

USEC Will Fuel Nuclear Renaissance CEO Tells Shareholders

We need more confident statements like this ... especially from the utilities.

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A secure supply of nuclear fuel is vital to the expansion of nuclear power, USEC Inc. (NYSE:USU) President and CEO John K. Welch told shareholders at the company's annual meeting today.

"The critical element for the expansion of nuclear power is a stable supply of nuclear fuel – from uranium mining to enrichment to fabrication of the fuel assemblies. Utilities need to be confident that the fuel will be there if they are going to invest billions of dollars in new plants," Welch explained.

"A renaissance is underway in the nuclear power industry, and the signs are everywhere," said Welch. In the United States, the Nuclear Regulatory Commission expects to receive about a dozen construction and operating license applications during 2007 and 2008, with additional applications for new plants coming over the following decade. More than two-dozen nuclear power plants are under construction around the world. Another 40 plants are on order or in the planning stage.

"The United States must have a domestic enrichment technology so as not to become overly dependent on foreign enrichment sources. There must be long-term security of supply. And it is critical that there be stability in the uranium enrichment market.

"The U.S. nuclear industry needs the assurance of a domestic enrichment capacity, and USEC will be there to provide it. In return, USEC needs the assurance of a stable market so that we can recoup our substantial investment in new centrifuge enrichment technology," Welch explained.

Enrichment is the process by which the concentration of the fissionable uranium isotope is increased in order to make fuel for nuclear power plants. Nuclear power is strategically important to the global economy, generating about 16 percent of electricity worldwide and about 20 percent of electricity in the U.S.

In order to stay competitive in the world market, USEC must replace its current gaseous diffusion plants with the more efficient centrifuge technology.

USEC is on target to demonstrate and deploy the world's most efficient uranium enrichment technology at the American Centrifuge plant in Piketon, Ohio. USEC expects to meet its next milestone for satisfactory reliability and performance data from Lead Cascade operations in October 2006. USEC plans to begin construction of the commercial plant in 2007, with enrichment operations starting in 2009 and reaching production capacity of 3.5 million SWU in 2011.

During the meeting, shareholders elected the incumbent directors to a one-year term and ratified the appointment of the independent public accounting firm for 2006. Approximately 90 percent of the outstanding shares were voted in person or by proxy.

Earlier this month, Institutional Shareholder Services (ISS) rated USEC's corporate governance practices as better than 99.2 percent of the companies in the Russell 3000 Index, an index of America's 3000 largest publicly held companies. ISS had

recommended the election of all directors and the ratification of the independent auditors prior to the meeting.

"USEC is proud of our long history of good corporate governance practices, which are the cornerstone of a well-run corporation," said James R. Mellor, USEC's chairman of the board of directors. "Our board sets the tone of high standards for accountability and ethics throughout our organization."