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USEC Inc. Reports Second Quarter Earnings of \$.26 per Share
-- USEC Exceeds Quarterly Earnings Guidance --

Bethesda, MD – USEC Inc. (NYSE:USU) today reported earnings for its second quarter ended December 31, 2000 of \$20.9 million, or \$.26 per share, compared to \$32.6 million or \$.36 per share in the previous year. During the six-month period ended December 31, 2000, USEC earned \$25.5 million or \$.31 per share, compared to \$48.7 million or \$.52 per share in the same period last year.

Based on performance to date and the outlook for the remainder of the year, USEC reaffirms its fiscal 2001 earnings guidance of \$30 to \$35 million and expects the full-year earnings to be at the high end of that range. The Company's financial performance was above previous guidance for the second quarter due to the timing and mix of sales in the quarter, lower costs and higher investment income.

Revenue Declines From Reduced Sales Volume

Revenue for the second quarter totaled \$387.1 million, compared to \$447.6 million in the second quarter of fiscal 2000. Revenue for the six-month period ended December 31, 2000 was \$613.9 million, compared to \$678.5 million in the same period last year, a decline of 10 percent. Revenue from the sale of SWU for the quarter declined due to lower sales volume, aggressive pricing by European competitors and lower average prices billed to customers. The term "SWU" represents a standard unit of uranium enrichment. Sales volume for the fiscal year is expected to be 7 percent lower than earlier guidance while the average price billed to customers for the year is anticipated to be slightly higher than last fiscal year due to the sales mix.

Revenue from the sale of natural uranium was \$35.4 million, compared to \$15.8 million in the same quarter of fiscal 2000. Year-to-date uranium revenue totaled \$39.2 million, a decline of 6 percent. With prices in the spot market for new uranium sales soft, USEC has deliberately reduced its uranium spot sales and has focused on making sales through longer-term contracts where prices are higher. As USEC continues to focus on accretive uranium sales, the associated revenue in fiscal 2001 is anticipated to be

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approximately 15 percent less than in the previous year. If market prices for natural uranium decline, gross profit on uranium sales will decline or disappear.

Cost of sales continues to be adversely affected by lower production volumes and higher unit costs due to increased purchases of SWU from Russia and long-term sales lost to aggressive and unfair pricing by European competitors. As executive agent for the U.S. government in the "Megatons to Megawatts" program, USEC purchased higher volumes of SWU for resale from Russia during the six-month period ending December 31, 2000 than in the same period last year. The additional volume was a result of an interruption in shipments that shifted deliveries from late fiscal 2000 to early fiscal 2001.

Cash Flow Funds Reduction in Short-Term Debt

During the last 12 months, USEC has reduced its short-term debt from \$198 million to \$10 million at December 31, 2000. USEC expects cash flow from operations, after capital expenditures, for fiscal 2001 to be about \$170 million. Factors affecting cash flow for fiscal 2001 are lower uranium prices, a shifting mix of customer orders, several non-recurring collections and the Company's decision to not aggressively pursue unprofitable spot sales of SWU and uranium. Going forward, cash flow will continue to reflect reduced levels of SWU and uranium sales. Consistent with decisions announced in June 2000 to cease production of low enriched uranium at the Portsmouth plant, cash flow in fiscal 2002 will also be negatively impacted by one-time payments related to employee severance and other shutdown costs.

During the first half of its fiscal year, USEC continued its share repurchase program at reduced levels. At December 31, 2000 the Company had 80,457,000 shares of common stock outstanding. This reflects the repurchase of 2.6 million shares in the first six months of this fiscal year and more than 20 percent of the shares outstanding since the buyback program began in June 1999. As previously reported, USEC reduced the level of its share repurchases to preserve its financial flexibility while a bank credit facility is being renegotiated. Those negotiations continue and the Company is working toward a new bank credit facility.

Trade Action and Other Events

During the quarter, USEC filed a petition with the U.S. Department of Commerce and the U.S. International Trade Commission (ITC) charging that its European competitors are selling enriched uranium into the U.S. markets below their cost of production plus a reasonable profit and benefiting from unfair subsidies from their respective governments. USEC asserts that because of these competitors' aggressive and unfair pricing, it has lost a substantial volume of long-term sales in the United States. On December 27, the Commerce Department determined that USEC's petition met all the essential elements to initiate an investigation. On January 22, the ITC ruled in a 4-0 vote that there is a

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preliminary indication of injury to USEC, allowing the investigation to move forward. Currently, final determinations on this trade action by the two agencies are expected in the second half of this calendar year.

