



Three Challenges for the Next Secretary of Energy

Daniel B. Poneman

President & CEO

United States Energy Association

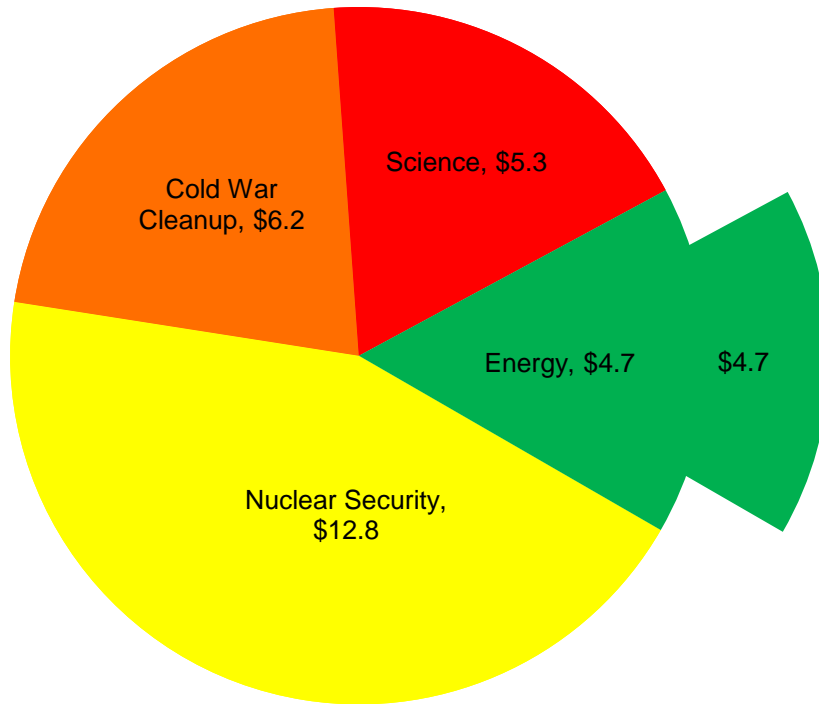
October 6, 2016

Forward-Looking Statements

Disclaimer: Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the remainder of the year, and Centrus undertakes no obligation to update any such statement to reflect later developments. Factors that could cause actual results to vary materially from those discussed today include changes in the nuclear energy industry, pricing trends and demand in the uranium and enrichment markets and their impact on our profitability, the competitive environment for our products and services, the impact and potential extended duration of the current supply/demand imbalance in the market for low-enriched uranium, risks related to trade barriers and contract terms that limit our ability to deliver LEU to customers, risks related to actions that may be taken by the U.S. government or other governments that could affect our ability or the ability of our sources of supply to perform under contract obligations, including the imposition of sanctions, restrictions or other requirements, as well as those provided in our most recent Annual Report on Form 10-K and subsequent reports as filed with the SEC.

Industry / Market Data: Industry and market data used in this presentation have been obtained from industry publications and sources as well as from research reports prepared for other purposes. We have not independently verified the data obtained from these sources and cannot assure you of the data's accuracy or completeness.

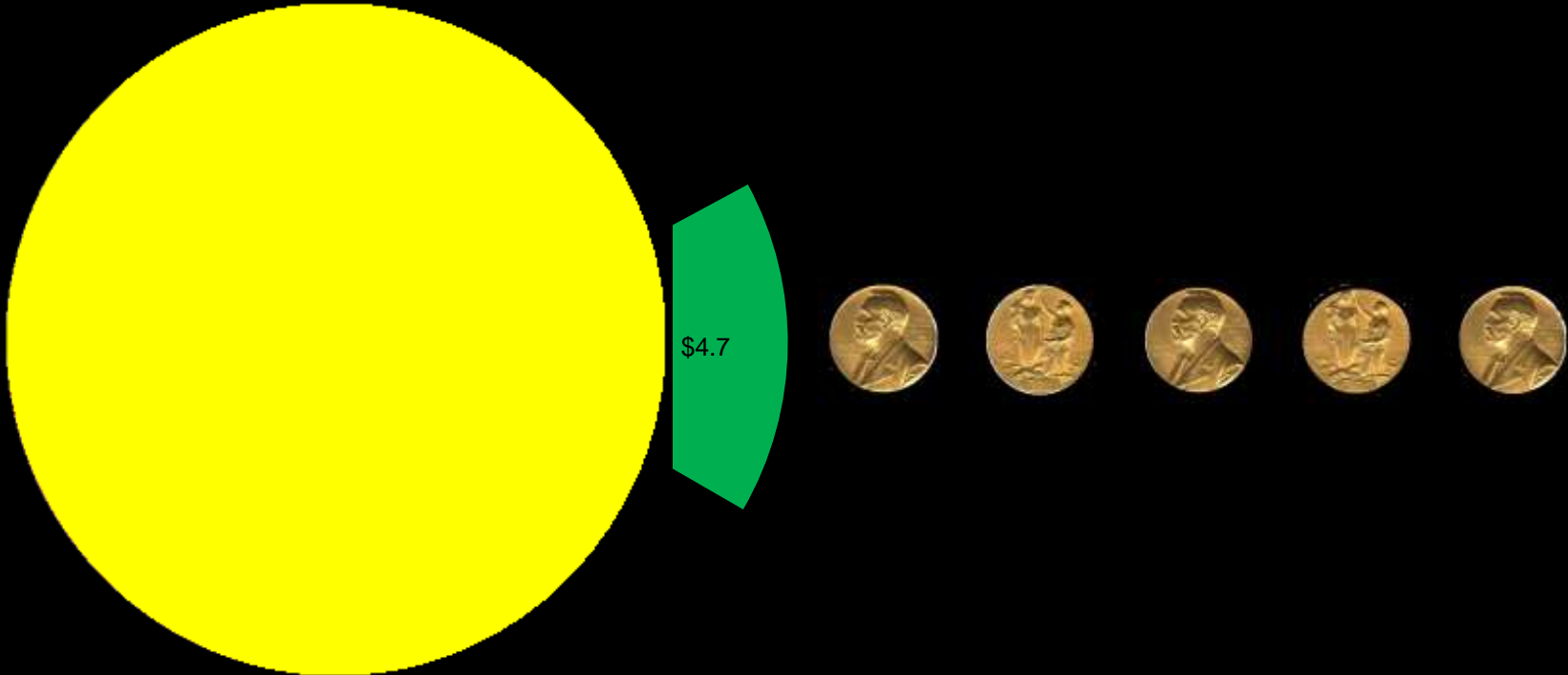
What Does the Department of “Energy” Really Do?



