USEC
A Global Energy Company

June 28, 2012
GDP 12-0019

ATTN: Document Control Desk
Ms. Catherine Haney
Director, Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Paducah Gaseous Diffusion Plant (PGDP)
Docket No. 70-7001
Certificate No. GDP-1
Transmittal of Changes to the Decommissioning Funding Program Description (DFP) and Depleted Uranium Management (DU) Plan and Financial Assurance for Calendar Year 2012

Dear Ms. Haney:

On June 12, 2012, the Department of Energy (DOE), USEC Inc. and American Centrifuge Demonstration, LLC signed a Cooperative Agreement to support continued development and demonstration of the American Centrifuge Cascade Demonstration Test Program. The agreement transferred title to a certain amount of depleted uranium from the United States Enrichment Corporation (USEC) to DOE. The objective of this transfer was to reduce the decommissioning financial assurance required by the Nuclear Regulatory Commission (NRC) thereby releasing funds encumbered by the associated decommissioning funding surety bonds to be used to fund the program. A copy of the Agreement is provided as Enclosure 1.

Section 8.03 of the Cooperative Agreement provides for the transfer of the title and responsibility for disposition from USEC to DOE of up to 39,200 MT of DUF_6 (26,505 MT of DU). This transfer of DU from USEC to DOE will be accomplished initially in two increments. The first transfer of 11,813,602 Kg of DUF_6 (7,987,835 Kg of DU) was completed on June 14, 2012. The transfer is documented on the DOE/NRC Form 741 provided as Enclosure 2. The transfer to DOE of an additional 17,762,165 Kg of USEC's 2012 DFP estimated net cumulative DU will occur in early August 2012 or sooner. At that time USEC will provide NRC with the DOE/NRC Form 741 documenting the second transfer. USEC will retain 64 MT of DU in the form of test weights and samples to support ongoing work. Additional DU (including the 64MT of DU and newly generated DU) will be transferred to DOE under the Agreement at a later date. The transfers are reflected in the revisions to the enclosed DFP and DU Plan. There are no other changes to the enclosed DFP and DU Plan from that approved by NRC in letter dated June 4, 2012.

USEC Inc.
6903 Rockledge Drive, Bethesda, MD 20817-1818
Telephone 301-564-3200 Fax 301-564-3205 www.usec.com

NMSS01

The funds released as a result of the reduction in financial assurance are intended specifically to provide DOE's share of the funding for the RD&D program under an established budget. Similar to the 2010 Cooperative Agreement between DOE and USEC Inc. concerning demonstration of American Centrifuge technology, the 2012 Cooperative Agreement contains a provision for the transfer back to USEC of an amount of DUF_6 under certain conditions. To the extent DOE returns some of the transferred material back to USEC under the Cooperative Agreement, that action would occur only in the event costs less than the full amount of the DU transferred to fund the RD&D program were incurred (such as the result of a failure to meet certain limited, specified criteria within the program and DOE's determination to cease funding for the program as a result, rather than taking more limited actions, or USEC's determination to cease providing its share of the funding). In that circumstance, the funds for DOE's share of the remaining RD&D activities, as well as USEC's share, would be available to support the financial assurance for any returned quantities of transferred material. USEC has more than adequate liquidity for its non-ACP operations and maintains a rigorous financial planning regimen to assure continued liquidity of the corporation. Any increase in decommissioning financial assurance anticipated from a return of Transferred Material would be factored into the company's financial plan well in advance of the requirement to assure the obligation could be met at the time of a revised DFP.

Enclosures 3 and 4 provide changes to the PGDP DFP and DU Plan for calendar year 2012, respectively. PGDP will incorporate the DFP and DU Plan changes into a revision to the Application.

Enclosure 5 contains non-proprietary copies of the following documents: Westchester Fire Insurance Company Surety Bond reducing the amount of the Bond from $40,900,000 to $1,000,000; Safeco Insurance Company of American Surety Bond Rider reducing the amount of the Bond from $27,670,000 to $1,000,000; and Argonaut Insurance Company Surety Bond Rider reducing the amount of the Bond from $15,000,000 to $3,040,000.

Additionally, the National Union Fire Insurance Company of Pittsburgh, PA Bond in the amount of $67,330,000 should be released upon NRC approval of this DFP revision and the original returned. Instructions on bond release and return will be provided to the NRC Project Manager by separate letter (USEC letter GDP 12-0020). These Riders and Release, in combination with the existing Westchester Fire Insurance Company Bond in the amount of $1,000,000 provides total financial assurance of $6,040,000 in accordance with the required funding in the Decommissioning Funding Program.

Enclosure 6 contains a non-proprietary copy of Schedules A, B, and C of the Standby Trust Agreement. Executed originals of the Surety Bond Riders and Schedules A, B, and C of the Standby Trust Agreement will be provided to the NRC Project Manager by separate letter (USEC letter GDP 12-0020).

USEC requests NRC approval of this revision as soon as possible following USEC providing documentation to NRC of the second transfer of DU to DOE. Should you have any questions, please contact me at (301) 564-3250. Commitments contained in this submittal are noted in Enclosure 7.

Sincerely,

S. A. Toelle

Steven A. Toelle
Director, Regulatory Affairs

Enclosures:

1. Cooperative Agreement Between Department of Energy and USEC Inc. and American Centrifuge Demonstration, LLC Concerning the American Centrifuge Cascade Demonstration Test Program
2. DOE/NRC Form 741
3. PGDP Decommissioning Funding Program Description
4. PGDP Depleted Uranium Management Plan
5. Surety Bond Riders
6. Standby Trust Schedules A, B, and C
7. Commitments Contained in this Submittal

cc: J. Calle, Chief, Fuel Facility Inspection, NRC Region II
NRC Senior Resident Inspector, PGDP
T. Liu, Project Manager, NRC HQ

Cooperative Agreement Between Department of Energy and USEC Inc. and American Centrifuge Demonstration, LLC Concerning the American Centrifuge Cascade Demonstration Test Program

COOPERATIVE AGREEMENT

BETWEEN

DEPARTMENT OF ENERGY

AND

USEC Inc.
6903 Rockledge Drive
Bethesda, MD 20817

AND
American Centrifuge Demonstration, LLC
3930 US Route 23 South
Piketon, OH 45661

CONCERNING

THE AMERICAN CENTRIFUGE CASCADE DEMONSTRATION TEST PROGRAM

1. Agreement No.: DE-NE0000530
2. Amendment No.: 000
3. Budget Period 1: From: June 1, 2012 To: November 30, 2012
4. Budget Period 2: From: December 1, 2012 To: December 31, 2013
5. Project Period: From: June 1, 2012 To: December 31, 2013
6. Total Estimated Cost of the Agreement: $350,000,000
   a) Budget Period 1 Cost: $109,587,730
   b) Budget Period 2 Cost: $240,412,270
7. Total Estimated Government Share of the Agreement: $280,000,000
   a) Budget Period 1 Government Share: $87,670,184*
   b) Budget Period 2 Government Share: $192,329,816
8. Total Estimated Recipient Share of the Agreement: $70,000,000
   a) Budget Period 1 Recipient Share: $21,917,546
   b) Budget Period 2 Recipient Share: $48,082,454
9. Funds Obligated This Action: $87,670,184 equal to up to 39,200MT DUF6
10. Funds Obligated Prior Actions: $000
11. Total Government Funds Obligated: $87,670,184 equal to up to 39,200 MT DUF6
12. Authority: 42 U.S.C. 7256(a) and 42 U.S.C. 2011 et seq.
13. Appropriation Data: Not applicable

*The Government Share will be fulfilled through DOE assumption of title and liability for up to 39,200 MT of Depleted Uranium Hexafluoride (DUF6), which the parties agree will be treated as the Government providing $87,670,184 in cost share contributions (80% of the total estimated cost of the agreement for Budget Period 1).

This Cooperative Agreement, (hereinafter called the "Agreement" or "Award"), is entered into between the Department of Energy, (hereinafter called the "DOE" or the "Government"), and Recipient. As used herein, Recipient means, jointly: USEC Inc. (hereinafter called "USEC", which includes where applicable its

subsidiaries, affiliates, and successor entities), and American Centrifuge Demonstration, LLC (hereinafter "ACD").

FOR USEC INC.

(Signature)

Philip G. Sewell

Philip G. Sewell, Senior Vice President

6-12-12

(Date)

FOR THE DEPARTMENT OF ENERGY

(Signature)

Beth A. Tomasoni

Beth A. Tomasoni, Contracting Officer

6/12/2012

(Date)

FOR AMERICAN CENTRIFUGE DEMONSTRATION, LLC

(Signature)

Peter B. Saba

Peter B. Saba

6-12-12

(Date)

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PART I – GENERAL AND ADMINISTRATIVE INFORMATION

ARTICLE 1 – PURPOSE

The purpose of this Agreement is to provide support for the continued development and demonstration of the American Centrifuge Cascade Demonstration Test Program (Project) and to facilitate the design and construction of key systems to be operated at the scale for full commercialization. Under this Agreement, the Recipient will conduct a series of tests to establish the capability of the American Centrifuge Technology to enrich uranium at a commercial scale.

ARTICLE 2 – DEFINITIONS

The terms defined in 10 CFR Part 600 apply to this Agreement. In addition, the following terms apply:

2.01 "American Centrifuge Technology" means the advanced gas centrifuge technology that is being developed by USEC based on technology licensed to USEC by DOE.

2.02 "American Centrifuge Plant" means the commercial plant being constructed by USEC using its American Centrifuge Technology in Piketon, Ohio which will produce low enriched uranium using AC100 centrifuge machines that, when complete, will have an estimated capacity of 3.5 million separative work units per year.

2.03 "American Centrifuge Demonstration Facility" or "Lead Cascade" means the test facility constructed by USEC and being operated in Piketon, Ohio using its American Centrifuge Technology.

2.04 "Atomic Energy Act" means the Atomic Energy Act of 1954, as amended, 42 U.S.C. §§ 2011 et. seq.

2.05 "Equipment Contract" means contract number DE-NE0000488.

2.06 "Commercialization" means to operate as a business to supply enriched uranium under commercial contracts to civilian nuclear power reactors.

2.07 "Cylinder" means a container containing Depleted Uranium Hexafluoride.

2.08 "Depleted Uranium Hexafluoride" ("DUF6") means DUF6 generated as a result of operation of the Gaseous Diffusion Plants.

2.09 "Effective Date" means the date this Agreement has been signed by both Parties.

2.10 "Gaseous Diffusion Plants" or "GDPs" means the gaseous diffusion plants at Paducah, Kentucky and Piketon, Ohio owned by DOE, portions of which are leased to the United States Enrichment Corporation (a wholly owned subsidiary of USEC).

2.11 "Party" and/or "Parties" means the executing entities to this Agreement, consisting of the U.S. Department of Energy ("DOE"), American Centrifuge Demonstration, LLC ("ACD") and USEC Inc. ("USEC"). USEC includes where applicable its subsidiaries, affiliates, and successor entities.

2.12 "PGDP" means the Paducah Gaseous Diffusion Plant.

2.13 "Project" means the American Centrifuge Cascade Demonstration Test Program.

2.14 "Project Execution Plan" means the Project Execution Plan attached as Attachment B.

2.15 "Project Scope" means the scope of the project subject to this Agreement as described in Attachment B.

2.16 "Recipient" means USEC Inc. and American Centrifuge Demonstration, LLC jointly.

2.17 "Total Estimated Cost" is the sum of the estimated project costs attributable to contributions by DOE and USEC under the terms of this Agreement as set forth in Article 9.

2.18 "Transferred Material" means DUF6 and the cylinders in which the DUF6 is contained that is transferred from USEC to DOE under the terms of this Agreement.

ARTICLE 3 – ORDER OF PRECEDENCE

3.01 In the event of any inconsistency between the terms of this Agreement and the Attachments, the inconsistency shall be resolved by giving precedence in the following order: (1) this Agreement and (2) Attachments to this Agreement.

3.02 Any apparent inconsistency between Federal statutes and regulations and the terms and conditions contained in this award must be referred to the DOE Award Administrator identified in Block 26 of this Agreement cover page for guidance.

ARTICLE 4 – AGREEMENT ADMINISTRATORS

4.01 Unless otherwise provided in this Agreement, approvals permitted or required to be made by DOE may be made only by the DOE Contracting Officer. Administrative and contractual matters under this Agreement shall be referred to the following representatives of the Parties:

DOE Award Administrator/Contracting Officer: Beth A. Tomasoni, Contracting Officer, U.S. Department of Energy, 1000 Independence Ave. SW, Washington, DC. Telephone: (202) 287-1536. Email: beth.tomasoni@hq.doe.gov.

Questions regarding intellectual property matters should be referred to: John T. Lucas, Esq., Assistant General Counsel for Technology Transfer and Intellectual Property, U.S. Department of Energy, 1000 Independence Ave. SW, Washington, DC 20585. Telephone: (202) 586-2939. Email: john.t.lucas@hq.doe.gov.

