USEC
A Global Energy Company

January 17, 2007
AET 07-0002

Mr. Jack R. Strosnider
Director, Office of Nuclear Material Safety and Safeguards
Attention: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

American Centrifuge Plant
Docket Number 70-7004
Submittal of Supplemental Agreement No. 1 and Appendix 1 of the Lease Agreement Related to the American Centrifuge Plant

Dear Mr. Strosnider:

Pursuant to USEC Inc.'s commitment, Enclosure 1 provides the executed Supplemental Agreement No. 1 and Appendix 1 of the Lease Agreement between the U.S. Department of Energy and the United States Enrichment Corporation concerning facilities to be utilized for the American Centrifuge Plant. As discussed on January 9, 2007 with members of the U.S. Nuclear Regulatory Commission staff, Exhibits A through N are available for your review upon request.

If you have any questions regarding this matter, please contact me at (301) 564-3470.

Sincerely,

Peter J. Miner
Director, Regulatory and Quality Assurance

Enclosure: As Stated

cc: S. Echols, NRC HQ
J. Henson, NRC Region II
B. Smith, NRC HQ

USEC Inc.
6903 Rockledge Drive, Bethesda, MD 20817-1818
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Enclosure 1 of AET 07-0002

Supplemental Agreement No. 1 and Appendix 1 of the Lease Agreement Related to the American Centrifuge Plant

SUPPLEMENTAL AGREEMENT NO. 1 TO THE LEASE AGREEMENT BETWEEN THE UNITED STATES DEPARTMENT OF ENERGY AND THE UNITED STATES ENRICHMENT CORPORATION

SUPPLEMENTAL AGREEMENT NO. 1 TO THE LEASE AGREEMENT BETWEEN THE UNITED STATES DEPARTMENT OF ENERGY AND THE UNITED STATES ENRICHMENT CORPORATION

THIS SUPPLEMENTAL AGREEMENT NO. 1, dated as of 12/7/06, to the LEASE AGREEMENT ("Lease") entered into as of July 1, 1993, between THE UNITED STATES DEPARTMENT OF ENERGY ("Department"), acting by and through the Secretary of Energy ("Secretary"), or his designee, and THE UNITED STATES ENRICHMENT CORPORATION, a Delaware corporation and successor to the government-owned United States Enrichment Corporation ("Corporation"), acting by and through its Board of Directors or its designee, hereby amends the Lease as follows:

WITNESSETH:

WHEREAS, the Corporation leases portions of the Portsmouth Gaseous Diffusion Plant site ("PORTS") located in Piketon, Ohio and portions of the Paducah Gaseous Diffusion Plant site ("PAD") located in Paducah, Kentucky from the Department pursuant to the Lease; and

WHEREAS, Section 3.4 of the Lease permits the Corporation to expand the scope of the Lease, subject to procedures set forth in Section 3.5 of the Lease; and

WHEREAS, the Department and USEC Inc. ("USEC"), the parent corporation of the Corporation, entered into an Agreement dated June 17, 2002 ("June 17th Agreement"), whereby, inter alia, USEC made long-term commitments to facilitate the deployment of a new, cost-effective advanced enrichment technology on a rapid schedule, and pursuant to this June 17th Agreement, USEC announced on December 3, 2003, that it intends to site its commercial gas centrifuge plant at the PORTS; and

WHEREAS, the parties desire to amend the Lease to create a "stand alone" section of the Lease that is specifically applicable to facilities, areas, and personal property at PORTS that the Corporation desires to lease for the construction and operation of USEC's commercial gas centrifuge plant and its demonstration facilities for such plant, hereinafter referred to as the "GCEP Lease;" and

WHEREAS, the parties have entered into an Agreement Concerning the Temporary Lease of Certain Facilities in Support of the American Centrifuge Program, dated February 17, 2004 ("Temporary Lease"), whereby the Department agreed to

lease certain facilities at the PORTS to the Corporation as an amendment to this Lease and the Parties desire to incorporate the facilities leased under the Temporary Lease into the "stand alone" section of this Lease and to terminate the Temporary Lease in accordance with the terms of the Temporary Lease;