115 Nobel Prizes



Distractions Can Consume Your Agenda...



...Or you just run out of time

- Largest U.S. energy source

- Wood: 100 years
- Coal: 60 years
- Oil/Gas: 70+ years

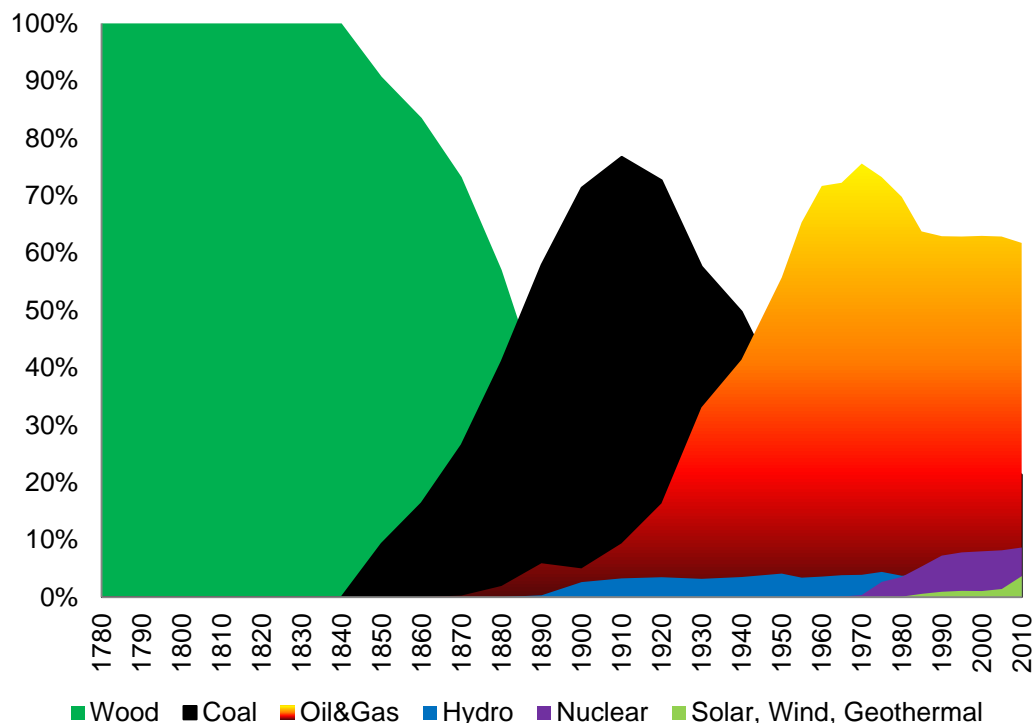
- Cleanup Projects:

- Hanford: 70 years
- Savannah River: 49 years

- Energy Secretary

- Average tenure: 1,075 days
- Shortest: 475 days
- Longest: 1,553 days

**% of U.S. Primary Energy By Source
1780-2010**



Lesson: Get focused on key priorities from day one.

