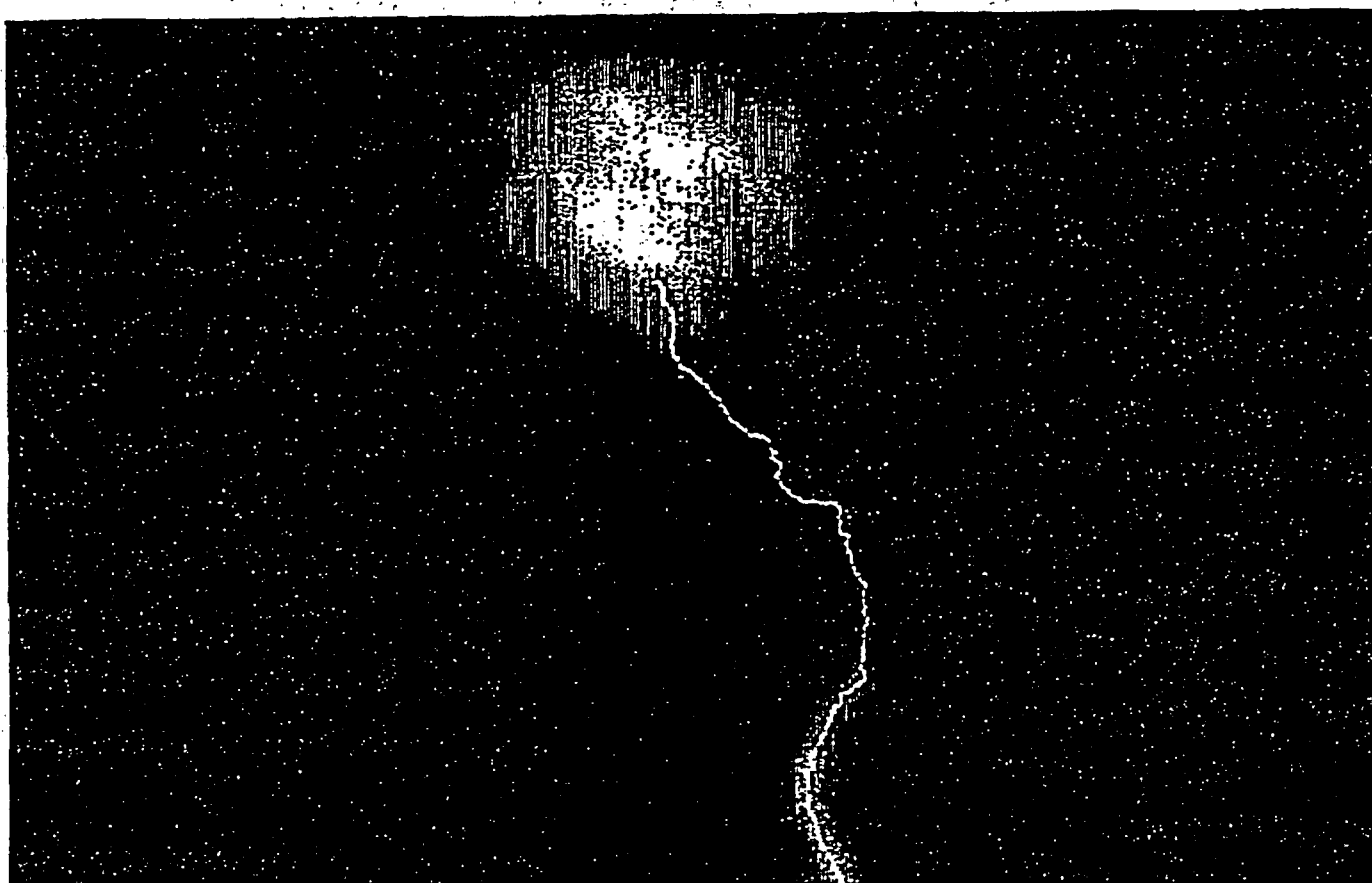


Urenco Limited Annual Report and Accounts
Year to 31 December 2002



U.S. NUCLEAR REGULATORY COMMISSION

In the Matter of LOUISIANA ENERGY SERVICES, LP

Docket No. 70-3103-M1 Official Exhibit No. 70

OFFERED by: Applicant/Licensee Intervenor NRS/PC

NRC Staff Other _____

IDENTIFIED on _____ Witness/Panel M. Sheehan

Action Taken: ADMITTED REJECTED WITHDRAWN

Reporter/Clerk _____

TECHNICAL

"The enrichment plants operated well throughout 2002 with production more than 11% higher than in 2001."

New Plant Construction

The expansion of Uranium's enrichment plant capacity to meet the demands of the Group's future order book continues at 11 three sites. Commissioning of cascades in the third half of the E23 enrichment plant in Capenhurst, UK, and in the first half of the first cascade of the SPS enrichment plant in Alameda, were both completed ahead of schedule in September of the year. A further three cascades were also commissioned in one of the two new cascade halls of the UFA-1 enrichment plant in Gronau. With centrifuge design still remaining low and no major centrifuge capacity being decommissioned, Group enrichment plant capacity consequently increased by around 11% over the year to a nominal 3,550,000 SWU, a 60% increase in Gronau and the remainder at Capenhurst.

A licence for a third hall to the SPS enrichment plant in Alameda was received and an application submitted for a licence to increase enrichment capacity at that site to 2,800 SWU. The licensing procedure for the second enrichment plant at Gronau has continued though the public hearing has been delayed into the spring of 2003 with a consequent delay of some months in the possible date for a decision to the year end.

The volume of the TC12 centrifuge for the plant expansion programme has had another record year with component production centred at Alameda, rotor production undertaken at Alameda and Jülich, and centrifuge final assembly at the enrichment plants at the sites all performing well, within budget and with low reject rates. Investment in manufacturing facilities has increased

capacity by 25 per cent in the year and further investment coming on line in the next year to remove bottlenecks will raise the capacity by a further 25 per cent. Production rates in an order of magnitude higher than those of a decade ago will then become practical. The Group remains committed to quality, retaining accreditation under the ISO 9000 series scheme.

Preparations are in hand to move the cascade pipework manufacturing from the pilot site to a purpose designed facility at Gronau.

Research and Development

Operation of the latest generation of centrifuge, the TC12, in a half third test cascade in the enrichment plant at Gronau continued successfully throughout the year. This section of the cascade has now been operating nearly three years. Testing of the first centrifuges assembled for the completion of the cascade, however, identified problems in the series production quality of one of the centrifuge subsidiary components. A revised design was developed and qualified and first assembly of centrifuges returned late in the year. It is now expected that the 18 cascade will be commissioned by the middle of 2003.

Value engineering and production cost reduction for both the TC12 and TC13 centrifuge designs continues to form the basis for the ongoing R&D programme with more cost effective replacement designs for high cost components under active development and qualification.