

**USEC Inc.**

**BOARD OF DIRECTORS  
GOVERNANCE GUIDELINES**

**(Revised July 2009)**

# USEC Inc.

## BOARD OF DIRECTORS GOVERNANCE GUIDELINES

The following Board of Directors Governance Guidelines have been adopted by the Board of Directors of USEC Inc. to assist the Board in the exercise of its responsibilities. These Board of Directors Governance Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision-making both at the Board and Management level, with a view to enhancing long-term shareholder value. These Guidelines are subject to modification from time to time by the Board.

### I. Board Responsibility, Selection and Composition

#### *Board Responsibility*

The business and affairs of the Company are under the general charge and supervision of the Chief Executive Officer and the oversight of the Board. The Board is elected by the shareholders to oversee the management of the Company and to assure that the long-term interests of the shareholders are being served.

The Board expects that each Director will attend all Board meetings and the annual meeting of shareholders while recognizing that due to scheduling conflicts or unforeseen circumstances it may not be attainable.

#### *Board Membership Criteria*

The Nominating and Governance Committee is responsible for reviewing the appropriate skills and characteristics required of Board members. This assessment should include consideration of each Director's, or prospective Director's, business background, experience and capabilities complementary to other Directors' experience and capabilities, financial acumen, experience with government, willingness and ability to devote adequate time to the Company, integrity, diversity, and any other factor deemed appropriate, all in the context of an assessment of the perceived needs of the Board at that point in time.

#### *Selection of New Directors*

The Board is responsible for nominating persons for election to the Board by the shareholders and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Nominating and Governance Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When making its Board membership recommendations, the Nominating and Governance Committee shall consider the advice and recommendations from others as appropriate. The Nominating and Governance Committee will also consider shareholder proposals for nominees to the Board of Directors. Such proposals must be submitted to the Secretary of the Company at the Company's corporate offices prior to all applicable deadlines.

### *Extending the Invitation to a Potential Director to Join the Board*

The invitation to join the Board should be extended by the Board itself via the Chairman of the Board.

### *Board Orientation and Continuing Education*

The Company will provide new Directors with a director orientation program that includes background material, meetings with senior Management and visits to Company facilities to familiarize new Directors with, among other things, the Company's business. In addition, the Company will periodically provide materials and/or briefing sessions for all Directors on subjects that will assist the Board in discharging its duties and as otherwise requested by the Board.

The Nominating and Governance Committee will periodically assess the Directors' needs in terms of continuing education programs.

## **II. Board Leadership**

### *Selection of the Chairman of the Board*

The Board is free to make this choice any way that seems best for the Company at a given point in time. Therefore, the Board does not have a policy, one way or the other, on whether or not the role of the Chairman and Chief Executive Officer should be separate and, if it is to be separate, whether the Chairman should be selected from the non-employee Directors.

## **III. Board Composition and Performance**

### *Size of the Board*

The Board believes that the size of the Board should be approximately eight to twelve Directors to permit a diversity of experience and views without hindering effective discussion or diminishing individual accountability. However, the Board would be willing to consider an increase or decrease in the size of the Board, if determined to be appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for Director.

### *Independence of the Board*

The Board will be comprised of a majority of Directors who qualify as independent directors under the listing standards of the New York Stock Exchange and federal securities laws requirements. The Board will annually assess the independence of each Director.

On matters related to these Board of Directors Governance Guidelines, decisions will be made by the independent Directors.

### *Mix of Management and Independent Directors*

It is the belief of the Board that Directors who do not meet the NYSE's independence standards may also make valuable contributions to the Board and to the Company by reason of their experience and wisdom. The Board is willing to consider members of Management, in addition to the Chief Executive Officer, for membership on the Board. Nevertheless, the Board does not believe that Board membership is a necessary prerequisite to any higher Management position within the Company and the Board encourages Management to adequately inform senior managers of this belief.

### *Former Chief Executive Officer's Board Membership*

The Board believes that whether a former Chief Executive Officer continues to serve on the Board as a Director is a matter for discussion at such time with the new Chief Executive Officer and the Board. When the Chief Executive Officer resigns from the position of Chief Executive Officer, the Board expects that he/she will submit a resignation from the Board at the same time. A former Chief Executive Officer serving on the Board will not be considered an independent Director under the listing standards of the NYSE for a period of three years.

### *Directors Who Change Their Present Job Responsibility*

The Board believes that individual Directors who change the responsibility they held when they were elected to the Board should submit a letter of resignation to the Board. The Board does not believe that in every instance the Directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. There should, however, be an opportunity for the Board to review the continued appropriateness of Board membership under these circumstances.

### *Other Company Directorships for Independent Directors*

Independent Directors are encouraged to limit the number of other boards on which they serve taking into account potential board attendance, participation and effectiveness on the Board and other boards. Independent Directors should advise the Chairman of the Board and the Chief Executive Officer in advance of accepting an invitation to serve on another board.

### *Term of Service*

The Nominating and Governance Committee will periodically review each Director's continuation of service on the Board. This will also allow each Director the opportunity to conveniently confirm his/her desire to continue to serve as a member of the Board.

### *Retirement Age*

It is the general policy of the Company that Directors should not stand for election to the Board after reaching the age of 75. Directors should tender their resignation to the Chairman of the Board (or, in the case of the Chairman of the Board, to the Chairman of

the Nominating and Governance Committee) prior to the filing of the proxy statement for the Annual Meeting following their 75th birthday. Whether the resignation is accepted or rejected is a matter of consideration by the Board.