USEC Administrator: Charles Kerner, Director of Procurement and Contracts, 6903 Rockledge Dr., Bethesda, MD 20817. Telephone: (301) 564-3323. Email: KernerC@usec.com,

ACD Administrator: Deputy Project Manager, 3930 US Route 23 South, Piketon, OH 45661. Telephone: To be provided Email: To be provided

4.02 Technical matters under this Agreement shall be referred to the following representatives:
DOE Program Manager: William N. Szymanski, Director, Uranium Management and Policy, Office of Nuclear Energy, U.S. Department of Energy, 1000 Independence Ave. SW, Washington, DC 20585. Telephone: (202) 586-4553. Email: william.szymanski@hq.doe.gov

DOE Project Officer: J.T. Howell, Assistant Manager for Nuclear Fuel Supply U.S. Department of Energy, Oak Ridge Office, 200 Administration Road, Oak Ridge, TN 37830, Telephone: (865)574-3981, Email: howelljt@oro.doe.gov

USEC: Paul Sullivan, Vice President, American Centrifuge and Chief Engineer, 6903 Rockledge Dr., Bethesda, MD 20817. Telephone: (301) 564-3301. Email: sullivanp@usec.com,

ACD: Deputy Project Manager, 3930 US Route 23 South, Piketon, OH 45661. Telephone: To be provided Email: To be provided

4.03 Each Party may change its representatives named in this Article by written notification to the other Party.

PART II – PROJECT

ARTICLE 5 – SCOPE OF AGREEMENT

5.01 The Project Scope, included as Attachment B, describes the overall vision for the project, including purpose, objectives, work to be performed, project plan, and commercial goals. The Recipient must perform the development and demonstration in accordance with the Project Scope. Any significant change to the Project Scope must be issued as an amendment to this Agreement by the DOE Contracting Officer and executed by both Parties.

5.02 USEC must submit or otherwise provide all documentation required by Attachment C, Reporting Requirements.

ARTICLE 6 – MANAGEMENT OF THE PROJECT

6.01 Responsibilities. DOE and Recipient are bound to each other by a duty of good faith in performing their respective responsibilities. The responsibilities of the Parties are:

a. Recipient is responsible for the overall management of the project, including technical, programmatic, reporting, financial and administrative matters.

b. The DOE Project Officer will attend and fully participate in technical and project quarterly status meetings. Other DOE personnel, and/or DOE's designated representatives, as deemed appropriate by the DOE Project Officer, may also participate in technical and project status meetings.

c. DOE representatives will be subject to appropriate obligations of confidentiality with respect to Recipient proprietary, export control, and classified information.

d. Project Review. Recipient is responsible for establishing a schedule of regular technical meetings. Recipient is responsible for meeting with DOE, and/or DOE's designated representatives, on a monthly basis to update progress and discuss any special advances or problems. The monthly project review meetings may be combined with other meetings with DOE related to the review of the Project. Recipient shall notify the DOE Project Officer of the meeting schedule.

e. Modifications.

(i) If the results of the Project indicate that a change in the Project Scope would be beneficial to program objectives, Recipient may submit a written request to modify this Agreement or its Attachments to the DOE Contracting Officer, with a copy to the DOE Project Officer. The request must provide justifications to support any changes to the Project Scope and detail the technical, chronological, and financial impact of the proposed changes to the Project. A revised Project Scope is not authorized under this Agreement unless and until the Project Scope is formally revised by the DOE Contracting Officer and made part of this Agreement.

(ii) The DOE Contracting Officer is the only individual who can amend this Agreement or commit DOE. A commitment by other than the DOE Contracting Officer, either explicit or implied, is invalid.

6.02 Understanding of the Parties. The Recipient represents that it will take all necessary steps to establish and stand up ACD for the purposes of carrying out the Project, including acquiring all permits and approvals required

to carry out this Cooperative Agreement. The Recipient shall cooperate with DOE/NRC with respect to the FOCI review including (i) participating in discussions or meetings where requested to do so and (ii) timely providing information, data, and documents when requested by DOE/NRC in connection with consideration thereof. The Recipient further agrees to take all reasonable steps to obtain such cooperation from the Other Participants (as defined in Attachment F).The Recipient represents that it intends to organize ACD with a governance structure as set forth in its application and included in this Agreement for reference as Attachment F. The parties agree that the Recipient's plan for governance structure of ACD is critical to further the goals and administration of the Agreement. This Agreement may only be novated or assigned from the Recipient to ACD with DOE written approval. No Party has the right to unilaterally assign or novate this agreement, and any Party may refuse approval of novation or assignment for any reason

ARTICLE 7 – STATEMENTS OF FEDERAL STEWARDSHIP AND SUBSTANTIAL DOE INVOLVEMENT

7.01 Stewardship. DOE will exercise normal Federal stewardship in overseeing the Project activities performed under this award. Stewardship activities include, but are not limited to, conducting site visits; reviewing performance and financial reports; providing technical assistance and/or temporary intervention in unusual circumstances to correct deficiencies which develop during the project; assuring compliance with terms and conditions; and reviewing technical performance during and after project completion to ensure that the award objectives have been accomplished. The Recipient is required to provide any information, documents, or other assistance requested by DOE reasonably necessary for the purpose of its Federal stewardship or substantial involvement.

7.02 Substantial Involvement. DOE shall be substantially involved in the Project. DOE responsibilities include reviewing technical reports and other information in a timely manner, and providing suggestions or advice if the activities do not address DOE needs; participating in the initial review of the Recipient's Project baseline; attending and fully participating in quarterly program review meetings to ensure that the work accomplishes the program and project objectives; and reviewing and approving any modifications to the Project Scope, if such modifications are deemed to be in the best interest of the project. DOE substantial involvement also includes DOE review and approval prior to replacing key personnel and/or first tier contractors identified in Attachment G. DOE also exercises Federal stewardship and has substantial involvement in work performed under this Award by first tier subcontractors identified in Attachment G. The Recipient may not restrict DOE's communications, interaction, or access to first tier subcontractors identified in Attachment G. Nothing contained in this Agreement shall be construed to permit DOE to direct any employee, or subcontractor of Recipient or to interfere with implementation of the Project by Recipient.

7.03 Technical Milestones and Deliverables. Attachment B to this Award establishes Technical Milestones and deliverables. If the Recipient fails to achieve any Technical Milestones and deliverables, DOE may renegotiate the statement of project objectives or schedule of Technical Milestones and deliverables in Attachment B to this Award. In the alternative, DOE may deem the Recipient's failure to achieve Technical Milestones set forth in Attachment B to be material noncompliance with the terms and conditions of this Award and suspend or terminate the Award. Allowability of costs shall be handled in accordance with the applicable regulations. *See, e.g.,* 10 CFR 600.25 and 10 CFR 600.352.

7.04 Technology Transfer and Outreach. DOE may provide guidance or assistance to the Recipient to accelerate the commercial deployment of DOE-funded technologies.

7.05 General Release. The Recipient understands that any technical or other guidance or assistance provided by DOE may result in positive or negative outcomes and may have unintended or unanticipated consequences. The

Recipient agrees to release the Federal Government, Federal officers and employees, contractors, and agents from any and all liability, responsibility, and claims arising out of or relating to technical or other guidance or assistance under this Award. Notwithstanding any other provision of this Agreement, any failure to meet a Technical Milestone or failure to provide a deliverable as a direct result of Recipient's acceptance and/or implementation of DOE's guidance or assistance shall not form the basis for a conclusion that the Recipient has materially failed to comply with the terms and conditions of the award, provided that the Recipient has notified DOE in writing within ten business days after the receipt of guidance or assistance that identifies that the implementation and/or acceptance of guidance or assistance creates the potential noncompliance and describes with specificity the manner in which it does so.

7.06 Notwithstanding any other provision of this Agreement, the Recipient shall not be deemed to have failed to comply with a requirement of this Agreement (including a Technical Milestone) if DOE has not made available the full amount of the Government Cost Share through the Budget Period that includes the date by which such requirement or Technical Milestone must be achieved.

PART III – FINANCIAL MATTERS

ARTICLE 8 – FUNDING, ACCEPTANCE, TRANSFER & DELIVERY

8.01 The maximum amount of liability assumed from the Recipient by DOE, which is made available through DOE assumption of Depleted Uranium Hexafluoride (DUF6) title and liability, shall be as set forth in the table below. For each of the periods set forth below, the Recipient is prohibited from incurring costs for which DOE reimbursement will be sought in excess of the following amounts; provided, however, that unutilized funds made available in any period may be made available to reimburse costs incurred in any subsequent period.

Award Period	DOE Incremental Amount of Liability Assumed in DUF6	Maximum DOE Incremental Amount of Liability Assumed in Cost Share Dollars
Budget Period 1 Funding Period 1 6/1/12-7/31/12	11,813 MT of DUF6	$26,410,272
Budget period 1 Funding Period 2 8/1/12-11/30/12	up to 27,387 MT of DUF6	$61,259,912
Total for Budget Period 1	up to 39,200 MT of DUF6	$87,670,184
Budget Period 2 12/1/12-12/31/13		$192,329,816

Budget Period 1 is divided into two funding periods. DOE will accept title to DUF6 for the initial period (6/1/12-7/31/12) after award of this Agreement to allow the Recipient to begin work on approved activities. Upon satisfying the conditions set forth in this Article 8.01 below, the Contracting Officer will issue written authorization allowing the Recipient to incur costs during the remainder of Budget Period 1 and DOE shall

assume the remainder of the DUF6 liability to be assumed for Budget Period 1. DOE cost share for Budget Period 1 will be fulfilled through DOE's assuming title and liability for up to 39,200 MT of Depleted Uranium Hexafluoride (DUF6), which the parties agree will be treated as the Government providing $87,670,184 in cost share contributions (80% of the total estimated cost of the agreement for Budget Period 1).

Among other requirements set forth elsewhere in this Agreement, DOE will not assume liability from the Recipient incurred beyond 7/31/12 unless (a) the Equipment Contract (Contract No. DE-NE0000488) has been executed and title to the Transferred Property (as defined therein) has been transferred to DOE and (b) the Recipient provides a revised application for financial assistance under this award to DOE no later than 7/24/12 that includes: (1) cost, schedule, Performance Indicator/Milestone detailed estimate (to Work Breakdown Structure level 3) for the Project; (2) a report detailing ACD's efforts to implement a governance structure demonstrating capability to provide overall management of the project (see Article 6.02) and demonstrating that the ACD has submitted to the Nuclear Regulatory Commission (NRC) a complete package requesting a Foreign Ownership, Control or Influence (FOCI) determination in a form acceptable to the NRC; and (3) a revised Attachment B that includes proposed Technical Milestone dates.

Among other requirements set forth elsewhere in this Agreement, DOE's cost share for Budget Period 2 is conditioned upon the availability of appropriations or other source of consideration. In the event DOE authorizes funds above the assumption of DUF6 title and liability provided in Section 8.01 (Additional Funding), DOE and Recipient shall promptly amend this Agreement to reflect such funding and to provide invoicing procedures therefor. DOE will not assume liability or otherwise reimburse costs incurred by the Recipient under this Agreement during Budget Period 2 without first issuing written authorization permitting the Recipient to incur costs under this Agreement during Budget Period 2. DOE will not issue written authorization permitting incurrence of costs under this Agreement during Budget Period 2 unless the Recipient submits the following to DOE no later than 9/21/12: (1) documentation evidencing the existence of ACD with, subject to obtaining necessary regulatory approvals, the governance structure referenced in Article 6.02; and (2) revised cost, schedule, Performance Indicator/Milestone detailed estimate (to Work Breakdown Structure level 3) for the American Centrifuge Cascade Demonstration Test Program.

In addition to other available remedies in the event the conditions in this Section 8.01 for the continued funding of the program are not met, the Contracting Officer may suspend or terminate this award without recourse through corrective action by Recipient. In the case of such a suspension or termination, costs shall be addressed as set forth in 10 CFR § 600.24.

8.02 For DOE's cost-share contribution for Budget Period 1, DOE has agreed to accept title to certain quantities of DUF6 that will enable USEC to release encumbered funds. DOE shall be responsible for eighty percent (80%) of the allowable costs of the project for Budget Period 1. DOE cost share contributions for Budget Period 1 will be fulfilled through DOE assuming disposal responsibilities for up to 39,200 MT of DUF6, which will be treated as $87,670,184 in cost share contributions. DOE will accept title to, but not possession or custody of, Transferred Material on the date specified in Section 8.03 below. The maximum Government obligation to the Recipient is limited to accepting no more than 39,200 MT of DUF6. The Parties agree that the transfer of this amount of DUF6 shall provide a present value equal to $87,670,184. The Parties agree that the transfer of DUF6 shall be from and accomplished by the Recipient through USEC's subsidiary the United States Enrichment Corporation.