Sage Advice

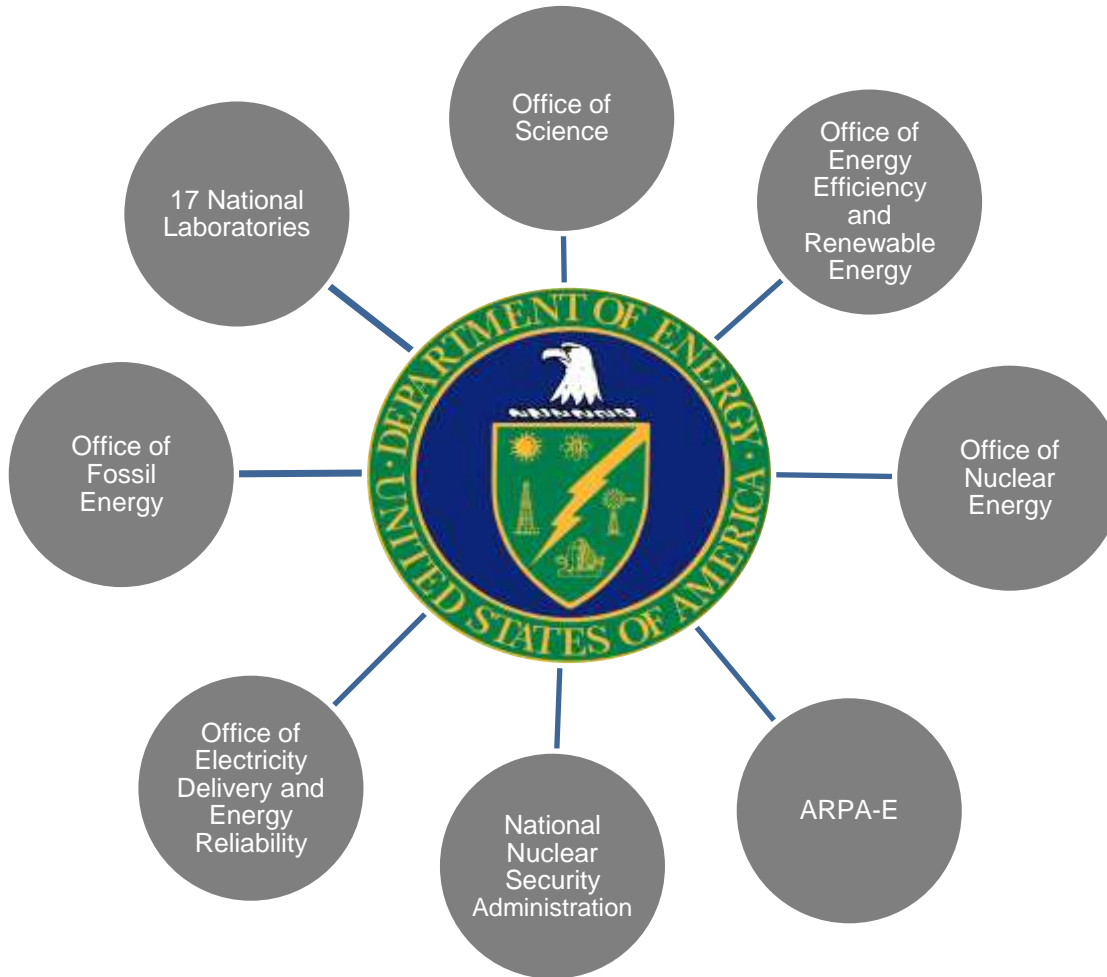


***There never seems to be enough time
to do the things you want to do, once you find them...***

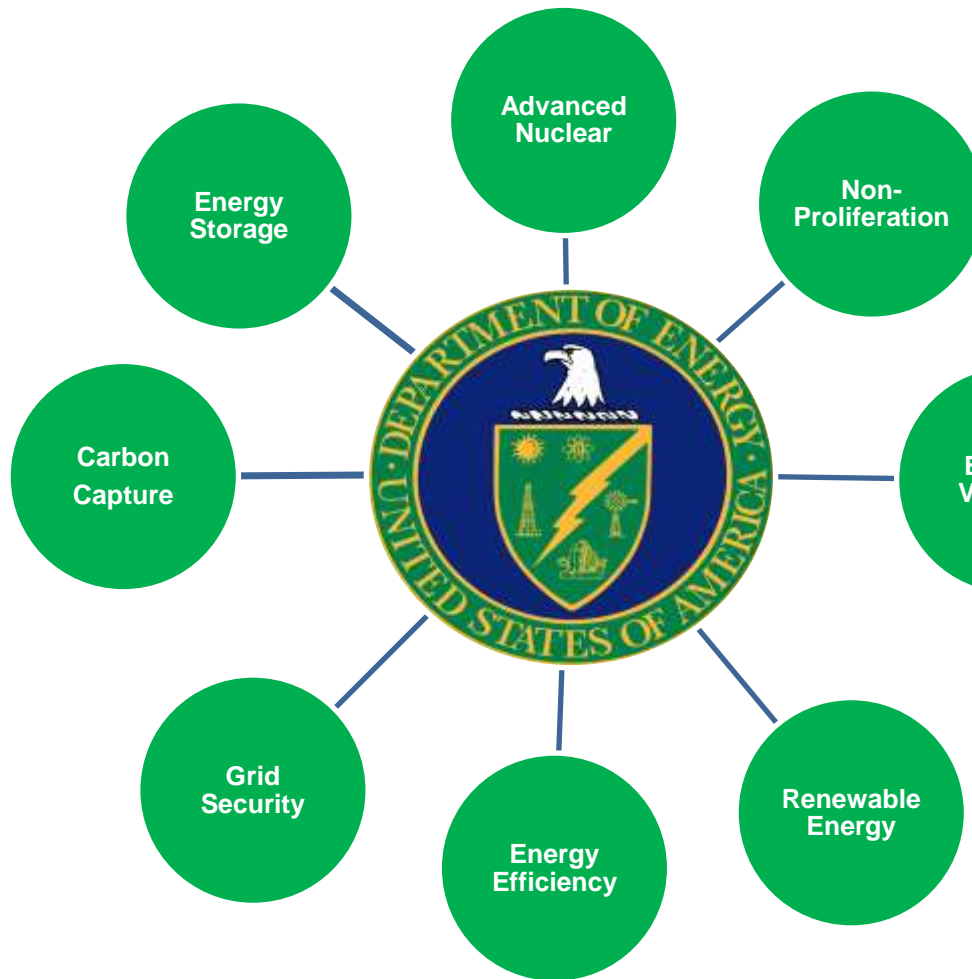
Challenge #1:

Advance U.S. leadership in
science and technology

Budget Planners Think Like This...



