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USEC Inc. Reports Financial Results for Fiscal 1998

Bethesda, MD -- USEC Inc. (NYSE: USU), a global energy company that provides fuel enrichment services to electric utility companies operating nuclear power plants, today reported financial results for the company's final year as a government corporation. Last month, USEC Inc. completed its initial public offering of common stock, marking the culmination of the privatization of the government corporation.

As expected and previously disclosed, USEC Inc. reported net income before special charges of \$192.9 million for the fiscal year ended June 30, 1998, a decline of 23 percent compared with \$250.1 million in fiscal 1997. Net income was \$146.3 million for fiscal 1998. Revenue in fiscal 1998 was \$1,421.2 million, a decline of 10 percent compared with \$1,577.8 million in fiscal 1997.

For the fourth quarter ended June 30, 1998, net income before special charges was \$50.9 million, a decline of 42 percent compared with \$88.0 million for the corresponding quarter in fiscal 1997. Net income was \$4.3 million for the quarter. Revenue was \$364.5 million, a decline of 20 percent compared with \$453.4 million for the corresponding quarter of fiscal 1997.

The decline in revenue for the quarter and fiscal year ended June 30, 1998, was attributable mainly to changes in the timing of customer nuclear reactor refueling that is affected by, among other things, the seasonal nature of electricity demand and production. The timing of customer reactor fuel reloads, which generally occur every 12 to 24 months, tends to be fairly predictable over the long run, but may vary quarter-to-quarter and can affect financial comparisons.

Special charges amounted to \$46.6 million for the quarter and fiscal year ended June 30, 1998, for costs related to the privatization and certain severance and transition benefits to be paid to gaseous diffusion plant (GDPs) workers in connection with workforce reductions anticipated at the GDPs over the next two years.

Gross margins were 26 percent and 25 percent for the quarter and fiscal year ended June 30, 1998, compared with 27 percent and 26 percent for the corresponding periods in fiscal 1997. Cost of sales and gross margins for the quarter and fiscal year ended June 30, 1998, were affected by lower production of separative work units, or SWU, at the GDPs and increased purchases of SWU under the Russian HEU (highly enriched uranium) contract.

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USEC Inc.

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During fiscal 1997 and 1998, the company was exempt from federal, state and local income taxes.

On a pro forma basis, as if the initial public offering of common stock completed in July 1998 had occurred at the beginning of fiscal 1998, net income before special charges for fiscal 1998, adjusted to reflect interest expense on borrowings of \$550.0 million at privatization and a provision for income taxes, was \$97.3 million or \$.97 per share. Including special charges, net income on a pro forma basis was \$68.4 million or \$.68 per share.

During July 1998, the company entered into several new requirements' contracts with customers in Asia for enrichment services expected to generate \$500.0 million in revenue through the year 2007.

USEC Inc. is the world leader in production and sales of uranium fuel enrichment services for commercial nuclear power plants. A global energy company with customers in 14 countries, the company's operations involve approximately 5,000 people. With headquarters in Bethesda, Md., the company manages gaseous diffusion plants in Kentucky and Ohio, and is developing an advanced laser enrichment technology in California.

This news release includes certain forward-looking information (within the meaning of the Private Securities Litigation Reform Act of 1995) that involve risk and uncertainty, including certain assumptions regarding the future performance of the company. Actual results and trends may differ materially depending upon a variety of factors, including, without limitation, market demand for the company's services, pricing trends in the SWU market, the company's ability to successfully execute its internal performance plans, the cyclical nature of the company's business and the impact of any government regulation. Further, customer commitments under their contracts with the company are based on customers' estimates of their future SWU requirements. Additional information regarding the foregoing factors is contained in the company's Registration Statement on Form S-1, as previously filed with the Securities and Exchange Commission.

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USEC Inc.
Condensed Statements of Income
(millions, except per share data)

	(Unaudited) Three Months Ended June 30,		Years Ended June 30,		
	1998	1997	1998	1998	1997
			Pro Forma		
Revenue	\$364.5	\$453.4	\$1,421.2	\$1,421.2	\$1,577.8
Cost of sales	269.9	328.9	1,062.1	1,062.1	1,162.3
Gross profit	94.6	124.5	359.1	359.1	415.5
Special charges for workforce reductions and privatization costs (a)	46.6	-	46.6	46.6	-
Project development costs (b)	33.7	34.0	136.7	136.7	141.5
Selling, general and administrative	9.9	6.1	34.7	34.7	31.8
Operating income	4.4	84.4	141.1	141.1	242.2
Interest expense (c)	-	-	36.0	-	-
Other (income) expense, net	0.1	(3.6)	(5.2)	(5.2)	(7.9)
Income before income taxes	4.3	88.0	110.3	146.3	250.1
Provision for income taxes (d)	-	-	41.9	-	-
Net income	\$ 4.3	\$ 88.0	\$ 68.4	\$ 146.3	\$250.1
Net income per share - basic				\$.68	
Average number of shares outstanding				100.0	

(a) Special charges of \$46.6 million for the quarter and year ended June 30, 1998, include costs related to the privatization and certain severance and transition benefits to be paid to GDP workers in connection with workforce reductions.

(b) Project development costs primarily represent development and engineering spending for the future commercialization of the AVLIS uranium enrichment process.

(c) Represents pro forma interest expense on \$550.0 million of borrowings incurred simultaneously with the consummation of the initial public offering of common stock on July 28, 1998 (Offering), as if such borrowings had occurred at the beginning of the fiscal year ended June 30, 1998.

(d) The company was exempt from federal, state and local income taxes in fiscal years 1998 and 1997. At completion of the Offering, the company is no longer exempt from income taxes. The pro forma provision for income taxes is based on an effective income tax rate of 38% and assumes the Offering had occurred at the beginning of the fiscal year ended June 30, 1998.