8.03 Schedule and Effective Date of Transferred Material Title Transfer. Subject to adjustment as provided in Section 9.03, the Recipient will transfer title to no more than 39,200 MT of DUF6 and the cylinders in which the DUF6 is contained AS IS (the "Transferred Material") to DOE and DOE will accept title to, and responsibility for the disposition of, such Transferred Material as of the effective date of this Agreement. After title is transferred to DOE, the Recipient shall remain responsible for custody, possession and the safe and secure storage of the

Transferred Material at the Recipient's own expense, and in accordance with the Recipient's procedures and applicable NRC regulatory requirements, until DOE takes custody and possession of the material.

8.04 Schedule for Transfer of Custody and Possession. At the Recipient's cost and expense, the Recipient shall transfer custody and possession of, and DOE will accept custody and possession of and responsibility for safe and secure storage of, the Transferred Material, at the date that is the earlier of either: (i) sixty (60) days after the Recipient's receipt of notice from DOE of the date DOE deems appropriate to disposition the Transferred Material; (ii) December 1, 2013; or (iii) at the date of the United States Enrichment Company's return of the portion of the property covered by the "Lease Agreement Between The United States Department of Energy and The United States Enrichment Corporation" (GDP Lease) housing the cylinder yard where the Transferred Material is currently stored.

8.05 Identification of Cylinders, Right of Inspection, and Acceptance. All Transferred Material and the cylinders containing the Transferred Material shall be provided AS IS. The Recipient shall provide DOE with a preliminary list of the cylinders of the Transferred Material within ten (10) days of the effective date of this Agreement and shall provide a final list within sixty (60) days after the termination, completion or expiration of this Agreement. DOE shall have the right to inspect the cylinders. The Recipient shall configure the cylinders as required by NRC.

8.06 Delivery. When DOE accepts custody and possession and responsibility for the safe and secure storage of the Transferred Material and/or cylinders as provided in Sections 8.04 and 8.05, the Recipient shall deliver the cylinders to DOE at a mutually agreed location at Paducah Gaseous Diffusion Plant (GDP) and mutually agreed upon schedule. At the Recipient's option, delivery may also be made by the United States Enrichment Corporation's return the cylinder yard at the Paducah GDP in which the cylinder is stored, provided such return of that area is pursuant to the terms and consistent with the United States Enrichment Corporation's obligations for such return under the GDP Lease. The delivery must be completed no later than the date of the return of the portion of the property covered by the GDP Lease housing the cylinder yard where the Transferred Material is stored, unless agreed otherwise.

8.07 Records. After the Recipient provides the list of cylinders as required in Section 8.05, and prior to transferring custody and possession of cylinders as provided in Section 8.06, the Recipient shall provide copies of all records associated with inspection, storage, and management of the Transferred Material and the cylinders, including, but not limited to, all manufacturers records in its possession and all Nuclear Material Control and Accountability records for each cylinder.

8.08 Effective date of transfer of possession and custody. The effective date of transfer of custody and possession for any Transferred Material will be the date the Transferred Material is delivered to DOE as provided in Section 8.06.

8.09 Responsibility for cylinders. The Recipient is responsible for ensuring that the cylinders remain in the same condition as of the date of this Agreement until such cylinders are transferred to DOE. The Recipient shall bear all expense of cylinder surveillance and maintenance, and such costs are not allowable costs under this Agreement. The Recipient shall indemnify DOE, and hold DOE harmless, from any and against all claims, demands, fines, suits, actions, proceedings, orders, decrees and judgments of any kind and from and against all cost and expenses, including reasonable attorney fees, resulting from the cylinders failing to be in the same condition as they were on the date of this Agreement during the time period where title to the cylinders has passed to DOE but the cylinders were in the Recipient's custody and possession.

ARTICLE 9 – COST SHARING

9.01 Total Estimated Cost is the sum of the Government share and Recipient share of the estimated project costs. The Recipient's cost share must come from non-federal sources unless otherwise allowed by law. By accepting this award, Recipient agrees that it is liable for its percentage share of total allowable project costs, even if the project is terminated early. The cost share of DOE is eighty percent (80%) and the cost share of the Recipient is twenty percent (20%). The Total Estimated Cost for the project through the end of the project is $350,000,000. In no event will the Government's cost share be greater than eighty percent (80%).

9.02 If the Recipient discovers that it may be unable to provide cost sharing of at least the amount identified in Section 9.01, it shall immediately provide written notification to the DOE Contracting Officer indicating whether it will continue or phase out the project. If the Recipient plans to continue the project, the notification must describe how replacement cost sharing will be secured. If the Recipient decides to phase out the project, then this Agreement will be terminated in accordance with Article 27.

9.03 In the event the total costs incurred for the project are less than $109,587,730, either due to termination of this Agreement or for other reasons, the total amount of DUF6 transferred to DOE under Article 8 will be adjusted on a pro rata basis to equal DOE's share of the total project costs to the nearest full cylinder, provided that in no circumstance shall DOE's share exceed 80% of the total costs incurred. Following termination or expiration of this Agreement, Recipient must submit an accounting of costs incurred until the point of termination or expiration to DOE's Contracting Officer within ninety (90) days of the date of termination or expiration. Within thirty (30) days of the delivery of the accounting of the total costs of the project, DOE shall notify the Recipient of the need to return title to some or all of the Transferred Material and identify the cylinders to be returned. Only title to material previously transferred by the Recipient under Section 8.04 is eligible to be transferred back to the Recipient. The Recipient will notify DOE of any objection to the return of title to the cylinders identified within ten (10) days of receiving DOE's notice. DOE shall transfer and the Recipient shall accept title to such material on the later of (i) the eleventh day after the Recipient's receipt of DOE's notice if no objection is delivered to DOE; (ii) the date DOE and the Recipient agree to the transfer; or (iii) the date any dispute is resolved under Article 21. In no event, however, shall any cylinders be returned after the date of de-lease of the Paducah Gaseous Diffusion Plant.

9.04 Recipient must maintain records of all project costs that it claims as cost sharing, including in-kind costs. Such records are subject to audit.

ARTICLE 10 – MAXIMUM OBLIGATION

The maximum Government obligation to the Recipient is limited to accepting no more than 39,200 MT of DUF6 plus the Additional Funding if provided by DOE. The Recipient is not obligated to continue performance of the project after the maximum Government obligation and the Recipient's share of the project costs are expended.

ARTICLE 11 – FINANCIAL SYSTEM AND RECORDS

Prior to the submission of cost reports to DOE, the Recipient shall have and maintain an established accounting system which complies with Generally Accepted Accounting Principles, and with the requirements of this Agreement, and shall ensure that appropriate arrangements have been made for receiving, distributing and accounting for Federal funds and Recipient cost sharing, including any in-kind costs. Consistent with this, an acceptable accounting system will be one in which all funds, cash receipts, and disbursements are controlled and documented properly. Such records are subject to audit.

ARTICLE 12 – ALLOWABLE COSTS

Allowable costs are determined in accordance with the cost principles in 48 CFR Part 31 in the Federal Acquisition Regulation as applicable to for-profit entities in accordance with 10 CFR 600.317.

ARTICLE 13 – USE OF PROGRAM INCOME

13.01 Program income earned during the project period may be retained by the Recipient and added to the funds committed to the award and used to further eligible project objectives.

13.02 The Recipient may retain program income earned:

a. From license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under the Agreement.
b. After the end of the project period.

ARTICLE 14 – RECOGNITION OF PRE-AWARD COSTS

At USEC's request, DOE may consider authorizing inclusion of pre-award costs in accordance with 10 CFR 600.317(b).

PART IV – ADMINISTRATIVE REQUIREMENTS

ARTICLE 15 – TITLE AND DISPOSITION OF PROPERTY

15.01 Title to real property and equipment acquired by the Recipient under this Agreement shall vest in USEC Inc. or ACD. Title shall vest only in an entity that is legally permitted to hold title to such real property and equipment. Real property and equipment acquired by the Recipient shall be subject to the rules set forth in 10 CFR 600.321. DOE and the Recipient acknowledge and agree that title to the Equipment as defined in the Equipment Contract (Contract No. DE-NE0000488) acquired by the Recipient under this Agreement may be transferred by the Recipient to DOE pursuant to the Equipment Contract (Contract No. DE-NE0000488).

15.02 Consistent with the goals and objectives of this project, the Recipient may continue to use real property or equipment purchased in whole or in part under this award for its authorized purpose beyond the Period of Performance without obligation to make payment to DOE to extinguish DOE's interest to such real property or equipment as described in 10 CFR 600.321, subject to the following: (a) the Recipient continues to utilize such property for the objectives of the project (demonstrate centrifuge technology); and (b) DOE retains the right to periodically ask for, and the Recipient agrees to provide, reasonable information concerning the use and condition of the real property or equipment. The provisions of 10 CFR 600.321 shall cease to apply to any property upon transfer to DOE of title to such property.

15.03 The Parties agree that use of the real property or equipment on other projects or programs would interfere with the work on the project under this Agreement.

15.04 Consistent with 10 CFR 600.321(b)(2), Recipient may request that the DOE Contracting Officer consider approving encumbrance of real property or equipment purchased in whole or in part under this Agreement.

15.05 ACD Access to Classified Information (including Restricted Data). Notwithstanding any other provision of this Agreement, ACD shall not have access to classified information, as that term is defined in paragraph 29.01(c) herein, and specifically shall not have access to Restricted Data unless and until ACD receives a Facility Clearance and a favorable Foreign Ownership, Control and Influence (FOCI) determination, and complies with all other applicable legal requirements.

ARTICLE 16 – INTELLECTUAL PROPERTY

The intellectual property requirements applicable to this Agreement are provided in Attachment D.

ARTICLE 17 – RECORD RETENTION AND ACCESS TO RECORDS

17.01 The Recipient must keep records related to this Agreement for a period of three (3) years after submission of the final report, except records for any real property or equipment acquired with project funds must be kept for three years after final disposition.

17.02 The DOE Contracting Officer, the DOE Inspector General, and the Comptroller General of the United States, or any of their duly authorized representatives, shall have unrestricted access to any books, documents, papers or other records of the Recipient that are pertinent to the work performed under this Agreement in order to make audits. Such audit, examination, or access shall be performed during business hours on business days upon prior written notice and shall be subject to the security requirements of the audited Party.

ARTICLE 18 – REPORTING

18.01 The reporting requirements for this award are identified on the Federal Assistance Reporting Checklist, DOE F 4600.2, attached to this award as Attachment C. Failure to comply with these reporting requirements is considered a material noncompliance with the terms of the award. Noncompliance may result in withholding of future payments, suspension or termination of the current award, and withholding of future awards. A willful failure to perform, a history of failure to perform, or unsatisfactory performance of this and/or other financial assistance awards may also result in a debarment action to preclude future awards by Federal agencies.

18.02 Dissemination of scientific/technical reports. Scientific/technical reports submitted under this award will be disseminated on the Internet via the DOE Information Bridge (www.osti.gov/bridge), unless the report contains proprietary data, patentable material, protected data or SBIR/STTR data. Citations for journal articles produced under the award will appear on the DOE Energy Citations Database (www.osti.gov/energycitations).

18.03 Restrictions. Reports submitted to the DOE Information Bridge must not contain any Protected Personal Identifiable Information (PII), limited rights data (proprietary data), classified information, information subject to export control classification, or other information not subject to release.

ARTICLE 19 – FEDERAL, STATE, AND MUNICIPAL REQUIREMENTS

The Recipient must obtain any required permits and comply with applicable Federal, state, and municipal laws, codes, and regulations for work performed under this Agreement.

ARTICLE 20 – SITE VISITS

DOE and/or DOE authorized representatives have the right to make site visits at reasonable times to review project accomplishments. The Recipient must provide, and must require its contractors performing project work to provide, reasonable access to facilities, office space, resources, and assistance for the safety and convenience of DOE and its representatives in the performance of their duties. All site visits and evaluations must be performed in a manner that does not unduly interfere with or delay the work.

ARTICLE 21 – CLAIMS, DISPUTES AND APPEALS

21.01 The Recipient must submit claims arising out of or relating to this Agreement in writing to the DOE Contracting Officer and must specify the nature and basis for the relief requested and include all data that supports the claim. DOE will attempt to resolve such claims informally at the DOE Contracting Officer level. All disputes and appeals will be resolved in accordance with the procedures set forth in 10 CFR 600.22.

21.02 Claims for damages of any nature whatsoever pursued under this Agreement shall be limited to direct damages only up to the aggregate amount of Government funding disbursed as of the time the dispute arises. In no event shall the Government be liable for claims for consequential, punitive, special and incidental damages, claims for lost profits, or other indirect damages.

ARTICLE 22 – FOREIGN ACCESS TO TECHNOLOGY

The Parties understand that technology developments resulting from the performance of this Agreement may be subject to U.S. laws and regulations limiting access. Any transfer of technology developed under this Agreement must be consistent with these laws and regulations, including the Department of Energy Regulations at 10 CFR Part 810 and DOE Guidelines on Export Control and Nonproliferation, as applicable. The Recipient shall comply with these laws and regulations.