...But Leaders Think Like This:



Missions, not programs

Try new approaches:

- Energy innovation HUBs
- ARPA-E

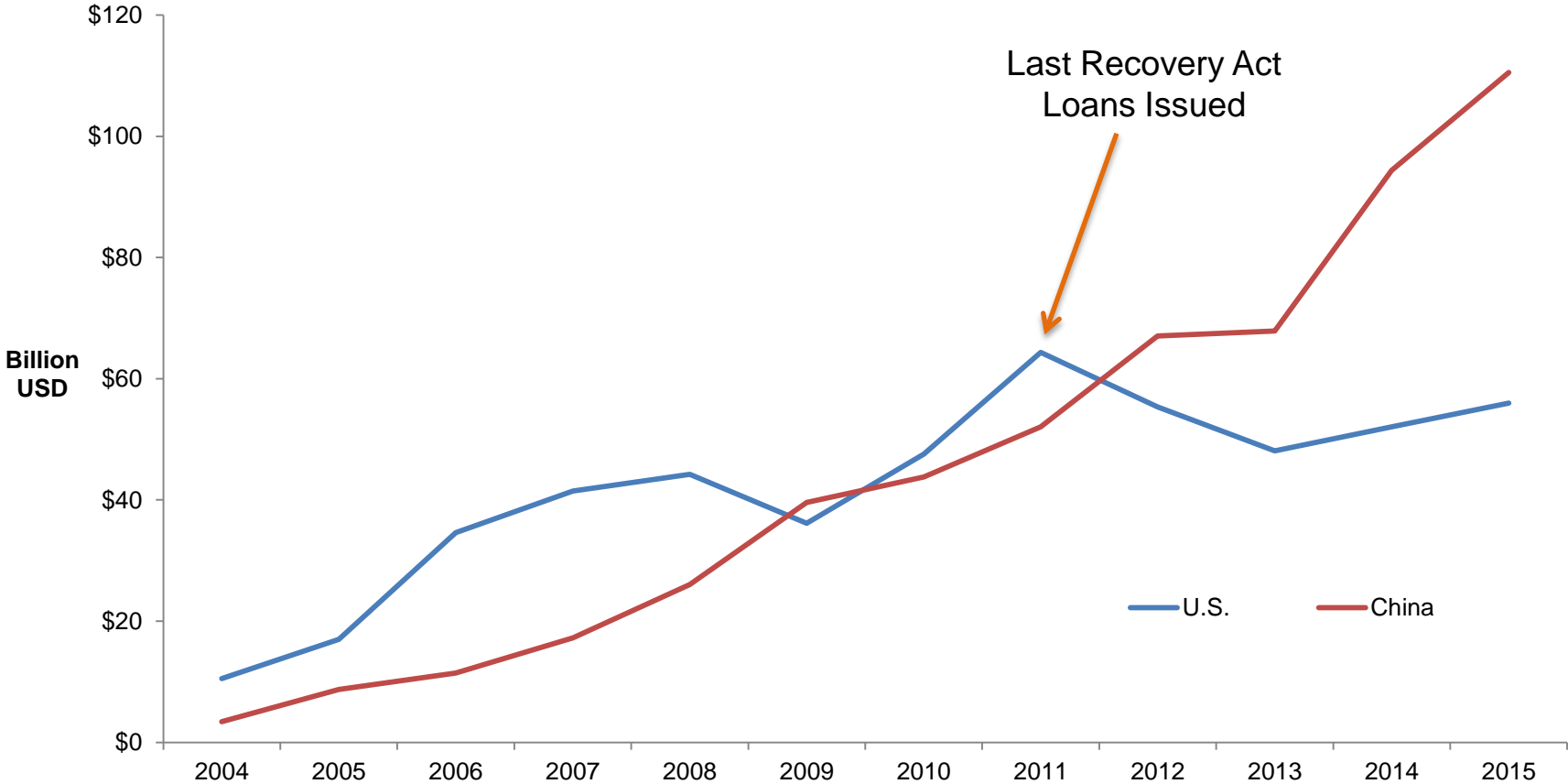
Objectives:

- Secure U.S. & allies
- Protect climate
- Grow a more prosperous economy

Challenge #2:

Drive investments in low-carbon technologies

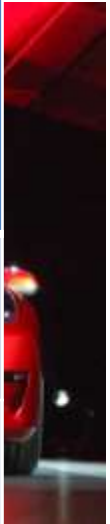
U.S. Clean Energy Investment Has Flatlined



