability to manage its non-debtor subsidiaries in the normal course.

(e) In sum, confirmation of the Plan will address the impending maturity of the Old Notes, substantially reduce the Debtor's leverage and cash interest burden, and extend maturity payments for at least five years. As a result, the Debtor is expected to be able to continue to meet its obligations as they become due as it has throughout its history and the course of the Chapter 11 Case, including with respect to costs and obligations incurred due to the Limited Demobilization, and to continue to lead and manage its non-debtor subsidiaries, particularly Enrichment Corp, as it continues its reduced but still substantial LEU business.

4. Acceptance By Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan either (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation and otherwise leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest.

Bankruptcy Code Section 1126(c) defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those creditors who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance. Bankruptcy Code Section 1126(d), in turn, defines acceptance of a plan by a class of impaired interests as acceptance by the holders of at least two-thirds in dollar amount of the allowed interests of such class that have voted to accept or reject the plan.

Claims in Classes 1, 2, 3 and 4 are not Impaired under the Plan, and, as a result, the holders of such Claims are deemed to have accepted the Plan. Claims and Interests in Classes 5 and 6 are Impaired under the Plan, and the holders of Claims and Interests in such Classes are entitled to vote on the Plan. Pursuant to Bankruptcy Code Section 1129, the holders of Claims and Interests in the Voting Classes must accept the Plan for the Plan to be confirmed without application of the "fair and equitable test" to such Classes, and without considering whether the Plan "discriminates unfairly" with respect to such Classes, as both standards are described herein. As stated above, holders of Noteholder Claims in Class 6 will have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and a majority in number of the Claims of such Class (other than any Claims of voters designated under Bankruptcy Code Section 1126(e)) that have actually voted to accept or reject the Plan. As stated above, holders of USEC Preferred Stock Interests in Class 7 will have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount of the Allowed Interests of such Class (other than any Interests of voters designated under Bankruptcy Code Section 1126(e)) that have actually voted to accept or reject the Plan.

Claims and Interests in Classes 7 and 8 are Impaired and deemed to reject the Plan. The Debtor, therefore, will request confirmation of the Plan, as it may be modified from time to time, under Bankruptcy Code Section 1129(b) as more fully described below with respect to such Classes.

5. Confirmation Without Acceptance By All Impaired Classes

Bankruptcy Code Section 1129(b) allows a bankruptcy court to confirm a plan even if less than all impaired classes entitled to vote on the plan have accepted it, provided that the plan has been accepted by at least one impaired class of claims. Pursuant to Bankruptcy Code Section 1129(b), notwithstanding an Impaired Class's rejection or deemed rejection of the Plan, the Plan can be confirmed, at the Debtor's request, in a procedure commonly known as "cram down," so long as the Plan does not "discriminate unfairly" (as discussed below) and is "fair and equitable" (as discussed below) with respect to each Class of Claims or Interests that is Impaired under, and has not accepted, the Plan.

(a) No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that such treatment not be "unfair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly, and, accordingly, a plan could treat two classes of unsecured creditors in a materially different manner without unfairly discriminating against either class. This test only applies to classes that reject or that are deemed to have rejected a plan.

(b) Fair And Equitable Test

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured claims, or unsecured claims versus equity interests) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. This test only applies to classes that reject or that are deemed to have rejected the plan. As to the rejecting class, the test, among other things, sets different standards depending on whether the test is being applied to claims or interests in such class:

- Unsecured Claims. The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the following requirement that either:

  (a) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

  (b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property.

- Equity Interests. The condition that a plan be "fair and equitable" to a non-accepting class of equity interests includes the requirements that either:

  (a) the plan provides that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or

  (b) the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

The Debtor believes that the Plan satisfies the requirements of Bankruptcy Code Section 1129(b) as to Classes 7 and

J. CONSUMMATION OF THE PLAN

The Plan will be consummated on the Effective Date. The Debtor expects consummation of the Plan to occur on or within 90 days of the Petition Date, subject to the schedule of the Bankruptcy Court. Under the Plan Support Agreements, the Effective Date must occur on or before October 15, 2014 to avoid a termination event, which if not waived could result in loss of support for the Plan by the parties thereto. For a more detailed discussion of the conditions precedent to the consummation of the Plan, see Article VIII of the Plan.

IX.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the Debtor's capital structure will remain highly leveraged and, as a consequence, the Debtor's ability to achieve its strategic business objectives involving the American Centrifuge Plant will be jeopardized. In that event, the Debtor's future prospects and ability to honor its debt obligations will be uncertain. Accordingly, if the Plan is not confirmed and consummated, the alternatives include the following:

A. "TRADITIONAL" CHAPTER 11 CASE

The Plan has been proposed on a "prearranged" basis for the purpose of achieving an expeditious exit from Chapter 11. If the Plan is not confirmed and consummated on that basis, the Debtor will remain in Chapter 11 subject to the "traditional" process. That means that the Debtor would continue to operate its business and manage its property as debtor in possession while it seeks to formulate, negotiate, propose and solicit another plan during the course of the chapter 11 proceeding. It is not clear whether the Debtor could survive as a going concern in a protracted chapter 11 case. It could have difficulty sustaining operations in the face of the high costs and it could suffer loss of key employees and other key business relationships – most significantly the relations with the federal government. Moreover, it is possible that if the Debtor remained a chapter 11 debtor in possession for an extended period of time, its Non-Debtor Subsidiaries, and particularly Enrichment Corp, could begin to experience problems with customers, suppliers and employees. Enrichment Corp itself may be forced to discontinue acting as the DIP Facility Lender. Ultimately, the Debtor could propose another plan or liquidate the Debtor under Chapter 7 or Chapter 11 of the Bankruptcy Code. Any further proceedings under Chapter 11, however, would be subject to the availability of postpetition financing, which may not be available from Enrichment Corp or a third-party lender.

B. ALTERNATIVE PLAN OF REORGANIZATION

In formulating and developing the Plan, the Debtor explored numerous other alternatives and engaged in an extensive negotiating process involving many different parties with widely disparate interests. If the Plan is not confirmed and consummated, the Debtor will be required to pursue an alternative plan of reorganization. That will require that the Debtor re-engage with such parties in an effort to negotiate a plan that will receive the requisite acceptances and satisfy the requirements for confirmation, leading inevitably to an expensive and protracted Chapter 11 Case, the availability of financing for which is uncertain. Although a new plan of reorganization could be similar to the Plan, it could also be substantially different, and the treatment of Claims and Interests could be materially less beneficial to creditors and stockholders that what is proposed in the Plan. In addition, assuming the continuing availability of postpetition financing, as to which there is no certainty, the delay caused by pursuing a new plan process could interfere with and prejudice the Debtor's ability to achieve its strategic business objectives relating to the American Centrifuge Plant.

C. LIQUIDATION UNDER CHAPTER 7 OR CHAPTER 11 OF THE BANKRUPTCY CODE

If no plan is confirmed and consummated, the Debtor's case may be converted to a case under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims against or Interests in the Debtor.

The Debtor believes that in a liquidation under Chapter 7, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants and other professionals to assist such trustee would cause a substantial diminution in the value of the Debtor's Estate. The assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of unexpired leases and executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtor's assets. More importantly, conversion to a chapter 7 liquidation would likely result in the immediate cessation of the Debtor's business, as most chapter 7 trustees are disinclined to continue operations.

The Debtor could also be liquidated pursuant to the provisions of a chapter 11 plan of reorganization, although the highly regulated nature of the Debtor's business will present challenges that are not present in the context of other businesses seeking to liquidate in Chapter 11. Moreover, the Debtor would require postpetition financing either from Enrichment Corp or a third-party lender, and the availability of such financing is uncertain. In a liquidation under Chapter 11, the Debtor's assets theoretically could be sold in an orderly fashion over a more extended period of time than in a liquidation under Chapter 7, thus resulting in a potentially greater recovery. Conversely, to the extent the Debtor's business incurs operating losses, the Debtor's efforts to liquidate its assets over a longer period of time theoretically could result in a lower net distribution to creditors than they would receive through a chapter 7 liquidation. Nevertheless, because there would be no need to appoint a chapter 7 trustee and to hire new professionals, a chapter 11 liquidation might be less costly than a chapter 7 liquidation and thus provide larger net distributions to creditors than in chapter 7 liquidation. Any recovery in a chapter 11 liquidation, while potentially greater than in a chapter 7 liquidation, would also be highly uncertain.

Although preferable to a chapter 7 liquidation, the Debtor believes that any alternative liquidation under Chapter 11 is a much less attractive alternative to creditors than the Plan because of the greater return anticipated by the Plan. Moreover, a liquidation would either be the death knell for the American Centrifuge Plant or would result in third parties receiving the future benefit from its development rather than the Debtor's creditors and stockholders.

RECOMMENDATION

In the opinion of the Debtor, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger or equal distribution to the Debtor's creditors and stockholders than would otherwise result through liquidation under Chapter 7 of the Bankruptcy Code.

Any alternative other than confirmation and consummation of the Plan could result in extensive delays and increased administrative expenses that could disrupt the Debtor's business, adversely impact the value of that business, and negatively impact the ability of the Debtor to achieve its strategic business objectives.

ACCORDINGLY, THE DEBTOR RECOMMENDS THAT HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN CAST THEIR BALLOTS TO ACCEPT THE PLAN AND SUPPORT CONFIRMATION OF THE PLAN.

Dated: July 11, 2014

USEC Inc.

By: */s/ John R. Castellano*
John R. Castellano
Chief Restructuring Officer of USEC Inc.

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APPENDIX A

Plan of Reorganization

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
USEC INC.,	:	Case No. 14-10475
Debtor.	:	

PLAN OF REORGANIZATION OF USEC INC.

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Dated: July 11, 2014

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PLAN OF REORGANIZATION OF USEC INC.

INTRODUCTION

USEC Inc. (the "Debtor") hereby proposes this plan of reorganization (the "Plan"), with its non-debtor subsidiary United States Enrichment Corporation ("Enrichment Corp") acting as a co-proponent and participant to the extent provided in the Plan. Reference is made to the disclosure statement distributed contemporaneously herewith (the "Disclosure Statement") for a discussion of the Debtor's history, businesses, properties, results of operations, projections for future operations and risk factors, and a summary and analysis of the Plan and certain related matters.

No solicitation materials, other than the Disclosure Statement and related materials transmitted therewith and approved by the Bankruptcy Court, have been authorized by the Bankruptcy Court for use in soliciting acceptances or rejection of this Plan. All parties entitled to vote to accept or reject the Plan are encouraged to read the Disclosure Statement and Plan in their entirety before voting.

ARTICLE I

RULES OF CONSTRUCTION AND DEFINITIONS

1.1 Rules of Construction

(a) For purposes of the Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms used in the Plan and not otherwise defined in the Plan shall have the meanings ascribed to them in Section 1.2 of the Plan. Any capitalized term used in the Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

(b) Whenever the context requires, terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

(c) Any reference in the Plan to (i) a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, or as otherwise specified in this Plan, and (ii) an existing document, exhibit, or other agreement means such document, exhibit, or other agreement as it may be amended, modified, or supplemented from time to time with the consent of the Majority Consenting Noteholders or the Consenting Noteholders, as the case may be, and as in effect at any relevant point.

(d) Unless otherwise specified, all references in the Plan to sections, articles, schedules, and exhibits are references to sections, articles, schedules, and exhibits of or to the Plan.

(e) The words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan.

(f) Captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan.

(g) The rules of construction set forth in Bankruptcy Code Section 102 and in the Bankruptcy Rules shall apply.

(h) References to a specific article, section, or subsection of any statute, rule, or regulation expressly referenced herein shall, unless otherwise specified, include any amendments to or successor provisions of such article, section, or subsection.

(i) In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

1.2 Definitions

(a) "**Additional Plan Cash**" means Cash in an amount agreed to by the Debtor, the Consenting Noteholders, and the Indenture Trustee, not to exceed $250,000.

(b) "**Administrative Claim**" means a Claim for payment of an administrative expense of a kind specified in Bankruptcy Code Sections 503(b) or 1114(e)(2) and entitled to priority pursuant to Bankruptcy Code Section 507(a)(2), including, but not limited to, (i) the actual, necessary costs and expenses of preserving the Estate and operating the business of the Debtor after the commencement of the Chapter 11 Case, (ii) Professional Fee Claims, (iii) Substantial Contribution Claims, (iv) all fees and charges assessed against the Estate under Section 1930 of Title 28 of the United States Code, and (v) Cure payments for contracts and leases that are assumed under Bankruptcy Code Section 365.

(c) "**Allowed**" means (i) when used with respect to a Claim, whether a Filed Claim or an Unfiled Claim, all or any portion of a Claim (x) as to which either (A) any dispute has been settled, determined, resolved or adjudicated in favor of allowance, as the case may be, in the procedural manner in which such Claim would have been settled, determined, resolved or adjudicated if the Chapter 11 Case had not been commenced, or (B) an objection to allowance has been filed in the Bankruptcy Court by the applicable Claim Objection Deadline, and such objection has been settled or withdrawn by the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, or has been denied by a Final Order, or (y) is not otherwise Disputed or (z) has been expressly allowed in the Plan; or (ii) when used with respect to an Interest, an Interest held in the name, kind and amount set forth in the records of (x) the Debtor in the case of the USEC Preferred Stock or (y) the stock transfer agent in the case of the USEC Common Stock, *provided*, *however*, that all Allowed Claims and Allowed Interests shall remain subject to all limitations set forth in the Bankruptcy Code, including, in particular, Sections 502 and 510, as applicable.

(d) "**B&W**" means Babcock and Wilcox Investment Company.

(e) "**B&W Plan Support Agreement**" means that certain agreement dated as of March 4, 2014 between the Debtor and B&W pursuant to which, among other things, and subject to certain terms and conditions including approval of the Disclosure Statement, B&W agreed to support the Plan.

(f) "**Bankruptcy Code**" means Sections 101 *et seq*., of title 11 of the United States Code, as now in effect or hereafter amended and applicable to the Chapter 11 Case.

(g) "**Bankruptcy Court**" means the United States Bankruptcy Court for the District of Delaware or such other court as may have jurisdiction over the Chapter 11 Case or any aspect thereof.

(h) "**Bankruptcy Rules**" means the Federal Rules of Bankruptcy Procedure, as now in effect or hereafter amended and applicable to the Chapter 11 Case.

(i) "**Business Day**" means any day, excluding Saturdays, Sundays, or "legal holidays" (as defined in Bankruptcy Rule 9006(a)), on which commercial banks are open for business in New York, New York.

(j) "**Cash**" means legal tender of the United States or equivalents thereof.

(k) "**Chapter 11 Case**" means the voluntary case commenced under Chapter 11 of the Bankruptcy Code by the Debtor in the Bankruptcy Court.

(l) "**Claim**" means a claim as such term is defined in Bankruptcy Code Section 101(5) against the Debtor, whether arising before or after the Petition Date and specifically including an Administrative Claim.

(m) "**Claims Agent**" means Logan & Company, Inc.

(n) "**Claim Objection Deadline**" means the last day for filing objections to Claims in the Bankruptcy Court, which shall be the latest of (i) sixty (60) days after the Effective Date, (ii) sixty (60) days after the applicable Proof of Claim or Request for Payment is filed (except as otherwise provided in Section 10.1 of the Plan), and (iii) such other later date as is established by order of the Bankruptcy Court upon motion of the Reorganized Debtor, without notice to any party. For the avoidance of doubt, in no event shall any Claim be deemed to be an Allowed Claim solely as a result of the passage of the Claim Objection Deadline without the filing of an objection by the Debtor or the Reorganized Debtor.

(o) "**Class**" means a category of holders of Claims or Interests, as described in Article II of the Plan.

(p) "**Common Stock Interests/Claims**" means (i) any Interests in the Debtor that are based upon or arise from USEC Common Stock and (ii) any Claims against the Debtor that are based upon or arise from USEC Common Stock and are subordinated pursuant to Bankruptcy Code Section 510(b); *provided, however,* that a Claim arising from Indemnification Obligations that is assumed under Section 6.5 of the Plan shall not be considered a Common Stock Interest/Claim. The term specifically excludes Unexercised Common Stock Rights.

(q) "**Confirmation**" means confirmation of the Plan by the Bankruptcy Court pursuant to Bankruptcy Code Section 1129.

(r) "**Confirmation Date**" means the date of entry by the clerk of the Bankruptcy Court of the Confirmation Order.

(s) "**Confirmation Hearing**" means the hearing to consider Confirmation of the Plan under Bankruptcy Code Section 1128.

(t) "**Confirmation Order**" means the order entered by the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code Section 1129.

(u) "**Consenting Noteholders**" means the Noteholders who have executed the Noteholder Plan Support Agreement or have executed a joinder thereto.

(v) "**Consenting Noteholder Advisors**" means (i) Akin Gump Strauss Hauer & Feld LLP, co-counsel to the Consenting Noteholders, (ii) Pepper Hamilton, LLP, Delaware counsel to the Consenting Noteholders and (iii) Houlihan Lokey, Inc., financial advisor to the Consenting Noteholders.

(w) "**Cure**" means, in connection with the assumption of an executory contract or unexpired lease, pursuant to and only to the extent required by Bankruptcy Code Section 365(b), (i) the distribution within a reasonable period of time following Effective Date of Cash or such other property (A) as required under the terms of the applicable executory contract or lease, (B) other than as required under the terms of the applicable executory contract or lease, as may be agreed upon by the counterparties and the Debtor (with the consent of the Majority Consenting Noteholders), or (C) as may be ordered by the Bankruptcy Court or determined in such manner as the Bankruptcy Court may specify; and/or (ii) the taking of such other actions (A) as required under the terms of the applicable executory contract or lease, (B) other than as required under the terms of the applicable executory contract or lease, as may be agreed upon by the counterparties and the Debtor (with the consent of the Majority Consenting Noteholders), or (C) as may be ordered by the Bankruptcy Court or determined in such manner as the Bankruptcy Court may specify.

(x) "**Debtor**" means USEC Inc., including in its capacity as a debtor in possession pursuant to Bankruptcy Code Sections 1107 and 1108.

(y) "**DIP Facility**" means the $50 million postpetition debtor in possession credit facility provided to the Debtor by Enrichment Corp subject to approval by the Bankruptcy Court.

(z) "**DIP Facility Claim**" means the Claim existing under the DIP Facility.

(aa) "**DIP Facility Lender**" means Enrichment Corp as the lender under the DIP Facility.

(bb) "**Disbursing Agent**" means the Reorganized Debtor and/or any other Person(s) designated by (i) the Debtor (with consent of the Majority Consenting Noteholders) on or before the Effective Date or (ii) the Reorganized Debtor in its sole discretion after the Effective Date to serve as a disbursing agent under the Plan, subject to the provisions of Section 7.3 of the Plan.

(cc) "**Disclosure Statement**" means the written disclosure statement that relates to the Plan, as amended, supplemented, or otherwise modified from time to time with the consent of the Majority Consenting Noteholders, and that is prepared, approved and distributed in accordance with Bankruptcy Code Section 1125 and Bankruptcy Rule 3018.

(dd) "**Disputed**" means (i) when used with respect to a Claim, whether a Filed Claim or an Unfiled Claim, (x) a Claim as to which (A) the Debtor or the Reorganized Debtor, as applicable, disputes its liability in any manner that would have been available to it had the Chapter 11 Case not been commenced (including, without limitation, by declining to pay the Claim), and (B) the liability of the Debtor has not been settled by the Debtor (with the consent of the Majority Consenting Noteholders) or by the Reorganized Debtor, or has not been determined, resolved, or adjudicated by final order of a court of competent jurisdiction, (y) as an alternative to the foregoing, a Claim as to which the Debtor or the Reorganized Debtor, as applicable, has elected to file an objection in the Bankruptcy Court by the applicable Claim Objection Deadline and such objection has not been settled or withdrawn by the Debtor (with the consent of the Majority Consenting Noteholders) or by the Reorganized Debtor, or has not been determined, resolved, or adjudicated by Final Order; or (z) that has been expressly disputed in the Plan; or (ii) when used with respect to an Interest, an Interest that is in a name, kind and amount different than as set forth in the records of (x) the Debtor in the case of the USEC Preferred Stock or (y) the stock transfer agent in the case of the USEC Common Stock.

(ee) "**Distribution Date**" means, subject to the provisions of Section 7.1 of the Plan, (i) for any Claim that (x) is an Allowed Claim on the Effective Date, (A) for any portion that was due prior to or on the Effective Date, the Effective Date or (B) for any portion that is due after the Effective Date, at such time as such portion becomes due in the ordinary course of business and/or in accordance with its terms; or (y) is not an Allowed Claim on the Effective Date, the later of (A) the date on which the Debtor becomes legally obligated to pay such Claim and (B) the date on which the Claim becomes an Allowed Claim; (ii) for any Interest that (x) is an Allowed Interest on the Effective Date, the Effective Date or (y) is not an Allowed Interest on the Effective Date, the date on which such Interest becomes an Allowed Interest; and (iii) for all Common Stock Interests/Claims in Class 7, the later of (A) the Effective Date if all Interests and Claims in such Class are Allowed Interests and Allowed Claims as of such date and (B) if any Interest or Claim in such Class is a Disputed Interest or Disputed Claim as of the Effective Date, the first Business Day after all Disputed Interests and/or Disputed Claims within the Class have been determined, resolved, or adjudicated by Final Order; *provided*, *however*, that in each case a later date may be established by order of the Bankruptcy Court upon motion of the Debtor, the Reorganized Debtor, or any other party.

(ff) "**Distribution Record Date**" means the record date for determining entitlement to receive distributions under the Plan on account of Allowed Claims and Allowed Interests, which date shall be (i) for a Claim other than a Noteholder Claim, the Business Day immediately following the Confirmation Date, at 5:00 p.m. prevailing Eastern time on such Business Day and (ii) for any Noteholder Claim or any Interest, the Business Day immediately preceding the Effective Date, at 5:00 p.m. prevailing Eastern time on such Business Day.

(gg) "**Effective Date**" means the Business Day upon which all conditions to the consummation of the Plan as set forth in Section 8.2 of the Plan have been satisfied or waived as provided in Section 8.3 of the Plan, and is the date on which the Plan becomes effective.

(hh) "**Employee Programs**" means all of the Debtor's employee-related programs, plans, policies, and agreements, including, without limitation, (i) all health and welfare programs, plans, policies, and agreements, (ii) all pension plans within the meaning of Title IV of the Employee Retirement Income Security Act of 1974, as amended, (iii) all supplemental retirement and deferred compensation programs, plans, policies, and agreements, (iv) all retiree benefit programs, plans, policies, and agreements subject to Bankruptcy Code Sections 1114 and 1129(a)(13), (v) all employment, retention, incentive, bonus, severance, change in control, and other similar programs, plans, policies, and agreements, and (vi) all other employee compensation, benefit, and reimbursement programs, plans, policies, and agreements, but excluding any prepetition equity incentive plans, equity ownership plans, or any equity-based plans of any kind of the Debtor and in all cases subject to the provisions of Section 6.4(b) of the Plan. For the avoidance of doubt, the term "Employee Programs" includes the "Quarterly Incentive Plan."

(ii) "**Enrichment Corp**" means United States Enrichment Corporation, one of the Non-Debtor Subsidiaries, and a co-proponent and participant in the Plan for purposes of Section 5.6 of the Plan.

(jj) "**Estate**" means the estate of the Debtor in the Chapter 11 Case, created pursuant to Bankruptcy Code Section 541.

(kk) "**Exit Facility**" means a loan being provided to the Debtor by Enrichment Corp which will be secured by a lien on substantially all of the assets of the Reorganized Debtor and will be memorialized by a credit agreement (and any related documents, agreements, and instruments) to be entered into by the Reorganized Debtor as of the Effective Date as a condition to consummation of the Plan, substantially in the form included in the Plan Supplement, to provide funds necessary to make payments required under the Plan, as well as funds for working capital and other general corporate purposes of the Debtor and the Non-Debtor Subsidiaries after the Effective Date.

(ll) "**Filed Claim**" means a Claim evidenced by a Proof of Claim or Request for Payment, as applicable, regardless of whether a bar date has been established pursuant to a Final Order or pursuant to the Plan.

(mm) "**Final Order**" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in the Chapter 11 Case, or the docket of any such other court, the operation or effect of which has not been stayed, reversed, or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal, petition for certiorari, or seek review or rehearing or leave to appeal has expired and as to which no appeal, petition for certiorari or petition for review or rehearing was filed or, if filed, remains pending or as to which any right to appeal, petition for certiorari, reargument, or rehearing shall have been waived in writing by all Persons possessing such right, or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed, or from which reargument or rehearing was sought or certiorari has been denied, and the time to take any further appeal, petition for certiorari, or move for reargument or rehearing shall have expired; *provided*, *however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Bankruptcy Rules may be filed with respect to such order shall not cause such order not to be a Final Order.

(nn) "**General Unsecured Claim**" means a Claim that is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, a Secured Claim, an Intercompany Claim, a Noteholder Claim, or any Claim that constitutes a Preferred Stock Interest/Claim or a Common Stock Interest/Claim. This definition specifically includes, without limitation, Rejection Damages Claims, if any.

(oo) "**Impaired**" means, with respect to any Claim or Interest, that such Claim or Interest is impaired within the meaning of Bankruptcy Code Section 1124.

(pp) "**Indemnification Obligation**" means any obligation of the Debtor to indemnify, reimburse, or provide contribution pursuant to by-laws, articles or certificates of incorporation, contracts, or otherwise, to the fullest extent permitted by applicable law.