ARTICLE 23 – NATIONAL POLICY ASSURANCES

National Policy Assurances are incorporated into this award and are provided as Attachment E.

ARTICLE 24 – INSOLVENCY, BANKRUPTCY OR RECEIVERSHIP

24.01 Recipient shall immediately notify the DOE Administrator identified in Block 26 of this Agreement cover page of the occurrence of any of the following events: (i) Recipient or Recipient's parent's filing of a voluntary case seeking liquidation or reorganization under the Bankruptcy Act; (ii) Recipient's consent to the institution of an involuntary case under the Bankruptcy Act against Recipient or Recipient's parent; (iii) the filing of any similar proceeding for or against Recipient or Recipient's parent, or its consent to, the dissolution, winding-up or readjustment of Recipient's debts, appointment of a receiver, conservator, trustee, or other officer with similar powers over Recipient, under any other applicable state or federal law; or (iv) Recipient's insolvency due to Recipient's inability to pay Recipient's debts generally as they become due.

24.02 Such notification shall be in writing and shall: (i) specifically set out the details of the occurrence of an event referenced in the paragraph above; (ii) provide the facts surrounding that event; and (iii) provide the impact such event will have on the project being funded by this award.

24.03 Upon the occurrence of any of the four events described in the first paragraph, DOE reserves the right to conduct a review of Recipient's award to determine Recipient's compliance with the required elements of the award (including such items as cost share, progress towards technical project objectives, and submission of required reports). If the DOE review determines that there are significant deficiencies or concerns with Recipient's performance under the award, DOE reserves the right to impose additional requirements, as needed, including (i) change Recipient's payment method; or (ii) institute payment controls.

24.05 Failure of the Recipient to comply with this provision may be considered a material noncompliance of this financial assistance award by the Contracting Officer.

ARTICLE 25 – LOBBYING RESTRICTIONS

By accepting funds under this award, Recipient agrees that none of the funds obligated on the award shall be expended, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in 18 U.S.C. 1913. This restriction is in addition to those prescribed elsewhere in statute and regulation.

ARTICLE 26 – NOTICE REGARDING THE PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS -- SENSE OF CONGRESS

It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available under this award should be American-made.

PART V – TERMINATION AND ENFORCEMENT

ARTICLE 27 – TERMINATION AND ENFORCEMENT

Termination and enforcement of this Agreement shall follow the procedures at 10 CFR 600.350 through 600.353, and the terms set forth in this Agreement.

The Parties agree to terminate this Agreement in the event Recipient receives a Loan Guarantee from DOE.

The Recipient's responsibilities related to the Transferred Materials set forth under this Agreement DE-NE0000530 and the previous Cooperative Agreement DE-SC0006472 and DE-SC0003997 shall survive termination or expiration of this Agreement.

ARTICLE 28 – MISCELLANEOUS

28.01 Entire Agreement. This Agreement contains the entire understanding of DOE and the Recipient with respect to the subject matter of this Agreement. This Agreement does not modify, alter or change any other agreements between DOE and the Recipient including, but not limited to, Equipment Contract (Contract No. DE-NE0000488),the Agreement Between the U.S. Department of Energy and USEC Inc. dated June 17, 2002, as amended; the Lease Agreement entered into as of July 1, 1993 between the U.S. Department of Energy and the United States Enrichment Corporation, as amended (the "Lease Agreement"); the Supplemental Agreement No. 1 to the Lease Agreement dated as of December 7, 2006, as amended; and the Non-Exclusive Patent License granted by U.S. Department of Energy to USEC dated as of December 7, 2006.

28.02 Applicable Law. This Agreement shall be governed and construed in accordance with the laws of the United States of America.

28.03 Further Assistance. DOE and the Recipient shall provide such information, execute and deliver any agreements, instruments and documents and take such other actions as may be reasonably necessary or required, which are not inconsistent with the provisions in this Agreement and which do not involve the assumption of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out its intent. This provision does not encompass, and DOE makes no commitment regarding, the issuance of any loan guarantees by DOE to any entity including to USEC or a USEC affiliate.

ARTICLE 29 – SECURITY REQUIREMENTS

29.01 Security.

(a) Responsibility. It is the Recipient's duty to protect all classified information, special nuclear material, and other DOE property. The Recipient shall, in accordance with DOE security regulations and requirements, be responsible for protecting all classified information and all classified matter (including documents, material and special nuclear material) which are in the Recipient's possession in connection with the performance of work under this award against sabotage, espionage, loss or theft. Except as otherwise expressly provided in this award, the Recipient shall, upon completion or termination of this award, transmit to DOE any classified information and classified matter or special nuclear material in the possession of the Recipient or any person under the Recipient's control in connection with performance of this award. If retention by the Recipient of any classified information and classified matter is required after the completion or termination of the award, the Recipient shall identify the items and classification levels and categories of matter proposed for retention, the reasons for the retention, and the proposed period of retention. If the retention is approved by the Contracting Officer, the security provisions of the award shall continue to be applicable to the classified matter retained. Special nuclear material shall not be retained after the completion or termination of the award.

(b) Regulations. The Recipient agrees to comply with all security regulations and award requirements of DOE as incorporated into the award.

(c) Definition of Classified Information. The term Classified Information means information that is classified as Restricted Data or Formerly Restricted Data under the Atomic Energy Act of 1954, or information determined to require protection against unauthorized disclosure under Executive Order 12958, Classified National Security Information, as amended, or prior executive orders, which is identified as National Security Information.

(d) Definition of Restricted Data. The term Restricted Data means all data concerning design, manufacture, or utilization of atomic weapons; production of special nuclear material; or use of special nuclear material in the production of energy, but excluding data declassified or removed from the Restricted Data category pursuant to 42 U.S.C. 2162 (Section 142, as amended, of the Atomic Energy Act of 1954).

(e) Definition of Formerly Restricted Data. The term "Formerly Restricted Data" means information removed from the Restricted Data category based on a joint determination by DOE or its predecessor agencies and the Department of Defense that the information- (1) relates primarily to the military utilization of atomic weapons; and (2) can be adequately protected as National Security Information. However, such information is subject to the same restrictions on transmission to other countries or regional defense organizations that apply to Restricted Data.

(f) Definition of National Security Information. The term "National Security Information" means information that has been determined, pursuant to Executive Order 12958, Classified National Security Information, as amended, or any predecessor order, to require protection against unauthorized disclosure, and that is marked to indicate its classified status when in documentary form.

(g) Definition of Special Nuclear Material. The term "special nuclear material" means- (1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material which, pursuant to 42 U.S.C. 2071 (section 51 as amended, of the Atomic Energy Act of 1954) has been determined to be special nuclear material, but does not include source material; or (2) any material artificially enriched by any of the foregoing, but does not include source material.

(h) Access authorizations of personnel.

(1) The Recipient shall not permit any individual to have access to any classified information or special nuclear material, except in accordance with the Atomic Energy Act of 1954, and the DOE's regulations and award

requirements applicable to the particular level and category of classified information or particular category of special nuclear material to which access is required.

(2) The Recipient must conduct a thorough review, as defined at 48 CFR 904.401, of an uncleared applicant or uncleared employee, and must test the individual for illegal drugs, prior to selecting the individual for a position requiring a DOE access authorization.

(i) a review must verify an uncleared applicant's or uncleared employee's educational background, including any high school diploma obtained within the past five years, and degrees or diplomas granted by an institution of higher learning; contact listed employers for the last three years and listed personal references; conduct local law enforcement checks when such checks are not prohibited by state or local law or regulation and when the uncleared applicant or uncleared employee resides in the jurisdiction where the Recipient is located; and conduct a credit check and other checks as appropriate.

(ii) Recipient reviews are not required for an applicant for DOE access authorization who possesses a current access authorization from DOE or another Federal agency, or whose access authorization may be reapproved without a federal background investigation pursuant to Executive Order 12968, Access to Classified Information (August 4, 1995), Sections 3.3(c) and (d).

(iii) In collecting and using this information to make a determination as to whether it is appropriate to select an uncleared applicant or uncleared employee to a position requiring an access authorization, the Recipient must comply with all applicable laws, regulations, and Executive Orders, including those- (A) governing the processing and privacy of an individual's information, such as the Fair Credit Reporting Act, Americans with Disabilities Act (ADA), and Health Insurance Portability and Accountability Act; and (b) prohibiting discrimination in employment, such as under the ADA, Title VII and the Age Discrimination in Employment Act, including with respect to pre- and post-offer of employment disability related questioning.

(iv) In addition to a review, each candidate for a DOE access authorization must be tested to demonstrate the absence of any illegal drug, as defined in 10 CFR 707.4. All positions requiring access authorizations are deemed testing designated positions in accordance with 10 CFR part 707. All employees possessing access authorizations are subject to applicant, random or for cause testing for use of illegal drugs. DOE will not process candidates for a DOE access authorization unless their tests confirm the absence from their system of any illegal drug.

(v) When an uncleared applicant or uncleared employee receives an offer of employment for a position that requires a DOE access authorization, the Recipient shall not place that individual in such a position prior to the individual's receipt of a DOE access authorization, unless an approval has been obtained from the head of the cognizant local security office. If the individual is hired and placed in the position prior to receiving an access authorization, the uncleared employee may not be afforded access to classified information or matter or special nuclear material (in categories requiring access authorization) until an access authorization has been granted.

(vi) The Recipient must furnish to the head of the cognizant local DOE Security Office, in writing, the following information concerning each uncleared applicant or uncleared employee who is selected for a position requiring an access authorization-

A. The date(s) each Review was conducted;

B. Each entity that provided information concerning the individual;

C. A certification that the review was conducted in accordance with all applicable laws, regulations, and Executive Orders, including those governing the processing and privacy of an individual's information collected during the review;

D. A certification that all information collected during the review was reviewed and evaluated in accordance with the Recipient's personnel policies; and

E. The results of the test for illegal drugs.

(i) Criminal liability. It is understood that disclosure of any classified information relating to the work or services ordered hereunder to any person not entitled to receive it, or failure to protect any classified information, special nuclear material, or other Government property that may come to the Recipient or any person under the Recipient's control in connection with work under this award, may subject the Recipient, its agents, employees, or SubRecipients to criminal liability under the laws of the United States (see the Atomic Energy Act of 1954, 42 U.S.C. 2011 et seq.; 18 U.S.C. 793 and 794).

(j) Foreign Ownership, Control, or Influence. (1) The Recipient shall immediately provide the cognizant security office written notice of any change in the extent and nature of foreign ownership, control or influence over the Recipient which would affect any answer to the questions presented in the Standard Form (SF) 328, Certificate Pertaining to Foreign Interests, executed prior to award of this award. In addition, any notice of changes in ownership or control which are required to be reported to the Securities and Exchange Commission, the Federal Trade Commission, or the Department of Justice, shall also be furnished concurrently to the Contracting Officer.

(2) If a Recipient has changes involving foreign ownership, control, or influence, the cognizant security office must determine whether the changes will pose an undue risk to the common defense and security. In making this determination, the cognizant security office will consider proposals made by the Recipient to avoid or mitigate foreign influences.

(3) If the cognizant security office at any time determines that the Recipient is, or is potentially, subject to foreign ownership, control, or influence, the Recipient shall comply with such instructions as the Awarding Officer shall provide in writing to protect any classified information or special nuclear material.

(4) The Contracting Officer may terminate this award either if the Recipient fails to meet obligations imposed by this article or if the Recipient creates a foreign ownership, control, or influence situation in order to avoid performance or a termination. The Contracting Officer may terminate this award if the Recipient becomes subject to foreign ownership, control, or influence and for reasons other than avoidance of performance of the award, cannot, or chooses not to, avoid or mitigate the foreign ownership, control, or influence problem.

(k) Employment announcements. When placing announcements seeking applicants for positions requiring access authorizations, the Recipient shall include in the written vacancy announcement, a notification to prospective applicants that reviews, and tests for the absence of any illegal drug as defined in 10 CFR 707.4, will be conducted by the employer and a background investigation by the Federal government may be required to obtain an access authorization prior to employment, and that subsequent reinvestigations may be required. If the position is covered by the Counterintelligence Evaluation Program regulations at 10 CFR 709, the announcement should also alert applicants that successful completion of a counterintelligence evaluation may include a counterintelligence-scope polygraph examination.

(l) Flow down to subawards. The Recipient agrees to insert terms that conform substantially to the language of this article, including this paragraph, in all subawards under its award that will require Subrecipient employees to possess access authorizations. Additionally, the Recipient must require such Subrecipients to have an existing

DOD or DOE facility clearance or submit a completed SF 328, Certificate Pertaining to Foreign Interests, as required in 48 CFR 952.204-73, Facility Clearance, and obtain a foreign ownership, control and influence determination and facility clearance prior to award of a subaward. Information to be provided by a Subrecipient pursuant to this clause may be submitted directly to the Contracting Officer. For purposes of this article, Subrecipient means any Subrecipient at any tier and the term "Contracting Officer" means the DOE Contracting Officer. When this article is included in a subaward, the term "Recipient" shall mean Subrecipient and the term "award" shall mean subaward.