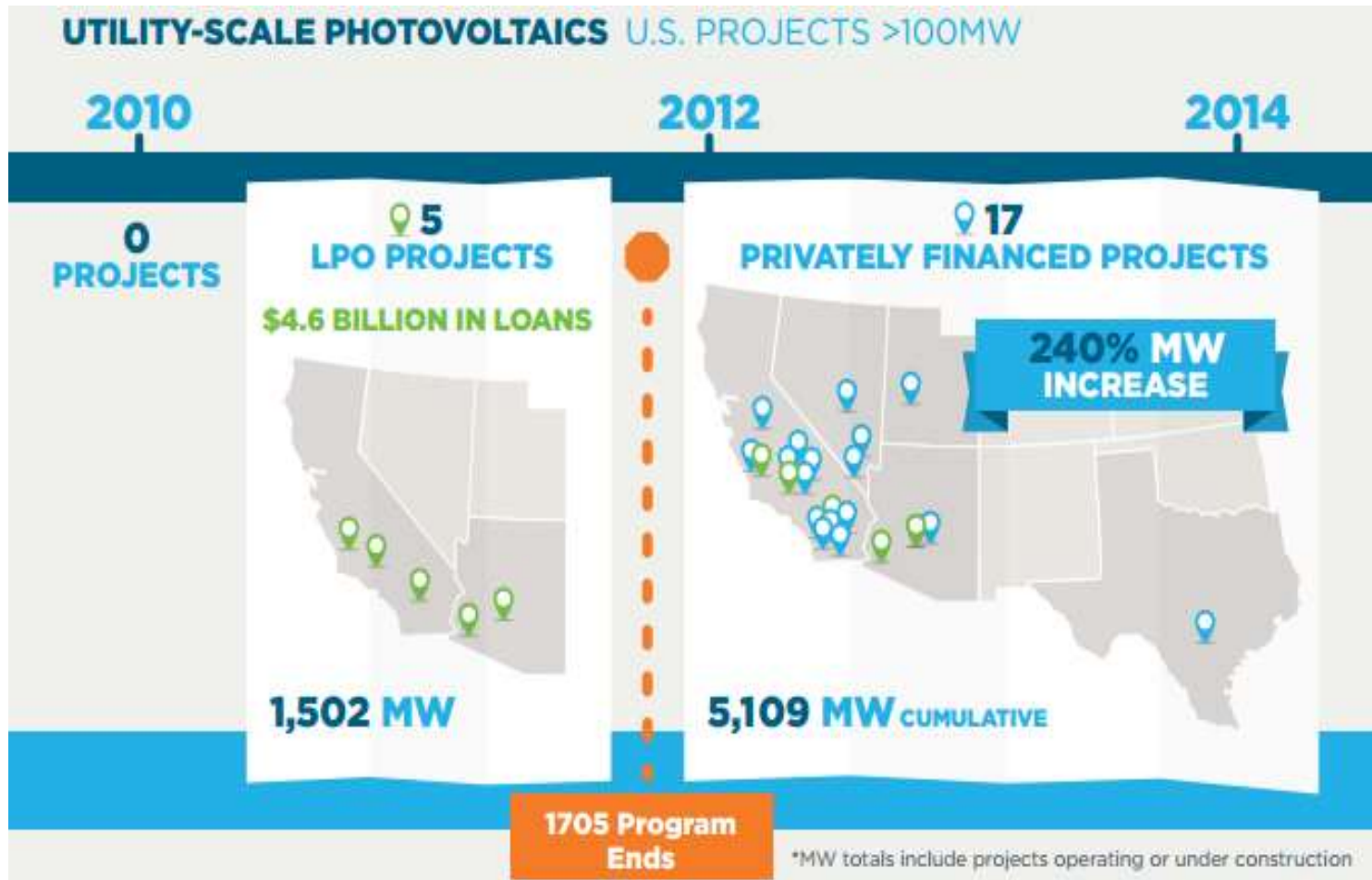
The Greatest Story Never Told

Department of Energy Loan Portfolio

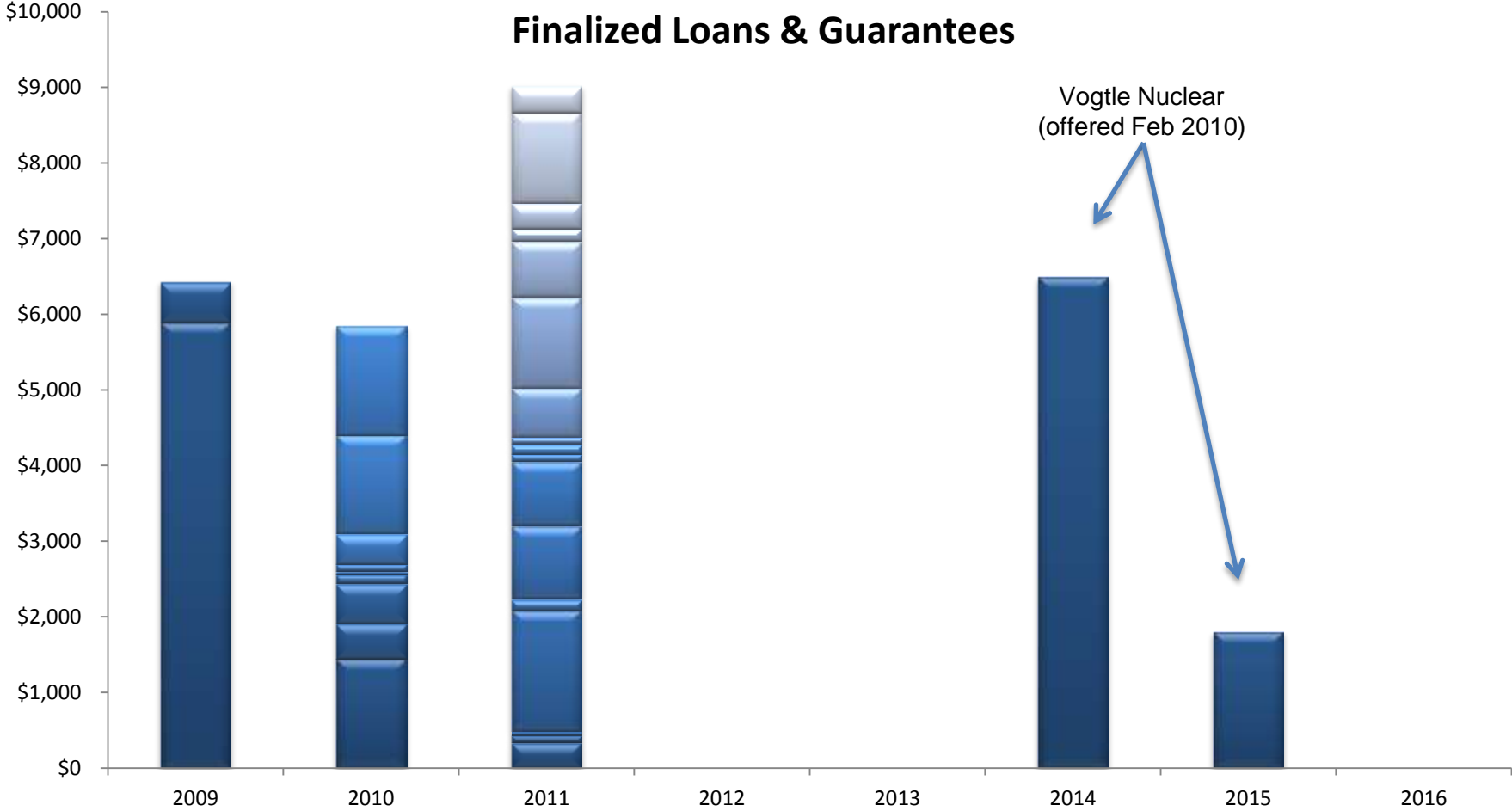
Loans Issued	\$32 billion
Loan Loss Reserve	\$10 billion
Losses (actual + projected)	\$0.8 billion
Loss %	2.5%