NOW, THEREFORE, under the authority of Section 3107 of the USEC Privatization Act (Subchapter A of Chapter 1 of Title III of Pub. L. 104-134) ("Privatization Act"); Sections 161g and 161v of the Atomic Energy Act of 1954, as amended (42 U.S.C. §§ 2201g and 2201v) ("AEA"); 42 U.S.C. §7259; and Sections 3.4 and 3.5 of this Lease, and in accordance with Section 13.1, the Department and the Corporation hereby agree to amend the Lease as follows:

1. Replace Table of Contents pp. i – iii, with new Table of Contents pp. i – iii, Revision 1.

2. Delete 13.1 in its entirety and substitute in its place the following:

Section 13.1 Lease Amendments. Except for the changes made pursuant to Section 3.4, Section 3.7, Section 9.3, Section 9.5, Section 11.1, Section 12.1, Section 13.2, Section 15.2, Exhibit F, Memorandum of Agreement between United States Department of Energy and United States Enrichment Corporation for Services, Modification No. 1, and Appendixes A and B of the Regulatory Oversight Agreement, no change, amendment or modification of this Lease shall be valid or binding unless such change, amendment or modification is described in a writing and is duly executed and consented to by the Secretary and by the Board of Directors of the Corporation, or by any person authorized by them to provide such consent.

3. Add to the Lease the following new ARTICLE XVI:

ARTICLE XVI – LEASE OF GAS CENTRIFUGE ENRICHMENT PLANT FACILITIES AND PERSONALTY – APPENDIX 1

Section 16.1 - Provisions Applicable to Gas Centrifuge Enrichment Plant. The Lease Agreement between the United States Department of Energy and the United States Enrichment Corporation, a Delaware Corporation (successor to the government-owned United States Enrichment Corporation), covering the

Department's facilities, areas, and personal property to be leased to the Corporation at PORTS for a gas centrifuge uranium enrichment demonstration facility ("Lead Cascade") and the construction and operation of a Gas Centrifuge Enrichment Plant ("Commercial Plant") by the Corporation under the authority of Section 3107 of the Privatization Act' Sections 161g and 161v of the AEA, and Sections 3.4, 3.5, and 13.1 of this Lease, which has been executed by the parties as a part of this Lease, is hereby incorporated into this Lease as Appendix 1. The provisions of the GCEP Lease (as defined in Appendix 1) shall only apply to the lease of GCEP Leased Premises and GCEP Leased Personalty (as those terms are defined in the GCEP Lease) and shall survive the termination, expiration, revocation, or relinquishment of this Lease.

Section 16.2 - Termination of the Temporary Lease. On the GCEP Lease Execution Date (as defined in Appendix 1), the Temporary Lease shall terminate and be of no further effect except that any approvals, consents or authorizations by the Parties provided under the Temporary Lease shall be deemed to have been properly granted under the GCEP Lease.

Section 16.3 – Transfer of Property. Any real or personal property which is to be leased to the Corporation under Section 3.1 or 3.2 of the GCEP Lease as GCEP Leased Premises and GCEP Leased Personalty (as defined in Appendix 1) and which is currently leased to the Corporation under the Lease (including the Temporary Lease) shall be deemed to be returned to the Department, pursuant to Section 3.4 of the Lease and leased to the Corporation under the GCEP Lease as of the GCEP Lease Effective Date (as defined in Appendix 1) for such GCEP Leased Premises and GCEP Leased Personalty. It is agreed that the Lease Turnover Requirements of the Lease shall not apply to such GCEP Leased Premises and GCEP Leased Personalty and that all GCEP Lease requirements shall apply.

4. Delete in its entirety Exhibit F of the Lease, Memorandum of Agreement between United States Department of Energy and United States Enrichment Corporation for Services, dated July 1, 1993, and substitute in its place the attached revised Exhibit F, Memorandum of Agreement between United States Department of Energy and United States Enrichment Corporation for Services, Modification No. 1.

5. A new Appendix 1 is hereby added to the Lease and is attached hereto in its entirety.

6. Except as otherwise expressly provided for in this Supplemental Agreement No. 1 or subsequent modifications in accordance with Section 13.1, all other provisions of the Lease shall remain unchanged.

IN WITNESS WHEREOF, the above terms and conditions are acknowledged and agreed upon as indicated by the signatures of their duly authorized representatives affixed below. This Supplemental Agreement No. 1 shall be effective upon execution by the Department as of the day and year first above written.