In December 2000, USEC reported to the Department of Energy (DOE) that limited samples of certain natural uranium transferred to USEC from DOE prior to privatization contain elevated levels of technetium that would put the material out of specification. USEC and DOE are evaluating the sample results and have initiated further testing to determine the actual amount of material affected. The total amount of inventory that may be impacted if further testing shows that all the material in these transfers is affected is approximately 9,500 metric tons. The material transferred was to conform to the specification for natural uranium, and USEC expects DOE to replace any non-conforming material once the testing program is concluded. USEC has sufficient other inventories on hand to meet delivery commitments to customers for the next two to three years.

USEC was recently authorized by the U.S. government to conclude a pricing agreement with the Russian executive agent for calendar 2002 through 2013 under the general terms reached in May 2000. The agreement-in-principle that USEC reached with the Russian executive agent includes a new market-based pricing agreement and an agreement to purchase a fixed quantity of Russian commercial SWU. The Company expects the pricing agreement to be finalized before January 2002. Implementation of the agreement is subject to adoption of an amendment to the antidumping suspension agreement with the Russian Federation to permit importation of the commercial SWU.

Fiscal 2002 Outlook

USEC has begun its annual planning and budget process for fiscal 2002. Earnings next year will be driven by performance of the core business and will be dependent upon the following:

- Implementation of an agreement with Russia for market-based pricing and commercial SWU under the HEU contract beginning in January 2002.
- The timely approval by the U.S. Nuclear Regulatory Commission of the assay upgrade project at Paducah.
- Improvement in SWU market prices.
- Lower production and selling, general and administrative expenses.

The Company's preliminary view of fiscal 2002 earnings is approximately \$40 million. This preliminary view reflects weakened prices in the natural uranium market. A shift in any of the key factors described above could have an adverse impact on USEC's fiscal 2002 earnings level. USEC anticipates providing further guidance regarding fiscal 2002 earnings at the completion of its budget process later this fiscal year.

Paducah Upgrade on Schedule

Physical modifications to the Paducah plant to produce higher assay uranium are nearly complete. USEC is working closely and successfully with the Nuclear Regulatory Commission (NRC) and is on target for approval of the higher enrichment level in March 2001. USEC will move to higher assay operation at Paducah immediately upon NRC approval. Production will continue at Portsmouth until June 2001 when the Company expects the Paducah plant's upgrade will have been tested and ready for operation. USEC has begun preparing portions of its Portsmouth facility for return to the U.S. government later this year.

"Our employees have been pursuing an aggressive schedule to obtain approval from the NRC for the assay upgrade in a timely manner. We are pleased with the progress thus far and have increasing confidence that the NRC will give final approval to higher assay production at Paducah," said William H. Timbers, USEC president and chief executive officer. "This project is a milestone event on our path to increasing shareholder value in our enterprise."

USEC will hold its quarterly earnings conference call with the financial community on Thursday, January 25 at 8:30 a.m. ET. The call will be simultaneously webcast. The call with shareholders and analysts will be open to listeners who log in through the Company's website, www.usec.com. A link to the live call is available in the Investor Relations section. For those who miss the live broadcast, a replay will be available on USEC's website about one hour after the call's completion.

This news release includes certain forward-looking information 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 products, pricing trends in the uranium and the enrichment markets, the Company prevailing in its trade actions now before the Department of Commerce, implementation of the market-based pricing arrangement under the Russian contract, deliveries and costs under the Russian contract, the availability and cost of electric power, the Company's ability to successfully execute its internal performance plans and negotiate a new bank credit facility, the refueling cycles of the Company's customers, and the impact of any government regulation. Revenue and operating results can fluctuate significantly from quarter to quarter, and in some cases, year to year. Additional information regarding the foregoing factors is contained in the Company's filings with the Securities and Exchange Commission.

USEC Inc., a global energy company, is the world's leading supplier of enriched uranium fuel for commercial nuclear power plants.