(qq) "**Indenture Trustee**" means CSC Trust Company of Delaware or its successor, in any case in its capacity as an indenture trustee for the Old Notes

(rr) "**Indenture Trustee's Charging Lien**" means any Lien or other priority to which the Indenture Trustee is entitled, pursuant to the Old Indenture, against distributions to be made to Noteholders.

(ss) "**Intercompany Claim**" means any unsecured Claim arising prior to the Petition Date against the Debtor by any of the Non-Debtor Subsidiaries. For the avoidance of doubt, any Claim arising prior to the Petition Date against the Debtor by any of the Non-Debtor Subsidiaries that is secured by a Lien on property in which the Estate has an interest is a Secured Claim.

(tt) "**Interest**" means the legal, equitable, contractual, or other rights of any Person (i) with respect to USEC Common Stock or USEC Preferred Stock, or (ii) to acquire or receive any of such Interests.

(uu) "**Lien**" means a charge against or interest in property to secure payment of a debt or performance of an obligation

(vv) "**Limited Subsidiary Guaranty**" means that certain guarantee of the New Notes to be provided by Enrichment Corp, one of the Non-Debtor Subsidiaries, substantially in the form set forth in the New Indenture, which guarantee shall be (i) subordinated, limited, and conditional to the extent provided therein and (ii) secured to the extent provided in the Subsidiary Security Agreement.

(ww) "**Litigation Rights**" means the claims, rights of action, suits, or proceedings, whether in law or in equity, whether known or unknown, that the Debtor or its Estate may hold against any Person, which are to be retained by the Reorganized Debtor pursuant to Section 5.12 of the Plan, including, without limitation, claims or causes of action arising under or pursuant to Chapter 5 of the Bankruptcy Code.

(xx) "**Majority Consenting Noteholders**" means Consenting Noteholders holding a majority in principal amount of the Old Notes held by the Consenting Noteholders.

(yy) "**Majority New Notes**" means New Notes to be issued under the Plan in the aggregate principal amount of $200 million.

(zz) "**Minority New Notes**" means New Notes to be issued under the Plan in the aggregate principal amount of $40.38 million.

(aaa) "**New Board**" means the Board of Directors of the Reorganized Debtor.

(bbb) "**New Common Stock**" means the new common shares of the Reorganized Debtor, including Class A and Class B as described in the New USEC Charter, to be authorized and/or issued under Section 5.7 of the Plan, with the rights of the holders thereof to be as provided for in the New USEC Governing Documents. The term includes New Noteholder Common Stock, New Preferred Stockholder Common Stock and New Minority Common Stock.

(ccc) "**New Indenture**" means the indenture, substantially in the form included in the Plan Supplement, under which the Reorganized Debtor will issue the New Notes.

(ddd) "**New Management Incentive Plan**" means the management incentive plan (inclusive of equity grants and other incentive awards, severance protection and certain retirement program changes), to be evidenced by documents substantially in the forms included in the Plan Supplement, to be implemented on the Effective Date pursuant to Section 5.8 of the Plan.

(eee) "**New Minority Common Stock**" means five percent (5%) of the New Common Stock to be issued under the Plan, subject to dilution on account of the New Management Incentive Plan. The New Minority Common Stock shall be issued in the form of Class A as described in the New USEC Charter.

(fff) "**New Noteholder Common Stock**" means 79.04% of the New Common Stock to be issued under the Plan, subject to dilution on account of the New Management Incentive Plan. The New Noteholder Common Stock shall be issued in the form of Class A as described in the New USEC Charter.

(ggg) "**New Notes**" means new notes in the aggregate principal amount of $240.38 million, to be issued by the Reorganized Debtor under, and having the terms set forth in, the New Indenture, which new notes shall have the benefit of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement. The term includes Majority New Notes and Minority New Notes.

(hhh) "**New Preferred Stockholder Common Stock**" means 15.96% of the New Common Stock to be issued under the Plan, subject to dilution on account of the New Management Incentive Plan. The New Preferred Stockholder Common Stock shall be issued in the form of Class B as described in the New USEC Charter.

(iii) "**New Securities**" means, collectively, the New Common Stock and the New Notes.

(jjj) "**New USEC By-laws**" means the by-laws of the Reorganized Debtor substantially in the form included in the Plan Supplement.

(kkk) "**New USEC Charter**" means the certificate of incorporation of the Reorganized Debtor substantially in the form included in the Plan Supplement, which shall include the terms of two classes of New Common Stock, Class A and Class B.

(lll) "**New USEC Governing Documents**" means the New USEC Charter and the New USEC By-laws.

(mmm) "**Non-Debtor Subsidiaries**" means the Debtor's direct and indirect subsidiaries, consisting of Enrichment Corp, American Centrifuge Holdings, LLC, American Centrifuge Technology, LLC, American Centrifuge Operating, LLC, American Centrifuge Enrichment, LLC, American Centrifuge Manufacturing, LLC, and American Centrifuge Demonstration, LLC.

(nnn) "**Noteholder**" means any holder of an Old Note.

(ooo) "**Noteholder Claim**" means any Claim arising or existing under or related to the Old Notes.

(ppp) "**Noteholder Plan Support Agreement**" means that certain agreement dated as of December 13, 2013 between the Debtor and the Consenting Noteholders pursuant to which, among other things, and subject to certain terms and conditions including approval of the Disclosure Statement, the Consenting Noteholders agreed to support the Plan.

(qqq) "**Old Indenture**" means that certain indenture dated as of September 28, 2007, by and among USEC, as issuer and Wells Fargo Bank, N.A., as trustee, which indenture governs all obligations arising under or in connection with the Old Notes.

(rrr) "**Old Notes**" means the 3.0% convertible senior notes due 2014, which were issued by USEC under the Old Indenture.

(sss) "**Old Securities**" mean, collectively, the Old Notes, the USEC Preferred Stock, the USEC Common Stock and the Unexercised Common Stock Rights.

(ttt) "**Other Priority Claim**" means a Claim against the Debtor entitled to priority pursuant to Bankruptcy Code Section 507(a), other than a Priority Tax Claim or an Administrative Claim.

(uuu) "**Person**" means any person, individual, firm, partnership, corporation, trust, association, company, limited liability company, joint stock company, joint venture, governmental unit, or other entity or enterprise.

(vvv) "**Petition Date**" means March 5, 2014, the date on which the Debtor filed its petition for relief commencing the case that is being administered as the Chapter 11 Case.

(www) "**Plan**" means this plan of reorganization under Chapter 11 of the Bankruptcy Code and all implementing documents contained in the Plan Supplement, as the same may be amended, modified, or supplemented from time to time with the consent of the Majority Consenting Noteholders.

(xxx) "**Plan Supplement**" means the supplement to the Plan, which may be filed in parts pursuant to Section 5.15 of the Plan, containing, without limitation, (i) the announcement of any change in the name of the Reorganized Debtor, (ii) identification of the members of the New Board as designated by the Consenting Noteholders and reasonably acceptable to the Debtor, and (iii) the Exit Facility, the New USEC Governing Documents, the New Indenture (including the Limited Subsidiary Guaranty), the Subsidiary Security Agreement, the New Management Incentive Plan, and the Supplementary Strategic Relationship Agreement, all of which documents set forth in (iii) hereof shall be mutually acceptable to the Majority Consenting Noteholders and the Debtor, and with respect to any of such documents that effect the rights of the Preferred Stockholders, shall be mutually acceptable to the Majority Consenting Noteholders, the Preferred Stockholders and the Debtor.

(yyy) "**Plan Support Agreements**" mean, collectively, the Noteholder Plan Support Agreement, the Toshiba Plan Support Agreement and the B&W Plan Support Agreement.

(zzz) "**Preferred Stockholders**" means the holders of the USEC Preferred Stock, which consist exclusively of Toshiba and B&W.

(aaaa) "**Preferred Stockholder Advisors**" means (i) Morrison & Foerster LLP, counsel to Toshiba, (ii) Delaware counsel to Toshiba, (iii) GLC Advisors & Co., financial advisor to Toshiba, (iv) Baker Botts L.L.P., counsel to B&W, (v) Delaware counsel to B&W, and (vi) E&A Advisors, LLC, financial advisor to B&W.

(bbbb) "**Preferred Stock Interests/Claims**" means, collectively, (i) any Interests that are based upon or arise from USEC Preferred Stock and (ii) any Claims that are based upon or arise from USEC Preferred Stock and are subordinated pursuant to Bankruptcy Code Section 510(b).

(cccc) "**Priority Tax Claim**" means a Claim that is entitled to priority pursuant to Bankruptcy Code Section 507(a)(8).

(dddd) "**Professional**" means any professional retained in the Chapter 11 Case by order of the Bankruptcy Court, excluding any of the Debtor's ordinary course professionals.

(eeee) "**Professional Fee Claim**" means a Claim of a Professional for compensation or reimbursement of costs and expenses relating to services rendered after the Petition Date and prior to and including the Effective Date, subject to any limitations imposed by order of the Bankruptcy Court.

(ffff) "**Pro Rata**" means, at any time, the proportion that the amount of a Claim or Interest in a particular Class or Classes (or portions thereof, as applicable) bears to the aggregate amount of all Claims or Interests (including Disputed Claims or Interests), as applicable, in such Class or Classes, unless the Plan provides otherwise.

(gggg) "**Proof of Claim**" means a Proof of Claim filed with the Bankruptcy Court or the Claims Agent in connection with the Chapter 11 Case.

(hhhh) "**Proof of Interest**" means a Proof of Interest filed with the Bankruptcy Court or the Claims Agent in connection with the Chapter 11 Case.

(iiii) "**Reinstated**" means (i) leaving unaltered the legal, equitable, and contractual rights to which the holder of a Claim or Interest is entitled so as to leave such Claim unimpaired in accordance with Bankruptcy Code Section 1124; or (ii) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default, (v) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in Bankruptcy Code Section 365(b)(2), or of a kind that Section 365(b)(2) does not require to be cured, (w) reinstating the maturity of such Claim or Interest as such maturity existed before such default, (x) compensating the holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law, (y) if such Claim or Interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to Bankruptcy Code Section 365(b)(1)(A), compensating the holder of such Claim or Interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure, and (z) not otherwise altering the legal, equitable, or contractual rights to which the holder of such Claim or Interest is entitled; *provided*, *however*, that any Claim that is Reinstated under the Plan shall be subject to all limitations set forth in the Bankruptcy Code, including, in particular, Sections 502 and 510.

(jjjj) "**Rejection Damages Claim**" means a Claim arising from the Debtor's rejection of a contract or lease, which Claim shall be limited in amount by any applicable provision of the Bankruptcy Code, including, without limitation, Bankruptcy Code Section 502, subsection 502(b)(6) thereof with respect a Claim of a lessor for damages resulting from the rejection of a lease of real property, subsection 502(b)(7) thereof with respect to a Claim of an employee for damages resulting from the rejection of an employment contract, or any other subsection thereof.

(kkkk) "**Reorganized Debtor**" means the reorganized Debtor or its successor on or after the Effective Date.

(llll) "**Request for Payment**" means a request for payment of an Administrative Claim filed with the Bankruptcy Court in connection with the Chapter 11 Case.

(mmmm) "**Secured Claim**" means a Claim (i) that is secured by a Lien on property in which the Estate has an interest, which lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, or a Claim that is subject to a valid right of setoff; (ii) to the extent of the value of the holder's interest in the Estate's interest in such property or to the extent of the amount subject to a valid right of setoff, as applicable; and (iii) the amount of which (A) is undisputed by the Debtor or (B) if disputed by the Debtor, such dispute is settled by written agreement between the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor and the holder of such Claim or determined, resolved, or adjudicated by final, nonappealable order of a court or other tribunal of competent jurisdiction.

(nnnn) "**Subsidiary Security Agreement**" means the security agreement to be entered into by Enrichment Corp, one of the Non-Debtor Subsidiaries, to secure the Limited Subsidiary Guaranty, which shall be substantially in the form included in the Plan Supplement.

(oooo) "**Substantial Contribution Claim**" means a claim for compensation or reimbursement of costs and expenses relating to services rendered in making a substantial contribution in the Chapter 11 Case pursuant to Bankruptcy Code Sections 503(b)(3), (4), or (5).

(pppp) "**Supplementary Strategic Relationship Agreement**" means the new agreement to be entered into by and among the Reorganized Debtor, B&W and Toshiba, as a supplement to the continuing Strategic Relationship Agreement dated as of May 25, 2010, to govern certain business and strategic relationships of the parties after the Effective Date, which shall be substantially in the form included in the Plan Supplement.

(qqqq) "**Toshiba**" means Toshiba America Nuclear Energy Corporation.

(rrrr) "**Toshiba Plan Support Agreement**" means that certain agreement dated as of March 4, 2014 between the Debtor and Toshiba pursuant to which, among other things, and subject to certain terms and conditions including approval of the Disclosure Statement, Toshiba agreed to support the Plan.

(ssss) "**Unexercised Common Stock Rights**" means, collectively, any stock options or other right to purchase any USEC Common Stock, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights to acquire or receive any such USEC Common Stock that have not been exercised prior to the Effective Date. The term specifically excludes Common Stock Interests/Claims.

(tttt) "**Unfiled Claim**" means a Claim as to which no Proof of Claim or Request for Payment has been filed.

(uuuu) "**Unimpaired**" means, with respect to any Claim, that such Claim is not impaired within the meaning of Bankruptcy Code Section 1124.

(vvvv) "**USEC**" means USEC Inc., a Delaware corporation, which is the Debtor in the Chapter 11 Case.

(wwww) "**USEC Common Stock**" means, collectively, any common equity in USEC outstanding prior to the Effective Date, including, without limitation, any stock option or other right to purchase the common stock of USEC, together with any warrant, conversion right, restricted stock unit, right of first refusal, subscription, commitment, agreement, or other right to acquire or receive any such common stock in USEC that have been fully exercised prior to the Effective Date.

(xxxx) "**USEC Preferred Stock**" means, collectively, any preferred equity in USEC outstanding prior to the Effective Date, including, without limitation, any stock options or other right to purchase the preferred stock of USEC, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights to acquire or receive any preferred stock or other preferred equity ownership interests in USEC prior to the Effective Date.

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

2.1 Introduction

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and such Claim or Interest has not been paid, released, or otherwise settled prior to the Effective Date. A Claim or Interest may be and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

2.2 Unclassified Claims

In accordance with Bankruptcy Code Section 1123(a)(1), Administrative Claims, DIP Facility Claims, and Priority Tax Claims have not been classified.

2.3 Unimpaired Classes of Claims

The following Classes contain Claims that are not Impaired by the Plan, are deemed to accept the Plan, and are not entitled to vote on the Plan.

Class 1: Other Priority Claims

Class 1 consists of all Other Priority Claims.

Class 2: Secured Claims

Class 2 consists of all Secured Claims.

Class 3: General Unsecured Claims

Class 3 consists of all General Unsecured Claims.

Class 4: Intercompany Claims

Class 4 consists of all Intercompany Claims.

2.4 Impaired Voting Classes of Claims and Interests

The following Classes contains Claims and Interests that are Impaired by the Plan and are entitled to vote on the Plan.

Class 5: Noteholder Claims

Class 5 consists of all Noteholder Claims.

Class 6: Preferred Stock Interests/Claims

Class 6 consists of all Preferred Stock Interests/Claims

2.5 Impaired Non-Voting Classes of Claims and Interests

The following Classes contain Claims and Interests that are Impaired by the Plan, are deemed to reject the Plan, and are not entitled to vote on the Plan.

Class 7: Common Stock Interests/Claims

Class 7 consists of any Common Stock Interests/Claims.

Class 8: Unexercised Common Stock Rights

Class 8 consists of all Unexercised Common Stock Rights.

ARTICLE III

TREATMENT OF CLAIMS AND INTERESTS

3.1 Unclassified Claims

(a) Administrative Claims

With respect to each Allowed Administrative Claim, except as otherwise provided for in Section 10.1 of the Plan, on the applicable Distribution Date, the holder of each such Allowed Administrative Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (A) Cash equal to the unpaid portion of such Allowed Administrative Claim or (B) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, shall have agreed upon in writing; *provided*, *however*, that Allowed Administrative Claims with respect to liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

(b) DIP Facility Claim

The DIP Facility Claim shall be deemed Allowed in its entirety for all purposes of the Plan and the Chapter 11 Case. The holder of the Allowed DIP Facility Claim shall receive, on the later of the Distribution Date or the date on which such DIP Facility Claim becomes payable pursuant to any agreement between such holder and the Debtor or the Reorganized Debtor, as applicable, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed DIP Facility Claim (i) payment of such Allowed DIP Facility Claim in Cash or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, shall have agreed upon in writing.

(c) Priority Tax Claims

Each holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, as shall have been determined by the Debtor or by the Reorganized Debtor, either (i) on the applicable Distribution Date, Cash equal to the due and unpaid portion of such Allowed Priority Tax Claim, (ii) treatment in a manner consistent with Bankruptcy Code Section 1129(a)(9)(C), or (iii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, shall have agreed upon in writing.

3.2 Unimpaired Classes of Claims

(a) Class 1: Other Priority Claims

On the applicable Distribution Date, each holder of an Allowed Other Priority Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Priority Claim, either (i) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, shall have agreed upon in writing.

(b) Class 2: Secured Claims

As to all Allowed Secured Claims, on the Effective Date, the legal, equitable, and contractual rights of each holder of such an Allowed Secured Claim shall be Reinstated. On the applicable Distribution Date, each holder of such an Allowed Secured Claim shall receive, in full satisfaction, settlement of and in exchange for, such Allowed Secured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Case not been filed, consistent with the relevant underlying documents, if any.

Notwithstanding Section 1141(c) or any other provision of the Bankruptcy Code, all prepetition Liens on property of the Debtor held with respect to an Allowed Secured Claim shall survive the Effective Date and continue in accordance with the contractual terms or statutory provisions governing such Allowed Secured Claim until such Allowed Secured Claim is satisfied, at which time such Liens shall be released, shall be deemed null and void, and shall be unenforceable for all purposes. Nothing in the Plan shall preclude the Debtor or the Reorganized Debtor from challenging the validity of any alleged Lien on any asset of the Debtor or the value of the property that secures any alleged Lien.

(c) Class 3: General Unsecured Claims

On the applicable Distribution Date, each holder of an Allowed General Unsecured Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed General Unsecured Claim, either (i) Cash equal to the unpaid portion of such Allowed General Unsecured Claim or (ii) such different treatment as to which such holder and the Debtor (with the consent of the Majority Consenting Noteholders) or the Reorganized Debtor, as applicable, shall have agreed upon in writing.

(d) Class 4: Intercompany Claims

With respect to each Allowed Intercompany Claim, (i) the legal, equitable and contractual rights of the holder of the Intercompany Claim shall be Reinstated as of the Effective Date or (ii) by agreement between the holder and the Debtor (with the consent of the Majority Consenting Noteholders), may be adjusted, continued, expunged, or capitalized, either directly or indirectly or in whole or in part, as of the Effective Date.

3.3 Impaired Voting Classes of Claims and Interests

(a) Class 5: Noteholder Claims

The Noteholder Claims shall be deemed Allowed in their entirety for all purposes of the Plan and the Chapter 11 Case in an amount not less than $530,000,000 as of the Petition Date, plus all applicable accrued and unpaid interest, fees, expenses and other amounts due under the Old Indenture, which Allowed Noteholder Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairments or any other challenges under applicable law or regulation by any entity. Each holder of an Allowed Noteholder Claim shall receive, on the Distribution Date, in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Allowed Noteholder Claim, but subject to the Indenture Trustee's Charging Lien, its Pro Rata share of (i) the New Noteholder Common Stock, (ii) Cash equal to the amount of the interest accrued at the non-default rate on the Old Notes from the date of the last interest payment made by the Debtor before the Petition Date to the Effective Date, (iii) the Additional Plan Cash, and (iv) the Majority New Notes.

(b) Class 6: Preferred Stock Interests/Claims

The USEC Preferred Stock Interests/Claims shall be deemed Allowed in their entirety for all purposes of the Plan and the Chapter 11 Case, and such Allowed USEC Preferred Stock Interests/Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairments or any other challenges under applicable law or regulation by any entity. Each holder of an Allowed USEC Preferred Stock Interest/Claim shall receive, on the Distribution Date, in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Allowed USEC Preferred Stock Interests/Claims, its Pro Rata share of (i) the New Preferred Stockholder Common Stock and (ii) the Minority New Notes; and shall have the benefits and obligations agreed to in the Supplementary Strategic Relationship Agreement.

3.4 Impaired Nonvoting Classes of Claims and Interests

(a) Class 7: Common Stock Interests/Claims

All securities or other documents evidencing USEC Common Stock shall be cancelled as of the Effective Date.

If Class 5 and Class 6 vote to accept the Plan, the holders of any such Allowed Common Stock Interests/Claims shall be entitled to receive on the applicable Distribution Date, in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Allowed Interest or Claim, their Pro Rata share of the New Minority Common Stock.

If Class 5 or Class 6 votes to reject the Plan, the holders of Common Stock Interests/Claims shall not receive or retain any property under the Plan on account of such Interests or Claims.

(b) Class 8: Unexercised Common Stock Rights

All Unexercised Common Stock Rights shall be cancelled as of the Effective Date. No holder of Unexercised Common Stock Rights shall receive or retain any property under the Plan on account of such Unexercised Common Stock Rights.

3.5 Reservation of Rights Regarding Claims and Interests

Except as otherwise explicitly provided in the Plan, nothing shall affect the Debtor's or the Reorganized Debtor's rights and defenses, both legal and equitable, with respect to any Claims or Interests, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

ARTICLE IV

ACCEPTANCE OR REJECTION OF THE PLAN

4.1 Impaired Classes Entitled to Vote

Holders of Claims in the Impaired Class of Noteholder Claims and holders of Interests/Claims in the Impaired Class of Preferred Stock Interests/Claims are each entitled to vote as a Class to accept or reject the Plan. Accordingly, the votes of holders of Claims in Class 5 and Interests/Claims in Class 6 shall be solicited with respect to the Plan.

4.2 Acceptance by an Impaired Class

In accordance with Bankruptcy Code Section 1126(c), and except as provided in Bankruptcy Code Section 1126(e), the Impaired Class of Noteholder Claims shall have accepted the Plan if the Plan is accepted by the holders of at least two-thirds (2/3) in dollar amount and more than one-half (½) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan. In accordance with Bankruptcy Code Section 1126(d), and except as provided in Bankruptcy Code Section 1126(e), the Impaired Class of Preferred Stock Interests/Claims shall have accepted the Plan if the Plan is accepted by the holders of at least two-thirds (2/3) in dollar amount of the Allowed Interests of such Class that have timely and properly voted to accept or reject the Plan.

4.3 Presumed Acceptances by Unimpaired Classes

Claims in Classes 1, 2, 3, and 4 are Unimpaired under the Plan. Under Bankruptcy Code Section 1126(f), holders of such Unimpaired Claims are conclusively presumed to have accepted the Plan, and the votes of such Unimpaired Claim and Interest holders shall not be solicited.

4.4 Classes Deemed to Reject Plan

Holders of Allowed Common Stock Interests/Claims in Class 7, although receiving a distribution under the Plan if Classes 5 and 6 vote to accept the Plan, are deemed to have rejected the Plan, and the votes of such holders shall not be solicited. Holders of Allowed Interests in Class 8 are not entitled to receive or retain any property under the Plan, are deemed to have rejected the Plan, and the votes of such holders shall not be solicited.

4.5 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

In view of the deemed rejection of the Plan by Classes 7 and 8, the Debtor requests Confirmation of the Plan, as it may be modified from time to time with the consent of the Majority Consenting Noteholders, under Bankruptcy Code Section 1129(b).

The Debtor reserves the right to alter, amend, or modify the Plan, or any document included in the Plan Supplement, with the consent of the Majority Consenting Noteholders and in accordance with the provisions of the Plan, including, without limitation, Section 10.12, as necessary to satisfy the requirements of Bankruptcy Code Section 1129(b).

ARTICLE V

MEANS FOR IMPLEMENTATION OF THE PLAN

5.1 Continued Corporate Existence

The Reorganized Debtor shall continue to exist as of and after the Effective Date as a legal entity, in accordance with the applicable laws of the State of Delaware and pursuant to the New USEC Governing Documents. The Reorganized Debtor reserves the right to change its name, with any such name change to be mutually acceptable to the Debtor and the Majority Consenting Noteholders, to be announced in the Plan Supplement and to be effective upon the Effective Date.

5.2 Certificate of Incorporation and By-laws

The certificate of incorporation and by-laws of the Debtor shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code and shall include, among other things, pursuant to Bankruptcy Code Section 1123(a)(6), a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by Bankruptcy Code Section 1123(a)(6) and limited as necessary to facilitate compliance with applicable non-bankruptcy federal laws governing foreign ownership of the Debtor. The certificate of incorporation and by-laws of the Debtor, as amended, shall constitute the New USEC Governing Documents. The New USEC Governing Documents shall be in substantially the forms of such documents included in the Plan Supplement and shall be in full force and effect as of the Effective Date.

