

**Schedule 1**

**Settlement Agreement**

### **Settlement Agreement and Release**

This Settlement Agreement and Release ("Settlement Agreement") is entered into between The Babcock & Wilcox Company ("B&W"), a corporation duly organized and validly existing under the laws of the state of Delaware; Babcock & Wilcox Technical Services Group, Inc. ("B&W TSG"), a corporation duly organized and validly existing under the laws of the state of Delaware (B&W and B&W TSG are collectively referred to as the "B&W Parties"); USEC Inc. ("USEC"), a corporation duly organized and validly existing under the laws of the state of Delaware; American Centrifuge Holdings, LLC ("ACH"), a limited liability company duly organized and validly existing under the laws of the state of Delaware; and American Centrifuge Manufacturing, LLC ("ACM"), a limited liability company duly organized and validly existing under the laws of the state of Delaware (USEC, ACH and ACM are collectively referred to as the "USEC Parties") (each of B&W, B&W TSG, USEC, ACH and ACM are hereinafter referred to as a "Party" and together as the "Parties").

**WHEREAS**, ACH and B&W TSG entered into the Limited Liability Company Agreement of American Centrifuge Manufacturing, LLC dated September 2, 2010, as amended (the "LLC Agreement") to form and govern the ACM;

**WHEREAS**, USEC and B&W TSG, by assignment, had entered into the Centrifuge Commercial Plant Manufacturing Contract Purchase Agreement dated as of June 25, 2007, as amended, contract No. 723886 (the "Old B&W Contract");

**WHEREAS**, ACM, USEC and B&W TSG had entered into an Assignment, Assumption and Suspension Agreement, dated as of May 1, 2011 (the "Assignment, Assumption and Suspension Agreement") whereby the Old B&W Contract was assigned to ACM and suspended;

**WHEREAS**, USEC and ACM entered into the Equipment Supply Agreement, dated as of May 1, 2011, Contract No. 812530 (the "Stage 1 ESA") and the Stage 1 ESA expired by its terms on April 30, 2014;

**WHEREAS**, ACM and American Centrifuge Enrichment, LLC ("ACE") entered into that certain Equipment Supply Agreement, dated as of May 1, 2011 (the "Stage 2 ESA") but by its terms such Stage 2 ESA never became effective;

**WHEREAS**, ACM and B&W TSG entered into seconding agreements under which B&W agreed to provide various personnel in support of ACM (the "Seconding Agreements");

**WHEREAS**, the USEC Parties and B&W Parties are parties to other agreements, including a Fee Agreement, and a Guarantee Agreement dated as of May 1, 2011 (the "Other B&W-ACM Agreements");

**WHEREAS**, USEC is currently a debtor in possession in a case pending in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), styled as "In re: USEC INC." and bearing Case Number 14-10475 (CSS) (the "Chapter 11 Case");

**WHEREAS**, the Babcock and Wilcox Investment Company, a Delaware corporation and USEC have entered into the Plan Support Agreement dated as of March 4, 2014, which was thereafter amended on April 18, 2014 and on June 25, 2014 (as amended, the "B&W PSA");

**WHEREAS**, pursuant to the LLC Agreement ACH exercised its right under Section 4.13 to obtain the automatic transfer of all of B&W TSG's Membership Interests (as defined in the LLC Agreement) to ACH at no cost effective as of April 25, 2014; and

**WHEREAS**, upon the automatic transfer of B&W TSG's Membership Interests in ACM to ACH, the Seconding Agreements and the Other B&W-ACM Agreements expired by their terms;

**NOW, THEREFORE**, for good and sufficient consideration, receipt of which is hereby acknowledged, the Parties hereto agree as follows:

1. Effective Date.

This Settlement Agreement shall become effective upon the Bankruptcy Court's approval of the Settlement Agreement (the "Effective Date"), which approval shall be sought via motion filed by USEC in the Chapter 11 Case within five (5) business days of the date upon which the Settlement Agreement is executed by the Parties; provided, however, that if the Bankruptcy Court shall have failed to approve this Settlement Agreement within forty-five (45) calendar days of such execution date, then this Settlement Agreement shall terminate without any further action by any Party and shall have no effect on the subsequent rights and obligations of any Party.