The requirements in this Section 29.01 to return to DOE classified information or matter or special nuclear material shall apply only to government furnished classified information or matter or special nuclear material provided by DOE specifically for use in the Project and shall not apply to classified information or matter or special nuclear material in the possession of the Recipient prior to the effective date of this Award or generated during the Award.

29.02 Classification/Declassification

In the performance of work under this award, the Recipient or Subrecipient shall comply with all provisions of the Department of Energy's regulations and mandatory DOE directives which apply to work involving the classification and declassification of information, documents, or material. In this section, "information" means facts, data, or knowledge itself; "document" means the physical medium on or in which information is recorded; and "material" means a product or substance which contains or reveals information, regardless of its physical form or characteristics. Classified information is "Restricted Data" and "Formerly Restricted Data" (classified under the Atomic Energy Act of 1954, as amended) and "National Security Information" (classified under Executive Order 12958 or prior Executive Orders). The original decision to classify or declassify information is considered an inherently Governmental function. For this reason, only Government personnel may serve as original classifiers, i.e., Federal Government Original Classifiers. Other personnel (Government or Recipient) may serve as derivative classifiers which involves making classification decisions based upon classification guidance which reflect decisions made by Federal Government Original Classifiers.

The Recipient or Subrecipient shall ensure that any document or material that may contain classified information is reviewed by either a Federal Government or a Recipient Derivative Classifier in accordance with classification regulations including mandatory DOE directives and classification/declassification guidance furnished to the Recipient by the Department of Energy to determine whether it contains classified information prior to dissemination. For information which is not addressed in classification/declassification guidance, but whose sensitivity appears to warrant classification, the Recipient or Subrecipient shall ensure that such information is reviewed by a Federal Government Original Classifier.

In addition, the Recipient or Subrecipient shall ensure that existing classified documents (containing either Restricted Data or Formerly Restricted Data or National Security Information) which are in its possession or under its control are periodically reviewed by a Federal Government or Recipient Derivative Declassifier in accordance with classification regulations, mandatory DOE directives and classification/declassification guidance furnished to the Recipient by the Department of Energy to determine if the documents are no longer appropriately classified. Priorities for declassification review of classified documents shall be based on the degree of public and researcher interest and the likelihood of declassification upon review. Documents which no longer contain classified information are to be declassified. Declassified documents then shall be reviewed to determine if they are publicly releasable. Documents which are declassified and determined to be publicly releasable are to be made available to the public in order to maximize the public's access to as much Government information as possible while minimizing security costs.

The Recipient or Subrecipient shall insert this article in any subaward which involves or may involve access to classified information.

29.03 Facility Clearance

(a) Use of Certificate Pertaining to Foreign Interests, Standard Form 328.

(1) The work to be conducted under this Agreement will require access to classified information and classified matter (including special nuclear material) as defined in section 29.01 herein. Such access will require a Facility Clearance for Recipient and access authorizations (security clearances) for personnel working with the classified information classified matter. To obtain a Facility Clearance, Recipient must submit a Certificate Pertaining to Foreign Interests, Standard Form 328, and all required supporting documents to form a complete Package, to the cognizant security agency.

(2) Information submitted by Recipient on Standard Form 328 will be used solely for the purposes of evaluating FOCI and will be treatedby the cognizant security agency, to the extent permitted by law, as proprietary business or financial information submitted in confidence.

(3) Following submission of a Standard Form 328, Recipient shall immediately submit to the cognizant security agency written notification of any changes in the extent and nature of FOCI which alter Recipient's answers to the questions in Standard Form 328. Following execution of the Agreement, Recipient must immediately submit to the cognizant security agency written notification of any changes in the extent and nature of FOCI which alter the Recipient's answers to the questions in Standard Form 328. Notice of changes in ownership or control which are required to be reported to the Securities and Exchange Commission, the Federal Trade Commission, or the Department of Justice must also be furnished concurrently to the cognizant security agency.

(b) Definitions.

(1) Foreign Interest means any of the following--

(i) A foreign government, foreign government agency, or representative of a foreign government;

(ii) Any form of business enterprise or legal entity organized, chartered or incorporated under the laws of any country other than the United States or its possessions and trust territories; and

(iii) Any person who is not a citizen or national of the United States.

(2) Foreign Ownership, Control, or Influence (FOCI) means the situation where the degree of ownership, control, or influence over Recipient by a foreign interest is such that a reasonable basis exists for concluding that compromise of classified information or classified matter may result.

(c) Facility Clearance means an administrative determination by the cognizant security agency that a facility is eligible to access, produce, use or store classified information or classified matter. A Facility Clearance is based upon a determination that satisfactory safeguards and security measures are carried out for the activities being performed at the facility. Approval for a Facility Clearance shall be based upon--

(1) A favorable FOCI determination based upon the Contractor's response to the ten questions in Standard Form 328 and any required, supporting data provided by Recipient;

(2) Approved safeguards and security plans which describe protective measures appropriate to the activities being

performed at the facility;

(3) An established Reporting Identification Symbol code for the Nuclear Materials Management and Safeguards Reporting System if access to nuclear materials is involved;

(4) A survey conducted no more than 6 months before the Facility Clearance date, with a composite facility rating of satisfactory, if the facility is to possess classified matter at its location;

(5) Appointment of a Facility Security Officer, who must possess or be in the process of obtaining an access authorization equivalent to the Facility Clearance; and, if applicable, appointment of a Materials Control and Accountability Representative; and

(6) Access authorizations for key management personnel which will be determined on a case-by-case basis, and equivalent to the level of the Facility Clearance.

(d) A Facility Clearance is required prior to Recipient having access to classified information and the granting of any access authorizations under the Agreement. In order for Recipient to be granted a Facility Clearance, the cognizant security agency must determine that Recipient will not pose an undue risk to the common defense and security as a result of access to classified information or classified matter in the performance of the Agreement..

(e) A Facility Clearance is required under this Agreement even if the work to be performed does not require Recipient to receive, process, reproduce, store, transmit, or handle classified information or classified matter, but which requires DOE access authorizations for Recipient's employees to perform work at a DOE location. This type facility is identified as a non-possessing facility.

(f) Except as otherwise authorized in writing by the cognizant security agency, pursuant to this Agreement Recipient must insert provisions similar to the foregoing in all subcontracts, purchase orders and applicable agreements. Any subcontractors requiring access authorizations for access to classified information or classified matter shall be directed to provide responses to the questions in Standard Form 328, Certificate Pertaining to Foreign Interests, directly to Recipient or the cognizant security agency.

Notice to Offerors -- Contents Review (Please Review Before Submitting)

Prior to submitting the Standard Form 328, required by paragraph (a)(1) of this clause, Recipient should review a FOCI submission to ensure that:

(1) The Standard Form 328 has been signed and dated by an authorized official;

(2) If publicly owned, Recipient's most recent annual report, and its most recent proxy statement for its annual meeting of stockholders have been attached; or, if privately owned, the audited, consolidated financial information for the most recently closed accounting year has been attached;

(3) A copy of Recipient's articles of incorporation and an attested copy of Recipient's by-laws, or similar documents filed for Recipient's existence and management, and all amendments to those documents;

(4) A list identifying Recipient's owners, officers, directors, and executive personnel, including their names, social security numbers, citizenship, titles of all positions they hold within the organization, and what access authorizations, if any, they possess or are in the process of obtaining, and identification of the government agency(ies) that granted or will be granting those access authorizations; and

(5) A summary FOCI data sheet.

Note: A FOCI submission must be attached for each tier parent organization (i.e., ultimate parent and any intervening levels of ownership). If any of these documents are missing, a Facility Clearance will not be granted.

29.04 The Contractor Requirements Document Attachment 1 to DOE Order DOE O 470.4B Safeguards and Security Program is hereby incorporated by reference.

DECOMMISSIONING FUNDING PROGRAM DESCRIPTION

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1.0 INTRODUCTION

As a condition of certification, 10 Code of Federal Regulations (CFR) 76.35(n) requires the United States Enrichment Corporation (USEC) to submit, as part of its application for an NRC certificate of compliance:

> A description of the funding program to be established to ensure that funds will be set aside and available for those aspects of the ultimate disposal of waste and depleted uranium, decontamination and decommissioning, relating to the gaseous diffusion plants leased to the Corporation by the Department of Energy, which are the financial responsibility of the Corporation.

Section 76.35(n) also requires USEC to establish financial surety arrangements to provide the requisite funding. The funding mechanism must ensure availability of funds for activities required to be completed both before and after the return of the gaseous diffusion plants to the Department of Energy (DOE) in accordance with the July 1, 1993 Lease Agreement between DOE and USEC (Lease Agreement). The funding program must also contain a basis for cost estimates used to establish funding levels, and means of adjusting such cost estimates and associated funding levels over the duration of the lease. Finally, USEC is not required to provide funding for "those aspects of decontamination and decommissioning . . . assigned to the Department of Energy under the Atomic Energy Act of 1954, as amended."

In accordance with 10 CFR 76.35(n), USEC hereby submits a description of its program to ensure adequate funds are available for the disposal of waste and the disposition of depleted uranium generated at PGDP and for which USEC is financially responsible under the Atomic Energy Act (AEA).

2.0 SCOPE OF USEC'S DECOMMISSIONING FINANCIAL RESPONSIBILITY

USEC began to operate the Paducah (PGDP) plant on July 1, 1993, in accordance with the AEA, as amended, and the July 1, 1993 Lease Agreement. Prior to July 1, 1993, DOE operated the plant for about 40 years. Section 1403(d) of the AEA provides that "[t]he payment of any costs of decontamination and decommissioning . . . with respect to conditions existing before the transition date [July 1, 1993], in connection with property of the Department leased under subsection (a), shall remain the sole responsibility of the Department." Accordingly, USEC is not financially responsible for, and this Program Description does not provide funding assurance for, decontamination or decommissioning costs associated with any operations at PGDP prior to July 1, 1993.

Furthermore, PGDP, including the Leased Premises, will ultimately be decommissioned by DOE, which is solely responsible for the conduct of decontamination and decommissioning activities at the plant, and which also bears sole financial responsibility for the bulk of these activities. Section 4.6 of the Lease Agreement states that:

> Except as provided in Section 4.5(c) of this Lease, the Department will be responsible for and will pay the costs of all Decontamination and Decommissioning, including the costs of Decontamination and Decommissioning of the Leased Premises, the Leased Personalty, any personal property found on the Leased Premises, regardless of ownership, and any Capital Improvement.

In addition, Section 4.3(b) of the Lease Agreement states that "[t]he Corporation shall be entitled, should it choose, to leave any of its personal property (including personal property contaminated by radioactive materials) on the Leased Premises at the end of the Lease Term for Decontamination and Decommissioning by the Department."

However, USEC does have certain specific financial responsibilities with respect to some of these activities. Under Section 4.4(c) of the Lease Agreement, USEC is "responsible for the ultimate treatment and disposal of any waste generated by the Corporation, and for which the Department is not responsible . . . ." Under this provision, USEC is financially responsible for, and this Program Description addresses, the disposal of low-level radioactive waste (LLRW) and "mixed" hazardous and radioactive waste generated by USEC at PGDP after the date of privatization, July 28, 1998. [1]

In addition, as discussed above, Section 4.6 of the Lease Agreement provides that the Department will pay the costs of all decontamination and decommissioning, "[e]xcept as provided in Section 4.5(c) of this Lease . . . ." Section 4.5(c) authorizes USEC to remove any capital improvement at PGDP, but "if such removal increases the costs of the Department for the Decontamination and Decommissioning

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1 A more detailed description of USEC's plans to manage and dispose of LLRW and mixed waste generated at PGDP is provided in the Radioactive Waste Management Program, which is included as part of the certificate of compliance application.

of the Leased Premises to which any such Capital Improvement was attached, the Corporation will pay any such increase in Decontamination and Decommissioning costs." At this time, USEC does not anticipate removing any capital improvement from the plant site. Therefore, no financial assurance for Decontamination and Decommissioning cost increases arising out of such removal is currently being provided.

Finally, USEC is generating depleted uranium as a result of its operation of PGDP. Section 3109(a)(3) of the USEC Privatization Act (passed April 1996) states that:

> All liabilities arising out of the disposal of depleted uranium generated by the Corporation between July 1, 1993 and the privatization date shall become the direct liabilities of the Secretary [Secretary of Energy].