5.3 Funding

(a) The Reorganized Debtor shall be authorized to (i) enter into the Exit Facility, (ii) grant any liens and security interests and incur the indebtedness as required under the Exit Facility, and (iii) issue, execute and deliver all documents, instruments and agreements necessary or appropriate to implement and effectuate all obligations under the Exit Facility, with each of the foregoing being acceptable to the Majority Consenting Noteholders, and to take all other actions necessary to implement and effectuate borrowings under the Exit Facility. On the Effective Date, the Exit Facility, together with new promissory notes, if any, evidencing obligations of the Reorganized Debtor thereunder, and all other documents, instruments, and agreements to be entered into, delivered, or confirmed thereunder on the Effective Date, shall become effective. The new promissory notes issued pursuant to the Exit Facility and all obligations under the Exit Facility and related documents shall be paid as set forth in the Exit Facility and related documents

(b) The Debtor and the Reorganized Debtor, as applicable, shall be authorized to (i) engage in intercompany transactions to transfer Cash for distribution pursuant to the Plan, (ii) continue to engage in intercompany transactions (subject to any applicable contractual limitations, including any in the Exit Facility), including, without limitation, transactions relating to the incurrence of intercompany indebtedness, and (iii) grant any liens and security interests to any subsidiary as may be necessary to procure intercompany funding from such subsidiary consistent with the Exit Facility, if applicable.

5.4 Cancellation of Old Securities and Agreements

(a) On the Effective Date, except as otherwise provided for herein, the Old Securities shall be deemed extinguished, cancelled and of no further force or effect. The Old Notes and any securities instruments evidencing the USEC Preferred Stock, the USEC Common Stock and the Unexercised Common Stock Rights shall be deemed surrendered in accordance with Section 7.6 of the Plan. For the avoidance of doubt, with respect to the USEC Preferred Stock, the Securities Purchase Agreement dated as of May 25, 2010 and the Investor Rights Agreement dated as of September 2, 2010 (and any amendments to the foregoing) shall be cancelled as of the Effective Date, without liability to, or future obligation of, any party; but the Strategic Relationship Agreement dated as of May 25, 2010 shall continue and be assumed under Section 6.1(a) of the Plan.

(b) The obligations of the Debtor (and the Reorganized Debtor) under any agreements, indentures, or certificates of designations governing the Old Securities and any other note, bond, or indenture evidencing or creating any indebtedness or obligation with respect to the Old Securities shall be discharged in each case without further act or action under any applicable agreement, law, regulation, order, or rule and without any action on the part of the Bankruptcy Court or any Person; *provided*, *however*, that the Old Notes and the Old Indenture shall continue in effect solely for the purposes of (i) allowing the holders of the Old Notes to receive the distributions provided for Noteholder Claims hereunder, (ii) allowing the Disbursing Agent to make distributions on account of the Noteholder Claims, and (iii) preserving the Indenture Trustee's Charging Lien.

(c) Subsequent to the performance by the Indenture Trustee or its agents of any duties that are required under the Plan, the Confirmation Order and/or under the terms of the Old Indenture, the Indenture Trustee and its agents (i) shall be relieved of, and released from, all obligations associated with the Old Notes arising under the Old Indenture or under other applicable agreements or law and (ii) shall be deemed to be discharged.

5.5 Authorization and Issuance of the New Notes

(a) On the Effective Date, Reorganized USEC shall authorize the issuance of the New Notes in the aggregate principal amount of $240.38 million. The New Notes shall be governed by the New Indenture and shall have the benefit of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement. The Debtor or the Reorganized Debtor, as applicable, shall use commercially reasonable efforts to cause the New Notes to be represented by one or more global notes and to be issued in book-entry form through the facilities of The Depository Trust Company.

(b) The issuance and distribution of the New Notes pursuant to the Plan to holders of Allowed Noteholder Claims and Allowed Preferred Stock Interests/Claims shall be authorized under Bankruptcy Code Section 1145 as of the Effective Date without further act or action by any Person, except as may be required by the New Indenture or applicable law, regulation, order, or rule, including, without limitation, the Trust Indenture Act of 1939, as amended; and all documents evidencing the same shall be executed and delivered as provided for in the Plan or the Plan Supplement.

5.6 Participation in Plan by Enrichment Corp; Authorization and Issuance of the Limited Subsidiary Guaranty

(a) Enrichment Corp has agreed to be a co-proponent and participant in the Plan for purposes of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement and consents to the jurisdiction of the Bankruptcy Court for the purpose of enforcing its agreement to execute, deliver and perform under the Limited Subsidiary Guaranty and the Subsidiary Security Agreement. Enrichment Corp shall have no other obligations under the Plan.

(b) As a co-proponent of the Plan, Enrichment Corp shall be deemed to be, and the Confirmation Order shall find that Enrichment Corp is, an affiliate of the Debtor participating in a joint plan with the Debtor for purposes of Bankruptcy Code Section 1145. Accordingly, the issuance by Enrichment Corp of the Limited Subsidiary Guaranty pursuant to the Plan to the holders of Allowed Noteholder Claims and Allowed Preferred Stock Interests/Claims shall be authorized under Bankruptcy Code Section 1145 as of the Effective Date without further act or action by any Person, except as may be required by applicable law, regulation, order or rule; and all documents evidencing same shall be executed and delivered as provided for in the Plan or the Plan Supplement.

5.7 Authorization and Issuance of the New Common Stock

(a) On the Effective Date, the Reorganized Debtor shall have authorized capital as set forth in the New USEC Charter and from such authorized capital shall issue or reserve for issuance under the Plan 10,000,000 shares of New Common Stock, consisting of (i) 7,113,600 shares of New Common Stock, Class A to be issued as the New Noteholder Common Stock for distribution to holders of Allowed Noteholder Claims; (ii) 1,436,400 shares of New Common Stock, Class B to be issued as the New Preferred Stockholder Common Stock for distribution to holders of Allowed Preferred Stock Interests/Claims; (iii) 450,000 shares of New Common Stock, Class A to be issued as the New Minority Common Stock for distribution to holders of Allowed Common Stock Interests/Claims; and (iv) 1,000,000 shares of New Common Stock to be issued or reserved for issuance on account of stock options, stock appreciation rights, restricted stock, restricted stock units, and/or other forms of equity-based awards granted under the New Management Incentive Plan (excluding shares of New Common Stock that may be issuable as a result of the antidilution provisions).

(b) The New Common Stock issued under the Plan shall be subject to dilution based upon (i) such shares of the New Common Stock as may be issued from the stock reserved under clause (a)(v) above pursuant to the New Management Incentive Plan as set forth in Section 5.8 of the Plan and (ii) any other shares of New Common Stock issued post-emergence in accordance with the provisions of the New USEC Governing Documents.

(c) The issuance and distribution of the New Common Stock pursuant to the Plan to holders of Allowed Noteholder Claims, Allowed Preferred Stock Interests/Claims, and Allowed Common Stock Interests/Claims shall be authorized under Bankruptcy Code Section 1145 as of the Effective Date without further act or action by any Person, except as may be required by the New USEC Governing Documents or applicable law, regulation, order or rule; and all documents evidencing same shall be executed and delivered as provided for in the Plan or the Plan Supplement.

(d) The rights of the holders of New Common Stock shall be as provided for in the New USEC Governing Documents.

(e) As promptly as possible after the Effective Date, the Reorganized Debtor will file, and use reasonable best efforts to have declared effective as promptly as practicable, a “resale shelf” registration statement on the applicable form with the United States Securities and Exchange Commission to register the resale of New Noteholder Common Stock or New Preferred Stockholder Common Stock by any holder who may be deemed an “underwriter” pursuant to Bankruptcy Code Section 1145(b)(1).

(f) The Reorganized Debtor shall be a public company, shall have registered the New Common Stock under the Securities Exchange Act of 1934, and shall make periodic filings as required by the Securities Exchange Act of 1934.

5.8 New Management Incentive Plan; Further Participation in Incentive Plans

(a) In accordance with the New Management Incentive Plan, on the Effective Date, the Reorganized Debtor shall be authorized and directed to establish and implement the New Management Incentive Plan.

(b) Under the equity component of the New Management Incentive Plan, 1,000,000 shares of New Common Stock, Class A, shall be issued or reserved for issuance with respect to awards of stock options, stock appreciation rights, restricted stock, restricted stock units, and/or other forms of equity-based awards granted to employees, officers, directors or other individuals providing bona fide services to or for the Reorganized Debtor or its affiliates, as set forth in the New Management Incentive Plan.

(c) As of the Effective Date, pursuant to the Confirmation Order and Section 303 of the Delaware General Corporation Law, the New Management Incentive Plan shall be deemed adopted by the unanimous action of the New Board and approved by the unanimous action of the stockholders of the Reorganized Debtor (including, without limitation, for purposes of Sections 162(m) and 422 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder). The foregoing sentence shall not be deemed to limit the application of Section 303 of the Delaware General Corporation Law to any other corporate action taken pursuant to the Plan.

(d) After the Effective Date, the New Management Incentive Plan may be amended or modified from time to time by the New Board only to the extent permitted by the terms of the New Management Incentive Plan, and any such permitted amendment or modification shall not require an amendment of the Plan.

(e) Any pre-existing understandings, either oral or written, between the Debtor and any member of management, any employee, or any other Person as to entitlement to (i) any pre-existing equity or equity-based awards or (ii) participate in any pre-existing equity incentive plan, equity ownership plan or any other equity-based plan (but specifically excluding any Cash payment components of any such equity-based plans) shall be null and void as of the Effective Date and shall not be binding on the Reorganized Debtor on or following the Effective Date.

5.9 Directors and Officers of Reorganized USEC

(a) Upon the Effective Date, the size of the New Board shall be eleven (11), with the initial members identified in the Plan Supplement. Thereafter, the New Board shall serve in accordance with the New USEC Governing Documents.

(b) The officers of USEC shall continue to serve in their same respective capacities after the Effective Date for the Reorganized Debtor until replaced or removed in accordance with the New USEC Governing Documents, subject to applicable law.

5.10 Revesting of Assets

Except as otherwise provided herein, the property of the Debtor's Estate, together with any property of the Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, shall revest in the Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtor may operate its business and may use, acquire, and dispose of such property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court. Except as specifically provided in the Plan or the Confirmation Order, as of the Effective Date, all property of the Reorganized Debtor shall be free and clear of all Claims and Interests, and all Liens with respect thereto.

5.11 Indemnification of Debtor's Directors, Officers, and Employees; Insurance

(a) Upon the Effective Date, the New USEC Governing Documents shall contain provisions, or the Reorganized Debtor shall enter into indemnification agreements, which, to the fullest extent permitted by applicable law, (i) eliminate the personal liability of the Debtor's directors, officers, and key employees serving before, on, and after the Petition Date and the Reorganized Debtor's directors, officers, and key employees serving on and after the Effective Date for monetary damages; and (ii) require the Reorganized Debtor, subject to appropriate procedures, to indemnify those of the Debtor's directors, officers, and key employees serving prior to, on, or after the Effective Date for all claims and actions, including, without limitation, for pre-Effective Date acts and occurrences.

(b) The Debtor or the Reorganized Debtor, as the case may be, shall maintain director and officer insurance coverage in the amount of $115 million, and for a tail period of six (6) years, for those Persons covered by any such policies in effect during the pendency of the Chapter 11 Case, continuing after the Effective Date, insuring such Persons in respect of any claims, demands, suits, causes of action, or proceedings against such Persons based upon any act or omission related to such Person's service with, for, or on behalf of the Debtor (whether occurring before or after the Petition Date). Such policies shall be fully paid and noncancellable. If not purchased by the Debtor before the Effective Date, on or after the Effective Date, the Reorganized Debtor shall purchase director and officer insurance covering the period on or after the Effective Date.

5.12 Preservation of Rights of Action; Resulting Claim Treatment

Except as otherwise provided in the Plan (including with respect to any Litigation Rights that may be released pursuant to Section 10.7(a) of the Plan), the Confirmation Order, or the Plan Supplement, and in accordance with Bankruptcy Code Section 1123(b), on the Effective Date, the Debtor or the Reorganized Debtor shall retain all of the respective Litigation Rights that the Debtor or the Reorganized Debtor may hold against any Person. The Debtor or the Reorganized Debtor shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all such Litigation Rights without approval of the Bankruptcy Court.

5.13 Exemption From Certain Transfer Taxes

Pursuant to Bankruptcy Code Section 1146(a), any transfers from the Debtor to the Reorganized Debtor or any other Person pursuant to, in contemplation of, or in connection with the Plan, including any Liens granted to secure the Exit Facility or the New Notes, including the Limited Subsidiary Guaranty, and the issuance, transfer, or exchange of any debt, equity securities or other interest under or in connection with the Plan, shall not be taxed under any law imposing a stamp tax, real estate transfer tax, mortgage recording tax, sales or use tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or government assessment, and the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement distributions under the Plan, including the documents contained in the Plan Supplement and all documents necessary to evidence and implement any of the transactions and actions described in the Plan or the Plan Supplement.

5.14 Corporate Action; Effectuating Documents

(a) On the Effective Date, the adoption and filing of the New USEC Governing Documents and all actions contemplated by the Plan shall be authorized and approved in all respects pursuant to the Plan. All matters provided for herein involving the corporate structure of the Debtor or the Reorganized Debtor, and any corporate action required by the Debtor, the Reorganized Debtor in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the stockholders or directors of the Debtor or the Reorganized Debtor, and shall be fully authorized pursuant to Section 303 of the Delaware General Corporation Law.

(b) Any chief executive officer, president, chief financial officer, senior vice president, general counsel or other appropriate officer of the Reorganized Debtor, shall be authorized to execute, deliver, file, or record the documents included in the Plan Supplement and such other contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Any secretary or assistant secretary of the Reorganized Debtor shall be authorized to certify or attest to any of the foregoing actions. All of the foregoing is authorized without the need for any required approvals, authorizations, or consents except for express consents required under the Plan.

5.15 Plan Supplement

The Plan Supplement may be filed in parts either contemporaneously with the filing of the Plan or from time to time thereafter, but in no event later than one (1) week prior to the deadline established by the Bankruptcy Court for voting on the Plan. After filing, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours. The Plan Supplement is also available for inspection on (a) the website maintained by the Claims and Noticing Agent: http://www.loganandco.com, and (b) the Bankruptcy Court's website: http://www.deb.uscourts.gov. In addition, holders of Claims or Interests may obtain a copy of any document included in the Plan Supplement upon written request in accordance with Section 10.15 of the Plan.

ARTICLE VI

TREATMENT OF CONTRACTS AND LEASES

6.1 Assumed Contracts and Leases

(a) Except as otherwise provided in the Plan, the Confirmation Order, or the Plan Supplement, as of the Effective Date, the Debtor shall be deemed to have assumed each executory contract or unexpired lease to which the Debtor is a party as of the Petition Date unless any such contract or lease (i) was previously assumed or rejected upon motion by a Final Order, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of any pending motion, including to assume, to assume on modified terms, to reject or to make any other disposition filed by the Debtor on or before the Confirmation Date, or (iv) is subsequently rejected in accordance with the provisions of Section 6.2(c) of the Plan. The Confirmation Order shall constitute an order of the Bankruptcy Court under Bankruptcy Code Section 365(a) approving the contract and lease assumptions described above, as of the Effective Date.

(b) Each executory contract and unexpired lease that is assumed shall include (i) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such contract or lease and (ii) all contracts or leases appurtenant to the subject premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

(c) To the extent applicable, all executory contracts or unexpired leases of the Debtor assumed pursuant to the Plan shall be deemed modified such that the transactions contemplated by the Plan shall not be a "change in control," however such term may be defined in the relevant executory contract or unexpired lease, and any required consent under any such contract or lease shall be deemed satisfied by the Confirmation of the Plan.

6.2 Payments Related to Assumption of Contracts and Leases; Resolution of Assumption-Related Disputes

(a) Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, under Bankruptcy Code Section 365(b)(1) by Cure. The Debtor shall, at its option, be permitted to resolve any dispute with respect to the amount of Cure either (i) through the Bankruptcy Court, or (ii) in the procedural manner in which a dispute regarding the amounts owed under a particular executory contract and unexpired lease would have been settled, determined, resolved or adjudicated if the Chapter 11 Case had not been commenced.

(b) If there is a dispute regarding (i) the nature or amount of any Cure, (ii) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of Bankruptcy Code Section 365) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, Cure shall occur following (y) the entry of a Final Order resolving the dispute and approving the assumption if such dispute is adjudicated in the Bankruptcy Court, or (z) as to amounts under the executory contract or unexpired lease, following the final resolution of such matter if the Debtor elected to handle such dispute in the procedural manner in which it would have been settled, determined, resolved or adjudicated if the Chapter 11 Case had not been commenced.

(c) Notwithstanding any of the foregoing subsections of this Section 6.2, the Debtor shall be authorized to reject any executory contract or unexpired lease to the extent the Debtor, in the exercise of its sound business judgment, concludes that the amount of the Cure obligation as determined by Final Order or as otherwise finally resolved, renders assumption of such contract or lease unfavorable to the Debtor's Estate. In the event the Debtor so rejects any previously assumed contract or lease, and such rejection gives rise to a Rejection Damages Claim, such Rejection Damages Claim arising out of such rejection shall be limited to the amount of the Allowed Rejection Damage Claim.

6.3 Rejected Contracts and Leases

The Debtor, with the consent of the Majority Consenting Noteholders, reserves the right, at any time prior to the Effective Date, except as otherwise specifically provided herein, to seek to reject any executory contract or unexpired lease to which the Debtor is a party and to file a motion requesting authorization for the rejection of any such contract or lease. Any executory contracts or unexpired leases that expire by their terms prior to the Effective Date are deemed to be rejected, unless previously assumed or otherwise disposed of by the Debtor.

6.4 Compensation and Benefit Programs

(a) Except to the extent (i) otherwise provided for in the Plan, (ii) previously assumed or rejected by an order of the Bankruptcy Court entered on or before the Confirmation Date, (iii) the subject of a pending motion to reject filed by the Debtor on or before the Confirmation Date, or (iv) previously terminated, all Employee Programs in effect before the Effective Date, shall be deemed to be, and shall be treated as though they are, contracts that are assumed under the Plan. Nothing contained herein shall be deemed to modify the existing terms of Employee Programs, including, without limitation, the Debtor's and the Reorganized Debtor's rights of termination and amendment thereunder.

(b) To the extent any "change in control" provision contained in any Employee Program would be triggered and payable solely as a result of the transactions contemplated by the Plan, such Employee Program shall not be assumed to the extent a waiver of the change in control provision is not executed by the employee having the benefit of such change in control provision, but otherwise shall remain in full force and effect and may be triggered as a result of any transactions occurring after the Effective Date.

(c) As of the Effective Date, any and all equity incentive plans, equity ownership plans, or any other equity-based plans entered into before the Effective Date, including Claims arising from any change in control provision therein, shall be deemed to be, and shall be treated as though they are, contracts that are rejected pursuant to Bankruptcy Code Section 365 under the Plan pursuant to the Confirmation Order, *provided, however,* that nothing contained herein will impact any Cash payment components of any such equity-based plans.

(d) The Reorganized Debtor affirms and agrees that (i) it is and will continue to be the contributing sponsor of the Employees' Retirement Plan of USEC Inc. (the "Pension Plan"), a tax-qualified defined benefit pension plan insured by the Pension Benefit Guaranty Corporation under Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1301-1461, et seq; (ii) the Pension Plan is subject to minimum funding requirements of ERISA and §§ 412 and 430 of the Internal Revenue Code; (iii) no provision of the Plan, the Confirmation Order, or Bankruptcy Code Section 1141, shall, or shall be construed to, discharge, release, or relieve the Debtor, the Reorganized Debtor, or any other party, in any capacity, from any liability with respect to the Pension Plan under any law, governmental policy, or regulatory provision; and (iv) neither the PBGC nor the Pension Plan shall be enjoined from enforcing such liability as a result of the Plan's provisions for satisfaction, release and discharge of Claims. The Debtor further affirms and agrees that any discharge of liability provided under this Plan shall not operate to discharge any obligations it might have under applicable non-bankruptcy law with respect to any tax-qualified defined benefit pension plan maintained by Enrichment Corp, one of the Non-Debtor Subsidiaries, as a result of the Debtor's status as a member of the "controlled group" for such pension plan. As of the Effective Date, the Reorganized Debtor shall contribute to the Pension Plan the amount necessary to satisfy minimum funding standards under sections 302 and 303 of ERISA, 29 U.S.C. §§ 1082 and 1083, and sections 412 and 430 of the Internal Revenue Code, to the extent that any such contributions were not made during the Chapter 11 Case.

6.5 Certain Indemnification Obligations

(a) Indemnification Obligations owed to those of the Debtor's directors, officers, and employees serving prior to, on, and after the Petition Date shall be deemed to be, and shall be treated as though they are, contracts that are assumed pursuant to Bankruptcy Code Section 365 under the Plan, and such Indemnification Obligations (subject to any defenses thereto) shall survive the Effective Date of the Plan and remain unaffected by the Plan, irrespective of whether obligations are owed in connection with a prepetition or postpetition occurrence.

(b) Indemnification Obligations owed to any of the Debtor's Professionals pursuant to Bankruptcy Code Sections 327 or 328 and order of the Bankruptcy Court, whether such Indemnification Obligations relate to the period before or after the Petition Date, shall be deemed to be, and shall be treated as though they are, contracts that are assumed pursuant to Bankruptcy Code Section 365 under the Plan.

6.6 Extension of Time to Assume or Reject

Notwithstanding anything set forth in Article VI of the Plan, in the event of a dispute as to whether a contract is executory or a lease is unexpired, the Debtor's right to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired. The deemed assumption provided for in Section 6.1(a) of the Plan shall not apply to any such contract or lease, and any such contract or lease shall be assumed or rejected only upon motion of the Debtor following the Bankruptcy Court's determination that the contract is executory or the lease is unexpired.

6.7 Claims Arising from Assumption or Rejection

(a) Except as otherwise provided in the Plan or by Final Order of the Bankruptcy Court, all (i) Allowed Claims arising from the assumption of any contract or lease shall be treated as Administrative Claims pursuant to Section 3.1(a) of the Plan; and (ii) Allowed Rejection Damages Claims shall be treated as General Unsecured Claims pursuant to and in accordance with the terms of Section 3.2(c) of the Plan.

(b) If the rejection by the Debtor, pursuant to the Plan or otherwise, of a contract or lease results in a Rejection Damages Claim, then such Rejection Damages Claim shall be forever barred and shall not be enforceable against the Debtor or the Reorganized Debtor or the properties of either of them unless a Proof of Claim is (i) filed with the Claims Agent on or before the date that is the first Business Day that is thirty (30) days after the Bankruptcy Court's entry of an order authorizing the rejection of a contract or lease and (ii) contemporaneously with such filing, served upon (a) if such filing occurs prior to the Effective Date, counsel to the Debtor and counsel to the Consenting Noteholders or (b) if such filing occurs after the Effective Date, counsel to the Reorganized Debtor. All rights of the Debtor or the Reorganized Debtor, as applicable, to object to any Rejection Damages Claim are reserved.

ARTICLE VII

PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Determination of Allowability of Claims and Interests and Rights to Distributions

(a) Only holders of Allowed Claims and Allowed Interests shall be entitled to receive distributions under the Plan.

(b) Unless otherwise provided in the Plan, the Disclosure Statement or an order of the Bankruptcy Court (including, *inter alia*, with respect to Rejection Damage Claims and Claims subject to Bankruptcy Code Section 510(b)), there shall be no requirement for holders of Claims to file Proofs of Claim or Requests for Payment or for holders of Interests to file any proofs of

interest. With respect to Filed Claims or filed Proofs of Interest, the Debtor or the Reorganized Debtor shall have the right to object to the Proofs of Claim, Requests for Payment or Proofs of Interest in the Bankruptcy Court by the Claims Objection Deadline, but shall not be required to do so. In no event shall the failure to object in the Bankruptcy Court to any Filed Claim or any proof of interest result in the deemed allowance of any such Claim or Interest. The Debtor or the Reorganized Debtor shall have the right to dispute all alleged Claims (whether Filed Claims or Unfiled Claims) and alleged Interests (whether or evidenced by a filed proof of interest) in any manner that would have been available to it had the Chapter 11 Case not been filed (including, without limitation, by declining to pay any alleged Claim or to recognize any alleged Interest), or may elect in its discretion to have any alleged Claim or Interest adjudicated by the Bankruptcy Court.

(c) No distributions shall be made on Disputed Claims or Disputed Interests until and unless such Disputed Claims become Allowed Claims and such Disputed Interests become Allowed Interests. No reserve shall be required with respect to any Disputed Claim or Disputed Interest.

7.2 Timing of Distributions to Holders of Allowed Claims and Allowed Interests

Except as otherwise provided herein or as ordered by the Bankruptcy Court, all distributions to holders of Allowed Claims and Allowed Interests as of the applicable Distribution Date shall be made on or as soon as practicable after the applicable Distribution Date, but in no event later than the first Business Day that is twenty (20) days after such date; *provided*, *however*, that distributions on account of Noteholder Claims hereunder shall be made on the Effective Date. The Reorganized Debtor or the Disbursing Agent shall have the right, in its discretion, to accelerate any Distribution Date occurring after the Effective Date if the facts and circumstances so warrant.

7.3 Procedures for Making Distributions to Holders of Allowed Claims and Allowed Interests

(a) On or before the Effective Date, the Debtor (with the consent of the Majority Consenting Noteholders) shall designate the Person(s) (whether the Reorganized Debtor and/or one or more independent third parties) to serve as the Disbursing Agent(s) under the Plan; *provided*, *however*, that (i) the Indenture Trustee shall serve as the Disbursing Agent with respect to the Noteholder Claims and (ii) the Indenture Trustee shall transmit distributions to the Noteholders subject to the right of the Indenture Trustee to assert the Indenture Trustee's Charging Lien against such distributions. If any Disbursing Agent is an independent third party, such Disbursing Agent shall receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from the Reorganized Debtor. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Notwithstanding any provision contained in this Plan to the contrary, the distribution provisions contained in the Old Indenture shall continue in effect to the extent necessary to authorize the Indenture Trustee to receive and distribute to the Noteholders pursuant to this Plan on account of Allowed Noteholder Claims and shall terminate completely upon completion of all such distributions.

