



FOR IMMEDIATE RELEASE:

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CONTACT:

Steven Wingfield (301) 564-3354  
USEC Internet site: [www.usec.com](http://www.usec.com)

**USEC Inc. Reports Fiscal Year 1999 Earnings**  
*– Net Income from Operations Totals \$120.6 Million –*

Bethesda, MD – USEC Inc. (NYSE: USU) today reported earnings for the fiscal year ended June 30, 1999 of \$120.6 million, or \$1.21 per share, excluding a special income tax benefit and special charges related to the suspension of the AVLIS technology program. Revenue for the fiscal year totaled \$1,528.6 million, compared to \$1,421.2 million in the previous year.

Earnings for the fourth quarter were \$63.7 million, or \$.64 per share, excluding the special charges related to the suspension of AVLIS. Revenue for the quarter was \$537.9 million, a record amount for the Company. USEC's revenue and operating results fluctuate significantly from quarter-to-quarter, due mainly to changes in the timing of customer nuclear reactor refueling schedules.

Net income for fiscal year 1999 was \$152.4 million, which includes a special income tax benefit of \$54.5 million and special charges of \$34.7 million (\$22.7 million, or \$.23 per share, after tax) for contract terminations, shutdown activities, and employee severance and benefit arrangements related to the suspension of AVLIS. Net income for the fourth quarter was \$41.0 million, or \$.41 per share, including the special charges for AVLIS suspension.

“During the fourth quarter, USEC delivered a record amount of enriched uranium. This required teamwork and careful planning by our employees,” said William H. Timbers, Jr., USEC president and chief executive officer. “We will continue to focus this ‘can do’ attitude on our challenges of increasing sales, lowering costs and determining the best technology for future uranium enrichment.”

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USEC took a number of key steps during the quarter:

- Suspended development of the AVLIS laser-enrichment technology as part of the Company's commitment to maximize return on R&D spending. The Company is actively pursuing other options to assure a cost-effective advanced enrichment technology.
- Commenced purchasing electricity under revised power supply arrangements that provide production flexibility and lower costs this summer. These are expected to result in \$30 million in after-tax benefits in fiscal years 1999 and 2000.
- Took over direct operation of its two production plants, which are among the largest industrial facilities in the world. A contractor had operated the plants for the Company, and prior to that, for the federal government.
- Began the second phase of a workforce reduction that began last November which will involve a total of 500 employees at the two production plants.
- Initiated a share repurchase program to buy back up to 10 million shares of the Company's stock over a two-year period.

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 13 countries, the Company's operations involve approximately 4,000 employees. With headquarters in Bethesda, Maryland, the Company operates production plants in Kentucky and Ohio.

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 uranium and the enrichment markets, 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 public filings with the Securities and Exchange Commission.

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

	(Unaudited)		Years Ended	
	Three Months Ended June 30,		June 30,	
	1999	1998	1999	1998
Revenue	\$537.9	\$364.5	\$1,528.6	\$1,421.2
Cost of sales	<u>395.6</u>	<u>269.9</u>	<u>1,182.0</u>	<u>1,062.1</u>
Gross profit	142.3	94.6	346.6	359.1
Special charges:				
Suspension of development of AVLIS technology (a)	34.7	-	34.7	-
Workforce reductions and privatization costs (b)	-	46.6	-	46.6
Project development costs	27.7	33.7	106.4	136.7
Selling, general and administrative	<u>12.9</u>	<u>9.9</u>	<u>40.3</u>	<u>34.7</u>
Operating income	67.0	4.4	165.2	141.1
Interest expense (c)	8.6	-	32.5	-
Other (income) expense, net	<u>(3.2)</u>	<u>.1</u>	<u>(16.8)</u>	<u>(5.2)</u>
Income before income taxes	61.6	4.3	149.5	146.3
Provision (benefit) for income taxes	<u>20.6</u>	<u>-</u>	<u>(2.9)</u> (d)	<u>-</u>
Net income	<u>\$ 41.0</u>	<u>\$ 4.3</u>	<u>\$ 152.4</u>	<u>\$ 146.3</u>
Net income per share – basic and diluted	\$.41		\$1.52	
Dividends per share	\$.275		\$.825	
Average number of shares outstanding	99.8		99.9	

- (a) Special charges of \$34.7 million (\$22.7 million or \$.23 per share aftertax) in fiscal 1999 are for contract terminations, shutdown activities and employee severance and benefit arrangements related to the suspension of development of the AVLIS technology. Since all project development costs were charged to expense, there was no asset write-off.
- (b) Special charges of \$46.6 million in fiscal 1998 are for costs related to the privatization and certain severance and transition benefits in connection with workforce reductions at the production plants.
- (c) Prior to the initial public offering of common stock on July 28, 1998, USEC had no short or long-term debt.
- (d) At the time of the IPO, USEC became subject to federal, state and local income taxes. The provision for income taxes in fiscal 1999 includes a special income tax benefit of \$54.5 million (\$.54 per share) for deferred income tax benefits that arise from the transition to taxable status. Excluding the special tax benefit, the provision for income taxes was \$51.6 million in fiscal 1999 and reflects an effective tax rate of 34.5%.