Therefore, this Program Description also describes USEC's funding program to ensure funds are available for the ultimate disposition of the depleted uranium generated by USEC's operations after July 28, 1998.[2]

As described in the Depleted Uranium Management Plan, USEC has established agreements with the DOE that affect USEC's liability associated with the disposal of depleted uranium generated by USEC. These agreements are the "Memorandum of Agreement Between the United States Department of Energy and the United States Enrichment Corporation Relating to Depleted Uranium," dated June 30, 1998, the "Agreement Between the U.S. Department of Energy ("DOE") and USEC Inc. ("USEC")," dated June 17, 2002, the "Cooperative Agreement Between Department of Energy and USEC Inc. Concerning the American Centrifuge Demonstration Project," dated March 23, 2010, and the contract between DOE and USEC for DOE acquisition of SWU, dated March 13, 2012.

The "Memorandum of Agreement Between the United States Department of Energy and the United States Enrichment Corporation Relating to Depleted Uranium," dated June 30, 1998 provided for the transfer to DOE of 2,026 48G cylinders containing approximately 16,674,000 Kg of depleted uranium generated by USEC's operations. In accordance with the agreement, USEC made the required full payment of over $50M to DOE, covering the entire quantity of depleted uranium to be transferred. Therefore, the liability to dispose of the full amount of USEC's depleted uranium specified in the agreement now rests with DOE, further reducing the quantity of depleted uranium to be ultimately disposed of by USEC. Within these major parameters of the agreement, USEC and DOE agreed to implement the actual transfer of the material on a schedule covering the period of FY 1999 through 2004.

The "Agreement Between the U.S. Department of Energy ("DOE") and USEC Inc. ("USEC")," dated June 17, 2002, provided, in part, for the DOE taking title of depleted uranium from USEC operations during USEC's fiscal years 2002 and 2003 and one-half the amount of depleted uranium generated during USEC's fiscal years 2004 and 2005. Therefore, as a result of this June 17, 2002 agreement, USEC's liability associated with the disposal of USEC generated depleted uranium was reduced by the quantity of depleted uranium specified in this June 17, 2002 agreement.

The "Cooperative Agreement Between Department of Energy and USEC Inc. Concerning the American Centrifuge Demonstration Project," dated March 23, 2010, transferred title to 13,312,411 kg of DU from USEC to DOE to enable USEC to release encumbered funds to support continued development and demonstration of the American Centrifuge technology.

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2 The Depleted Uranium Management Plan describes in greater detail USEC's plans for the management and disposition of depleted uranium.

In 2012, DOE and USEC entered into a contract in which DOE acquired SWU in exchange for DOE's accepting title to, and eventual disposal responsibility for, 13,073,045 kg of DU.

The "Cooperative Agreement Between Department of Energy and USEC Inc. and American Centrifuge Demonstration, LLC Concerning the American Centrifuge Cascade Demonstration Test Program", dated June 12, 2012, transferred title and responsibility for disposition from USEC to DOE of up to 39,200 MT DUF6 (26,505 MT of DU at USEC tails purity).

The quantity of depleted uranium associated with these agreements, and the transfer schedule for this material, is specified in Table 1 of the Depleted Uranium Management Plan.

In addition to USEC's enrichment operations, USEC also performs contract work for the DOE and DOE contractors. To compensate USEC for incurred costs associated with these contracts, DOE has taken title to depleted uranium further reducing USEC's liability for the disposal of depleted uranium. The quantity of depleted uranium, and the transfer schedule for the depleted uranium associated with the compensation for these contracts, is specified in Table 1 of the Depleted Uranium Management Plan.

3.0 DECOMMISSIONING COST ESTIMATE

In accordance with 10 CFR 76.35(n), USEC has estimated the costs associated with the disposal of LLRW and mixed waste, and the disposition of depleted uranium generated by its operations. These costs are not considered decontamination and decommissioning costs, but rather production costs since they are incurred during the operation and maintenance of the plant. These cost estimates are cumulative, and are calculated one year in advance. The estimated cost for CY 2012 for the disposal of waste and for the disposition of depleted uranium generated by USEC is as follows:

Low Level and Mixed Waste	$ 3.84 M
Depleted Uranium	$ 0.29 M
Labor Cost	$ 0.70 M
CY12 Cost	$ 4.83 M

To account for uncertainties associated with either the estimated volumes or costs associated with the above cost estimates, a contingency factor of 25% is applied to the CY 2012 cost, which is consistent with the recommendations in the NRC's guidance on preparing Decommissioning Funding Plans (NUREG-1757). After application of the 25% contingency, USEC's total projected decommissioning funding liability for CY 2012 is $ 6.04 million.

The bases for these cost estimates are described below in their respective subsection. USEC's cost estimates will be reviewed annually and revised, as necessary, to reflect any change in USEC's projected liability.

3.1 LOW LEVEL AND MIXED WASTE DISPOSAL

USEC generates many types of LLRW and mixed (hazardous and radioactive) waste at PGDP as described in the Radioactive Waste Management Program (RWMP). For the most part, all wastes are routinely treated on-site or treated and disposed of off-site as the wastes are generated. There is a quantity of LLRW that will remain on-site at the end of CY 2012. The LLRW

in storage includes waste that is being processed for off-site disposal. These wastes are being stored in compliance with USEC's Certificate of Compliance. USEC's LLRW and mixed waste decommissioning liability is calculated as the sum of the liability associated with the cost of disposal of that amount of waste estimated to be generated during the calendar year plus the liability associated with the estimated amount of waste that remains in storage at the end of the calendar year. Disposal costs include an additional percentage to cover taxes, processing fees, and transportation costs, but do not include labor, which is addressed in Section 3.3.

Estimated waste generation volumes are based on historical waste generation. Each individual LLRW and mixed waste stream has a different estimated volume and a different disposal cost. For the year, the different volumes of waste generated and their disposal cost estimates are averaged to establish an average disposal cost. USEC's cost estimate is based on the weighted average cost to manage waste. The disposal cost estimate for each waste stream in the weighted average cost is based upon existing contract prices, and historical cost of containers and transportation.

Except for those mixed wastes and LLRW that are stored on-site, as noted above, USEC anticipates that its waste disposal activities will be such that LLRW and most mixed waste generated in any given year will be disposed of within that year, or shortly thereafter. USEC funds this disposal cost out of accrued cash generated from operations. The decommissioning liability associated with the waste that remains in storage at the end of the calendar year at PGDP will be calculated based on the estimated volume of waste in storage at the end of the calendar year.

3.1.1 Low Level Radioactive Waste Disposal

USEC anticipates generating a total of approximately 88,200 ft^3 of LLRW from routine operations and projects at the Paducah plant for CY 2012. USEC has assumed disposal of Paducah's LLRW at various commercial disposal facilities at an average weighted cost of $\$35/ft^3$. The disposal cost for LLRW generated by USEC at the Paducah plant for CY 2012 is therefore estimated to be:

Paducah LLRW: 88,200 ft^3 x $\$35/ft^3$ = \$3.087 million for the year

The cost of disposal of USEC's LLRW for CY 2012 is \$3.087 million.

3.1.2 Mixed Waste Disposal

USEC anticipates generating a total of approximately 90ft^3 of mixed waste at Paducah plant in CY 2012. The current average cost estimate for disposing of this mixed waste product at Paducah is \$1700/ft^3. The disposal cost for this mixed waste generated at Paducah plant for CY 2012 is therefore estimated to be:

Paducah Mixed Waste: 90 ft^3 x \$1,700/ft^3 = \$0.153 million for the year

The cost of disposal of USEC's mixed waste for CY 2012 is \$0.153 million.

3.1.3 Deleted

3.1.4 Low-Level Radioactive Waste in Storage

As described earlier, there is an amount of LLRW that will remain in storage at the end of CY 2012. This waste will be disposed at a later date at an estimated cost of $35/ft^3$. This disposal cost is determined based on the weighted average cost for this particular waste stream. At Paducah, this LLRW volume is estimated to be 17,000 ft^3.

The disposal cost for this LLRW that will remain on-site at Paducah at the end or CY 2012 is estimated to be:

Paducah LLRW in storage: 17,000 ft^3 x $35/$ft^3$ = $0.595 million

Therefore, the cost to dispose of the LLRW in storage in a subsequent calendar year is $0.595 million.

3.2 Depleted Uranium Disposition

The estimate of decommissioning liability for depleted uranium is based on the generation of depleted uranium as described in the Depleted Uranium Management Plan. USEC's examination of the available information has identified that the unit cost to dispose of tails could range between $3.99/kilogram (kg) uranium (U) to $4.53/kg U, depending on a number of factors and assumptions. The unknown factors include: escalation rate(s) of various construction cost components; de-escalation rate(s) of future operating costs (to present day dollars); volume of tails disposed; revenue/avoided disposal cost from sale of conversion products (e.g., hydrogen fluoride) or higher assay tails (tail stripping); construction and operations budget contingencies; allocation of decontamination and decommissioning costs (between USEC and DOE); and DOE oversight costs.

USEC has developed the depleted uranium disposal cost estimate for PGDP based on a methodology and supporting data provided by DOE in support of USEC Inc.'s American Centrifuge Plant (ACP) licensing activities. This DOE methodology and supporting data enabled the development of a specific analysis for the ACP for the purposes of ACP decommissioning funding. The unit cost for disposal of ACP

generated depleted uranium was developed based upon costs associated with processing of the ACP depleted uranium at the DOE's Portsmouth DUF_6 Conversion Facility. USEC used the same methodology and supporting data provided by DOE in support of the ACP licensing activities to develop a PGDP-specific cost estimate to process USEC depleted uranium located at PGDP at the DOE's Paducah DUF_6 Conversion Facility. Based on the information provided by DOE, USEC determined that $4.53/kgU (in 2012 dollars) is a reasonable depleted uranium disposal unit cost for the purposes of decommissioning funding of USEC's depleted uranium located at PGDP.

Based on the Depleted Uranium Management Plan, USEC's projected maximum liability at the end of CY 2012 for the disposition of depleted uranium generated by PGDP operations is 64,000 kilograms (refer to Table 1 in the Depleted Uranium Management Plan).

Total estimated disposal cost, in 2012 dollars, for depleted uranium is then calculated as follows:

Projected Quantity (kgU)	Unit Cost ($/kgU)	Disposal Cost ($)
64,000	4.53	289,920

The total estimated disposal cost for depleted uranium, after rounding, is $0.29 million.

The above cost estimate includes processing as well as transportation and disposal of any by-product related to processing of the depleted uranium. There are no costs for transporting USEC's depleted uranium inventory to the DOE's Paducah DUF_6 conversion facility as this facility is co-located with PGDP.

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3.3 Labor Costs

To account for labor costs associated with disposal of USEC generated waste, USEC has included provisions for a crew comprised of 1 first line manager, 2 technical staff, 1 health physics technician and 6 waste operators. The labor costs are calculated assuming the crews are available for a six-month duration. Labor costs were estimated based on the 2012 PGDP labor rates. To account for this work being performed by a third party, an overhead rate on direct staff labor of 110%, plus 15% profit on labor and its overheads, was applied. Based on these assumptions, the labor costs associated with disposal of USEC generated waste is $704,822.

4.0 REVIEW AND ADJUSTMENT OF DECOMMISSIONING COSTS AND FUNDING LEVELS

USEC will review the decommissioning cost estimates and associated funding levels over the duration of the lease and adjust them when necessary. These adjustments will take into account such factors as changes in volume and cost estimates, changes in plant conditions, and changes in expected decontamination and decommissioning procedures. USEC will conduct such reviews in October of each year.

5.0 DECOMMISSIONING FUNDING MECHANISM

USEC utilizes payment surety bond(s) and/or letter(s) of credit in conjunction with standby trust agreement(s) to ensure that sufficient funds will be available for waste disposal and depleted uranium disposition as set forth in this Program Description. The instruments are derived from Appendix A, NUREG-1757 Volume 3, "Consolidated NMSS Decommissioning Guidance, *Financial Assurance, Recordkeeping, and Timeliness*", dated September 2003. Non-executed versions are included in this Plan. Executed documents are submitted to the NRC for review as they are revised and reissued.

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Rev. 130

December 9, 2011

PAYMENT SURETY BOND - NON--EXECUTED VERSION

Date bond executed: _____

Effective date: _____

Principal: United States Enrichment Corporation
6903 Rockledge Drive
Bethesda, MD 20817

Type of organization: Delaware Chartered Corporation

NRC certificate of compliance number: GDP-1

Name and address of facilities: Paducah Gaseous Diffusion Plant

Amount(s) for decommissioning
activity guaranteed by this bond: Estimated at [insert amount]

Surety(ies) [name(s) and business address(es)]

Type of organization: [insert "proprietorship," "joint venture," "partnership" or "corporation"]

State of incorporation: _____ (if applicable)

Surety's qualification in jurisdiction where facility is located.

Surety's bond number _____

Total penal sum of bond: $ _____

Know all persons by these presents, That we, the Principal and Surety(ies) hereto, are firmly bound to the U.S. Nuclear Regulatory Commission (herein called NRC), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS, the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 76, applicable to the Principal, which require that the holder of a certificate of compliance for a gaseous diffusion plant, or an applicant for a certificate of compliance for such a facility provide financial assurance that funds will be available when needed for those aspects of the ultimate disposal of waste and disposition of depleted uranium, decontamination and decommissioning of such a facility which are the financial responsibility of such holder or applicant (collectively, "decommissioning");

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date a notice of cancellation from the Surety(ies) is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the facility(ies) into the standby trust fund established by the Principal with [name of trustee] pursuant to the Standby Trust Agreement dated [date].