(b) The Disbursing Agent(s) shall make distributions to the holders of the Allowed Claims and Allowed Interests in the same manner and to the same addresses as payments are made in the ordinary course of the Debtor's businesses; *provided*, *however*, that if a Filed Claim or filed Proof of Interest references a different payment address, the address on the Filed Claim or filed Proof of Interest shall be used.

(c) If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Disbursing Agent is notified by the Debtor, the Claims Agent, or such holder of such holder's then current address, at which time all missed distributions shall be made to such holder without interest. If any distribution is made by check and such check is not returned but remains uncashed for six (6) months after the date of such check, the Disbursing Agent may cancel and void such check, and the distribution with respect thereto shall be deemed undeliverable. If, pursuant to Section 7.7 of the Plan, any holder is requested to provide an applicable Internal Revenue Service form or to otherwise satisfy any tax withholding requirements with respect to a distribution and such holder fails to do so within six (6) months of the date of such request, such holder's distribution shall be deemed undeliverable.

(d) Unless otherwise agreed between the Reorganized Debtor and the applicable Disbursing Agent, amounts in respect of returned or otherwise undeliverable or unclaimed distributions made by the Disbursing Agent on behalf of the Reorganized Debtor shall be returned to the Reorganized Debtor until such distributions are claimed. All claims for returned or otherwise undeliverable or unclaimed distributions must be made (i) on or before the first (1st) anniversary of the Effective Date or (ii) with respect to any distribution made later than such date, on or before six (6) months after the date of such later distribution; after which date all undeliverable property shall revert to the Reorganized Debtor free of any restrictions thereon and the claims of any holder with respect to such property shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary. In the event of a timely claim for any returned or otherwise undeliverable or unclaimed distribution, the Reorganized Debtor shall deliver the applicable distribution amount or property to the Disbursing Agent for distribution pursuant to the Plan.

7.4 Calculation of Distribution Amounts of New Securities

No fractional shares of New Securities shall be issued or distributed under the Plan. Each Person entitled to receive New Securities shall receive the total number of whole shares of New Common Stock or their pro rata share in principal amount of New Notes, whichever is relevant, to which such Person is entitled. Whenever any distribution to a particular Person would otherwise call for distribution of a fraction of New Securities, the actual distribution of such New Securities shall be rounded to the next higher or lower whole number as follows: (a) fractions one-half (½) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half (½) shall be rounded to the next lower whole number. Notwithstanding the foregoing, (a) if the Person is entitled to New Common Stock and rounding to the next lower whole number would result in such Person receiving zero shares of New Common Stock, such Person shall receive one (1) share of New Common Stock; and (b) if the Person is entitled to a pro rata share in principal amount of New Notes and rounding to the next lower whole number would result in such Person receiving zero dollars' worth of New Notes, such Person shall receive a New Note in the principal amount of one $1.00 (One Dollar). If two or more Persons are entitled to fractional entitlements and the aggregate amount of New Securities that would otherwise be issued to such Persons with respect to such fractional entitlements as a result of such rounding exceeds the number of whole New Securities which remain to be allocated, the Disbursing Agent shall allocate the remaining whole New Securities to such holders by random lot or such other impartial method as the Disbursing Agent deems fair. Upon the allocation of all of the whole New Securities authorized under the Plan, all remaining fractional portions of the entitlements shall be cancelled and shall be of no further force and effect. The Disbursing Agent shall have the right to carry forward to subsequent distributions any applicable credits or debits arising from the rounding described in this paragraph.

7.5 Application of Distribution Record Date

On the applicable Distribution Record Date, (a) for all Claims other than Noteholder Claims, the Debtor's books and records for Unfiled Claims and the claims register maintained by the Claims Agent for Filed Claims, (b) for Noteholder Claims, the transfer ledgers for the Old Notes and (c) for Interests, the records of the Debtor in the case of the Preferred Stock Interests/Claims and the records of the stock transfer agent in the case of the Common Stock Interests/Claims, shall be closed for purposes of determining the record holders of Claims or Interests, and there shall be no further changes in the record holders of any Claims or Interests. Except as provided herein, the Reorganized Debtor, the Disbursing Agent(s), the Indenture Trustee, and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims or Interests occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the applicable books and records, claims registers or transfer ledgers as of 5:00 p.m. prevailing Eastern time on the Distribution Record Date irrespective of the number of distributions to be made under the Plan to such Persons or the date of such distributions.

7.6 Surrender of Cancelled Old Securities

As a condition precedent to receiving any distribution on account of its Allowed Claim, each record Noteholder shall be deemed to have surrendered the Old Notes or other documentation underlying each Noteholder Claim, and all such surrendered Old Notes and other documentation shall be deemed to be cancelled pursuant to Section 5.4 of the Plan, except to the extent otherwise provided herein. As a condition precedent to receiving any distribution on account of its Allowed Interest, each holder of an Allowed Common Stock Interest/Claim and an Allowed Preferred Stock Interest/Claim shall be deemed to have surrendered any stock certificate or other documentation underlying each such Interest/Claim, and any such stock certificates and other documentation shall be deemed to be cancelled pursuant to Section 5.4 of the Plan.

7.7 Withholding and Reporting Requirements

In connection with the Plan and all distributions hereunder, the applicable Disbursing Agent shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent(s) shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements including, without limitation, requiring that, as a condition to the receipt of a distribution, the holder of an Allowed Claim or Allowed Interest complete the appropriate IRS Form W-8 or IRS Form W-9, as applicable to each holder. Notwithstanding any other provision of the Plan, (a) each holder of an Allowed Claim or Allowed Interest that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such holder by any governmental unit, including income and other tax obligations, on account of such distribution, and (b) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the applicable Disbursing Agent to allow it to comply with its tax withholding and reporting requirements. Any property to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution to be held by the Indenture Trustee or the Disbursing Agent, as the case may be, until such time as the Disbursing Agent is satisfied with the holder's arrangements for any withholding tax obligations.

7.8 Setoffs

The Reorganized Debtor may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtor or the Reorganized Debtor may have against the holder of such Claim; *provided*, *however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtor of any such claim that the Debtor or the Reorganized Debtor may have against such holder.

7.9 Prepayment

Except as otherwise provided in the Plan, any ancillary documents entered into in connection herewith, or the Confirmation Order, the Reorganized Debtor shall have the right to prepay, without penalty, all or any portion of an Allowed Claim at any time; *provided*, *however*, that any such prepayment shall not be violative of, or otherwise prejudice, the relative priorities and parities among the Classes of Claims.

7.10 Allocation of Distributions

All distributions received under the Plan by holders of applicable Claims shall be deemed to be allocated first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim.

ARTICLE VIII

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

8.1 Conditions to Confirmation

The following are conditions precedent to the occurrence of the Confirmation Date, each of which must be satisfied or waived in accordance with Section 8.3 of the Plan:

(a) an order, pursuant to Bankruptcy Code Section 1125 (i) shall have been entered finding that the Disclosure Statement contains adequate information, and (ii) shall be in form and substance mutually acceptable to the Debtor, the Majority Consenting Noteholders and Enrichment Corp; and

(b) the proposed Confirmation Order shall be in form and substance mutually acceptable to the Debtor, the Majority Consenting Noteholders and Enrichment Corp.

8.2 Conditions to Effective Date

The following conditions precedent must be satisfied or waived on or prior to the Effective Date in accordance with Section 8.3 of the Plan:

(a) the Confirmation Order shall have been entered;

(b) the Confirmation Order shall, among other things:

(i) provide that the Debtor and the Reorganized Debtor are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the transactions contemplated by and the contracts, instruments, releases, indentures, and other agreements or documents created under or in connection with the Plan;

(ii) approve the entry into the Exit Facility in form and substance acceptable to each of the Debtor, the Majority Consenting Noteholders and the lender under the Exit Facility;

(iii) authorize the issuance of the New Securities; and

(iv) provide that, notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall be immediately effective, subject to the terms and conditions of the Plan;

(c) the Confirmation Order shall be in form and substance mutually acceptable to the Debtor and the Majority Consenting Noteholders;

(d) the Confirmation Order shall not then be stayed, vacated, or reversed;

(e) the documents evidencing the Exit Facility shall be in form and substance acceptable to each of the Debtor, the Majority Consenting Noteholders, and the lender under the Exit Facility; to the extent any of such documents contemplate execution by one or more persons, any such document shall have been executed and delivered by the respective parties thereto; and all conditions precedent to the effectiveness of each such document shall have been satisfied or waived;

(f) any changes to the documents that comprise the Plan Supplement (including the New USEC Governing Documents, the New Indenture (including the Limited Subsidiary Guaranty), the Subsidiary Security Agreement, the New Management Incentive Plan and the Supplementary Strategic Relationship Agreement) shall be mutually acceptable to the Debtor, Enrichment Corp, the Majority Consenting Noteholders, B&W (solely to the extent required by the B&W Plan Support Agreement), and Toshiba (solely to the extent required by the Toshiba Plan Support Agreement), unless, however, the consent of the Consenting Noteholders is required pursuant to the Noteholder Plan Support Agreement, in which case the consent of the Consenting Noteholders shall be required; to the extent any of such documents contemplates execution by one or more persons, any such document shall have been executed and delivered by the respective parties thereto; and all conditions precedent to the effectiveness of each such document shall have been satisfied or waived, including, without limitation, and with respect to the New Indenture, the effectiveness of the application for qualification of the New Indenture under the Trust Indenture Act of 1939, as amended;

(g) the Reorganized Debtor shall have arranged for credit availability under the Exit Facility in amount, form, and substance reasonably satisfactory to the Debtor, the Majority Consenting Noteholders, and the lender under the Exit Facility;

(h) the representations and warranties of the Debtor set forth in the Plan Support Agreements shall continue to be valid, true and accurate in all respects and such Plan Support Agreements shall remain in full force and effect;

(i) all material authorizations, consents, and regulatory approvals required in connection with consummation of the Plan shall have been obtained;

(j) all other actions, documents, and agreements necessary to implement the Plan (i) shall be in form and substance mutually acceptable to the Debtor and the Majority Consenting Noteholders, not including ministerial actions, documents and agreements, and (ii) shall have been effected or executed, or will be effected or executed contemporaneously with implementation of the Plan; and

(k) the fees and expenses required to be paid on the Effective Date pursuant to Sections 10.2(a) and 10.2(b) of the Plan shall have been paid in full in Cash.

8.3 Waiver of Conditions

Each of the conditions set forth in Sections 8.1 and 8.2, with the express exception of the conditions contained in Section 8.1(a)(i) and Sections 8.2(a) and (d), may be waived in whole or in part by the Debtor without any notice to parties in interest or the Bankruptcy Court and without a hearing, *provided*, *however*, that such waiver shall not be effective without the consent of Enrichment Corp, the Majority Consenting Noteholders, B&W (solely to the extent required by the B&W Plan Support Agreement), and Toshiba (solely to the extent required by the Toshiba Plan Support Agreement).

ARTICLE IX

RETENTION OF JURISDICTION

9.1 Scope of Retention of Jurisdiction

Under Bankruptcy Code Sections 105(a) and 1142, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, without limitation, jurisdiction to:

(a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim (whether a Filed Claim or Unfiled Claim) or Interest not otherwise Allowed under the Plan (other than personal injury or wrongful death Claims, unless agreed by the holder), including, without limitation, the resolution of any Request for Payment and the resolution of any objections to the allowance or priority of Claims or Interests;

(b) hear and determine all applications for Professional Fees and Substantial Contribution Claims; *provided*, *however*, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Reorganized Debtor shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(c) hear and determine all matters with respect to contracts or leases or the assumption or rejection of any contracts or leases to which a Debtor is a party or with respect to which the Debtor may be liable, including, if necessary and without limitation, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom;

(d) effectuate performance of and payments under the provisions of the Plan;

(e) hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Case or the Litigation Rights;

(f) enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;

(g) enforce the agreement of Enrichment Corp to execute and deliver the Limited Subsidiary Guaranty and the Subsidiary Security Agreement;

(h) hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including, without limitation, disputes arising under agreements, documents, or instruments executed in connection with the Plan, *provided*, *however*, that any dispute arising under or in connection with the New Securities, the Exit Facility, the New USEC Governing Documents, the New Management Incentive Plan, the New Indenture (including the Limited Subsidiary Guaranty), or the Subsidiary Security Agreement shall be dealt with in accordance with the provisions of the applicable document;

(i) consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(j) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with the implementation, consummation, or enforcement of the Plan or the Confirmation Order;

(k) enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;

(l) hear and determine any matters arising in connection with or relating to the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order;

(m) enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Case or provided for under the Plan;

(n) except as otherwise limited herein, recover all assets of the Debtor and property of the Estate, wherever located;

(o) hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code Sections 346, 505, and 1146;

(p) hear and determine all disputes involving the existence, nature, or scope of the Debtor's discharge;

(q) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and

(r) enter a final decree closing the Chapter 11 Case.

9.2 Failure of the Bankruptcy Court to Exercise Jurisdiction

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Case, including the matters set forth in Section 9.1 of the Plan, the provisions of this Article IX shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1 Professional Fee Claims and Substantial Contribution Claims

All final Requests for Payment of Professional Fee Claims and Substantial Contribution Claims must be filed and served on the Reorganized Debtor, its counsel, and other necessary parties in interest no later than sixty (60) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such Requests for Payment must be filed and served on the Reorganized Debtor, its counsel, and the requesting Professional or other entity no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable Request for Payment was served.

10.2 Fees and Expenses of Consenting Noteholders and Preferred Stockholders

(a) On the Effective Date, the Reorganized Debtor shall reimburse the then-outstanding (i) reasonable documented out-of-pocket expenses of the Consenting Noteholders and (ii) fees and expenses of each of the Consenting Noteholder Advisors in accordance with the terms of their respective engagement letters; without the need for any of the Consenting Noteholders or either of the Consenting Noteholder Advisors to file an application or otherwise seek Bankruptcy Court approval for such payment.

(b) On the Effective Date, the Reorganized Debtor shall reimburse the then-outstanding (i) reasonable documented out-of-pocket expenses of the Preferred Stockholders and (ii) fees and expenses of each of the Preferred Stockholder Advisors in accordance with the terms of the respective Plan Support Agreement with each Preferred Stockholder; without the need for any of the Preferred Stockholders or any of the Preferred Stockholder Advisors to file an application or otherwise seek Bankruptcy Court approval for such payment.

10.3 Payment of Statutory Fees

All quarterly fees payable pursuant to Section 1930 of Title 28 of the United States Code prior to the Effective Date shall be paid by the Debtor on or before the Effective Date. All such fees payable after the Effective Date shall be paid by the Reorganized Debtor as and when due, until such time as the Chapter 11 Case is closed, dismissed or converted.

10.4 Successors and Assigns and Binding Effect

The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, personal representative, successor, or assign of such Person, including, but not limited to, the Reorganized Debtor and all other parties in interest in the Chapter 11 Case.

10.5 Compromises and Settlements

From and after the Effective Date, the Reorganized Debtor may compromise and settle various Claims against it and/or Litigation Rights and other claims that it may have against other Persons without any further approval by the Bankruptcy Court. Until the Effective Date, the Debtor expressly reserves the right to compromise and settle Claims against it and Litigation Rights or other claims that it may have against other Persons, subject to the approval of the Bankruptcy Court if, and to the extent, required.

10.6 Releases and Satisfaction of Subordination Rights

All Claims against the Debtor and all rights and claims between or among the holders of Claims relating in any manner whatsoever to any claimed subordination rights shall be deemed satisfied by the distributions under, described in, contemplated by, and/or implemented in Article III of the Plan. Distributions under, described in, contemplated by, and/or implemented by the Plan to the various Classes of Claims hereunder shall not be subject to levy, garnishment, attachment, or like legal process by any holder of a Claim by reason of any claimed subordination rights or otherwise, so that each holder of a Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan.

10.7 Releases

(a) **Releases by the Debtor**

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtor, the Reorganized Debtor and any Person seeking to exercise the rights of the Debtor's Estate, including, without limitation, any successor to the Debtor or any Estate representative appointed or selected pursuant to Bankruptcy Code Section 1123(b)(3), shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action (including claims or causes of action arising under Chapter 5 of the Bankruptcy Code), and liabilities whatsoever (other than for fraud, willful misconduct, criminal conduct and/or gross negligence), whether direct or derivative, in connection with or related to the Debtor, the Chapter 11 Case, or the Plan (other than the rights of the Debtor and the Reorganized Debtor to enforce the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Reorganized Debtor, the Chapter 11 Case, or the Plan, and that may be asserted by or on behalf of the Debtor, the Estate, or the Reorganized Debtor against (i) the Debtor or any of the Non-Debtor Subsidiaries, (ii) any of the directors, officers, and employees of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case, (iii) any Professionals of the Debtor, (iv) each of the Consenting Noteholders (but solely in its capacity as such), (v) each of the Consenting Noteholder Advisors (vi) each of the Preferred Stockholders (but solely in its capacity as such), (vii) each of the Preferred Stockholder Advisors, (viii) the DIP Facility Lender, (ix); the Indenture Trustee, (x) the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the parties identified in the foregoing (i) through (ix), but only in their

respective capacities on behalf of such parties, and (xi) any of the successors or assigns of any of the parties identified in the foregoing (i) through (x); *provided, however*, that nothing in this Section 10.7(a) shall operate to release any intercompany obligations or extinguish any intercompany accounts reflecting amounts owing to or from the Debtor or any of the Non-Debtor Subsidiaries unless otherwise provided in the Plan; and *provided further, however*, that nothing in this Section 10.7(a) shall be deemed to prohibit the Debtor or the Reorganized Debtor from asserting and enforcing any claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities they may have against any of their employees, directors or officers that is based upon an alleged breach of a confidentiality, noncompete or any other contractual obligation owed to the Debtor or the Reorganized Debtor.

(b) **Limited Release by Directors and Officers**

As of the Effective Date, to the fullest extent permissible by applicable law, for good and valuable consideration, the adequacy of which is hereby confirmed, each director and officer of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whatsoever (other than for actual fraud and/or criminal conduct) against the Debtor, the Reorganized Debtor and any Person seeking to exercise the rights of the Debtor's Estate, including, without limitation, any successor to the Debtor or any Estate representative appointed or selected pursuant to Bankruptcy Code Section 1123(b)(3) whether such claims are statutory, contractual, or common law claims; *provided, however,* that nothing herein shall be deemed a waiver or release of any director or officer's claims or causes of action against the Debtor or the Reorganized Debtor as it relates to wages, salaries, commissions, bonuses, sick pay, personal leave pay, indemnification, severance pay, or other compensation or benefits, or payments or form of remuneration of any kind, excluding payments or remuneration based in stock or equity, owing and arising out of such director or officer's employment with the Debtor whether such claims are statutory, contractual or common law claims; *and provided further, however,* that nothing in this Section 10.7(b) shall operate to (i) prohibit, penalize, or otherwise discourage any applicable director or officer from reporting, providing testimony regarding, or otherwise communicating any nuclear safety concern, workplace safety concern, public safety concern, or concern of any sort, to the U.S. Nuclear Regulatory Commission, the U.S. Department of Labor, or any federal or state government agency, or (ii) prohibits any applicable director or officer from engaging in any activity protected by the Sarbanes-Oxley Act, 18 U.S.C. § 1514A and the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, H.R. 4173.

(c) **Releases by Holders of Claims and Interests**

As of the Effective Date, to the fullest extent permissible by applicable law, for good and valuable consideration, the adequacy of which is hereby confirmed, each holder of a Claim or Interest that affirmatively votes in favor of the Plan shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whatsoever (other than for fraud, willful misconduct, criminal conduct and/or gross negligence) against (i) any of the Non-Debtor Subsidiaries, (ii) any of the directors, officers, and employees of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case, (iii) any Professionals of the Debtor, (iv) each of the Consenting Noteholders (but solely in its capacity as such), (v) the Consenting Noteholder Advisors, (vi) each of the Preferred Stockholders (but solely in its capacity as such), (vii) each of the Preferred Stockholder Advisors, (viii) the DIP Facility Lender, (ix) the Indenture Trustee, (x) the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the parties identified in the foregoing (i) through (ix), but only in their respective capacities on behalf of such parties, and (xi) any of the successors or assigns of any of the parties identified in the foregoing (i) through (x) (the Persons identified in clauses (i) through (xi) collectively, the "Claimholder Releasees") in connection with or related to the Debtor, the Chapter 11 Case, or the Plan (other than the rights under the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Reorganized Debtor, the Chapter 11 Case, or the Plan; *provided*, *however*, that nothing herein shall be deemed a waiver or release of a Claim or Interest holder's right to receive a distribution pursuant to the terms of the Plan or any obligation under the Plan or Confirmation Order. For the avoidance of doubt, this Release by holders of Claims and Interests is not and shall not be deemed a waiver of the Debtor's rights or claims against the holders of Claims and Interests, including to the Debtor's rights to assert setoffs, recoupments or counterclaims, or to object or assert defenses to any such Claim, and all such rights, Litigation Rights, causes of action and claims are expressly reserved, except as otherwise provided in the Plan.

10.8 Discharge of the Debtor

(a) Except as otherwise provided herein or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims of any nature whatsoever against the Debtor or any of its assets or properties and, regardless of whether any property shall have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims, upon the Effective Date, (i) the Debtor shall be deemed discharged and released under Bankruptcy Code Section 1141(d)(1)(A) from any and all Claims, including, but not limited to,

demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Bankruptcy Code Section 502, whether or not (A) a Proof of Claim based upon such debt is filed or deemed filed under Bankruptcy Code Section 501, (B) a Claim based upon such debt is Allowed under Bankruptcy Code Section 502, (C) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (D) the holder of a Claim based upon such debt accepted the Plan, and (ii) all Preferred Stock Interests/Claims and Common Stock Interests/Claims shall be terminated.

(b) As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtor or the Reorganized Debtor, any other or further claims, debts, rights, causes of action, claims for relief, liabilities, or equity interests relating to the Debtor based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtor and termination of all USEC Preferred Stock and USEC Common Stock, pursuant to Bankruptcy Code Sections 524 and 1141, and such discharge shall void any judgment obtained against the Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

10.9 Exculpation and Limitation of Liability

(a) **To the fullest extent permitted by applicable law and approved in the Confirmation Order, none of the Debtor, the Reorganized Debtor, the Non-Debtor Subsidiaries, the Debtor's Professionals, the Consenting Noteholders (solely in their respective capacities as such), the Consenting Noteholder Advisors, the Preferred Stockholders (solely in their respective capacities as such), the Preferred Stockholder Advisors, the DIP Facility Lender, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns), shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, criminal conduct, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.**

(b) **Notwithstanding any other provision of the Plan, to the fullest extent permitted by applicable law and approved in the Confirmation Order, no holder of a Claim or an Interest, no other party in interest, and none of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, shall have any right of action against the Debtor, the Reorganized Debtor, the Non-Debtor Subsidiaries, the Debtor's Professionals, the Consenting Noteholders (solely in their respective capacities as such), the Consenting Noteholder Advisors, the Preferred Stockholders (solely in their respective capacities as such), the Preferred Stockholder Advisors, the DIP Facility Lender, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, criminal conduct, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code.**

10.10 Injunction

(a) **Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtor, the Reorganized Debtor, and their respective subsidiaries or their property on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtor or the Reorganized Debtor; or (v) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.**

(b) **Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, or may hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, or liability that is released pursuant to Sections 10.7, 10.8, or 10.9 of the Plan are permanently enjoined from taking any of the following actions on account of such released Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or**

liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff against any debt, liability, or obligation due to any released Person; or (v) commencing or continuing any action, in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

(c) **Without limiting the effect of the foregoing provisions of this Section 10.10 upon any Person, by accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in this Section 10.10.**

10.11 Special Provision Regarding Defined Benefit Pension Plans

Notwithstanding any provision of the Plan, the Confirmation Order, or the Bankruptcy Code (including Section 1141 thereof) to the contrary, including but not limited to Sections 10.6 – 10.10 hereof, neither the Plan, the Confirmation Order, nor the Bankruptcy Code shall release, discharge or exculpate the Debtor, the Reorganized Debtor, or any Person, in any capacity, from any liability or responsibility with respect to the Pension Plan or any other defined benefit pension plan under any law, governmental policy, or regulatory provision. The Pension Benefit Guaranty Corporation, the Pension Plan, and any other defined benefit pension plan shall not be enjoined or precluded from enforcing such liability or responsibility by any of the provisions of the Plan, the Confirmation Order or the Bankruptcy Code.

10.12 No Impairment of Rights of Insurers and Sureties

Nothing in the Plan or the Confirmation Order (including, without limitation, any provision that purports to be preemptory or supervening or grants an injunction or release) alters the rights and obligations of the Debtor and the Debtor's insurers and sureties (or any of their affiliates) under any insurance policies and bonds (and any agreements related thereto) or modifies the coverage provided thereunder or the terms and conditions thereof except that on and after the Effective Date, the Reorganized Debtor shall become and remain liable for all of the Debtor's obligations under the insurance policies, bonds and agreements regardless of whether such obligations arise before or after the Effective Date. Any such rights and obligations shall be determined under the applicable insurance policies, bonds and agreements and applicable non-bankruptcy law.