UNITED STATES DEPARTMENT OF ENERGY

BY: Samuel W Bodman

TITLE: SECRETARY OF ENERGY

DATE: 12/7/06

AND

UNITED STATES ENRICHMENT CORPORATION

BY: [illegible]

TITLE: President & CEO

DATE: 12/1/06

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MEMORANDUM OF AGREEMENT between

UNITED STATES DEPARTMENT OF ENERGY

and

UNITED STATES ENRICHMENT CORPORATION

for the SUPPLY OF SERVICES

Modification No. 1

MEMORANDUM OF AGREEMENT

between
UNITED STATES DEPARTMENT OF ENERGY
and
UNITED STATES ENRICHMENT CORPORATION
for the
SUPPLY OF SERVICES
Modification No. 1

THIS AGREEMENT ("Services Agreement Modification No. 1"), entered into as of this 7th day of Dec., 2006, ("Execution Date") by and between the UNITED STATES OF AMERICA herein after referred to as the "Government"), represented by the DEPARTMENT OF ENERGY (hereinafter referred to as "DOE" or the "Department"), and the UNITED STATES ENRICHMENT CORPORATION (hereinafter referred to as "USEC" or the "Corporation");

WITNESSETH THAT:

WHEREAS, DOE and USEC have entered into a Lease, effective July 1, 1993 ("Lease" or "GDP Lease"), whereby USEC is leasing certain uranium enrichment facilities at the Portsmouth Gaseous Diffusion Plant and the Paducah Gaseous Diffusion Plant ("GDPs"); and

WHEREAS, DOE and USEC have entered into a modification of the GDP Lease for USEC's lease of certain Gas Centrifuge Enrichment Plant facilities, areas, and personal property ("GCEP Lease"), at the Portsmouth Gaseous Diffusion Plant site ("PORTS"); and

WHEREAS, the execution of the GCEP Lease necessitated the updating of the Memorandum of Agreement between DOE and USEC for Services, dated as of July 1, 1993 ("Services Agreement") attached to the GDP Lease as Exhibit F in order to provide a vehicle for the Parties to continue to provide services to one another in support of each other's activities at the GDP sites;

WHEREAS, this revised Services Agreement is hereby designated as Services Agreement Modification No. 1;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I - DEFINITIONS

Unless defined herein, terms used in this Services Agreement Modification No. 1 shall have the meaning given to them in the GDP Lease. For purposes of this Services Agreement Modification No. 1, the term "Captive Services" shall mean

those services identified in Attachment B with an asterisk (*) and will be supplied to DOE (or its contractors or subcontractors in accordance with ARTICLE II) without fee/profit pursuant to Article IV.A.1

ARTICLE II - PURPOSES OF SERVICES AGREEMENT MODIFICATION NO. 1

1. The general purposes of this Services Agreement Modification No. 1 are to enable DOE to provide to USEC certain services at the GDPs and to enable USEC to provide to DOE certain services at the GDPs. Nothing in this Services Agreement Modification No. 1 shall be interpreted to require either DOE or USEC (each, "a Party") to furnish any service or services to the other Party in the event service(s) of that type is not necessary for a Party's own programmatic needs or to require either Party to purchase any service(s), captive or otherwise, from the other Party.

2. For the purposes of obtaining Captive Services as designated on Appendix B of this Services Agreement Modification No. 1, the definition of the Parties shall include any prime contractor or subcontractor performing work on behalf of either DOE or USEC. An agreement for Captive Services approved in advance by the DOE Lease Administrator between a DOE prime contractor or subcontractor and USEC for work approved after execution of this Services Agreement Modification No. 1 shall be treated as an agreement under the provisions of this Services Agreement Modification No. 1, including, but not limited to, the provisions related to ARTICLE IV A.1, and shall be on a cost reimbursable basis.

ARTICLE III - SERVICES TO BE PROVIDED

1. Consistent with ARTICLE II, and at USEC's request, DOE agrees to make available to or on behalf of USEC at the GDP sites the services set forth in Appendix A.

2. Consistent with ARTICLE II, and at DOE's request, USEC agrees to make available to or on behalf of DOE at the GDP sites the services set forth in Appendix B.

3. Services shall be provided to DOE and USEC in accordance with a written Work Authorization which shall include specific details such as scope of work, cost estimates, schedule requirements, applicable work rules, and other appropriate requirements applicable to the service requested. Any reduction in services which results in a reduction in workforce shall require 90 days prior notice.