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to Surety(ies) 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination of the bond from the NRC.

If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

In Witness Whereof, the Principal and Surety(ies) have executed this financial guarantee bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies).

Principal: United States Enrichment Corporation

[Signature(s)]

[Name(s)]

[Title(s)]

[Corporate Seal]

Corporate Surety(ies)

[Name and address]

State of incorporation: _____

Liability limit: $ _____

[Signature(s)]

[Name(s) and title(s)]

[Corporate Seal]

[For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety(ies) above.]

Bond premium: $ _____

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IRREVOCABLE STANDBY LETTER OF CREDIT NO. [*INSERT NUMBER*]
NON-EXECUTED VERSION

This Credit Expires [*insert date*]

Issued To: U.S. Nuclear Regulatory Commission
Washington, DC 20555

Dear Sir or Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. _____ in your favor, at the request and for the account of the United States Enrichment Corporation, 6903 Rockledge Drive, Bethesda, MD 20817, Certificate Number GDP-1, Docket Number 70-7001, up to the aggregate amount of [*insert dollar amount in words*], U.S. dollars $_____ , available upon presentation of:

(1) your sight draft, bearing reference to this Letter of Credit No._____ , and

(2) your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under authority of the U.S. Nuclear Regulatory Commission."

This letter of credit is issued in accordance with regulations issued under the authority of the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in title 10, Chapter I of the *Code of Federal Regulations*, Part 76, which require that a holder of, or an applicant for, an NRC certificate of compliance issued under 10 CFR Part 76 provide assurance that funds will be available when needed for decommissioning.

This letter of credit is effective as of [*insert date*] and shall expire on [*insert date at least 1 year later*], but such expiration date shall be automatically extended for a period of [*insert time period of at least 1 year*] on [*insert date*] and on each successive expiration date, unless, at least 90 days before the current expiration date, we notify both you and the United States Enrichment Corporation, by certified mail, as shown on the signed return receipts or overnight courier. If the United States Enrichment Corporation is unable to secure alternative financial assurance to replace this letter of credit within 30 days of notification of cancellation, NRC may draw upon the full value of this letter of credit prior to the then current expiration date. The bank shall give immediate notice to the applicant and NRC of any notice received or action filed alleging (1) the insolvency or bankruptcy of the financial institution or (2) any violation of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. The financial institution also shall give immediate notice if the bank, for any reason, becomes unable to fulfill its obligation under the letter of credit unless a court order or other applicable law prevents the giving of such notice.

Whenever this letter of credit is drawn on, under and in compliance with the terms of this letter of credit, we shall duly honor such draft upon its presentation to us within 30 days, and we shall deposit the amount of the draft directly into the standby trust fund of the United States Enrichment Corporation in accordance with your instructions.

Each draft must bear on its face the clause: "Drawn under Letter of Credit No._____ , dated _____, and the total of this draft and all other drafts previously drawn under this letter of credit does not exceed [*insert amount of letter of credit*]."

[*Signature(s) and title(s) of official(s) of issuing institution*]
[*Name, address, and phone number of issuing institution*]
[*Date*]

This credit is subject to [*insert "the most recent edition of the Uniform Customs and Practice for Documentary Credits, published by the International Chamber of Commerce," or "the Uniform Commercial Code"*].

STANDBY TRUST AGREEMENT - NON--EXECUTED VERSION

TRUST AGREEMENT, the Agreement entered into as of [date] by and between the United States Enrichment Corporation, a Delaware chartered corporation, herein referred to as the "Grantor," and [name and address of a national bank or other Trustee acceptable to the U.S. Nuclear Regulatory Commission], the "Trustee."

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 76. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a Part 76, certificate of compliance provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a surety bond in combination with a letter of credit to provide such financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under a surety bond and/or letter of credit this standby trust shall be used for the receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

(a) The term "Decommissioning" means those aspects of the ultimate disposal of waste and disposition of depleted uranium, decontamination and decommissioning of the Paducah Gaseous Diffusion Plant (GDP) which are the financial responsibility of the Grantor.

(b) The term "Grantor" means the United States Enrichment Corporation and any successors or assigns thereof.

(c) The term "Trustee" means the trustee who enters into this Agreement and any successor Trustee.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in Certificate of Compliance Number GDP-1 issued pursuant to 10 CFR Part 76.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby trust fund (the Fund) for the benefit of the NRC. The Grantor and the Trustee intend that no third party have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5. Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

a. A certificate duly executed by the Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate, and

b. A certificate attesting to the following conditions:

(1)that decommissioning is proceeding pursuant to an NRC-approved plan.

(2)that the funds withdrawn will be expended for activities undertaken pursuant to that Plan, and

(3)that the NRC has been given 30 days' prior notice of the Grantor's intent to withdraw funds from the escrow fund.

No withdrawal from the fund can exceed 10 percent of the outstanding balance of the Fund unless NRC approval is attached.

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor, or other persons as specified by the NRC, from the Fund for expenditures for required activities in such amount as the NRC shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity

and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

(a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;

(b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal Government, and in obligations of the Federal Government such as GNMA, FNMA, and FHLM bonds and certificates or State and Municipal bonds rated BBB or higher by Standard and Poor's or Baa or higher by Moody's Investment Services; and

(c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

(a) To transfer from time to time any or all of the assets of the fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and

(b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

(a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and the NRC or to reinvest in securities at the direction of the Grantor;

(b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine

certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, where so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

(d) To deposit any cash in the Fund in interesting-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. After payment has been made into this standby trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the standby trust fund, furnish to the Grantor and to the NRC a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC, shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (See Schedule C.)

Section 13. Successor Trustee. Upon 90 days notice to the NRC, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee and this successor accepts the appointment. The successor Trustee shall have the same powers and duties as those conferred upon the

Trustee hereunder. Upon the successor Trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the NRC, and the present Trustee by certified mail 10 days before such changes becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the grantor's orders, requests, and instructions. If the NRC issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the NRC, or its designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor, or the NRC, hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instruction from the Grantor and/or the NRC, except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee and the NRC, or by the Trustee and the NRC, if the Grantor ceases to exist.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the NRC, or by the Trustee and the NRC, if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor, or the NRC, issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. This Agreement shall be administered, construed, and enforced according to the laws of the United States.

Section 19. Interpretation and Severability. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

ATTEST:

[Insert name of Grantor]
[Signature of representative of Grantor]
[Title]

[Title]
[Seal]

[Insert name of Trustee]
[Signature of representative of Trustee]
[Title]

ATTEST:
[Title]
[Seal]

United States Enrichment Corporation
Standby Trust Agreement

SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates for the following licensed activities:

U.S. NUCLEAR REGULATORY COMMISSION CERTIFICATE OF COMPLIANCE NUMBER	GDP-1
NAME AND ADDRESS OF LICENSEE	United States Enrichment Corporation 6903 Rockledge Drive Bethesda, Maryland 20817
	5600 Hobbs Road Paducah, Kentucky 42001
COST ESTIMATE FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT	[Insert amount of agreement]

The cost estimates listed here were submitted to the NRC on [insert date]

The Total Cost of decommissioning the GDP, assuming no liability for decontamination, is as per the decommissioning cost estimate on file with the NRC.

United States Enrichment Corporation _____

Trustee _____

United States Enrichment Corporation
Standby Trust Agreement

SCHEDULE B

AMOUNT:
AS EVIDENCED BY:

United States Enrichment Corporation _____

Trustee _____

United States Enrichment Corporation
Standby Trust Agreement

SCHEDULE C

Trustee will be paid [insert amount] annually for services being provided under the standby trust agreement. This fee will apply whether or not payment has been made to the standby trust fund.

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PGDP Depleted Uranium Management Plan

DEPLETED URANIUM MANAGEMENT PLAN

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1.0 INTRODUCTION

Under 10 Code of Federal Regulations (CFR) 76.35(m), the United States Enrichment Corporation (USEC) is required, as part of its application for a certificate of compliance, to provide:

> "A description of the program, as appropriate, for processing, management, and disposal of mixed and radioactive wastes and depleted uranium generated by operations. This description must be limited to processing, management, and disposal activities conducted during operation of the facilities while under lease to the Corporation. The application must also include a description of the waste streams generated by enrichment operations, annual volumes of depleted uranium and waste expected, identification of radioisotopes contained in the waste, physical and chemical forms of the depleted uranium and waste, plans for managing the depleted uranium and waste, and plans for ultimate disposition of the waste and depleted uranium before turnover of the facilities to the Department of Energy under the terms of the lease agreement between the United States Enrichment Corporation and the Department."

In accordance with 10 CFR 76.35(m), this plan describes USEC's program for the management and disposition of the depleted uranium (DU) produced as part of the enrichment activities at the Paducah (PGDP) Gaseous Diffusion Plant (GDP) and formerly at the Portsmouth (PORTS) GDP. USEC's program for the processing, management, and disposal of mixed and radioactive wastes is described in the Radioactive Waste Management Plan submitted as part of this application.

2.0 DEPLETED URANIUM PRODUCTION ESTIMATES

The production of depleted uranium will continue throughout the period that enrichment activities are conducted at PGDP. The production rate of depleted uranium is a function of the demand for enriched uranium, the portion of that demand supplied by the Russian enriched uranium, and the operating mode of the plant (determined by power load, power costs, enrichment levels, and other factors). USEC's projected depleted uranium production estimates cover the period of the Nuclear Regulatory Commission (NRC) Certificate of Compliance. The estimates are provided in Table 1, along with the amount of depleted uranium that USEC is responsible for, taking into account the factors discussed in Section 3.0 below.

The funds set aside for the disposition of depleted uranium will be based on the actual production rates of depleted uranium at the plant during the period that the plant is operated under the USEC/DOE Lease Agreement. USEC's funding plan for the disposition of depleted uranium is described in the Decommissioning Funding Program Description submitted as part of this application.

3.0 MANAGEMENT AND DISPOSITION PLAN

The depleted uranium is currently being stored as solid uranium hexafluoride (UF_6) in carbon steel cylinders at PGDP (cylinder storage is described in PGDP SAR Section 3.7.2). The cylinders meet specific design requirements and special procedures and handling equipment are used for DU cylinder handling, movement, and stacking. USEC can continue to store depleted uranium in the solid state in these cylinders for an extended period without undue risk. In addition, cylinder inspections are conducted, as described below, to provide evidence of continued cylinder integrity.

The cylinders used for the storage of depleted uranium are inspected prior to being filled. After filling, the cylinder is cooled and then moved to a cylinder yard and stacked in place. After the cylinder is stacked in position, a baseline (initial) storage inspection is conducted at which point any damage to the cylinder is identified. If the cylinder is damaged, supervision is notified promptly and the damage evaluated for any actions required; the range of actions are to be commensurate with the cylinder damage. After the initial inspection, the cylinders are inspected every four years thereafter (except for any cylinders identified in the initial inspection as requiring a more frequent inspection); the condition of each cylinder is documented using a cylinder inspection data sheet.

Initial and quadrennial inspections are conducted on full cylinders that are normally single or double stacked. These inspections, conducted from ground level, with or without visual aids, are made using the following criteria:

- Cylinders positioned incorrectly (e.g., with valves in other than top center position); this often is an indication of potential stacking damage.
- Improperly stacked cylinders with potentially damaging contact (e.g., lifting lug resting on cylinder body, stiffening ring resting on stiffening ring, other criteria as described in the inspection procedure).
- Dents, bulges, cracks, metal loss, apparent by visual inspection, on the longitudinal and circumference welds.
- Dents, bulges, cracks, gouges, stacking damage, excessive scale or rust, apparent by visual inspection, on the cylinder shell.
- Bends, cracks or breaks from shell, impact damage, gouges, apparent by visual inspection, on the stiffening rings.
- Tears, dents, cracks, excessive scale or rust, or plugged weep hole, apparent by visual inspection, on the cylinder skirt (or valve protector).

Depleted uranium in the form of solid UF_6 is suitable for conversion to other chemical forms. For example, the solid UF_6 could be converted to U_3O_8, UF_4, or uranium metal. There are a number of existing and potential uses for depleted uranium, including use in radiation shielding material, armor-piercing projectiles, and counterweights. It is possible that increased energy costs may make recovery of additional ^{235}U from the depleted uranium economically feasible in the future and that other potential uses may also be identified. No credit for any salvage value has been taken, however, in determing USEC's decommissioning funding liabilities. The conversion of the depleted uranium to one of these other forms in the near term could either foreclose other uses and disposition options because of the difficulty of processing some of these uranium compounds and the lack of processing facilities, or increase the cost of the ultimate disposition.