10.13 Reservation of Rights Under Police and Regulatory Laws

Notwithstanding anything to the contrary in the Plan or the Confirmation Order, the discharges, exculpations, releases, and injunctions set forth in the Plan or the Confirmation Order shall not impair the rights, claims or causes of action of governmental units against the Debtor or any other person under police and regulatory laws and regulations promulgated thereunder, and such rights, claims and causes of action shall not be discharged or otherwise adversely affected by the Plan or the Confirmation Order, shall survive the Chapter 11 Case as if it had not been commenced, and may be determined or adjudicated before the respective administrative agency having jurisdiction or court of competent jurisdiction, including but not limited to any defense asserted under the Plan or the Confirmation Order.

Nothing in the Plan or Confirmation Order authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization, or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements under police or regulatory law.

10.14 Term of Injunctions or Stays

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Case under Bankruptcy Code Sections 105 or 362 or otherwise, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date.

10.15 Modifications and Amendments

The Debtor, subject to the consent of (a) Enrichment Corp, (b) the Majority Consenting Noteholders and (b) the Preferred Stockholders (solely to the extent required by the B&W Plan Support Agreement and the Toshiba Plan Support Agreement, as applicable), may alter, amend, or modify the Plan under Bankruptcy Code Section 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in Bankruptcy Code Section 1101(2), the Debtor may, subject to the consent of (x) Enrichment Corp, (y) the Majority Consenting Noteholders and (z) the Preferred Stockholders (solely to the extent required by the B&W Plan Support Agreement and the Toshiba Plan Support Agreement, as applicable), under Bankruptcy Code Section 1127(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, *provided*, *however*, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

10.16 Severability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtor, with the consent of Enrichment Corp, the Majority Consenting Noteholders, B&W (solely to the extent required by the B&W Plan Support Agreement) and Toshiba (solely to the extent required by the Toshiba Plan Support Agreement), shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

10.17 Revocation, Withdrawal, or Non-Consummation

The Debtor reserves the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtor revokes or withdraws the Plan in accordance with this Section 10.14, or if Confirmation or the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, any Debtor or any other Person, (ii) prejudice in any manner the rights of the Debtor or any Person, including any of Enrichment Corp, the Consenting Noteholders, B&W or Toshiba, in any further proceedings involving the Debtor, or (iii) constitute an admission of any sort by any Debtor or any other Person, including any of Enrichment Corp, the Consenting Noteholders, B&W or Toshiba.

10.18 Notices

Any notice, request, or demand required or permitted to be made or provided to or upon the Debtor or the Reorganized Debtor under the Plan, the Consenting Noteholders or Enrichment Corp, shall be (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) first class mail, or (v) facsimile transmission, (c) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, and (d) addressed as follows:

For the Debtor:

USEC INC.
6903 Rockledge Drive
Suite 400
Bethesda, MD 20817
Attn: Peter B. Saba, Esq.
Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary
Telephone: 301-564-3327
Facsimile: 301-564-3205

with copies to:

LATHAM & WATKINS LLP
885 Third Avenue
New York, NY 10022
Attn: D. J. Baker, Esq. and Rosalie Walker Gray, Esq.
Telephone: 212-906-1200
Facsimile: 212-751-4864

-and-

RICHARDS, LAYTON & FINGER, P.A.
920 North King Street
Wilmington, DE 19801
Attn: Mark D. Collins, Esq.
Telephone: 302-651-7700
Facsimile: 302-651-7701

For Enrichment Corp:

United States Enrichment Corporation
6903 Rockledge Drive
Suite 400
Bethesda, MD 20817
Attn: John C. Barpoulis
Senior Vice President and Chief Financial Officer
Telephone: 301-564-3308
Facsimile: 301-564-3205

-and-

YOUNG CONAWAY STARGATT & TAYLOR, LLP
1000 N. King Street
Wilmington, DE 19801
Attn: James L Patton, Esq. and Rolin Bissell, Esq.
Telephone: 302-571-6600
Facsimile: 302-571-1253

For the Consenting Noteholders:

AKIN GUMP STRAUSS HAUER & FELD LLP
One Bryant Park
New York, NY 10036
Attn: Michael Stamer, Esq. and James R. Savin, Esq.
Telephone: 212-872-1000
Facsimile: 212-872-1002

-and-

PEPPER HAMILTON, LLP
Hercules Plaza, Suite 5100
1313 Market Street
P.O. Box 1709
Wilmington, DE 19899
Attn: David Stratton, Esq.
Telephone: 302-777-6566
Facsimile: 302-656-8865

For Toshiba:

MORRISON & FOERSTER LLP
1290 Avenue of the Americas
New York, NY 10104-0050
Attn: Brett H. Miller, Esq. and Daniel J. Harris, Esq.
Telephone: 212-468-8000
Facsimile: 212-468-7900

For B&W:

BAKER BOTTS L.L.P.
1299 Pennsylvania Ave., NW
Washington, D.C. 20004-2400
Attn: Michael A. Gold, Esq. and Ian E. Roberts, Esq.
Telephone: 202-639-7700
Facsimile: 202-639-7890

[SIGNATURE PAGE FOLLOWS]

Dated: July 11, 2014

USEC INC.,
as the Debtor and Proponent of the Plan

By: */s/ John R. Castellano*
John R. Castellano
Chief Restructuring Officer of USEC Inc.

UNITED STATED ENRICHMENT CORPORATION,
as a Co-Proponent and Participant in the Plan for purposes of the Limited Subsidiary Guaranty and the Subsidiary Security Agreement

By: */s/ John C. Barpoulis*
John C. Barpoulis
Senior Vice President and Chief Financial Officer of United States Enrichment Corporation

LATHAM & WATKINS LLP
D. J. Baker, Esq.
Rosalie Walker Gray, Esq.
Adam S. Ravin, Esq.
885 Third Avenue
New York, NY 10022
Telephone: 212-906-1200
Facsimile: 212-751-4864

-and-

RICHARDS, LAYTON & FINGER, P.A.
Mark D. Collins, Esq.
Michael J. Merchant, Esq.
920 North King Street
Wilmington, DE 19801
Telephone: 302-651-7700
Facsimile: 302-651-7701

Co-Counsel for Debtor and Debtor in Possession

APPENDIX B

Summary of Material Terms of Documents Included in Plan Supplement

I.
Exit Facility

II.
New Common Stock, New USEC Charter And New USEC By-Laws

III.
New Notes, New Indenture, Limited Subsidiary And Subsidiary Security Agreement

IV.
New Management Incentive Plan

V.
Supplementary Strategic Relationship Agreement

I.

MATERIAL TERMS OF THE EXIT FACILITY

The Exit Facility will be evidenced by a Second Amended & Restated Demand Note and a Second Amended and Restated Pledge and Security Agreement, which will be substantially in the form of the documents included in the Plan Supplement. The Debtor urges you to read the documents included in the Plan Supplement because they, and not this summary, define the rights and obligations of the Reorganized Debtor as the borrower and Enrichment Corp as the lender. Certain defined terms used in the summary but not defined below have the meanings assigned to them in the Plan or the relevant document included in the Plan Supplement.

Borrower	USEC Inc., the Reorganized Debtor
Lender	United States Enrichment Corporation
Amount	As needed (subject to availability of lender funds); initial draw as of anticipated Effective Date is estimated to be $45.0 million.
Interest	10.5% per annum
Use of Proceeds	As requested by the Borrower, including to repay the DIP Facility and provide other funds necessary to make payments required under the Plan, as well as funds for working capital and other general corporate purposes of the Debtor.
Payment	Due and payable in whole or in part on demand.
Security	The grant of collateral includes all of Borrower's right, title and interest in and to the following, in each case whether now owned or existing or hereafter acquired or arising or in which Borrower now has or at any time in the future may acquire any right, title or interest (the "Collateral"): (i) all Accounts; (ii) all Chattel Paper; (iii) all Deposit Accounts; (iv) all Documents; (v) all Equipment; (vi) all Equity Interests in the Borrower's direct subsidiaries other than Equity Interests in Lender or in any of the ACP Subsidiaries; (vii) all General Intangibles (other than Equity Interests but including all Intellectual Property); (viii) all Instruments; (ix) all Inventory; (x) all Investment Property (other than Equity Interests) which are not Deposit Accounts; (xi) all cash which is not in a Deposit Account and all Money; (xii) all books and records, wherever located, relating to any of the Collateral; and (xiii) any and all proceeds, as such term is defined in the Uniform Commercial Code, products, rents and profits of or from any and all of the foregoing and, to the extent not otherwise included in the foregoing, (x) all payments under any insurance (whether or not Lender is the loss payee thereunder), indemnity, warranty or guaranty with respect to any of the foregoing Collateral, (y) all payments in connection with any requisition, condemnation, seizure or forfeiture with respect to any of the foregoing Collateral and (z) all other amounts from time to time paid or payable under or with respect to any of the foregoing Collateral (collectively, "Proceeds"). Borrower authorizes Lender to file financing statements under the Uniform Commercial Code describing the Collateral and to file appropriate statements with the appropriate jurisdictions describing any other statutory liens held by Lender. The grant of collateral does not include (i) Equipment in which the DOE has or, pursuant to any existing or future contract or agreement, may acquire any ownership interest and any security interest created by this Agreement shall be automatically released without further action of the parties upon acquisition by the DOE of any ownership interest in, or acquisition of the right to acquire any ownership interest in, any Equipment including (x) the Receivables arising from the sale by Borrower of such Equipment and all contracts and agreements for the sale of such Equipment, (y) the books and records related to such Equipment and (z) all proceeds of such Equipment, or (ii) license, contract or agreement to which Borrower is a party or any of its or interests thereunder to the extent, but only to the extent, that such a grant would, under the terms of such license, contract or agreement or otherwise, result in a breach of the terms of, or constitute a default under any license, contract or agreement to which Borrower is a party (other

	than to the extent that any such term would be rendered ineffective pursuant to the Uniform Commercial Code or any other applicable law (including the Bankruptcy Code) or principles of equity) including any contract with the United States Federal Government or any instrumentality or agency thereof or (iii) Equity Interests in any ACP Company; provided that immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include, and Borrower shall be deemed to have granted a security interest in, all such rights and interests as if such provision had never been in effect; and provided further that any Account or money or other amounts due or to become due to Borrower under any such license, contract or agreement or any proceeds resulting from the sale or other disposition by Borrower of any rights of Borrower under any such license, contract or agreement shall at no time be excluded from the Collateral or the security interest granted by Borrower hereunder in favor of the Lender.
Fees	None
Covenants	So long as no default under the Note shall have occurred and be continuing, Borrower may, in any lawful manner not inconsistent with the provisions of the Second Amended and Restated Pledge and Security Agreement, use, control and manage the Collateral in the operation of Borrower's businesses, and receive and use the income, revenue and profits arising therefrom and the Proceeds thereof, in the same manner and with the same effect as if the Agreement had not been made.
Events of Default	If any amount under the Note is not paid when due, the entire principal balance thereof, all accrued interest thereon and any other amounts payable thereunder shall become immediately due and payable at the option of the Lender. Upon default, the Lender shall be entitled to exercise in respect of the collateral all of its rights, powers and remedies provided for in the Second Amended and Restated Pledge and Security Agreement or otherwise available to it by law, in equity or otherwise, including all rights and remedies of a secured party under the Uniform Commercial Code.
Ranking	The obligation is junior and subordinate in right of payment to the prior payment in full in cash or other immediately available funds of all secured obligations under any credit agreement (a "Senior Credit Agreement") that may be entered into by or among the Borrower and the Lender and the lenders thereunder (the "Senior Lenders"). The liens and security interests are junior and subordinate to liens and security interests created by (i) any Senior Security Agreement, as may be more particularly set forth in any Intercompany Subordination Agreement, (ii) any security agreement with respect to any equity commitment of the Borrower with respect to an ACP Financing, and (iii) any security agreement for the benefit of the DOE, export credit agencies or any other lenders or insurers providing financing or government support of the American Centrifuge Plant.

II.

MATERIAL TERMS OF THE
NEW COMMON STOCK, NEW USEC CHARTER AND NEW USEC BY-LAWS

The following summary contains basic information about the New Common Stock to be issued by the Reorganized Debtor pursuant to the New USEC Charter as well as certain provisions of the New USEC Governing Documents (the New USEC Charter and New USEC By-laws). This summary does not restate those documents in their entirety. A copy of the New USEC Charter and New USEC By-laws are included in the Plan Supplement. The Debtor urges you to read the New USEC Governing Documents because they, and not this summary, define the rights of a holder of the New Common Stock, including Class A and Class B shares. Certain defined terms used but not defined in the summary have the meaning assigned to them in the Plan or in the New USEC Governing Documents.

Issuer	USEC Inc., the Reorganized Debtor
Authorized Capital Stock	120,000,000 authorized shares 20,000,000 of which are designated preferred stock, par value $1.00 per share ("Preferred Stock") 70,000,000 of which are designated Class A common shares, par value $0.10 per share ("Class A") 30,000,000 of which are designated Class B common shares, par value $0.10 per share ("Class B")
Initial Issuance	7,563,600 Class A shares 1,436,400 Class B shares There will be no shares of Preferred Stock issued pursuant to the Plan.

Voting Rights	Class A
	
	Holders of Class A shares will be entitled to one vote for each Class A share held of record on all matters submitted to a vote of stockholders of the Reorganized Debtor, provided, however, that unless otherwise required by law, Class A shares will not be entitled to vote on any amendment to the New USEC Charter that relates solely to one or more outstanding series of Preferred Stock or Class B shares if the holders of such affected class are entitled to vote upon such amendment, either separately or together with another class or series of stock.
	
	Class B
	
	The holders of Class B shares will generally not be entitled to vote such shares, other than the following voting rights:
	
	• Voting as a separate class, holders of Class B shares are permitted to elect two directors that have been approved by the Board's Nominating and Governance Committee.
	
	  • Such director election rights shall expire upon a change of control of the Reorganized Debtor.
	
	  • Such director election rights shall be reduced to the right to elect one director approved by the Board's Nominating and Governance Committee at such time as the number of Class B shares owned by the permitted holders is less than 75% of the number of Class B shares issued pursuant to the Plan.
	
	  • At such time as the number of Class B shares owned by the permitted holders is less than 50% of the number of Class B shares issued pursuant to the Plan, the right to elect such director shall cease.
	
	• Voting together with the Class A shares, as a single class, with respect to any merger or sale of substantially all of the Reorganized Debtor's assets that must be submitted to the stockholders pursuant to Delaware law.
	
	  • Such right to vote together with the Class A shares will be limited to the extent that the aggregate voting power of the outstanding Class B shares exceeds 20% of the total voting power of all outstanding shares entitled to vote thereon. In the event the aggregate voting power of the Class B shares exceeds 20% of the total voting power, each Class B share will be entitled to a fraction of one vote to provide the Class B shares maximum aggregate voting power equals 20% of the total voting power.

Dividends and Distributions	Class A and Class B shares shall have the same rights and preferences and shall share equally with respect to any dividends or distributions declared by the Reorganized Debtor.
Liquidation, Dissolution of Wind-up	In the event of any liquidation, dissolution or winding up of the affairs of the Reorganized Debtor (whether voluntary or involuntary) and after payment in full of all amounts required to be paid to creditors and to the holders of Preferred Stock having liquidation preferences, if any, holders of Class A shares and Class B shares will be entitled to share equally, on a per share basis, in all assets of the Reorganized Debtor available for distribution to the holders of the Class A shares and the Class B shares.
Automatic Conversion of Class B Shares	Upon the transfer of any Class B share other than to permitted holders, each such Class B share will be automatically, and without any action required of the Reorganized Debtor or the holder, converted into a share of Class A.
Transfer Restrictions	Without the prior approval of the Reorganized Debtor, the holders of Class B shares may not transfer any Class B shares if such transfer would require any approval of or filing with the Department of Energy or the NRC in order not to adversely affect the permits or regulatory status of the Reorganized Debtor or any of its subsidiaries unless such approvals and/or filings have been made and received. This restriction does not apply to any transfer when the transferee receives Class A shares as permitted by the terms of the New USEC Charter.
Foreign Ownership Restrictions	The New USEC Charter contains certain restrictions with respect to foreign ownership of the capital stock of the Reorganized Debtor. The New USEC Charter provides the Board of Directors of the Reorganized Debtor with certain enforcement mechanisms in the event that the Reorganized Debtor shall conclude that the ownership of, the acquisition of or interest in, or the exercise of any rights of ownership with respect to, securities of the Reorganized Debtor by any person is inconsistent with, or in violation of, any governmental regulatory restriction or could jeopardize the continued ownership of the Reorganized Debtor's facilities. These enforcement mechanisms include suspension of voting rights, redemption of shares and/or refusal to recognize the transfer of shares on the books of records of the Reorganized Debtor. In order to enforce these foreign ownership restrictions, the New USEC Charter provides that the Reorganized Debtor may, under certain circumstances, request information concerning ownership or potential ownership of its common stock from any record or beneficial holder or potential transferee of its capital stock, including in situations involving beneficial ownership by a foreign person or group of foreign persons of (1) 5% or more of any class of its capital stock or of the voting power of all classes of its outstanding capital stock or (2) less than 5% of any class of its capital stock or of the voting power of all classes of its outstanding capital stock if such person has the ability to appoint a director or management person of the Reorganized Debtor.
Indemnification of Directors and Officers	The New USEC Governing Documents provide for indemnification of the Reorganized Debtor's directors, officers, employees and other agents to the extent and under the circumstances permitted by the applicable Delaware law. The Reorganized Debtor has also entered into agreements with its directors and officers that will require the Reorganized Debtor, among other things to indemnify them against liability that may arise by reason of their status or service as director or officer to the fullest extent not prohibited by law.
Capital Stock Not Certificated	The New USEC By-laws provide that the Class A and Class B shares, will be uncertificated and will not be represented by certificates except as may be required by law or as may otherwise, in the future, be authorized by the Reorganized Debtor's Board of Directors.
Transfer Agent	Computershare Investor Services will serve as the transfer agent and registrar for the New Common Stock, Class A shares.

III.

MATERIAL TERMS OF THE
NEW NOTES, NEW INDENTURE, LIMITED SUBSIDIARY GUARANTY AND SUBSIDIARY SECURITY AGREEMENT

The New Notes and the Limited Subsidiary Guaranty will be governed by the New Indenture to be entered into by the Reorganized Debtor, Enrichment Corp and CSC Trust Company of Delaware, as trustee. The terms of the New Notes will include those stated in the New Indenture and those made part of the New Indenture by reference to the Trust Indenture Act of 1939, as amended. The Subsidiary Security Agreement, together with the intercreditor agreement, if any, referred to below under the caption "Security," define the terms of the pledge of collateral that will secure the Limited Subsidiary Guaranty.

The following summary contains basic information about the New Notes and the Limited Subsidiary Guaranty, including information contained in the New Indenture, the Subsidiary Security Agreement, and, if any, the intercreditor agreement. It does not restate those agreements in their entirety. A copy of the form of New Indenture, which includes within its terms the Limited Subsidiary Guarantee, and the form of Subsidiary Security Agreement and form of intercreditor agreement which are attached thereto, is included in the Plan Supplement. The Debtor urges you to read the New Indenture, the Subsidiary Security Agreement and the intercreditor agreement because they, and not this summary, define the rights of a holder of the New Notes. Certain defined terms used in the summary but not defined below have the meanings assigned to them in the Plan, the New Indenture, the Subsidiary Security Agreement or the intercreditor agreement, as applicable.

Securities	PIK Toggle Notes due 2019/2024
Issuer	Reorganized Debtor
Initial Principal Amount	$240,380,000; provided that, the aggregate principal amount of the New Notes may be increased after the Issue Date as a result of any payment of interest on the New Notes in the form of PIK interest.
Maturity	The New Notes will mature 5 years from the date of issuance; provided that, the Reorganized Debtor has the right to extend the maturity date to 10 years from the Issue Date upon the initial draw or other initial funding, in each case, of a material amount, under binding agreements providing for (i) the funding of the construction of the American Centrifuge Project in an aggregate amount of not less than $1.5 billion supported by the U.S. Department of Energy loan guarantee program or other such government support or government funding, or (ii) the implementation and deployment of a National Security Train Program utilizing American Centrifuge technology with an expected total program cost to be funded by the government of not less than $750 million.
Interest	The New Notes will pay interest at a rate of 8.0% per annum. Interest will accrue from the most recent date to which interest has been paid, or if no interest has been paid, from the Issue Date. Interest will be payable semi-annually in arrears based on a 360 day year. The Reorganized Debtor has elected to pay in kind 1.5% of interest for the time period between the Issue Date and September 30, 2014, and may elect to pay (a) up to 3.0% of interest for the time period between October 1, 2014 and September 30, 2015, and (b) up to 5.5% of interest from October 1, 2015 through maturity.
Limited Subsidiary Guarantee	The New Notes will be guaranteed by Enrichment Corp on a limited, subordinated and conditional basis, as described in the New Indenture. Under certain circumstances, Enrichment Corp may be released from its guarantee without the consent of the holders of the New Notes, including (other than with respect to the Unconditional Interest Guarantee) upon the occurrence of any Termination Event.
Ranking	The New Notes will be subordinated in right of payment to the Issuer Senior Debt (whether outstanding on the Issue Date or hereafter created, incurred, assumed or guaranteed). The New Notes will rank *pari passu* in right of payment with all existing and future unsubordinated indebtedness of the Reorganized Debtor (other than the Issuer Senior Debt) and will be senior in right of payment to all existing and future subordinated indebtedness of the Reorganized Debtor; and only indebtedness that is Issuer Senior Debt shall rank senior to the Indebtedness evidenced by the New Notes.

	The Limited Subsidiary Guaranty will be subordinated in right of payment to the Designated Senior Claims (whether outstanding on the Issue Date or hereafter created, incurred, assumed or guaranteed). The Limited Subsidiary Guaranty will rank *pari passu* in right of payment with all existing and future unsubordinated indebtedness of Enrichment Corp (other than the Designated Senior Claims) and will be senior in right of payment to all existing and future subordinated indebtedness of Enrichment Corp; and only indebtedness of Enrichment Corp that is Designated Senior Claims shall rank senior to the obligations of Enrichment Corp under the Limited Subsidiary Guaranty.
Security	The New Notes will not be secured by a lien on any assets of the Reorganized Debtor.
	Enrichment Corp's obligations under the Limited Subsidiary Guaranty will be secured by a lien on Enrichment Corp's assets constituting collateral, including, among other things, its inventory and its accounts receivable, subject to certain exceptions. The security interest securing the Limited Subsidiary Guaranty is expected to be junior in priority to any and all security interest and liens at any time securing the Designated Senior Claims. It is expected that, in connection with the incurrence of any Designated Senior Claims, that the New Notes trustee and collateral agent may enter into an intercreditor agreement with the representatives of the Designated Senior Claims that will define the relative rights in the collateral of the holders of New Notes and of the Designated Senior Claims.
Optional Redemption	The New Notes will be redeemable by the Reorganized Debtor in whole or in part, at any time, at a price equal to one hundred percent (100%) of the principal amount (including as a result of the payment of PIK interest) of the New Notes to be redeemed plus accrued and unpaid interest, if any, to the date of redemption.
Mandatory Redemption; Sinking Fund	The New Notes will not be subject to any mandatory redemption obligation. There is no sinking fund provided for the New Notes.
Offer to Repurchase	Upon the occurrence of a Change of Control as defined in the New Indenture, the Reorganized Debtor will be required to offer to repurchase all of the New Notes at 101% of the aggregate principal amount repurchased plus accrued and unpaid interest, if any.
Restrictive Covenants	The New Indenture pursuant to which the New Notes will be issued will contain covenants customary for securities such as the New Notes covering (i) the payment of principal and interest, (ii) maintenance of an office or agency for the payment of the notes, (iii) SEC Reports, (iv) stay, extension and usury laws, (v) payment of taxes, (vi) existence, (vii) maintenance of properties and (viii) maintenance of insurance. The New Indenture will otherwise contain no covenants that restrict the operation of the Reorganized Debtor or its subsidiaries, or their respective businesses other than (i) limitations on Enrichment Corp's ability to transfer the Collateral and (ii) limitations on liens that may be imposed on the assets of Enrichment Corp, which covenants will be, in each case, subject to certain exceptions set forth in the New Indenture.
Events of Default	Customary for securities such as the New Notes.
Trustee and Collateral Agent	CSC Trust Company of Delaware

IV.

MATERIAL TERMS OF THE NEW MANAGEMENT INCENTIVE PLAN

The New Management Incentive Plan has three components: equity grants and other incentive awards, severance protection and certain retirement program changes. These components are evidenced by the USEC Inc. 2014 Equity Incentive Plan, the 2014 Post-Restructuring Incentive Plan (Annual Awards, Long-Term Incentive Cash Awards, Equity Awards), the Amended and Restated Executive Severance Plan, the First Amendment to the USEC Inc. 1999 Supplemental Executive Retirement Plan (as Amended and Restated Effective November 1, 2010) and the Second Amendment to the USEC Inc. 2006 Supplemental Executive Retirement Plan (as Amended and Restated Effective January 1, 2008), which will be substantially in the form of the documents included in the Plan Supplement. The Debtor urges you to read the documents included in the Plan Supplement because they, and not this summary, define the obligations of the Reorganized Debtor and the rights of the participants in the New Management Incentive Plan. Certain defined terms used in the summary but not defined below have the meanings assigned to them in the Plan or the relevant document included in the Plan Supplement.

