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USEC Reports Results for Second Fiscal Quarter Ended December 31, 1998;
Decisive Actions Follow Successful IPO

Bethesda, MD – USEC Inc. (NYSE: USU) today reported net income of \$32.1 million on revenue of \$422.4 million for the second fiscal quarter ended December 31, 1998. Earnings per share for the quarter were \$.32. Net income for the six-month period ended December 31, 1998 was \$40.7 million or \$.41 per share, excluding a special income tax benefit.

“During the quarter, we took decisive actions to build on the momentum of our successful initial public offering,” said William H. Timbers, Jr., President and Chief Executive Officer.

Recent actions include:

- ◆ Generating new sales;
- ◆ Taking direct control of the operation of USEC’s production plants;
- ◆ Reorganizing the Company’s corporate structure; and
- ◆ Completing a public debt offering.

“These initiatives will further our business objectives and help create additional shareholder value over the long term,” Timbers said.

The Company’s successful marketing efforts continued during the quarter, resulting in new sales commitments with existing Asian and domestic customers for deliveries through 2009. The total expected revenue for enrichment services covered by these commitments is estimated at \$525 million. During the past six months, more than \$1.2 billion in new business has been negotiated, with a significant portion coming from Asian customers.

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In November, USEC announced that it will take over direct operation of its production plants in May 1999 by terminating an operations and maintenance contract with its contractor. USEC has been responsible for the plants' management for more than five years and believes it can more effectively direct the day-to-day operations of its production facilities. The Company is taking steps to ensure an orderly transition of the plants and employees. In addition, a voluntary reduction in work force at the plants eliminated 259 positions in November, and plans are being made to further reduce the plants' work force by approximately 250 this summer. The facilities, among the largest production plants in the world, are leased by USEC from the federal government and employ approximately 4,000 people.

Building on the momentum created by the Company's privatization, USEC announced a restructured and streamlined organization that will focus efforts more sharply on revenue enhancement, cost containment and project development. The Company's organizational structure was consolidated to improve performance and responsiveness.

USEC today completed a debt offering to refinance a portion of its bank debt. The fully subscribed offering of \$500 million of senior unsecured notes was sold in two tranches: \$350 million priced to yield 6.671%, maturing in 2006; and \$150 million, priced to yield 6.816%, maturing in 2009. USEC's debt to total capitalization was 34 percent on December 31, 1998 and remains unchanged. In connection with the debt offering, Standard and Poor's rated the securities as BBB+ and Moody's rated the securities as Baa1.

USEC's financial results are affected by the seasonal nature of electricity demand and customers' reactor maintenance schedules. As these timing issues affect revenue, USEC management gauges Company performance over the longer term, not on a quarter-by-quarter basis.

USEC Inc. is the world leader in production and sale 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, Maryland, the Company manages production plants in Kentucky and Ohio, and is developing an advanced laser enrichment technology in California.

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This news release includes certain forward-looking information (within the meaning of the Private Securities Litigation Reform Act of 1995) that involves risks 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 enrichment market, the availability and cost of electric power, the Company's ability to successfully execute its internal performance plans, the refueling cycles of the Company's customers, and the impact of any government regulation. Additional information regarding the foregoing factors is contained in the Company's Registration Statement on Form S-1, as previously filed on January 14, 1999 with the Securities and Exchange Commission.

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

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
Revenue	\$422.4	\$322.3	\$730.3	\$762.7
Cost of sales	<u>330.7</u>	<u>235.7</u>	<u>579.3</u>	<u>577.8</u>
Gross profit	91.7	86.6	151.0	184.9
Project development costs	27.2	35.4	58.8	67.6
Selling, general and administrative	<u>9.3</u>	<u>8.9</u>	<u>17.2</u>	<u>17.0</u>
Operating income	55.2	42.3	75.0	100.3
Interest expense	8.8 (a)	-	15.3 (a)	-
Other (income) expense, net	<u>(2.0)</u>	<u>.6</u>	<u>(3.6)</u>	<u>(1.4)</u>
Income before income taxes	48.4	41.7	63.3	101.7
Provision (benefit) for income taxes	<u>16.3</u>	<u>-</u>	<u>(31.9)</u> (b)	<u>-</u>
Net income	<u>\$32.1</u>	<u>\$41.7</u>	<u>\$95.2</u> (c)	<u>\$101.7</u>
Net income per share - basic and diluted	\$.32		\$.95 (c)	
Dividend per share	\$.275		\$.275	
Average number of shares outstanding	100.0		100.0	

(a) Represents interest expense on borrowings incurred at the time of the initial public offering of common stock on July 28, 1998.

(b) At the time of the IPO, USEC became subject to federal, state and local income taxes. The provision for income taxes in the six months ended December 31, 1998, includes a special income tax benefit of \$54.5 million for deferred income tax benefits that arise from the transition to taxable status. Deferred tax benefits represent differences between the carrying amounts for financial reporting purposes and the Company's estimate of the tax bases of its assets and liabilities. Excluding the special tax benefit, the provision for income taxes was \$22.6 million in the six months ended December 31, 1998.

(c) Excluding the special tax benefit, net income was \$40.7 million or \$.41 per share in the six months ended December 31, 1998.