Launching New Markets

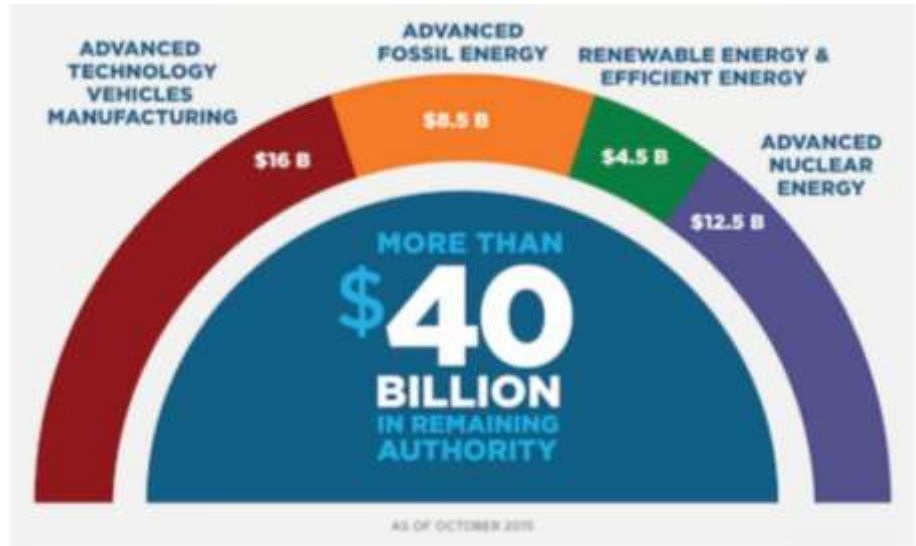


Loan Program: To Be or Not to Be?



Important Choice for the Next Secretary & President

- One of the Secretary's most powerful tools to promote U.S. leadership in clean energy.
 - Are we going to use it, or not?
 - How can we balance goal to support innovation while seeking assurance of repayment?
 - How do we leverage government loan guarantees to coax private capital into clean energy investment?



Challenge #3:

Restore American Nuclear Leadership

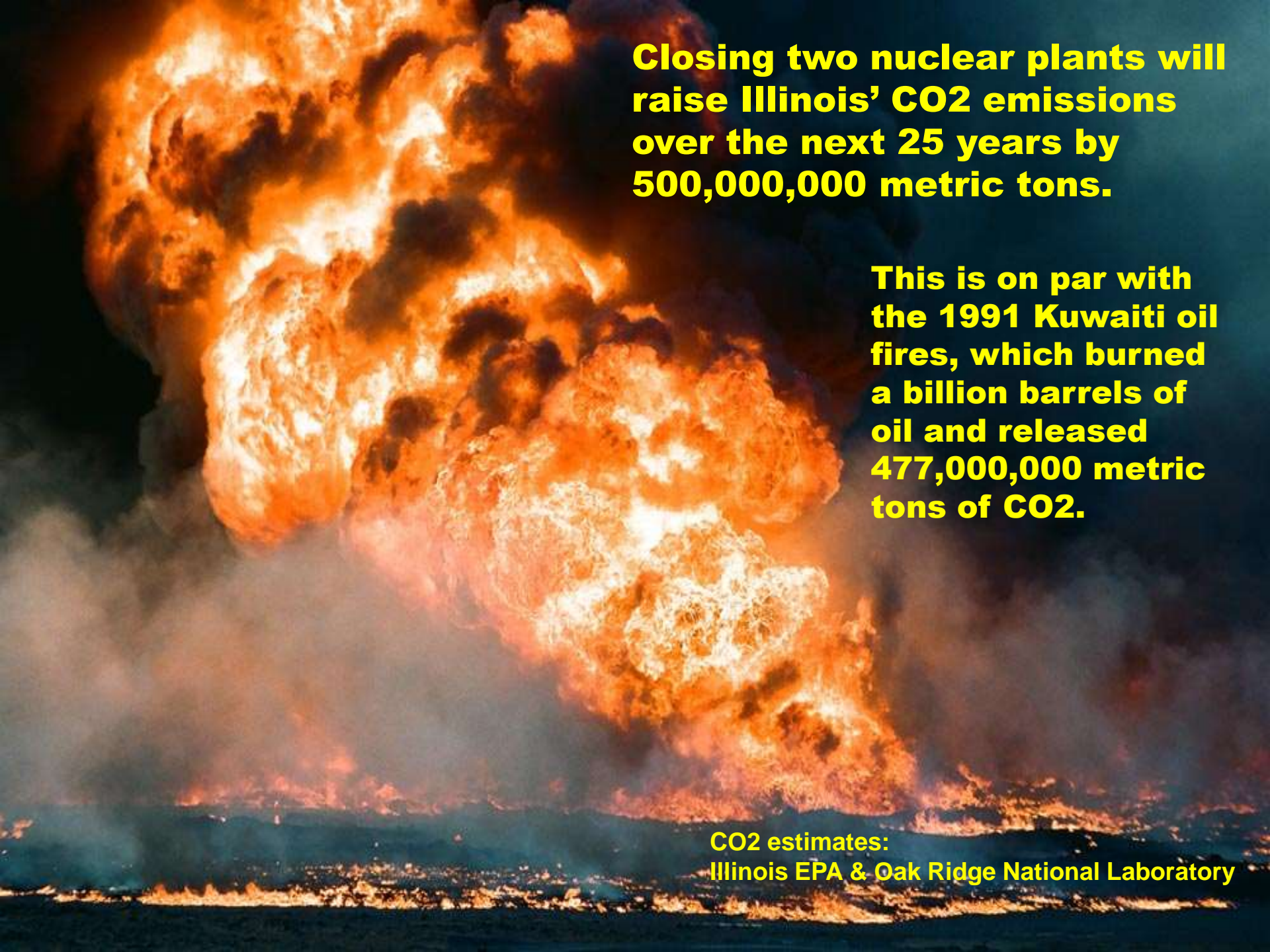
The Best of Times, The Worst of Times



5 new reactors under construction – first in 30 years



8 reactors closed or announced intent to close since 2012



Closing two nuclear plants will raise Illinois' CO2 emissions over the next 25 years by 500,000,000 metric tons.

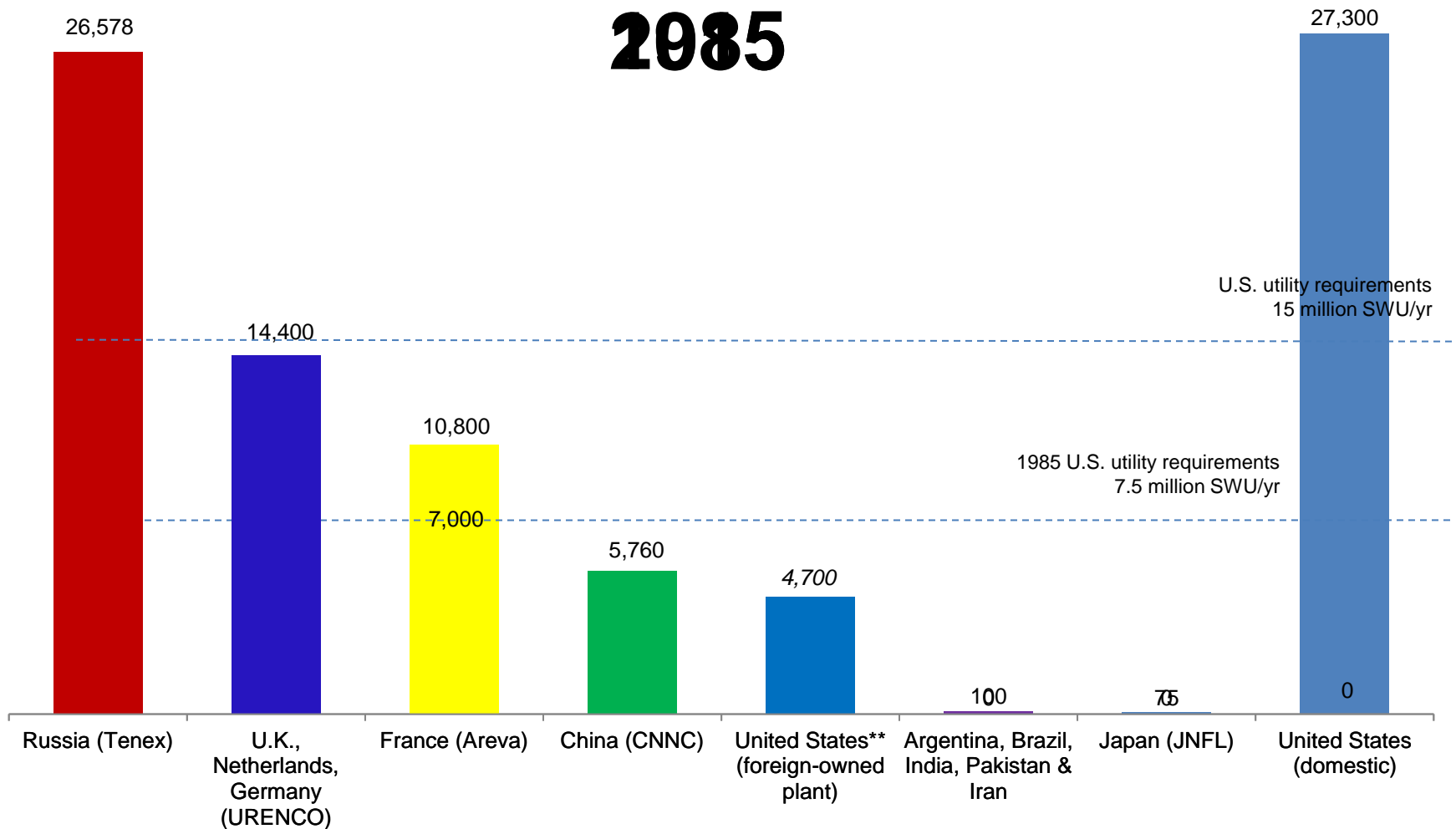
This is on par with the 1991 Kuwaiti oil fires, which burned a billion barrels of oil and released 477,000,000 metric tons of CO2.