Moreover, the amount of depleted uranium that will be produced by USEC in the near term will be relatively small in comparison with the DOE's existing depleted uranium inventory. DOE is currently storing approximately 500,000 MTU of depleted uranium as solid UF_6 in approximately 60,000 cylinders stored at various locations on the DOE portions of the GDP plant sites. USEC presently anticipates that the bulk of its inventory of depleted uranium will ultimately be dispositioned in the same manner as the larger DOE depleted uranium inventory.

In the meantime, USEC has established agreements with the DOE that affect USEC's liability associated with the disposal of depleted uranium generated by USEC. These agreements are the "Memorandum of Agreement Between the United States Department of Energy and the United States Enrichment Corporation Relating to Depleted Uranium," dated June 30, 1998, the "Agreement Between the U.S. Department of Energy ("DOE") and USEC Inc. ("USEC")," dated June 17, 2002, the "Cooperative Agreement Between Department of Energy and USEC Inc. Concerning the American Centrifuge Demonstration Project," dated March 23, 2010, and the contract between DOE and USEC for DOE acquisition of SWU, dated March 13, 2012.

The "Memorandum of Agreement Between the United States Department of Energy and the United States Enrichment Corporation Relating to Depleted Uranium," dated June 30, 1998 provides for the transfer to DOE of 2,026 48G cylinders containing approximately 16,674,000 Kg of depleted uranium generated by USEC's operations. In accordance with the agreement, USEC made the required full payment of over $50M to DOE, covering the entire quantity of depleted uranium to be transferred. Therefore, the liability to dispose of the full amount of USEC's depleted uranium specified in the agreement now rests with DOE, further reducing the quantity of depleted uranium to be ultimately disposed of by USEC. Within these major parameters of the agreement, USEC and DOE agreed to implement the actual transfer of the material on a schedule covering the period of FY 1999 through 2004. Table 1 reflects the transfer.

The "Agreement Between the U.S. Department of Energy ("DOE") and USEC Inc. ("USEC")," dated June 17, 2002, provided, in part, for the DOE taking title of depleted uranium from USEC operations during USEC's fiscal years 2002 and 2003 and one-half the amount of depleted uranium generated during USEC's fiscal years 2004 and 2005. Therefore, as a result of this June 17, 2002 agreement, USEC's liability associated with the disposal of USEC generated depleted uranium was reduced by the quantity of depleted uranium specified in this June 17, 2002 agreement. The quantity of depleted uranium associated with this agreement is reflected in Table 1.

In 2010, DOE and USEC entered into the "Cooperative Agreement Between Department of Energy and USEC Inc. Concerning the American Centrifuge Demonstration Project," dated March 23, 2010, to provide support for the continued development and demonstration of the American Centrifuge technology. DOE agreed to accept title to 13,312,411 kg of DU to enable USEC to release encumbered funds. The quantity of Depleted Uranium associated with the agreement is reflected in Table 1.

In 2012, DOE and USEC entered into a contract which DOE acquired SWU in exchange for DOE's accepting title to, and eventual disposal responsibility for, 13,073,045 kg of DU. The quantity of DU associated with the agreement is reflected in Table l.

The "Cooperative Agreement Between Department of Energy and USEC Inc. and American Centrifuge Demonstration, LLC Concerning the American Centrifuge Cascade Demonstration Test Program," dated June 12, 2012, transferred title and responsibility for disposition from USEC to DOE of up to 39,200 MT DUF_6 (26,505 MT of DU at USEC tails purity).

In addition to USEC's enrichment operations, USEC also performs contract work for the DOE and DOE contractors. To compensate USEC for incurred costs associated with these contracts, DOE has taken title to depleted uranium further reducing USEC's liability for the disposal of depleted uranium. The quantity of depleted uranium associated with the compensation for these services is reflected in Table 1.

In addition to the foregoing outlets, USEC will, to the extent practicable, continue to market depleted uranium for uses in military applications, counterweights, and shielding applications. Efforts may also be made to develop other commercial uses that could include shielding for high-level waste storage and shipping casks, or multipurpose canisters being developed for the DOE high-level waste program.

The remaining inventory will continue to be stored as solid UF_6 until it can be processed in accordance with the disposition strategy established by DOE for its inventory.

The estimated cost of conversion and disposition of the depleted uranium is provided in the Decommissioning Funding Program, along with a description of the funding mechanisms that will be used to address USEC's funding liabilities.

4.0 ITEMS ADDRESSED BY COMPLIANCE PLAN

Section deleted.

Table 1. Estimated amount of depleted uranium (DU) generated by USEC and its disposition, in metric tons uranium (MTU) for PORTS and PGDP combined.

Year	DU Generated by USEC[1]	DU Transferred to DOE[5]	Other DU[4]	Estimated net cumulative USEC DU[2]	USEC DU at PGDP	USEC DU at PORTS
July 28, 1998-Dec. 31, 2010	-	-	-	31,416[3]	31,017	399
CY2011	5,419	-	(406)	36,429	36,429	0
CY2012	2,463	(38,823)	(5)	64	64	0
CY2013	0	0	0	64	64	0

Notes:

1. Projections are provided through the expiration date of the NRC Certificate of Compliance.
2. DOE retains liability for depleted uranium generated prior to USEC's privatization (July 28, 1998) per USEC Privatization Act (Public Law 104-134, Sec 3109, paragraph (a)(3)).
3. Reflects the cumulative amount of DU since USEC's privatization (July 28, 1998) for which USEC is responsible for disposition.
4. Includes depleted uranium refed to the cascade or sold.
5. DU transfer to DOE in 2012 includes 13,073 MTU related to DOE's acquisition of SWU in exchange for DOE's accepting title to, and eventual disposal responsibility for, a quantity of depleted uranium tails, and 25,750 MTU related to the June 12, 2012 cooperative agreement between DOE and USEC Inc., in which DOE accepted title to and responsibility for the disposition of up to 39,200 MT DUF_6 (26,505 MTU of DU at USEC tails purity).

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Enclosure 5
GDP 12-0019

Surety Bond Riders

RIDER

Executed in Duplicate (2)

To be attached to and form part of:

Bond Number [ ]
dated 12/31/2009

issued by the WESTCHESTER FIRE INSURANCE COMPANY
in the amount of $40,900,000.00

on behalf of UNITED STATES ENRICHMENT CORPORATION
(Principal)

and in favor of U.S. NUCLEAR REGULATORY COMMISSION
(Obligee)

Now therefore, it is agreed that in consideration of the premium charged, the attached bond shall be amended as follows:

The Bond Amount shall be amended:
FROM: $40,900,000.00
TO: $1,000,000.00

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged.

This Rider is to be Effective this 20th day of June, 2012.

Signed, Sealed & Dated this 20th day of June, 2012.

UNITED STATES ENRICHMENT CORPORATION

By: _____
(Principal) STEPHEN S. GREENE
VICE PRESIDENT, FINANCE & TREASURER

WESTCHESTER FIRE INSURANCE COMPANY
(Surety)

By: _____
KD Conrad, Attorney-in-Fact

U.S. NUCLEAR REGULATORY COMMISSION

By: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On JUN 20 2012 before me, Edward C. Spector Notary Public, personally appeared KD Conrad who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(seal)

Signature _____
Edward C. Spector, Notary Public

EDWARD C. SPECTOR
Commission # 1905287
Notary Public - California
Los Angeles County
My Comm. Expires Sep 24, 2014

RIDER

Executed in Duplicate (2)

To be attached to and form part of:

Bond Number [ ]
dated 12/31/2007

issued by the SAFECO INSURANCE COMPANY OF AMERICA
in the amount of $27,670,000.00

on behalf of UNITED STATES ENRICHMENT CORPORATION
(Principal)

and in favor of U.S. NUCLEAR REGULATORY COMMISSION
(Obligee)

Now therefore, it is agreed that in consideration of the premium charged, the attached bond shall be amended as follows:

The Bond Amount shall be amended:

FROM: $27,670,000.00
TO: $1,000,000.00

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged.

This Rider is to be Effective this 20th day of June, 2012.

Signed, Sealed & Dated this 20th day of June, 2012.

UNITED STATES ENRICHMENT CORPORATION

By: _____
(Principal) STEPHEN S. GREENE
VICE PRESIDENT, FINANCE & TREASURER

SAFECO INSURANCE COMPANY OF AMERICA
(Surety)

By: _____
KD Conrad , Attorney-in-Fact

U.S. NUCLEAR REGULATORY COMMISSION

By: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On JUN 20 2012 before me, Edward C. Spector Notary Public, personally appeared KD Conrad who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(seal)

Signature _____
Edward C. Spector, Notary Public

EDWARD C. SPECTOR
Commission # 1905287
Notary Public - California
Los Angeles County
My Comm. Expires Sep 24, 2014

RIDER

Executed in Duplicate (2)

To be attached to and form part of:

Bond Number [ ]
dated 12/31/2008

issued by the ARGONAUT INSURANCE COMPANY
in the amount of $15,000,000.00

on behalf of UNITED STATES ENRICHMENT CORPORATION
(Principal)

and in favor of U.S. NUCLEAR REGULATORY COMMISSION
(Obligee)

Now therefore, it is agreed that in consideration of the premium charged, the attached bond shall be amended as follows:

The Bond Amount shall be amended:
FROM: $15,000,000.00
TO: $3,040,000.00

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged.

This Rider is to be Effective this 20th day of June, 2012.

Signed, Sealed & Dated this 20th day of June, 2012.

UNITED STATES ENRICHMENT CORPORATION

By: _____
(Principal) STEPHEN S. GREENE
VICE PRESIDENT, FINANCE & TREASURER

ARGONAUT INSURANCE COMPANY
(Surety)

By: _____
KD Wapato-Conrad , Attorney-in-Fact

U.S. NUCLEAR REGULATORY COMMISSION

By: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On JUN 20 2012 before me, Edward C. Spector, Notary Public, personally appeared KD Wapato-Conrad who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity(ies), and that by ~~his~~/her/~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(seal) Signature Edward C. Spector

EDWARD C. SPECTOR
Commission # 1905287
Notary Public - California
Los Angeles County
My Comm. Expires Sep 24, 2014

Enclosure 6
GDP 12-0019

Standby Trust Schedules A, B, and C

United States Enrichment Corporation
Standby Trust Agreement

SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates for the following licensed activities:

U.S. NUCLEAR REGULATORY COMMISSION CERTIFICATE OF COMPLIANCE NUMBER	GDP-1
NAME AND ADDRESS OF LICENSEE	United States Enrichment Corporation 6903 Rockledge Drive Bethesda, Maryland 20817
ADDRESS OF LICENSED ACTIVITY	5600 Hobbs Road Kevil, KY 42053-9685
COST ESTIMATE FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT	$6,040,000

The cost estimates listed here were submitted to the NRC on June 29, 2012.

The Total Cost of decommissioning the GDP, assuming no liability for decontamination, is as per the decommissioning cost estimate on file with the NRC.

United States Enrichment Corporation _____

Stephen S. Greene

Vice President, Finance and Treasurer

U.S. Bank N.A. _____

Melody M. Scott, Assistant Vice President and Account Manager

LEISA CARVER DANIELS
NOTARY PUBLIC
REGISTRATION # 326923
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES 8-31-2015

United States Enrichment Corporation
Standby Trust Agreement

SCHEDULE B

AMOUNT: $6,040,000

AS EVIDENCED BY:
-Westchester Fire Insurance Company Bond Number [ ] $1,000,000
-Westchester Fire Insurance Company Bond Number [ ] $1,000,000
-SAFECO Insurance Company of America Bond Number [ ] $1,000,000
-Argonaut Insurance Company Bond Number [ ] $3,040,000
-

United States Enrichment Corporation _____

Stephen S. Greene
Vice President, Finance and Treasurer

U.S. Bank N.A. _____
Melody M. Scott, Assistant Vice President and Account Manager

LETTER OF ACKNOWLEDGEMENT

STATE OF: Virginia

CITY OF: Richmond

On the 26 day of June, 2012, before me, a Notary Public in the for the city and state aforesaid, personally appeared Melody M. Scott, and she did depose and say that she is the Trust Officer of U.S. Bank N.A., Trustee, which executed the above instrument, that she knows the seal of said association, that the seal affixed to such instrument is such corporation seal; that it was so affixed by order of the association; and that she signed her name thereto by like order.

Leisa Carver Daniels
Signature of Notary Public

My Commission Expires: August 31, 2015
Date

LEISA CARVER DANIELS
NOTARY PUBLIC
REGISTRATION # 326923
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES 8-31-2015

United States Enrichment Corporation
Standby Trust Agreement

SCHEDULE C

Trustee will be paid $1,500.00 annually for services being provided under the standby trust agreement. This fee will apply whether or not payment has been made to the standby trust fund.

Commitments Contained in this Submittal

USEC will incorporate the DFP and DU Plan changes into a revision to the Application.