2014 Equity Incentive Plan	USEC Inc., the Reorganized Debtor will adopt an equity incentive plan (the "2014 Equity Incentive Plan") as of the Effective Date of the Plan pursuant to which the Reorganized Debtor will be authorized to issue shares of Class A Common Stock $.10 par value of the Reorganized Debtor ("Shares") pursuant to options, stock appreciation rights, restricted stock units, restricted stock, performance awards, dividend equivalent rights and other stock based awards, as well as cash based awards, to employees, officers, directors and other individuals providing bona fide services to the Company or its affiliates. The 2014 Equity Incentive Plan is intended to replace the Debtor's current 2009 Equity Incentive Plan (the "Prior Plan") which will terminate and all equity awards outstanding under the Prior Plan will also be terminated as of the Effective Date. The 2014 Equity Incentive Plan contains substantially similar terms as the Prior Plan. The 2014 Equity Incentive Plan will be administered by the Compensation, Nominating and Governance Committee of the New Board (the "Compensation Committee"), which shall have broad powers to select participants in the plan, the types of awards that may be granted and the form and terms of awards. 1,000,000 Shares will be available for grant under the 2014 Equity Incentive Plan. Shares subject to awards will be recycled back into the 2014 Equity Incentive Plan and available for re-grant if the award is forfeited, becomes unexercisable without having been exercised in full. Restricted Stock that is forfeited will only become available for regrant under the 2014 Equity Incentive Plan if no dividends have been paid on such Shares. Additionally, Shares that are tendered by the grantee in payment of the exercise price of any award or in satisfaction of any tax withholdings will be available for future grant under the 2014 Equity Incentive Plan. The maximum number of Shares that may be granted to any one individual within any fiscal year of the Reorganized Debtor is 600,000 Shares. The maximum cash award that may be granted in any one fiscal year to a covered employee is $2,000,000. Unless otherwise determined by the Compensation Committee, dividend equivalents will not be paid on any performance vested award, unless and until the award vests and any dividends paid on restricted stock will be held by the Company and will not be paid until the restricted stock vests. Options and stock appreciation rights may not be granted with an exercise or strike price of less than fair market value of the Shares on the date of grant and the Compensation Committee is prohibited from repricing options and stock appreciation rights. Generally awards may not vest faster than proportionally over a minimum three year period. However, grants to non-employee directors, performance vesting awards and awards on up to 120,000 Shares may be granted without regard to the minimum vesting period. The 2014 Equity Incentive Plan may be amended and terminated by the New Board at any time. However, shareholder approval of any amendment that (i) increases the benefits to participants, (ii) increases the number of Shares available for issuance, (iii) modifies the requirements for participation in the Plan or (iv) otherwise requires approval under applicable law, regulation or rule, including any stock exchange on which the Shares are traded.

2014 Post-Effective Date Incentives

Pursuant to the 2014 Equity Incentive Plan described above, on the Effective Date three types of awards will be granted:

- Annual Award – The Annual Award will be paid in cash only if a commitment is secured by 12/31/14 which will continue the American Centrifuge Project for at least one year beyond 9/2014 on a basis that will maintain a domestic enrichment capability using the American Centrifuge technology while preserving the optionality for future commercialization, provided that USEC Inc. retains a material ownership interest or material contractual role, directly or through its affiliates, in such program during the period.
- Long-Term Incentive Cash Award ("LTI") – The LTI will be paid in cash and will be based on a performance target established by the Compensation Committee within 60 days after the Effective Date and will be based on performance over a period set by the Compensation Committee, but will not be sooner than January 31, 2014 or later than 36 months after the Effective Date. The Compensation Committee may establish threshold, target and maximum goals. If maximum goals are attained then the employee is eligible for up to 125% of their targeted award.
- Options – Options to purchase Shares will be granted within 60 days after the Effective Date with such terms as may be set by the Compensation Committee consistent with the 2014 Equity Incentive Plan.

The Annual Award and LTI will normally only be paid if the employee remains employed through the date the award is paid. If, however, the employee dies or becomes disabled during the performance period, then the employee will receive a pro rata portion of the employee's target award, without regard to actual performance. If the employee is terminated without "cause," they will be eligible for a pro rata portion of the award they would have earned based on actual performance achieved at the end of the performance period. However, if the employee's termination is without "cause" or for "good reason" within 3 months prior to or one year following a "change in control," the employee will receive payment of the Annual Award at target level without pro ration or regard to actual performance and will receive the LTI based on performance attained through the date of termination. The targeted awards for the 2014 grants are as follows:

Target Award levels for the Annual Award and Long-Term Incentive Cash Award and Number of Option Awards for 2014

Executive Level	Target Annual Award*	Target LT I Award*	LT Incentive Option Award
President/CEO	70%	70%	TBD
Senior Vice Presidents	70%	70%	TBD
Vice Presidents	36%-60%	36%-60%	TBD
Key Employees	18%-36%	15%-36%	N/A

* The target shall be the indicated percentage of base salary as in effect on the Effective Date (or if later, the date an individual is designated as a participant).

The above percentages will be adjusted based on attainment of second quarter goals under the 2014 Quarterly Incentive Plan of the Debtor (the "QIP") by the Effective Date. If second quarter goals under the QIP have not been earned and paid upon by the Effective Date then the Target Annual Award and Target LTI Awards will be decreased by 75% of the percentages set forth above. If the second quarter goals have been earned and paid by the Effective Date the Target Annual Award and Target LTI Award will be decreased by 50% of the percentages set forth above.

	On the Effective Date the QIP will terminate and no further amounts will be paid under that plan.
Executive Severance Plan	The Debtor's Executive Severance Plan (the "Severance Plan") will be amended effective on the Effective Date to allow covered executives to terminate for "good reason" and treat such termination as a termination without "cause," entitling the executive to severance under the terms of the plan. "Good reason" generally includes (a) change in position, (b) diminution of authority, duties or responsibilities, (c) breach of any employment agreement, (d) reduction in base salary or annual bonus opportunity (on an aggregate basis), (e) failure of a successor to assume the obligations under the Severance Plan or (f) relocation of executives principal place of business by more than 50 miles. The events listed in the definition of good reason above must occur during the one year period commencing with the Effective Date. A description of severance available under the Severance Plan is set forth in the Form 8-K filed on January 16, 2013.
SERP Termination	On the Effective Date no further benefits will accrue under the Debtor's 1999 and 2006 Supplemental Executive Retirement Plans.

V.

MATERIAL TERMS OF THE SUPPLEMENTARY STRATEGIC RELATIONSHIP AGREEMENT

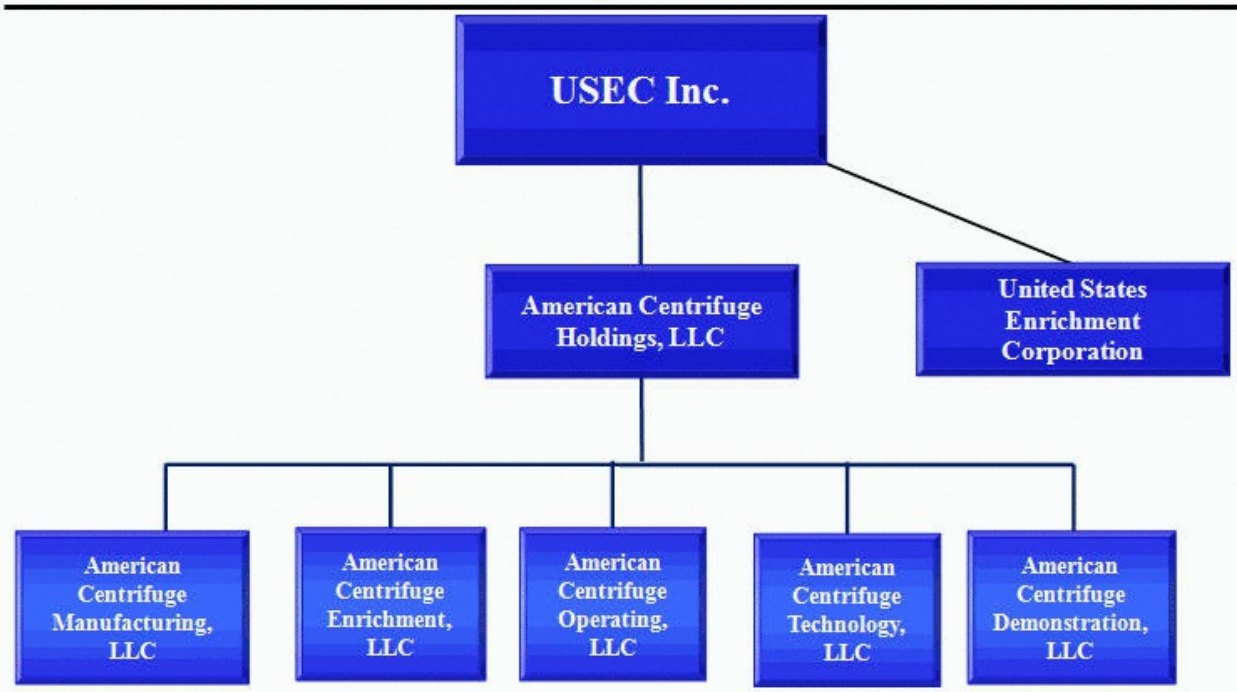
The Supplementary Strategic Relationship Agreement will be substantially in the form of the document included in the Plan Supplement. The Debtor urges you to read the document included in the Plan Supplement because it, and not this summary, define the rights and obligations of the Reorganized Debtor, B&W and Toshiba under the Supplementary Strategic Relationship Agreement. Certain defined terms used in the summary but not defined below have the meanings assigned to them in the Plan or in the Supplementary Strategic Relationship Agreement.

Parties	The Reorganized Debtor B&W and Toshiba, the Investors
Investor Directors	Directors appointed by Toshiba and B&W shall be provided with all information generally provided to directors except that the Reorganized Debtor shall not provide to such directors (a) any Classified Information or Export Controlled Information (ECI) to any director that is appointed or elected by a non-U.S. Person or (b) any competitively sensitive information. Investor-appointed directors are indemnified by the Reorganized Debtor. The Reorganized Debtor is also required to maintain directors' and owners' liability insurance for such directors. Investor-appointed directors are subject to certain restrictions on working both currently and in the future for a competitor of the Reorganized Debtor.
American Centrifuge Project	Toshiba shall be given the opportunity to bid to supply certain equipment for the ACP Project so long as is consistent with the U.S.-Japan 123 Agreement and meets U.S. government defense or national security requirements. For this purpose, the Reorganized Debtor shall give priority to Toshiba so long its bid is competitive in terms of price, quantity and delivery terms. The Reorganized Debtor also agrees to work with Toshiba in getting approval for Toshiba's bid to meet the approval of both the U.S. and Japanese governments. Toshiba and the Company shall discuss in good faith the possibility of Toshiba and its affiliates receiving more favorable off-take conditions from the ACP Project than those set forth in the original Strategic Relationship Agreement (which is continuing). Such discussions shall include consideration of potential incentives (such as commissions or incentive pricing) for Toshiba and its Affiliates to work with the Company to incorporate SWU from the ACP Project as supply for new nuclear power plants supplied by Toshiba or its affiliates. Both Investors agree to discuss in good faith the possible investment in the ACP Project of up to $20.19 million in equity ($40.38 in the aggregate). The parties agree that this investment will be contingent on the closing of a loan from the DOE or other government agency in the amount of no less than $1.5 billion. The Investors can fund this investment using proceeds resulting from the maturity of the New Notes issued by the Reorganized Debtors to the Investors. There shall be no change to the current arrangement among AC Manufacturing, B&W's affiliates and the Reorganized Debtor's affiliates related to the manufacture of centrifuges for the ACP Project.

APPENDIX C

Organizational Chart

USEC Inc.
Entity Structure



APPENDIX D

Liquidation Analysis

Introduction

Under the "best interests" of creditors test set forth in Bankruptcy Code Section 1129(a)(7), the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides, with respect to each Impaired Class, that each holder of a Claim or Interest in such Class who does not otherwise vote in favor of the plan receive property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor was liquidated under Chapter 7 of the Bankruptcy Code as of such date. To demonstrate that the Plan satisfies the "best interests" of creditors test, the Debtor has prepared the hypothetical liquidation analysis attached as Exhibit 1 (the "Liquidation Analysis"), which is based upon certain assumptions discussed below and in the notes accompanying the Liquidation Analysis (the "Notes"). To illustrate that the Plan satisfies the "best interests" of creditors test, the Debtor has also prepared a comparison of recoveries under both the Plan and the Liquidation Analysis, attached as Exhibit 2. Capitalized terms not defined in the Notes shall have the meanings ascribed to them in the Plan and the Disclosure Statement.

The Liquidation Analysis estimates potential Cash distributions to holders of Allowed Claims and Allowed Interests in a hypothetical chapter 7 liquidation of the Debtor's assets (the "Assets"). Asset values discussed in the Liquidation Analysis may differ materially from values referred to in the Plan and Disclosure Statement. The Debtor prepared the Liquidation Analysis with the assistance of its advisors.

Scope, Intent, and Purpose of the Liquidation Analysis

The determination of the costs of, and hypothetical proceeds from, the liquidation of the Assets is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtor, are inherently subject to significant business, political, economic, and competitive uncertainties and contingencies beyond the control of the Debtor, its management, and its advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual chapter 7 liquidation. In addition, the Debtor's management cannot judge with any degree of certainty the effect of the forced-liquidation asset sales on the recoverable value of the Assets. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Debtor were liquidated in accordance with Chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended and should not be used for any other purpose. The underlying financial information in the Liquidation Analysis was not compiled or examined by any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis. NEITHER THE DEBTOR NOR ITS ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY.

In preparing the Liquidation Analysis, the Debtor estimated Allowed Claims based upon a review of the Claims contained in the Debtor's books and records. In addition, the Liquidation Analysis includes estimates for Claims not currently reflected in the books and records or asserted in the Chapter 11 Case, but which could be asserted and Allowed in a chapter 7 liquidation, including Administrative Claims, wind-down costs, trustee fees, tax liabilities, and certain lease and contract rejection damages Claims. The Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing this Liquidation Analysis. The Debtor's estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other

purpose, including determining the value of any distribution to be made on account of Allowed Claims under the Plan. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTOR. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

Global Notes to the Liquidation Analysis

Liquidation Date and Appointment of a Chapter 7 Trustee

This Liquidation Analysis assumes the filing of a chapter 7 liquidation case on August 31, 2014 (the "Liquidation Date"). On the Liquidation Date, it is assumed that the Bankruptcy Court would appoint a chapter 7 trustee (the "Trustee") to oversee the liquidation of the Debtor's Estate. The Debtor has only two sources of cash inflows: (i) monthly amounts due under the ACTDO Agreement, and (ii) loans or advances from its wholly owned subsidiary, United States Enrichment Corporation ("Enrichment Corp"). As the Debtor will not generate revenues or cash flows following the Liquidation Date, the Trustee will need to use cash on hand, receivables, and proceeds from the immediate liquidation of Assets to fund the on-going expenses of the estate. For purposes of this hypothetical Liquidation Analysis, the primary operating assumption is that Enrichment Corp would cease funding any activities of the Debtor, but would agree to allow its collateral to be used as discussed below, and there would be no external funding available to facilitate the liquidation. This Liquidation Analysis assumes the Trustee will have adequate liquidity to fund the wind down of the operations and the fees associated with such a liquidation. In the event of an actual liquidation of the Debtor, there may be a risk that the Trustee may not have adequate liquidity on hand to settle administrative expenses as incurred, at which point the Trustee may request a dismissal of the chapter 7 case. If such a scenario would occur, the recoveries to creditors would be severely impaired as compared to the hypothetical results contained in this analysis.

Given the special and classified nature of the Assets, the general underlying assumption is that the Trustee would need a 6 to 9 month period to monetize the Assets, using the proceeds to fund the expenses associated with the wind down of operations. This analysis assumes complete wind up of affairs and distributions, if any, would take an additional 3 months after the sale of all Assets.

This analysis also takes into consideration that EPC Operations and ACM Manufacturing Operations would have been demobilized prior to the Liquidation Date as these demobilization efforts are already in process. This liquidation analysis considers the demobilization as described below of the remaining operations associated with the ACTDO Agreement, which is the operation of the cascade as well as the technology center, and the PETE Operations, which demobilization under the current plan will not be completed until the fourth quarter of 2014 in the ordinary course.

Primary Assets of the Debtor

The Debtor has three primary Assets in the form of (i) cash on hand, (ii) receivables due from UT-Battelle, and (iii) property, plant and equipment ("PP&E") in connection with the Debtor's American Centrifuge Project ("ACP"). The Liquidation Analysis assumes a range of recoveries for these Assets assuming a forced-liquidation asset sale process conducted by the Trustee. The Debtor's management believes that values derived from the liquidation assumed in the Liquidation Analysis do not generate a significant recovery for stakeholders as compared with the recovery proposed under the Plan.

The Debtor's ACP has been in development since May 2007 and is planned to be the United States' only domestically owned and operated uranium enrichment plant with centrifuge technology. The Debtor has developed and operated a "demonstration cascade program" to advance ACP technology in conjunction with the DOE. The Debtor's ACP program contains operations and equipment in Piketon, OH and Oak Ridge, TN. The process and equipment developed and deployed as part of the ACP program is extremely complex and intricate and not only contains classified information, but also is regulated by both the Nuclear Regulatory Commission ("NRC") and the DOE. As a result, the complete demobilization of ACP would require several months and cooperation with various regulatory agencies in order to comply with all laws, regulations and contractual requirements. However, in the event of a chapter 7 liquidation, the Debtor has assumed the Trustee would pursue a rapid demobilization process to meet only the necessary requirements of law and to minimize costs and time necessary to demobilize. As a result, the Debtor has developed such a "rapid" demobilization process that includes turnover of the lead cascade program and other vital elements to the DOE and immediate termination of all contracts with suppliers and contractors to cease operations and leave such suppliers and contractors to perform their own environmental and security obligations that remain as of the Liquidation Date for those suppliers and contractors that were not affected by the Limited Demobilization. Although certain aspects of the ACP program will have already been demobilized or have demobilization under way at the time of the Liquidation Date, a liquidation would require additional demobilization for aspects of the project related to the ACTDO Agreement. Given the complex nature of these operations, the Debtor has assumed that the various regulatory agencies involved with ACP will cooperate to facilitate a shutdown and immediate turnover of operations. As there is no historical precedent for such a liquidation, as well as coordination between various federal agencies, this hypothetical analysis has no benchmarks for which to assess whether or not such cooperation is feasible, nor what issues may arise from such a liquidation. Furthermore, the Debtor's demobilization plan assumes all decontamination and decommissioning activities necessary to shut down the lead cascade will be conducted by the regulatory agencies using third-party contractors and funds already available under the Debtor's decontamination and decommissioning funding plans, which are backed by fully collateralized Surety Bonds, as discussed below. The ability of both the NRC and DOE to retain third-party contractors may affect the timing and cost of turnover activities, further impacting this liquidation analysis. Additionally, as much of the equipment, processes and documentation in possession of the Debtor contains classified and export-controlled information, the Debtor assumes that the shutdown, turnover and destruction of documentation can be achieved within a three-month period of time.

As discussed above, the Assets include receivables due under the ACTDO Agreement. This analysis assumes collection of the amounts due from UT-Battelle in the ordinary course. Furthermore, these receivable amounts have been pledged as security for the post-petition DIP Facility and thus are cash collateral of Enrichment Corp. This Liquidation Analysis assumes Enrichment Corp would allow, and the Trustee would use, the proceeds of its collateral, in order to fund the wind-down expenses, as it is assumed that doing so would facilitate cooperation with the DOE in other matters relevant to Enrichment Corp. These receivables and other proceeds would be used in order to first fund the liquidation of the Estate, then satisfy claims with remaining proceeds as established by the Bankruptcy Code (beginning with the DIP Facility.) Although Enrichment Corp is the DIP Facility lender for the Chapter 11 Case, this analysis assumes no incremental funding from Enrichment Corp for the wind down, other than allowing the Trustee to use the DOE receivables and proceeds of its other collateral. As of the petition date, Enrichment has not agreed that it would give consent to use this collateral. Given the highly speculative nature of this assumption, results for this Liquidation Analysis could vary dramatically if the Trustee did not have access to, or use of, these receivables.

The Assets also include 100% of the equity of the Debtor's subsidiary, Enrichment Corp. For the purposes of this Liquidation Analysis, the Debtor assumes no equity value in its investment in Enrichment Corp. As discussed above, the primary operating assumption is that Enrichment Corp would not continue to fund the operations and

expenses of the Debtor in a chapter 7 liquidation, except to allow the use of its collateral. Nevertheless, Enrichment Corp's business model may be impacted as a result of the liquidation, and thus attempting to ascribe any equity value in the investment of Enrichment Corp would be highly speculative at this time.

Forced-Liquidation Sale Process

The liquidation sale process would proceed concurrently with the rapid demobilization process for ACP. The Debtor is in possession of equipment which it owns directly, and equipment where ownership has been transferred to the DOE pursuant to the contractual agreement related to the RD&D Program. In addition to cash on hand, and the receivable amounts due from the DOE noted above, the Debtor would need to monetize immediately equipment that it has proper title to in order to fund the rapid demobilization process. The Debtor began the process of selling excess equipment not needed for the ACTDO Agreement upon the conclusion of the RD&D Program, and any proceeds expected to be received before the Liquidation Date are removed from the liquidation asset sale proceeds. As a result of immediate termination of supplier contracts, some of the equipment the Debtor has title to is in the possession of its suppliers and vendors who are performing services for the Debtor. A significant portion of the gross proceeds distributable to creditors would come from the liquidation of this equipment, which is subject to various offsetting costs including, but not limited to, professional industrial liquidators commissions and possessory liens. The possessory liens are assessed on a location by location basis, and if the expected lien of any vendor exceeds the expected value of the Assets subject to the lien, the Assets are assumed to be abandoned with no recoverable value to the Debtor. This Liquidation Analysis also assumes that certain staff currently employed at the Debtor will remain with the Debtor through the course of the wind-down. Costs associated with these employees have been included in the operational wind down expense in order to assist the Trustee in collecting and liquidating the Assets.

This Liquidation Analysis assumes that the estimated sale proceeds for the Assets would be less than the tax basis of the Assets and would not generate any additional tax liabilities. Should the tax treatment and effect of the liquidation transactions result in a tax liability that is not reduced by other tax benefits, recoveries in the Liquidation Analysis could change materially.

Specific Notes to the Asset Assumptions Contained in the Liquidation Analysis (Exhibit A)

The Liquidation Analysis refers to certain categories of Assets. The numerical/alphabetical designation below corresponds to the line items listed in Exhibit A with a specific note.

Estimated Proceeds

The liquidation of the Assets in a chapter 7 bankruptcy will require the Trustee to dispose of the Assets in an expedited manner. The Debtor's management and its advisors relied on the net book values (Note A) from the unaudited balance sheet as of April 30, 2014 to estimate the recoveries for various Assets. For the purposes of this Liquidation Analysis, the Debtors management believes the values of such assets on the Liquidation Date will not be materially different from this date. The gross proceeds of the Liquidation Analysis ("Liquidation Proceeds") consist of three major asset classes: Cash, UT-Battelle Receivables and PP&E. The value for the Debtor's cash (Note B) is based on the projected balance as of Liquidation Date. This Liquidation Analysis assumes UT-Battelle Receivables (Note C) are collected in the ordinary course and represent amounts expected to be received from UT-Battelle related to 100% reimbursement of expenses for August 2014. The Debtor also holds fully cash

collateralized Surety Bonds (Note D) related to the decontamination and decommission of the Piketon, OH plant that are expected to be fully utilized by third parties contracted by the NRC and DOE to complete the necessary decontamination and decommissioning work. PP&E (Note E) includes all Debtor-owned land and equipment related to the ACP project located primarily in Oak Ridge, TN and Piketon, OH. The recovery values shown are net of various possessory liens and commissions charged by professional industrial liquidators, and any assets sold during the Limited Demobilization period (but before the Liquidation Date) are removed from the assets available for sale during the liquidation. Other Assets (Note F) consists primarily of prepaid Assets for which the Debtor does not expect to recover any value. No other assets exist with any estimable recovery value.

Specific Notes to the Liability Assumptions Contained in the Liquidation Analysis

This Liquidation Analysis sets forth an allocation of the Liquidation Proceeds to Holders of Claims and Interests in accordance with the priorities set forth in Bankruptcy Code Section 726. The Liquidation Analysis provides for high and low recovery percentages for Claims and Interests based upon the Trustee's application of the Liquidation Proceeds. The high and low recovery ranges reflect a high and low range of estimated Liquidation Proceeds from the Trustee's sale of the Assets.

Administrative Expenses of Chapter 7

This Liquidation Analysis includes costs associated with the wind down of the Debtor's business as well as running a chapter 7 liquidation process. The Operational Wind-Down Expenses (Note G) include the Headquarters wind down and the ACP rapid demobilization costs. The Headquarters wind down costs consists of approximately 20 employees required for 6 months from September 1, 2014 through February 28, 2015 and approximately 12 employees from March 1, 2015 through May 31, 2015. The ACP rapid demobilization costs include only the activities necessary to comply with law and cease active operation of the Piketon, OH site as well as to rapidly dispose of classified material at various locations. The demobilization costs assume (i) the Debtor's contractual obligations are terminated and not performed, (ii) the demonstration cascade (Piketon, OH) and K-1600 site (Oak Ridge, TN) are shut down and turned over to the DOE, (iii) suppliers and contractors are notified to stop work immediately, (iv) the DOE is notified of intent to destroy or turnover all classified documents and material within one week, and (v) decommissioning and decontamination are executed by the NRC and DOE through drawing on the associated Surety Bonds and using a third-party contractor to perform the work.