2. Payments by ACM.

Subject to adjustment as provided in Section 3, ACM shall pay B&W the total sum of three million, three hundred and forty-two thousand, eight hundred and twenty-eight dollars (\$3,342,828) which shall consist of the following elements:

	Amount
May 1, 2014 to May 19, 2014 Labor, Fee and G&A	\$891,188
May 20, 2014 to Completion of Demobilization Labor, Fee and G&A*	\$452,206
Termination, Severance, and all other costs and fees	\$1,000,000
April 2014 G&A and Fee	\$211,503
<b>Sub-Total</b>	<b>\$2,554,897</b>
Unrecovered SEIP and MICP	\$561,023
April 26, 2014 to April 30, 2014 Labor, G&A and Fee	\$226,908
<b>Sub-Total</b>	<b>\$787,931</b>
<b>Total</b>	<b>\$3,342,828</b>

\*The amount of \$452,206 for this line item is the estimate for work from May 20, 2014 through the expected completion date of demobilization activities on July 3, 2014. Payment of this line item will be pursuant to the contract referenced in Section 3 below.

Within five (5) business days of the later of (a) the Effective Date; or (b) the date upon which the second amendment to the B&W PSA is executed, ACM shall pay or cause to be paid the amount

of two million, eight hundred and ninety thousand, six hundred and twenty-two dollars (\$2,890,622).

3. Contract for Services.

Concurrent with the execution of this Settlement Agreement, ACM and B&W TSG have entered into a contract for the provision of certain B&W TSG personnel to assist ACM in completing the partial demobilization activities ("Labor Contract"). It is estimated that the total price under that Labor Contract for work performed from May 20, 2014 to completion of the demobilization activities will be \$452,206, subject to adjustment for the labor hours actually performed and if the period of performance under the Labor Contract extends past July 3, 2014. Provision of the B&W personnel and payment for such services will be governed by the Labor Contract. The Old B&W Contract and the Assignment, Assumption and Suspension Agreement are hereby terminated at no cost or liability to any Party.

4. Mutual Release.

(a) *Releases by B&W Parties*

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the B&W Parties, on behalf of themselves, their predecessors, successors, direct and indirect parent companies, affiliates, assigns and companies under common control with any of the foregoing; together with any of the past, present and future officers, directors, shareholders, members, employees, advisors, representatives or persons acting by, through, under or on behalf of any of the foregoing; and each of them (the "B&W Releasing Parties"), hereby release, waive and discharge the USEC Parties together with their predecessors, successors, direct and indirect parent companies, affiliates, assigns and companies under common control with any of the foregoing; together with any of the past, present and future officers, directors, shareholders, members, employees, advisors, representatives or persons acting by, through, under or on behalf of any of the foregoing; and each of them (the "USEC Released Parties"), from all claims, charges, complaints, grievances, liabilities, obligations, promises, agreements, controversies, damages, actions, cause of actions, suits, rights, demands, costs, losses, and fees of any nature whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise which the B&W Releasing Parties has, or may have had, against the USEC Released Parties related to or arising from:

- (i) the formation, management, operation, or ownership of any interest in ACM, including but not limited to any matters related to or arising from the LLC Agreement, the automatic transfer of all of B&W's Membership Interests in ACM to ACH, the Other B&W-ACM Agreements and the exercise of any rights thereunder;
- (ii) the provision of and payment for any services or personnel provided by a B&W Releasing Party to ACM or any other USEC Released Party including any matters related to the performance or payment under, or the suspension, termination or expiration of the Seconding Agreements and

the Old B&W Contract and the Assignment, Assumption and Suspension Agreement;

- (iii) the Stage 1 ESA or the Stage 2 ESA including any performance or payment thereunder; and
- (iv) any other matter except for an Excluded Matter (as defined herein).

*(b) Releases by USEC Parties*

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the USEC Parties, on behalf of themselves, their predecessors, successors, direct and indirect parent companies, affiliates, assigns and companies under common control with any of the foregoing; together with any of the past, present and future officers, directors, shareholders, members, employees, advisors, representatives or persons acting by, through, under or on behalf of any of the foregoing; and each of them (the “USEC Releasing Parties”), hereby release, waive and discharge the B&W Parties together with their predecessors, successors, direct and indirect parent companies, affiliates, assigns and companies under common control with any of the foregoing; together with any of the past, present and future officers, directors, shareholders, members, employees, advisors, representatives or persons acting by, through, under or on behalf of any of the foregoing; and each of them (the “B&W Released Parties”), from all claims, charges, complaints, grievances, liabilities, obligations, promises, agreements, controversies, damages, actions, cause of actions, suits, rights, demands, costs, losses, and fees of any nature whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise which the USEC Releasing Parties has, or may have had, against the B&W Released Parties related to or arising from:

- (i) the formation, management, operation, or ownership of any interest in ACM, including but not limited to any matters related to or arising from the LLC Agreement, the automatic transfer of all of B&W’s Membership Interests in ACM to ACH, the Other B&W-ACM Agreements and the exercise of any rights thereunder;
- (ii) the provision of and payment for any services or personnel provided by a B&W Released Party to ACM or any other USEC Releasing Party including any matters related to the performance or payment under, or the suspension, termination or expiration of the Seconding Agreements and the Old B&W Contract and the Assignment, Assumption and Suspension Agreement;
- (iii) the Stage 1 ESA or the Stage 2 ESA including any performance or payment thereunder; and
- (iv) any other matter except for an Excluded Matter (as defined herein).

(c) *Excluded Matters*

For purposes of this Section 4, the following are each an Excluded Matter, which are not subject to the mutual release:

- (i) matters related to or arising from the B&W PSA or the Chapter 11 Case, including but not limited to B&W's interest in the New Notes and New Common Stock (each as defined in, and to the extent described in, the B&W PSA);
- (ii) matters related to or arising from acts or omissions occurring after the Effective Date other than for any omissions that could have or should have been performed prior to the Effective Date;
- (iii) matters related to or arising from the Labor Contract;
- (iv) the indemnity provided in subsection (iii) of the second paragraph of Section 4.13 of the LLC Agreement for costs, expenses or liabilities of ACM incurred from or after the transfer of B&W interest in ACM effective as of April 25, 2014;
- (v) liability to third parties (other than a Releasing Party); and
- (vi) liability for regulatory non-compliance resulting from the act or omission by the Released Party.

5. No Outstanding Known Claims.

Each Party affirms that it has not filed with any governmental agency or court any action, claim or report against the other Party and currently knows of no act or omission by the other Party that may constitute an Excluded Matter under Section 4 above.

6. Successors and Assigns.

The Parties intend this Settlement Agreement to be legally binding upon and shall inure to the benefit of each Party and their respective successors, and assigns.

7. Entire Agreement.

This Settlement Agreement, the PSA and the Labor Contract constitutes the entire agreement of the Parties with respect to the subject matter of this Settlement Agreement, and supersedes all other prior negotiations, agreements and understandings, whether written or oral, among the Parties with respect to the subject matter of this Settlement Agreement and the Labor Contract.

8. Governing Law.

Except to the extent that Bankruptcy Court approval is required with respect to the approval of this Settlement Agreement or USEC's rights and obligations hereunder, this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to such state's choice of law provisions which would require the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, each of the Parties


irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter arising under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in the United States District Court for the Southern District of New York, and by execution and delivery of this Agreement, each of the Parties irrevocably accepts and submits itself to the exclusive jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding.

9. Counterparts.

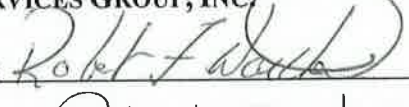
This Settlement Agreement may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument and the counterparts may be delivered by facsimile transmission or by electronic mail in portable document format (.pdf).

**IN WITNESS WHEREOF**, the Parties have caused this Settlement Agreement to be executed and delivered as of the date written below and hereby affix the signatures of their duly authorized representatives:


**THE BABCOCK & WILCOX COMPANY**

By:   
 Name: ANTHONY S. COLATRELLA  
 Title: SR. V.P. AND CFO  
 Date: 6/26/14


**BABCOCK & WILCOX TECHNICAL SERVICES GROUP, INC.**

By:   
 Name: Robert F. Werther  
 Title: VP Tech Services  
 Date: 6/26/2014


**USEC INC.**

By:   
 Name: John C. Barpoulis  
 Title: Senior Vice President & Chief Financial Officer  
 Date: 27 June 2014

**AMERICAN CENTRIFUGE MANUFACTURING, LLC**

By:   
 Name: John C. Barpoulis  
 Title: Senior Vice President & Chief Financial Officer  
 Date: 27 June 2014

**AMERICAN CENTRIFUGE HOLDING, LLC**

By:   
 Name: John C. Barpoulis  
 Title: Senior Vice President & Chief Financial Officer  
 Date: 27 June 2014