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USEC Inc.
CONSOLIDATED BALANCE SHEETS
(millions)

	(Unaudited) December 31, <u>2000</u>	June 30, <u>2000</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4.5	\$ 73.0
Accounts receivable – trade.....	309.4	423.1
Inventories	1,091.6	865.3
Other.....	<u>22.1</u>	<u>23.0</u>
Total Current Assets.....	1,427.6	1,384.4
Property, Plant and Equipment, net.....	177.6	159.3
Other Assets		
Deferred income taxes	-	10.7
Deferred costs for depleted uranium.....	31.3	35.4
Prepaid pension costs.....	68.0	58.2
Inventories	<u>438.4</u>	<u>436.4</u>
Total Other Assets.....	<u>537.7</u>	<u>540.7</u>
Total Assets.....	<u>\$2,142.9</u>	<u>\$2,084.4</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term debt.....	\$ 10.0	\$ 50.0
Accounts payable and accrued liabilities.....	170.7	164.4
Payables under Russian contract	119.9	40.5
Accruals for discontinuing plant operations	60.9	60.9
Uranium owed to customers	<u>29.2</u>	<u>40.2</u>
Total Current Liabilities	390.7	356.0
Long-Term Debt	500.0	500.0
Other Liabilities		
Deferred revenue and advances from customers	83.3	70.3
Depleted uranium disposition	58.4	48.6
Postretirement health and life benefit obligations	112.6	106.5
Other liabilities	<u>56.9</u>	<u>55.7</u>
Total Other Liabilities	311.2	281.1
Stockholders' Equity.....	<u>941.0</u>	<u>947.3</u>
Total Liabilities and Stockholders' Equity	<u>\$2,142.9</u>	<u>\$2,084.4</u>

USEC Inc.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(millions, except per share data)

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Six Months Ended</u> <u>December 31,</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Revenue:				
Separative work units.....	\$351.7	\$ 431.8	\$574.7	\$637.0
Uranium	<u>35.4</u>	<u>15.8</u>	<u>39.2</u>	<u>41.5</u>
Total revenue	387.1	447.6	613.9	678.5
Cost of sales	<u>335.2</u>	<u>377.4</u>	<u>532.2</u>	<u>563.8</u>
Gross profit	51.9	70.2	81.7	114.7
Advance technology development costs	2.0	2.6	5.1	4.0
Selling, general and administrative	<u>11.1</u>	<u>11.2</u>	<u>24.1</u>	<u>23.4</u>
Operating income.....	38.8	56.4	52.5	87.3
Interest expense.....	8.8	9.8	17.4	18.3
Other (income) expense, net	<u>(2.6)</u>	<u>(2.9)</u>	<u>(4.7)</u>	<u>(5.7)</u>
Income before income taxes	32.6	49.5	39.8	74.7
Provision for income taxes.....	<u>11.7</u>	<u>16.9</u>	<u>14.3</u>	<u>26.0</u>
Net income	<u>\$ 20.9</u>	<u>\$ 32.6</u>	<u>\$ 25.5</u>	<u>\$ 48.7</u>
Net income per share – basic and diluted.....	\$.26	\$.36	\$.31	\$.52
Dividends per share.....	\$.1375	\$.275	\$.275	\$.55
Average number of shares outstanding	80.6	90.6	81.0	94.2

USEC Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(millions)

	Six Months Ended December 31,	
	2000	1999
Cash Flows from Operating Activities		
Net income	\$ 25.5	\$ 48.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10.7	9.0
Depleted uranium disposition	13.9	14.7
Suspension of development of AVLIS technology	-	(32.5)
Changes in operating assets and liabilities:		
Accounts receivable – decrease	113.7	15.1
Inventories – (increase).....	(239.3)	(17.6)
Payables under Russian contract.....	79.4	(23.0)
Accounts payable and other, net	<u>30.4</u>	<u>(51.5)</u>
Net Cash Provided by (Used in) Operating Activities	<u>34.3</u>	<u>(37.1)</u>
Cash Flows Used in Investing Activities		
Capital expenditures.....	<u>(29.0)</u>	<u>(35.3)</u>
Cash Flows from Financing Activities		
Repurchase of common stock	(11.6)	(89.6)
Dividends paid to stockholders	(22.2)	(52.0)
Net proceeds from (repayment of) short-term debt.....	<u>(40.0)</u>	<u>148.3</u>
Net Cash Provided by (Used in) Financing Activities	<u>(73.8)</u>	<u>6.7</u>
Net (Decrease).....	(68.5)	(65.7)
Cash and Cash Equivalents at Beginning of Period	<u>73.0</u>	<u>86.6</u>
Cash and Cash Equivalents at End of Period	<u>\$ 4.5</u>	<u>\$ 20.9</u>
Supplemental Cash Flow Information:		
Interest paid.....	\$ 17.3	\$ 20.4
Income taxes paid (refund)	(4.3)	.9