Also included in Administrative Expenses are the anticipated Professional Fees and other expenses necessary to facilitate a chapter 7 liquidation (Note H), Professional Fees and expenses from the Chapter 11 that have the benefit of the Carve-Out under the DIP Order (Note I) and the Trustee's fees (Note J) which are calculated based on 3% of the recovery value of the liquidated PP&E Assets.

DIP Facility Claims (Note K)

The DIP Facility provided by Enrichment Corp is secured by a first-priority lien on the Debtor's postpetition DOE receivables and any unencumbered assets and a second lien on all assets subject to an existing lien. This lien was perfected through the DIP Order. In addition, Enrichment Corp enjoys a superpriority administrative claim which entitles it to be paid from any other assets determined to be unencumbered. For purposes of this Liquidation Analysis, the outstanding amount drawn under the DIP Facility as of the commencement of the chapter 7 conversion is projected to be $22.8 million. As discussed previously, this analysis assumes that Enrichment Corp (notwithstanding its DIP liens and prepetition liens) will allow the Trustee to use the postpetition UT-Battelle

receivables and the proceeds of its other collateral to fund the chapter 7 administrative costs as opposed to exercising its rights as a secured creditor with respect to its collateral. Proceeds from the chapter 7 case remaining after the chapter 7 administrative costs are satisfied will be distributed to the DIP Facility as a pro-rata share of the net distributable value that would come from its collateral of cash and postpetition UT-Battelle receivables.

Secured Claims (Note L)

The Debtor's Secured Claims include the balance of the Secured Intercompany Loan with Enrichment Corp, dated August 2, 2013, through which Enrichment Corp has funded the Debtor's operations with the DOE Receivables, cash and fixed assets acting as collateral. The balance of the Secured Intercompany Loan is projected to be approximately $56.5 million as of the Liquidation Date. The Secured Intercompany Loan is secured by a first-priority lien on the prepetition DOE Receivables and the fixed assets of the Debtor. The DIP Lender authorized the application of the prepetition DOE receivables to be applied to the Secured Intercompany Loan, which was executed in April 2014. To the extent the value of remaining collateral securing the loan is insufficient to satisfy the loan obligation, there would be an unsecured deficiency claim for the balance, which would be an Intercompany Claim. Proceeds from the chapter 7 case remaining after the chapter 7 administrative costs are satisfied will be distributed on account of the Secured Intercompany Loan as a pro-rata share of the net distributable value that would come from its collateral of the fixed assets.

Administrative Claims of Chapter 11 Case, Priority Tax Claims & Other Priority Claims (Notes M-O)

Administrative Claims of the Chapter 11 Case include outstanding post-petition accounts payable, accrued and outstanding employee wages, employee severance earned during the postpetition period, and accrued and unpaid chapter 11 professional fees. For the purposes of this analysis, Administrative Claims of the Chapter 11 Case do not include claims related to the Worker Adjustment and Retraining Notification Act (the "WARN Act") as it is assumed that either timely and proper notice has been issued, or the Debtor would meet the qualifications for an exception. Priority Tax Claims include all claims of a governmental unit of the kind specified in Bankruptcy Code Section 507(a)(8) and are estimated to be at a range of $0-$1 million. Other Priority Claims include employee severance claims up to the amount allowed under Bankruptcy Code Section 507(a)(4) for an estimated $12,475 per employee for approximately 475 employees, with other employee claims assumed to have been paid by a first day order. The claim amounts over and above the cap provided under Section 507(a)(4) are to be treated as General Unsecured Claims.

All Other Unsecured Classes

General Unsecured Claims (Note P) consists of: (1) various pension and benefit obligation, (2) the estimated claims related to the pension termination liability of the qualified pension plan, (3) accounts payable as of the Petition Date, (4) lease rejection damage claims for the Headquarter leases in Bethesda and Washington, D.C., (5) contract rejection damages and other termination damage claims associated with the equipment at ACP, and (6) the employee severance claim amounts that do not qualify for administrative or priority status.

Intercompany Claims (Note Q) represents (i) undersecured amounts owed to Enrichment Corp on the Secured Intercompany Loan and (ii) unsecured borrowings from Enrichment Corp.

Noteholder Claims (Note R) includes amounts owed on the Convertible Notes issued September 28, 2007 plus interest accrued through the Petition Date.

Equity Interests includes Plan classes 6 through 8 representing Preferred Stock Interests, Common Stock Interests and Unexercised Common Stock Rights.

Unasserted Claims

Given the specialized nature of the Debtor and complexities inherent in such a liquidation, this Liquidation Analysis is limited in the fact that no historical precedent exists for such a liquidation. As such, this analysis does not include claims that have been deemed unquantifiable or that have not been asserted against the Debtor, including: (1) claims potentially asserted for decontamination and decommissioning that are not covered by the Surety Bonds, (2) claims asserted by the DOE for any costs related to the turnover of the ACP/Piketon lease, or (3) any other unforeseen regulatory claims given the complex nature of such a liquidation. While the liquidation illustrates a range of potential recoveries, no attempt was made to incorporate any estimates for unasserted claims as described given the uncertain nature of such claims.

Exhibit A – Hypothetical Liquidation Analysis

Estimated Proceeds	Note	USEC Inc.					
		Low NBV	High NBV	Low Recovery		High Recovery	
Value of Asset Proceeds	A	4/30/14	4/30/14	Value	%	Value	%
Cash	B			$ 2.0	100.0%	$ 2.0	100.0%
A/R - UT-Battelle	C	6.7	6.7	6.7	100.0%	6.7	100.0%
Surety Bond Collateralization	D	29.4	29.4	0.0	NA	0.0	NA
PP&E	E	1.5	1.5	30.9	NA	34.0	NA
Other Assets	F	11.4	11.4	0.0	0.0%	0.0	0.0%
Gross Proceeds				**39.6**		**42.7**	
Chapter 7 Administrative Expenses							
Operational Wind-Down Expense	G			(24.0)		(18.0)	
Chapter 7 Professional Fees & Other Costs	H			(10.0)		(5.0)	
Chapter 11 DIP Carveout for Professional Fees	I			(2.6)		(2.6)	
Chapter 7 Trustee Fees	J			(0.9)		(1.0)	
Total Chapter 7 Administrative Expenses				**(37.5)**		**(26.6)**	
Net Distributable Value				**$ 2.1**		**$ 16.1**	

Estimated Recovery		Low Est.	High Est.	Low Recovery		High Recovery	
		Claim	Claim	Value	%	Value	%
DIP Facility Claims	K	$ 22.8	$ 22.8	$ 0.5	2.0%	$ 3.3	14.4%
Secured Claims	L	56.6	56.6	1.6	2.9%	12.8	22.7%
Administrative Claims of Chapter 11 Case	M	3.9	3.9	0.0	0.0%	0.0	0.0%
Priority Tax Claims	N	1.0	0.0	0.0	0.0%	0.0	0.0%
Other Priority Claims	O	1.6	1.6	0.0	0.0%	0.0	0.0%
General Unsecured Claims	P	149.7	149.7	0.0	0.0%	0.0	0.0%
Intercompany Claims	Q	348.0	334.0	0.0	0.0%	0.0	0.0%
Noteholder Claims	R	536.8	536.8	0.0	0.0%	0.0	0.0%
Equity Interests		NA	NA	0.0	0.0%	0.0	0.0%

Exhibit B - Comparison of Recovery in Chapter 7 vs. Recovery in the Plan

Class	Description	Estimated Recovery	
		Plan	Liquidation
N/A	Administrative Expenses	100%	100%
N/A	DIP Facility Claims	100%	2% - 14%
N/A	Priority Tax Claims	100%	0%
1	Other Priority Claims	100%	0%
2	Secured Claims	100%	3%-23%
3	General Unsecured Claims	100%	0%
4	Intercompany Claims	100%	0%
5	Noteholder Claims	Better than liquidation	0%
6	Preferred Stock Interests	Better than liquidation	0%
7	Common Stock Interests	Better than liquidation	0%
8	Unexercised Common Stock Rights	Same as liquidation	0%

USEC Inc.
6903 Rockledge Drive, Suite 400
Bethesda, Maryland 20817

July 11, 2014

To: Our Voting Creditors and Interest Holders

USEC Inc. ("USEC") is pleased to present for your consideration the Plan of Reorganization of USEC Inc. (the "Plan").

As you know, USEC filed for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") on March 5, 2014 in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The primary motivation for the filing was to implement a restructuring of USEC's obligations under (a) its 3.0% Convertible Senior Notes due 2014 (the "Old Notes"), referred to under the Plan as the Noteholder Claims in Class 5, and (b) its preferred stock, referred to under the Plan as the Preferred Stock Interests/Claims in Class 6.

Through the Plan, the Debtor is attempting to implement a financial restructuring designed to reduce its outstanding indebtedness and strengthen its balance sheet, thereby enabling it to emerge from Chapter 11 on a financial footing that is expected to improve its prospects for later achieving certain strategic initiatives that are essential not only to its long-term viability but also to the prospects for any recovery by the holders of the Noteholder Claims and the Preferred Stock Interests/Claims.

The terms of the restructuring as set forth in the Plan are supported by holders of approximately 65% in principal amount of the Old Notes, who have entered into a Plan Support Agreement with USEC. In addition, the restructuring is supported by the two holders of the Debtor's preferred stock, Toshiba America Nuclear Energy Corporation and Babcock and Wilcox Investment Company.

Enclosed with this letter you will find the Disclosure Statement with Respect to Plan of Reorganization of USEC Inc. (the "Disclosure Statement"), which includes, among other things, the Plan (Appendix A), a Summary of Material Terms of Documents Included in Plan Supplement (Appendix B), an Organizational Chart (Appendix C), and a Liquidation Analysis (Appendix D). The Liquidation Analysis supports, among other things, the conclusion that the holders of Noteholder Claims in Class 5 and Preferred Stock Interests/Claims in Class 6 will receive more under the Plan than they would if USEC's estate was liquidated pursuant to Chapter 7 of the Bankruptcy Code.

As explained in the Disclosure Statement, if the Plan is confirmed, on the Effective Date, each holder of an Allowed Noteholder Claim will receive, subject to the Indenture Trustee's Charging Lien, its pro rata share of (i) 79.04% of the New Common Stock issued under the Plan

(subject to dilution on account of New Common Stock issued pursuant to the New Management Incentive Plan), (ii) Cash equal to the amount of the interest accrued on the Old Notes from the date of the last interest payment made by the Debtor before the Petition Date to the Effective Date, (iii) Additional Plan Cash not to exceed $250,000 related to expenses of the Indenture Trustee and (iv) New Notes to be issued under the Plan in the aggregate principal amount of $200 million. The Plan provides, in turn, that the holders of Allowed Preferred Stock Interests/Claims will receive (i) 15.96% of the New Common Stock issued under the Plan (subject to dilution on account of New Common Stock issued pursuant to the New Management Incentive Plan) and (ii) New Notes to be issued under the Plan in the aggregate principal amount of $40.38 million.

WE BELIEVE THAT THE PLAN IS THE BEST AVAILABLE ALTERNATIVE FOR ALL STAKEHOLDERS. THEREFORE, WE URGE ALL HOLDERS OF NOTEHOLDER CLAIMS AND PREFERRED STOCK INTERESTS/CLAIMS TO VOTE TO ACCEPT THE PLAN.

With best regards,

John K. Welch
President and Chief Executive
Officer of USEC Inc.

AD HOC GROUP OF CONSENTING NOTEHOLDERS[1]

July 11, 2014

Support of Confirmation of the Plan

The ad hoc group of Consenting Noteholders (the "Ad Hoc Group"), which consists of certain unaffiliated holders of the 3.00% Convertible Senior Notes due 2014 (the "Old Notes" and holders thereof, the "Noteholders") issued by USEC Inc. ("USEC" or the "Debtor") that are parties to the Noteholder Plan Support Agreement and hold approximately 66% in principal amount of the Old Notes, supports confirmation of the Plan of Reorganization of USEC Inc., dated as of July 11, 2014 (the "Plan").

The Plan embodies the terms of the Noteholder Plan Support Agreement and is being solicited in accordance therewith. As described in more detail in the Disclosure Statement, the Debtor, pursuant to the Plan, is attempting to implement a financial restructuring designed to reduce its outstanding indebtedness and strengthen its balance sheet, thereby enabling it to emerge from Chapter 11 on a strong financial footing with improved prospects for long-term success.

Pursuant to the Plan, each holder of a Noteholder Claim is entitled to vote on the Plan, and if the Plan is confirmed, on or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Noteholder Claim shall receive, on the Distribution Date, in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Allowed Noteholder Claim, its Pro Rata share of (i) the New Noteholder Common Stock, (ii) Cash equal to the amount of the interest accrued at the non-default rate on the Old Notes from the date of the last interest payment made by the Debtor before the Petition Date to the Effective Date, (iii) the Majority New Notes and (iv) the Additional Plan Cash (which will be used to satisfy the fees and expenses of the Indenture Trustee for the Old Notes).

The Ad Hoc Group encourages you to read the Plan and Disclosure Statement. Among other things, the Disclosure Statement describes in detail (1) events leading to the Debtor's filing for bankruptcy; (2) the events that have occurred in the Debtor's chapter 11 case to date; (3) the terms of the Plan, including the anticipated distributions that will be made to Noteholders; and (4) instructions for voting on the Plan.

THE AD HOC GROUP SUPPORTS CONFIRMATION OF THE PLAN BECAUSE IT BELIEVES THAT, GIVEN THE FACTS AND CIRCUMSTANCES OF THE DEBTOR'S RESTRUCTURING, THE PLAN MAXIMIZES VALUE FOR NOTEHOLDERS AND PROVIDES THE BEST AVAILABLE RECOVERY FOR NOTEHOLDERS IN THE MOST EXPEDIENT MANNER.

THE AD HOC GROUP'S SUPPORT FOR CONFIRMATION OF THE PLAN SHOULD NOT SERVE AS A SUBSTITUTE FOR YOUR OWN CAREFUL READING AND CONSIDERATION OF THE DISCLOSURE STATEMENT, PLAN, AND RELATED DOCUMENTS DISSEMINATED BY THE DEBTOR AND CONSULTATION WITH YOUR OWN COUNSEL OR OTHER PROFESSIONAL ADVISORS.

If you have any question with respect to the Plan or treatment of the Noteholders, please contact: Michael Stamer at (212) 872-1025 (mstamer@akingump.com) or James Savin at (202) 887-4417 (jsavin@akingump.com). For questions about completing your ballot, please contact: Logan & Company, Inc. at (973) 509-3190 (USEC@loganandco.com).

Very truly yours,

AD HOC GROUP
Through its counsel: Akin Gump Strauss Hauer & Feld LLP

[1] Capitalized terms not defined herein shall have the meaning ascribed to them in the Plan.

Exhibit T3E.2

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
USEC INC.,	:	Case No. 14-10475 (CSS)
Debtor.[1]	:	

NOTICE OF HEARING TO CONSIDER CONFIRMATION OF, AND DEADLINE
FOR OBJECTING TO, PLAN OF REORGANIZATION OF USEC INC.

TO: ALL PARTIES IN INTEREST
PLEASE TAKE NOTICE THAT:

1. On March 5, 2014, USEC Inc. (the "Debtor") commenced a voluntary case 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").

2. Simultaneously, the Debtor filed the Disclosure Statement with Respect to Plan of Reorganization of USEC Inc. (as amended, the "Disclosure Statement") and the Plan of Reorganization of USEC Inc. (as amended, the "Plan").[2]

3. On July 7, 2014, the Bankruptcy Court entered an order (a) approving the Disclosure Statement as containing adequate information for purposes of Bankruptcy Code Section 1125; (b) determining the dates, forms and procedures applicable to the process of soliciting votes on and providing notice of the Plan; (c) approving the procedures for tabulating votes on the Plan; (d) establishing the deadline for filing objections to the Plan and scheduling the hearing to consider confirmation of the Plan; and (d) granting other related relief (the "Solicitation Order").

4. A hearing to consider confirmation of the Plan will be held on September 5, 2014 at 1:00 p.m. (Eastern Time) before the Honorable Christopher S. Sontchi, Judge of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 5th Floor, Wilmington, Delaware 19801. The hearing may be adjourned from time to time by announcement in open court.

5. No later than August 22, 2014 at 4:00 p.m. (Eastern Time), all objections to confirmation of the Plan must be (a) filed with the Clerk of the Bankruptcy Court via the Bankruptcy Court's electronic filing procedures and (b) received by (i) Latham & Watkins LLP, attn.: D. J. Baker, 885 Third Avenue, New York, New York 10022, Fax: (212) 751-4864, E-mail: dj.baker@lw.com; (ii) Richards, Layton & Finger, P.A., attn.: Mark D. Collins, 920 N. King Street, Wilmington, Delaware 19801, Fax: (302) 651-7701, E-mail: collins@rlf.com; (iii) Young Conaway Stargatt & Taylor, LLP, attn.: James L. Patton, Jr., 1000 N. King Street, Wilmington, Delaware 19801, Fax: (302) 576-3325, E-mail: jpatton@ycst.com; (iv) Akin Gump Strauss Hauer & Feld LLP, attn.: Michael Stamer, One Bryant Park, New York, New York 10036, Fax: (212) 872-1002, E-mail: mstamer@akingump.com, and attn: James Savin, 1333 New Hampshire Ave. N.W., Washington DC 20036,

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1 The Debtor's federal tax identification number is 52-2107911. The Debtor's mailing address is 6903 Rockledge Drive, Suite 400, Bethesda MD 20817.

2 Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan. To obtain copies of the Plan, please see paragraph 8 of this notice.

Fax: (202) 887-4288, E-mail: jsavin@akingump.com; (v) Pepper Hamilton LLP, attn.: David Stratton, Hercules Plaza, Suite 5100, 1313 Market Street, Wilmington, Delaware 19899, Fax: (302) 656-8865, E-mail: strattond@pepperlaw.com; and (vi) The Office of the United States Trustee for the District of Delaware, attn.: Mark S. Kenney, 884 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801. The objections must be in writing, must state the name and address of the objecting party and the nature of the claim or interest of such party and must state with particularity the basis and nature of any objection to or proposed modification of the Plan, including any suggested language to be added or existing language to be amended or deleted. Objections not timely filed and served in the manner set forth above shall not be considered and shall be deemed overruled.

6. THE PLAN CONTAINS EXCULPATION, RELEASE AND INJUNCTION PROVISIONS. THE PROVISIONS ARE SET FORTH AT THE END OF THIS NOTICE.

7. The Plan may, subject to the consent of the Majority Consenting Noteholders (as defined in the Plan), be further modified, if necessary, pursuant to 11 U.S.C. § 1127, prior to, during, or as a result of the confirmation hearing, without further notice to parties in interest.

8. Copies of the Disclosure Statement, the Plan and the Solicitation Order are available (a) on the Voting Agent's website at http://www.loganandco.com; (b) on the Bankruptcy Court's CM/ECF website at http://ecf.deb.uscourts.gov; or (c) by mail upon telephonic or written request to Logan & Company, Inc., 546 Valley Road, Upper Montclair, New Jersey 07043, E-mail: USEC@loganandco.com, Telephone: (973) 509-3190.

Dated: Wilmington, Delaware
July 11, 2014

BY ORDER OF THIS COURT

Mark D. Collins
Michael J. Merchant
RICHARDS, LAYTON & FINGER, P.A.
920 N. King Street
Wilmington, Delaware 19801
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Co-Counsel for Debtor and Debtor in Possession

RELEASE, EXCULPATION AND INJUNCTION PROVISIONS CONTAINED IN PLAN

10.7 Releases

(a) Releases by the Debtor

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtor, the Reorganized Debtor and any Person seeking to exercise the rights of the Debtor's Estate, including, without limitation, any successor to the Debtor or any Estate representative appointed or selected pursuant to Bankruptcy Code Section 1123(b)(3), shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action (including claims or causes of action arising under Chapter 5 of the Bankruptcy Code), and liabilities whatsoever (other than for fraud, willful misconduct, criminal conduct and/or gross negligence), whether direct or derivative, in connection with or related to the Debtor, the Chapter 11 Case, or the Plan (other than the rights of the Debtor and the Reorganized Debtor to enforce the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Reorganized Debtor, the Chapter 11 Case, or the Plan, and that may be asserted by or on behalf of the Debtor, the Estate, or the Reorganized Debtor against (i) the Debtor or any of the Non-Debtor Subsidiaries, (ii) any of the directors, officers, and employees of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case, (iii) any Professionals of the Debtor, (iv) each of the Consenting Noteholders (but solely in its capacity as such), (v) each of the Consenting Noteholder Advisors (vi) each of the Preferred Stockholders (but solely in its capacity as such), (vii) each of the Preferred Stockholder Advisors, (viii) the DIP Facility Lender, (ix); the Indenture Trustee, (x) the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the parties identified in the foregoing (i) through (ix), but only in their respective capacities on behalf of such parties, and (xi) any of the successors or assigns of any of the parties identified in the foregoing (i) through (x); *provided, however*, that nothing in this Section 10.7(a) shall operate to release any intercompany obligations or extinguish any intercompany accounts reflecting amounts owing to or from the Debtor or any of the Non-Debtor Subsidiaries unless otherwise provided in the Plan; and *provided further*, *however*, that nothing in this Section 10.7(a) shall be deemed to prohibit the Debtor or the Reorganized Debtor from asserting and enforcing any claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities they may have against any of their employees, directors or officers that is based upon an alleged breach of a confidentiality, noncompete or any other contractual obligation owed to the Debtor or the Reorganized Debtor.

(b) Limited Release by Directors and Officers

As of the Effective Date, to the fullest extent permissible by applicable law, for good and valuable consideration, the adequacy of which is hereby confirmed, each director and officer of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whatsoever (other than for actual fraud and/or criminal conduct) against the Debtor, the Reorganized Debtor and any Person seeking to exercise the rights of the Debtor's Estate, including, without limitation, any successor to the Debtor or any Estate representative appointed or selected pursuant to Bankruptcy Code Section 1123(b)(3) whether such claims are statutory, contractual, or common law claims; *provided, however,* that nothing herein shall be deemed a waiver or release of any director or officer's claims or causes of action against the Debtor or the Reorganized Debtor as it relates to wages, salaries, commissions, bonuses, sick pay, personal leave pay, indemnification, severance pay, or other compensation or benefits, or payments or form of remuneration of any kind, excluding payments or remuneration based in stock or equity, owing and arising out of such director or officer's employment with the Debtor whether such claims are statutory, contractual or common law claims; *and provided further, however,* that nothing in this Section 10.7(b) shall operate to (i) prohibit, penalize, or otherwise discourage any applicable director or officer from reporting, providing testimony regarding, or otherwise communicating any nuclear safety concern, workplace safety concern, public safety concern, or concern of

any sort, to the U.S. Nuclear Regulatory Commission, the U.S. Department of Labor, or any federal or state government agency, or (ii) prohibits any applicable director or officer from engaging in any activity protected by the Sarbanes-Oxley Act, 18 U.S.C. § 1514A and the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, H.R. 4173.

(c) Releases by Holders of Claims and Interests

As of the Effective Date, to the fullest extent permissible by applicable law, for good and valuable consideration, the adequacy of which is hereby confirmed, each holder of a Claim or Interest that affirmatively votes in favor of the Plan shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whatsoever (other than for fraud, willful misconduct, criminal conduct and/or gross negligence) against (i) any of the Non-Debtor Subsidiaries, (ii) any of the directors, officers, and employees of the Debtor or any of the Non-Debtor Subsidiaries serving during the pendency of the Chapter 11 Case, (iii) any Professionals of the Debtor, (iv) each of the Consenting Noteholders (but solely in its capacity as such), (v) the Consenting Noteholder Advisors, (vi) each of the Preferred Stockholders (but solely in its capacity as such), (vii) each of the Preferred Stockholder Advisors, (viii) the DIP Facility Lender, (ix) the Indenture Trustee, (x) the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the parties identified in the foregoing (i) through (ix), but only in their respective capacities on behalf of such parties, and (xi) any of the successors or assigns of any of the parties identified in the foregoing (i) through (x) (the Persons identified in clauses (i) through (xi) collectively, the "Claimholder Releasees") in connection with or related to the Debtor, the Chapter 11 Case, or the Plan (other than the rights under the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Reorganized Debtor, the Chapter 11 Case, or the Plan; *provided, however*, that nothing herein shall be deemed a waiver or release of a Claim or Interest holder's right to receive a distribution pursuant to the terms of the Plan or any obligation under the Plan or Confirmation Order. For the avoidance of doubt, this Release by holders of Claims and Interests is not and shall not be deemed a waiver of the Debtor's rights or claims against the holders of Claims and Interests, including to the Debtor's rights to assert setoffs, recoupments or counterclaims, or to object or assert defenses to any such Claim, and all such rights, Litigation Rights, causes of action and claims are expressly reserved, except as otherwise provided in the Plan.