**CO2 estimates:
Illinois EPA & Oak Ridge National Laboratory**

U.S. Was the Primary Supplier for Decades

Uranium Enrichment Capacity (Thousand SWU/year)

2085

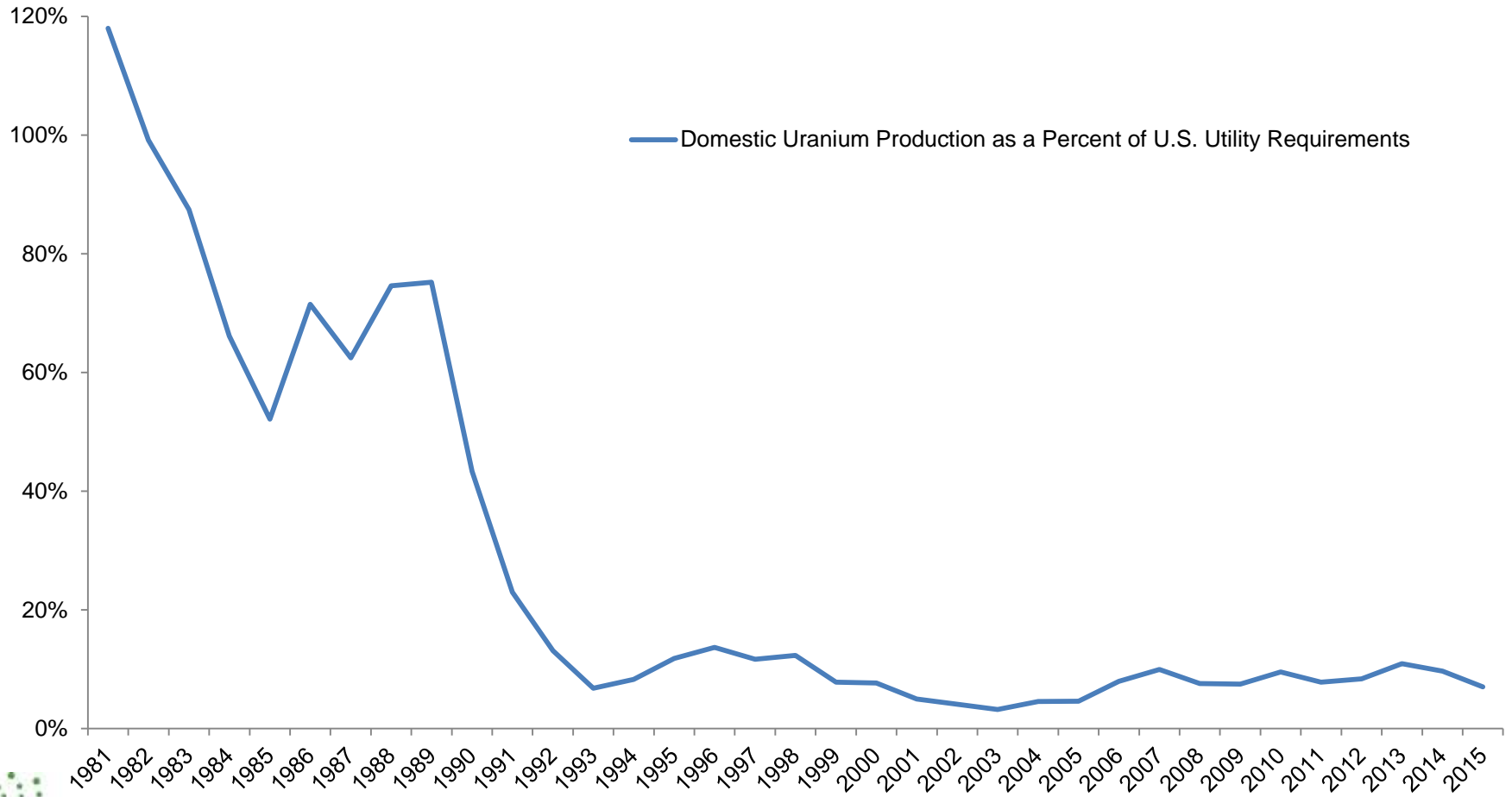


* Separative Work Units (SWU) are used to measure the amount of work done to enrich uranium.

**The only remaining enrichment plant physically located in the U.S. is controlled by URENCO, a European state-owned corporation. Because it uses foreign technology, international agreements prohibit its use for U.S. national security purposes.

Four Decades of Decline

Uranium Mining & Milling



Source: U.S. Energy Information Administration

The Energy Security Issue No One Talks About

Net Import Dependence		
	1981	2015
Oil	34%	24%
Uranium	0%	91%
Uranium Conversion	0%	32%
Uranium Enrichment	0%	68%

A winning combination?

Advance U.S. leadership in science and technology

Drive investments in low-carbon technologies

Restore American Nuclear Leadership.



*Fueling the Future
of Nuclear Power*

*Fueling the Future
of Nuclear Power*