#### *Board Compensation*

Changes in Board compensation, if any, should come at the suggestion of the Compensation Committee, but with full discussion and concurrence by the Board. As part of a Director's total compensation and to create a direct linkage with corporate performance, the Board believes that a meaningful portion of a Director's compensation should be provided in common stock or common stock equivalents (such as restricted stock units), consistent with the Company's stock ownership guidelines.

### **IV. Board Performance**

#### *Executive Sessions of Independent Directors*

Executive sessions of non-management Directors of the Board will be regularly scheduled to promote open discussion among such Directors. Executive sessions shall be chaired by the Chairman of the Board so long as the Chairman of the Board is an independent Director, otherwise, such sessions shall be chaired by the chairman of the Nominating and Governance Committee. The Company will include in its annual proxy statement the method by which interested parties may make any concerns known to the non-management Directors.

#### *Assessing the Board's Performance*

The Nominating and Governance Committee will oversee an annual self-assessment of the Board's performance as well as the performance of each Committee of the Board. The Nominating and Governance Committee will report to the Board the results of these assessments for discussion by the full Board. This should be done following the end of the calendar year.

This assessment should include a review of the Board's contribution as a whole and specifically review areas in which the Board or Management believes the Board can make a better contribution to the Company. The purpose of the assessment is to increase the effectiveness of the Board, not to target individual Board members.

#### *Board's Interaction with Institutional Investors, Press, Customers, Etc.*

The Board believes that the Management speaks for USEC. Individual Board members may, from time to time, at the request of Management, meet or otherwise communicate with various constituencies that are involved with USEC. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman.

The Board has established a method (set forth in the annual proxy statement) for shareholders and other interested parties to communicate with the Board as a whole or

with the non-management Directors as a group. Other communications regarding the Company initiated by investors, the press or any other outside party with a Board member should be referred to the Chief Executive Officer.

#### *Attendance of Non-Directors at Board Meetings*

The Board is comfortable with members of the Management's Executive Committee attending portions of Board Meetings where topics within their areas of responsibility are addressed.

Furthermore, the Board encourages the Chief Executive Officer to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) represent managers with future potential that the senior Management believes should be given exposure to the Board.

Should the Chief Executive Officer desire to add additional members of Management as attendees on a regular basis, it is expected that this suggestion would be made to the Board for its concurrence.

#### *Board Access to Management and Independent Advisors*

Board members will have complete access to USEC's Management and, as appropriate, to the Company's outside advisors.

It is assumed that Board members will use judgment to assure that this contact is not distracting to the business operation of the Company and that such contact, if in writing, be copied to the Chief Executive Officer.

## **V. Board Meeting Procedures**

#### *Selection of Agenda Items for Board Meetings*

The Chairman of the Board and the Chief Executive Officer will establish the agenda for each Board meeting. The Chairman of the Board will act as the Board's liaison with the Chief Executive Officer in the development of the agendas. Each Board member is free to suggest the inclusion of items on the agenda.

#### *Board Materials Distributed in Advance*

The Board believes it is critical for members to have materials on topics to be discussed sufficiently in advance of the meeting date and for Board members to be kept abreast of developments between Board meetings. The Company regularly informs Board members of Company and competitive developments and shall, whenever practicable, distribute, at least one week in advance, written materials for use at Board meetings.

### *Board Presentations*

As a general rule, presentations on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. On those occasions in which the subject matter is too sensitive to put on paper, the presentation will be discussed at the meeting.

## **VI. Committee Matters**

### *Number, Structure and Independence of Committees*

The Company has no formal guideline regarding the number of standing committees. The Board currently has five committees: (i) Audit and Finance, (ii) Nominating and Governance, (iii) Compensation, (iv) Regulatory and Government Affairs, and (v) Technology and Competition. The Audit and Finance, Nominating and Governance and Compensation committees consist solely of independent Directors. There will, from time to time, be occasions in which the Board may want to form a new committee or disband a current committee.

The charters of each Committee will be made available on the Company's website.

### *Assignment and Rotation of Committee Members*

Committee assignments should be based, among other factors, on the Director's knowledge, interests and areas of expertise. The Board does not favor mandatory rotation of Committee assignments. The Board believes experience and continuity are more important than rotation and that Board members should only be rotated if rotation is likely to increase committee performance or facilitate Committee work. Directors generally are invited to attend all committee meetings whether or not they are members of a particular committee.

### *Frequency and Length of Committee Meetings*

The Committee Chairman, in consultation with Committee members, will determine the frequency and length of the meetings of the Committee. The Committee Chairman will report to the Board regarding any actions taken by the Committee at each of its meetings.

### *Committee Agendas*

The Committee Chairman, in consultation with the appropriate members of Management and staff, will develop the Committee's agenda.

To the extent possible, each Committee will issue a schedule of agenda subjects to be discussed for the ensuing year at the beginning of each year (to the degree these can be foreseen). This forward agenda will be shared with the Board.

## **VII. Leadership Development**

### *Formal Evaluation of the Chief Executive Officer*

The Nominating and Governance Committee will oversee an annual evaluation of the Chief Executive Officer by the Board of Directors. The evaluation should be based on objective criteria including, among others, performance of the business, accomplishment of long-term strategic objectives and development of Management, as well as other factors. The Board of Directors will discuss the results of the evaluation with the Chief Executive Officer.

The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer.

### *Succession Planning*

There should be an annual report by the Chief Executive Officer to the Board on succession planning.

There should also be available, on a continuing basis, the Chief Executive Officer's recommendation on a successor should he/she be unexpectedly disabled.

### *Management Development*

There should be an annual report to the Board by the Chief Executive Officer on the Company's program for Management development. This report should be given to the Board at the same time as the annual report on succession planning.

### *Senior Officers Accepting Outside Board Positions*

The CEO and other senior officers must receive Board approval in advance of accepting an invitation to serve on another board.