10.9 Exculpation and Limitation of Liability

(a) To the fullest extent permitted by applicable law and approved in the Confirmation Order, none of the Debtor, the Reorganized Debtor, the Non-Debtor Subsidiaries, the Debtor's Professionals, the Consenting Noteholders (solely in their respective capacities as such), the Consenting Noteholder Advisors, the Preferred Stockholders (solely in their respective capacities as such), the Preferred Stockholder Advisors, the DIP Facility Lender, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns), shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, criminal conduct, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(b) Notwithstanding any other provision of the Plan, to the fullest extent permitted by applicable law and approved in the Confirmation Order, no holder of a Claim or an Interest, no other party

in interest, and none of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, shall have any right of action against the Debtor, the Reorganized Debtor, the Non-Debtor Subsidiaries, the Debtor's Professionals, the Consenting Noteholders (solely in their respective capacities as such), the Consenting Noteholder Advisors, the Preferred Stockholders (solely in their respective capacities as such), the Preferred Stockholder Advisors, the DIP Facility Lender, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, criminal conduct, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code.

10.10 Injunction

(a) Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtor, the Reorganized Debtor, and their respective subsidiaries or their property on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtor or the Reorganized Debtor; or (v) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

(b) Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, or may hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, or liability that is released pursuant to Sections 10.7, 10.8, or 10.9 of the Plan are permanently enjoined from taking any of the following actions on account of such released Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff against any debt, liability, or obligation due to any released Person; or (v) commencing or continuing any action, in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

(c) Without limiting the effect of the foregoing provisions of this Section 10.10 upon any Person, by accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in this Section 10.10.

Exhibit 25.1

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)**

CSC TRUST COMPANY OF DELAWARE

(Exact name of trustee as specified in its charter)

Delaware **(Jurisdiction of incorporation or organization if not a U.S. national bank)**	**51-0011500** **(I.R.S. Employer Identification No.)**
2711 Centerville Road **Wilmington, Delaware** **(Address of principal executive offices)**	**19808** **(Zip code)**

Corporation Service Company
2711 Centerville Road
Wilmington, Delaware
(800) 927-9801
(Name, address and telephone number of agent for service)

USEC Inc.
(Exact name of obligor as specified in its charter)

Delaware **(State or other jurisdiction of incorporation of organization)**	**52-2107911** **(I.R.S. Employer Identification No.)**

United States Enrichment Corporation
(Exact name of obligor as specified in its charter)

Delaware **(State or other jurisdiction of incorporation of organization)**	**52-2109255** **(I.R.S. Employer Identification No.)**

Two Democracy Center
6903 Rockledge Drive
Bethesda, Maryland
20817

8.0% PIK Toggle Notes due 2019/2024
(Title of the indenture securities)

Item 1. **General Information.**

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Office of the State Banking Commissioner
State of Delaware
555 East Loockerman Street
Dover, DE 19901

(b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

Item 2. **Affiliations with Obligor.**

If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee.

Items 3-14.

No responses are included for Items 3–14 because the obligor is not in default as provided under Item 13.

Item 15. **Foreign Trustee.**

Not applicable.

Item 16. **List of Exhibits**

List below all exhibits filed as a part of this Statement of Eligibility.

Exhibit 1. A copy of the Articles of Association of the trustee now in effect is contained in the Certificate of Incorporation.

Exhibit 2. A copy of the Certificate of Incorporation.

Exhibit 3. See Exhibit 2.

Exhibit 4. A copy of by-laws of the trustee as now in effect.

Exhibit 5. Not applicable.

Exhibit 6. The consent of the trustee required by Section 321(b) of the Act.

Exhibit 7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

Exhibit 8. Not applicable.

Exhibit 9. Not applicable.

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, CSC Trust Company of Delaware, a banking corporation duly organized and existing under the laws of Delaware, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 31st day of July, 2014.

CSC TRUST COMPANY OF DELAWARE

/s/ William G. Popeo

Name: William G. Popeo
Title: President & CEO

EXHIBIT 2

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:03 PM 02/06/2006
FILED 12:01 PM 02/06/2006
SPV 060109789 – 0061202 FILE

RESTATED CERTIFICATE OF INCORPORATION

OF

DELAWARE CHARTER COMPANY

(Originally incorporated on March 19, 1917
under the name Delaware Charter Company)

FIRST. The name of the corporation is "CSC TRUST COMPANY OF DELAWARE" (the "Company").

SECOND. The location of the Company's registered office in the State of Delaware shall be 2711 Centerville Road, Suite 210, Wilmington, County of New Castle, Delaware. The Company shall be its own registered agent at such address.

THIRD. That the objects for which the Company is formed axe to do any and all of the things herein set forth to the said extent as natural persons might or could do, and in any part of the world, as principals, agents, contractors, trustees, or otherwise and either alone or in company with others, and the Company shall have the following powers:

(a) To the same extent and in the same manner as a natural person might now or could hereafter do, to act as the agent of, and to represent domestic and foreign corporations or other entities and to act as the agent upon whom process against all such corporations or other entities and all notices, official or otherwise, may be served.

(b) For and in behalf of such corporations or other entities to apply, to obtain and procure to be issued by the Secretary of State of Delaware, or by like officers in other states of the United States of America, and elsewhere, or by other officials in accordance with the law, certificate or certificates authorizing such corporations or other entities to transact business.

(c) To provide, to keep, to maintain for and on behalf of and as the agent of such corporations and other entities offices principal or otherwise, and therein to keep transfer or other books and documents, records and property of every son and kind, of such corporations and other entities, for all purposes, including, without limitation, the transfer of stock.

(d) To keep and maintain safe deposit vaults and books and to take and receive upon deposit for safe keeping and storage, stocks, bonds, securities, papers, books and documentary record and personal property of every kind or sort, and to let out vaults, safes and other receptacles.

(e) To promote, act as fiscal agent for, and to organize, reorganize, merge, consolidate, dissolve or otherwise assist, and afford facilities to any corporation or other entities organized or to be organized under the laws of the State of Delaware, or elsewhere, and to act as the agent, trustee or in any other capacity for and in behalf of such corporations or other entities.

(f) To act as the fiscal or transfer agent of any state, municipality, body politic, corporation or other entity and in such capacity to receive and disburse money and to transfer, register and countersign certificates of stock, receipts, bonds or other evidences of indebtedness.

(g) To act as the trustee for the holders of, or otherwise, in relation to any bonds, stocks, certificates or debentures issued or to be issued by any corporation or other entity.

(h) To act as trustee under any mortgage or bond issued by any municipality, body politic, corporation, person or association or other entity, and accept and execute any other municipal or corporate trust not inconsistent with law.

(i) To act as the registrar of stocks, bonds, certificates and debentures, and transfer agent thereof for corporations and other entities.

(j) To take, accept and execute any and all such trusts, powers or receiverships of whatever nature or description as may he conferred upon or entrusted or committed to the Company by any person or persons or any body politic, corporation, other entity or other authority by grant, assignment, transfer, devise, bequest or otherwise (or which may be entrusted or committed or transferred to it or vested in it by order of any Court of record) and to receive and take and hold any property or estate, real or personal, which may be the subject or any such trust or receivership.

(k) To enter into, make, perform and carry on contracts of every kind with any person, firm, association, corporation or other entity.

(l) To purchase or otherwise acquire, to hold, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of and to guarantee, underwrite, register and transfer bonds, mortgages, debentures, obligations or shares of any corporation or other entity, to exercise, while the owner or trustee thereof, all the rights, powers and privileges including the right to vote thereon which natural persons being the owner of such shares and property, might, could or would exercise.

(m) To the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, without limit as to amount, real and persona] property of any class or description.

(n) To perform the business of appraisal or audit companies and to examine, audit, appraise and report upon the accounts and financial condition of corporations, partnerships, other entities and individuals and to appraise or examine and report upon the condition of railroad, manufacturing and other properties and for the information of investors, financial institutes, borrowers of money or purchasers of property.

(o) To do all and everything suitable or proper for the accomplishment of any of the purposes or attainment of any of the objects hereinbefore enumerated, or which shall at the time appear conducive or expedient for the protection or benefits of the company and in general to engage in any and all lawful businesses whatever and wherever necessary or convenient.

(p) To act as the agent, attorney, factor, proxy or broker of any person or persons, corporation or corporations or other entities, for any and all purposes whatever to the same extent as a natural person might or could do, and to provide natural persons, corporations or other entities to act in any and all such capacities. To obtain and acquire by purchase or any other lawful manner, information, statistics, facts and circumstances of, relating to, or affecting the business, capital, deeds, solvency, credit, responsibility and commercial condition and standing of any and all individuals, firms, associations, corporations and other entities engaged in, or connected with, any business, occupation, industry or employment in any part of the world and particularly in and throughout the United States of America and Canada, and to dispose of, sell, loan, pledge, hire and use in any and all lawful ways, the information, statistics, facts and circumstances so obtained and acquired. To act as the attorney, agent or proxy of the holders of stocks, bonds or debentures in any corporation or corporations or other entities organized or which may hereafter be organized, and as such to provide natural persons to so act.

IN FURTHERANCE AND NOT IN LIMITATION of the general powers conferred by the laws of Delaware, it is expressly provided that the Company shall also have the following powers:

(a) To take, own, hold, deal in, mortgage or otherwise, lien and to lease, sell, exchange, transfer or in any manner whatever dispose of real property wherever situated.

(b) To manufacture, purchase or acquire in any lawful manner and to hold, own, mortgage, pledge, sell, transfer or in any manner dispose of and to deal and trade in goods, wares, merchandise and property of any and every class and description.

(c) To acquire the good will, rights and property of any person, firm, association, corporation or other entity to pay for the same in cash, the stock of the Company, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all powers, necessary or convenient in and about the conduct and management of such business.

(d) To apply for or in any manner to acquire, and to hold, own, use and operate or to sell or in any manner dispose of, and to grant licenses or other rights in respect of and in any manner deal with any and all rights, inventions, and employments and processes used in connection with or secured under Letters Patent or Copyrights of the United States or other countries, and to work, operate or develop the same and to carry on any business, manufacturing or otherwise, which may directly or indirectly effectuate these objects, or any of them.

(e) To enter into, make and perform contracts of every kind with any person, firm, association, corporation or other entity and without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.

(f) To have offices and carry on business without restrictions as to place or amount.

(g) To do any or all of the things herein set forth to the same extent as natural persons might or could do and in any part of the world as principals, agents, contractors, trustees or otherwise.

In general to carry on any other business in connection therewith whether manufacturing or otherwise, and use all the powers conferred by the laws of Delaware upon corporations under the Delaware General Corporation Law.

FOURTH. The amount of the total authorized capital stock shall be Five Hundred Thousand ($500,000) Dollars, which shall be divided into One-Thousand Shares (1,000) of the par value of Five-Hundred ($500) Dollars each.

FIFTH. The existence of this corporation is to be perpetual.

SIXTH. The business and affairs of the Company are to be managed by or under a board of directors, which shall be comprised of seven persons or such other number of persons as may be designated from time to time by resolution of the board of directors or in the By-laws of the Company.

SEVENTH. The Company shall have power to acquire and become seized and possessed of real and personal property without limit or restriction as to amount and to hold, purchase, mortgage, lease and convey such real and personal property in any state or territory of the United States, and in any foreign country or place.

EIGHTH. The private property of the stockholders of the Company from time to time shall not be subject to the payment of the debts of the Company to any extent or in any manner whatever.

NINTH. The board of directors shall have power to adopt, amend or repeal any or all of the By-laws of the Company; to fix the amount to be reserved as working capital and to authorize and cause to be executed mortgages and liens without limit as to amount upon the property and franchises of the Company.

(a) The By-laws of the Company shall determine whether and to what extent the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account or book or document of the corporation except as conferred by law or the By-laws of the Company or by resolutions of the stockholders.

(b) The stockholders or directors shall have power to hold their meetings and keep the books outside of the State of Delaware, at such places as may be from time to time designated.

TENTH. The stockholders of the Company shall not have preemptive rights by virtue of this Restated Certificate of Incorporation or the fact that the Company was incorporated prior to July 3, 1967, and, accordingly, no stockholder shall have preemptive rights or other similar rights except to the extent that such rights are specifically provided for by agreement between such stockholder and the Company.

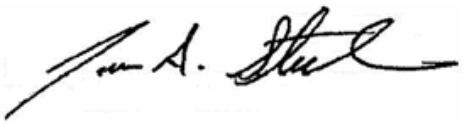
ELEVENTH. A director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

TWELFTH. It is the intention that the objects specified in the third paragraph hereof shall, except where otherwise expressed in said paragraph, be nowise limited or restricted by reference to or inference from the terms of any other clause or paragraph in the Restated Certificate of Incorporation, but that the object specified in each of the clauses of this charter shall be regarded as independent objects.

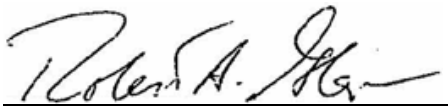
IN WITNESS WHEREOF, this Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of the Certificate of Incorporation of the Company, and which has been duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law, has been executed by a duly authorized officer of the Company this 2nd day of February, 2006.

DELAWARE CHARTER COMPANY



By: _____
Name: [ILLEGIBLE]
Title: CEO

The foregoing Restated Certificate of Incorporation is hereby approved in both substance and in form.



Honorable Robert A. Glen
State Bank Commissioner

February 3, 2006

EXHIBIT 4

CSC TRUST COMPANY OF DELAWARE BY-LAWS

ARTICLE 1-STOCKHOLDERS

Section 1. Annual Meeting.

An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix, which date shall be within thirteen (13) months of the last annual meeting of stockholders or, if no such meeting has been held, the date of incorporation.

Section 2. Special Meetings.

Special meetings of the stockholders, for any purpose or purposes prescribed in the notice of the meeting, may be called by the Board of Directors, a majority of stockholders entitled to vote or the chief executive officer and shall be held at such place, on such date, and at such time as they or he or she shall fix.

Section 3. Notice of Meetings.

Written notice of the place, date, and time of all meetings of the stockholders shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation, as amended, of CSC Trust Company of Delaware (the "Company")).

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. Quorum.

At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes is required, a majority of the shares of such class or classes present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

Section 5. Organization.

Such person as the Board of Directors may have designated or, in the absence of such a person, the chief executive officer of the Company or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Company, the secretary of the meeting shall be the Assistant Secretary or such person as the chairman appoints.

Section 6. Conduct of Business.

The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order.

Section 7. Proxies and Voting.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

All voting, including on the election of directors but excepting where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefore by a stockholder entitled to vote or by his or her proxy, a stock vote shall be taken. Every stock vote shall be taken by ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. The Company may, and to the extent required by law, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Company may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability. Every vote taken by ballots shall be counted by an inspector or inspectors appointed by the chairman of the meeting.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

Section 8. Stock List.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 9. Consent of Stockholders in Lieu of Meeting.

Any action required to be taken at any annual or special meeting of stockholders of the Company, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the

action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Company by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Company having custody of the book in which proceedings of meetings of stockholders are recorded. As set forth in the Certificate of Incorporation, the Company shall serve as its own registered agent and therefore delivery made to the Company shall constitute delivery to its registered office and shall be made by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the date the earliest dated consent is delivered to the Company, a written consent or consents signed by a sufficient number of holders to take action are delivered to the Company in the manner prescribed in the first paragraph of this Section.

ARTICLE II -BOARD OF DIRECTORS

Section 1. Number and Term of Office.

The number of directors who shall constitute the whole Board shall be such number as the Board of Directors shall from time to time have designated, provided that the number of directors shall not be less than five. Each director shall be elected and serve until his or her successor is elected and qualified, except as otherwise provided herein or required by law.

The initial members of the Board of Directors of the Company, including the Chairman of the Board, shall be elected by the majority vote of the stockholders entitled to vote. Each such director shall hold office until the first annual meeting of the stockholders and until his successor has been duly elected and qualified or the occurrence of the earlier death or resignation of such director.

Whenever the authorized number of directors IS increased between annual meetings of the stockholders, a majority of the directors then in office shall have the power to elect such new directors for the balance of a term and until their successors are elected and qualified.

Section 2. Vacancies.

If the office of any director becomes vacant by reason of death, resignation, disqualification, removal or other cause, a majority of the directors remaining in office, although less than a quorum, may elect a successor for the unexpired term and until his or her successor is elected and qualified.

Section 3. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board or by one-third (1/3) of the directors then in office (rounded up to the nearest whole number) or by the chief executive officer and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given each director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or by telegraphing or telexing or by facsimile transmission of the same not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 5. Quorum.

At any meeting of the Board of Directors, a majority of the total number of the whole Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 6. Participation in Meetings By Conference Telephone.

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 7. Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

Section 8. Powers.

The Board of Directors may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Company, including, without limiting the generality of the foregoing, the unqualified power:

(1) To declare dividends from time to time in accordance with law;

(2) To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;

(3) To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, and to do all things necessary in connection therewith;

(4) To remove any officer of the Company with or without cause, and from time to time to devolve the powers and duties of any officer upon any other person for the time being;

(5) To confer upon any officer of the Company the power to appoint, remove and suspend subordinate officers, employees and agents;

(6) To adopt from time to time such stock option, stock purchase, bonus or other compensation plans for directors, officers, employees and agents of the Company and its subsidiaries as it may determine;

(7) To adopt from time to time such insurance, retirement, and other benefit plans for directors, officers, employees and agents of the Company and its subsidiaries as it may determine; and,

(8) To adopt from time to time regulations, not inconsistent with these Bylaws, for the management of the Company's business and affairs.

Section 9. Compensation of Directors.

Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors.

ARTICLE III -COMMITTEES

Section 1. Committees of the Board of Directors.

The Board of Directors, by a vote of a majority of the whole Board, may from time to time designate committees of the Board, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. Any committee so designated may exercise the power and authority of the Board of Directors to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to Delaware law if the resolution which designates the committee or a supplemental resolution of the Board of Directors shall so provide. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except •as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum unless the committee shall consist of one (I) or two (2) members, in which event one (I) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committee.

ARTICLE IV -OFFICERS

Section 1. Generally.

The Board of Directors shall elect a President and may elect or appoint a Chairman of the Board, a Secretary and such other officers as it may from time to time choose to elect or appoint, including, but not limited to, one or more Vice Presidents (anyone or more of whom may be designated Executive Vice Presidents or Senior Vice Presidents) and a Treasurer.

Officers shall be elected by the Board of Directors. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person. Any vacancies occurring in officer positions may be filled at any regular or special meeting of the Board of Directors.

The compensation of officers required by this section to be elected or appointed by the Board of Directors may be fixed by the Board of Directors. The compensation of other officers may be fixed either by the Board of Directors or by the President. Each officer shall be sworn to the faithful performance of his duties. In the absence of a Chairman of the Board to preside at meetings of the Board of Directors, the President shall preside at meetings of the Board of Directors.

Section 2. President.

Subject to the provisions of these By-laws and to the direction of the Board of Directors, he or she shall have the responsibility for the general management and control of the business and affairs of the Company and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him or her by the Board of Directors. He or she shall have power to sign all stock certificates, contracts and other instruments of the Company which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Company. In the event of the President's absence or disability, the Board shall appoint an Officer to perform the duties and exercise the powers of the President.

Section 3. Vice President.

Each Vice President shall have such powers and duties as may be delegated to him or her by the Board of Directors. He or she may sign, with other authorized officers, all contracts, instruments or documents in the name of the Company and may affix or cause to be affixed thereto the seal of the Company.

Section 4. Treasurer.

The Treasurer shall have the responsibility for maintaining the financial records of the Company. He or she shall make such disbursements of the funds of the Company as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the Company. The Treasurer shall also perform such other duties as the Board of Directors may from time to time prescribe.

Section 5. Secretary and Assistant Secretary

The Secretary or Assistant Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board of Directors. The Secretary or Assistant Secretary may sign, with other authorized officers, all contracts, instruments or documents in the name of the Company and may affix or cause to be affixed thereto the seal of the Company, of which he or she shall be the custodian. The Secretary or Assistant Secretary shall have charge of the corporate books and shall perform such other duties as the Board of Directors may from time to time prescribe.

Section 6. Delegation of Authority.

The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 7. Removal.

Any officer of the Company may be removed at any time, with or without cause, by the Board of Directors.

Section 8. Action with Respect to Securities of Other Corporations.

Unless otherwise directed by the Board of Directors, the President or any officer of the Company authorized by the President shall have power to vote and otherwise act on behalf of the Company, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Company may hold securities and otherwise to exercise any and all rights and powers which this Company may possess by reason of its ownership of securities in such other corporation.

ARTICLE V -STOCK

Section 1. Certificates of Stock.

Each stockholder shall be entitled to a certificate signed by, or in the name of the Company by, the President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

Section 2. Transfers of Stock.

Transfers of stock shall be made only upon the transfer books of the Company kept at an office of the Company or by transfer agents designated to transfer shares of the stock of the Company. Except where a certificate is issued in accordance with Section 4 of Article V of these By-laws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

Section 3. Record Date.

In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Company may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which shall not precede the

date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall be not more than ten (10) days after the date upon which the resolution fixing the record date is adopted. If no record date has been fixed by the Board of Directors and no prior action by the Board of Directors is required by the Delaware General Corporation Law, the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company in the manner prescribed by Article I, Section 9 hereof. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by the Delaware General Corporation Law with respect to the proposed action by written consent of the stockholders, the record date for determining stockholders entitled to consent to corporate action in writing shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 4. Lost, Stolen or Destroyed Certificates.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. Regulations.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI -NOTICES

Section 1. Notices.

Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, by sending such notice by prepaid telegram or mailgram, or by transmitting such notice by facsimile. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his or her last known address as the same appears on the books of the Company. The time when such notice is received, if hand delivered, or dispatched, if delivered through the mails or by telegram or mailgram, shall be the time of the giving of the notice.

Section 2. Waivers.

A written waiver of any notice, signed by a stockholder, director, officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholder, director, officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE VII -MISCELLANEOUS

Section 1. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-laws, facsimile signatures of any officer or officers of the Company may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Company, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. Reliance upon Books, Reports and Records.

Each director, each member of any committee designated by the Board of Directors, and each officer of the Company shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Company and upon such information, opinions, reports or statements presented to the Company by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

Section 4. Fiscal Year.

The fiscal year of the Company shall be as fixed by the Board of Directors.

Section 5. Time Periods.

In applying any provision of these By-laws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE VIII -INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification.

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether. civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Company or is or was serving at the request of the Company as a director, or officer (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Company to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this ARTICLE VIII with respect to proceedings to enforce rights to indemnification, the Company shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Company.

Section 2. Right to Advancement of Expenses.

The right to indemnification conferred in Section 1 of this ARTICLE VIII shall include the right to be paid by the Company the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and riot in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Company of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 1 and 2 of this ARTICLE VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

Section 3. Right of Indemnitee to Bring Suit.

If a claim under Section 1 or 2 of this ARTICLE VIII is not paid in full by the Company within sixty (60) days after a written claim has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the Company shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Company (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of

such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this ARTICLE VIII or otherwise shall be on the Company.

Section 4. Non-Exclusivity of Rights.

The rights to indemnification and to the advancement of expenses conferred in this ARTICLE VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Company's Certificate of Incorporation, By-laws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. Insurance.

The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under Delaware law.

Section 6. Indemnification of Employees and Agents of the Company

The Company may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Company to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of the Company.

ARTICLE IX -AMENDMENTS

These By-laws may be amended or repealed by the Board of Directors at any meeting or by the stockholders at any meeting.

EXHIBIT 6

July 31, 2014

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

In accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, the undersigned hereby consents that reports of examination of the undersigned made by Federal, State, Territorial, or District authorities authorized to make such examination may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

CSC TRUST COMPANY OF DELAWARE

/s/ William G. Popeo
Name: William G. Popeo
Title: President & CEO

EXHIBIT 7

Report of Condition of

CSC Trust Company of Delaware
2711 Centerville Road, Suite 200, Wilmington, Delaware 19808
at the close of business June 30, 2014, filed in accordance with 5 Del. Laws, c.9, §904

	Dollar Amounts In Thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	
Interest-bearing balances	2,424
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	
Securities purchased under agreements to resell	
Loans and lease financing receivables:	
Loans and leases held for sale	
Loans and leases, net of unearned income	
LESS: Allowance for loan and lease losses	
Loans and leases, net of unearned income and allowance	0
Trading Assets	
Premises and fixed assets (including capitalized leases)	
Other real estate owned	
Investments in unconsolidated subsidiaries and associated companies	
Direct and indirect investments in real estate ventures	
Intangible assets	
Goodwill	
Other intangible assets	
Other assets	56,549
Total assets	58,973

	Dollar Amounts In Thousands
LIABILITIES	
Deposits:	
In domestic offices	
Noninterest-bearing	
Interest-bearing	
In foreign offices, Edge and Agreement subsidiaries, and IBFs	
Noninterest-bearing	
Interest-bearing	
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	
Securities sold under agreements to repurchase	

Trading liabilities	
Other borrowed money	
(includes mortgage indebtedness and obligations under capitalized leases)	
Subordinated notes and debentures	
Other liabilities	1,955
Total liabilities	1,955
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	
Common stock	500
Surplus (exclude all surplus related to preferred stock)	55,501
Retained earnings	1,017
Accumulated other comprehensive income	
Other equity capital components	
Total institution equity capital	57,018
Noncontrolling (minority) interests in consolidated subsidiaries	
Total equity capital	57,018
Total liabilities, and equity capital	58,973

I, Thomas C. Porth, CFO of the above-named State Non-Deposit Trust Company, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate State regulatory authority and is true to the best of my knowledge and belief.

/s/ Thomas C. Porth
Thomas C. Porth
CFO

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate State regulatory authority and is true and correct.

/s/ William G. Popeo
William G. Popeo

/s/ Andrew Panaccione
Andrew Panaccione