4. Work Authorizations or other implementing agreements previously issued pursuant to the Services Agreement, dated as of July 1, 1993, shall continue to be in effect under the terms of each respective Work Authorization or other implementing agreement, unless and until superseded by a subsequent agreement, contract, or Work Authorization.

5. The provisions of this Services Agreement Modification No. 1 shall apply only to services provided pursuant to a Work Authorization or similar type agreement agreed to and issued under this Services Agreement Modification No. 1 and shall not be construed to modify, alter or affect any other existing or future agreement or contract between the Parties to provide goods or services.

ARTICLE IV - CHARGES

A. Charges for Services

The following charges shall apply for the services provided under this Services Agreement Modification No. 1 in Appendix A and Appendix B except for electric power delivered under ARTICLE IV, Section B. below.

1. The charges to be paid for each service provided under this Services Agreement Modification No. 1 shall be agreed to and specified in a separate Work Authorization or similar type agreement. The charges to be paid for each service provided under Appendix A shall be in accordance with applicable DOE pricing regulations, directives, and policies in effect at the time the service is performed. The charges for Captive Services (as listed in Appendix B) shall not include fee/profit. Charges for non-Captive services may include fee/profit as agreed to by the Parties. Unless otherwise prohibited by law, the charges to each user (e.g., DOE, USEC, or USEC's Sublessee) will be pro-rated for each service and/or utility by the percentage of service and/or utility used.

2. In the event a Party's request for services results in a need to increase or decrease the capacity of any infrastructure necessary to supply the requested services, each Party agrees to pay its respective pro rata share of all charges, rates, and liabilities associated with all necessary improvements or modifications, except that costs associated with improvements or modifications performed solely for the benefit of one Party shall be paid solely by that Party and shall not be imposed on the other Party.

B. Charges for Electric Power

1. The following charges shall apply to the delivery of electric power from USEC to DOE identified in Appendix B:

DOE shall pay its pro rata share of all charges, rates, and liabilities associated with DOE's right under this Services Agreement Modification No. 1 to receive electric power for its own use on or after July 1, 1993.

2. The following charges shall apply to the delivery of electric power from DOE to USEC identified in Appendix A:

In the event DOE provides electric power to USEC, USEC agrees to pay, based upon previously agreed to procedures contained in Exhibit E, Attachment A, entitled "Advance Payments by the United States Enrichment Corporation," its pro rata share of all charges, rates, and liabilities associated with electric power furnished under this Services Agreement Modification No. 1 for USEC's own use.

ARTICLE V - BILLINGS AND PAYMENT

The following shall apply for the services provided in Appendix A and Appendix B except for electric power delivered under ARTICLE IV, Section B. 2 above.

1. On July 1, 1993, USEC made a payment to DOE for the services it estimated it would require in the first 45 days. Upon receipt of invoices for services rendered, USEC shall promptly remit payments to assure a sufficient budgetary resource continues to be available. This process will continue on a monthly basis to ensure that a forty-five day advance is available to DOE.

2. USEC shall invoice DOE not more than monthly for services/work provided, with full payment due net 30 days from receipt by DOE of a proper invoice.

3. Amounts due DOE shall be payable to DOE and shall be sent to the address specified on the bill. Amounts due USEC shall be payable to USEC and shall be sent to the address specified on the bill. Either party may, by written notice given the other, change the payee designation herein.

4. Notwithstanding any agreement to the contrary, any advance payments made by DOE to USEC pursuant to ARTICLE V.2 of the Services Agreement, dated July 1, 1993 and which previously have not been returned to DOE or previously used to offset amounts due from DOE, shall be returned to DOE within thirty (30) days of the Execution Date of this Services Agreement Modification No. 1.

ARTICLE VI - PRIORITY OF SERVICES

USEC and DOE agree to perform for each other on priority basis any and all service required for emergencies or compliance with applicable federal, state and local regulations.

ARTICLE VII – MODIFICATIONS TO THE SERVICES AGREEMENT NO. 1

Consistent with Section 13.1, DOE and USEC agree that within five (5) years of the Execution Date of this Services Agreement Modification No. 1, and thereafter, every five years, the Parties will review and revise, as appropriate, the provisions of this Services Agreement Modification No. 1. In addition, in the event facilities and/or infrastructure currently leased by USEC are returned to DOE that are associated with providing certain Captive Services (such as Fire Protection, Plant Protection and Security Program Administration, Emergency Management, and Utilities), and DOE's mission dictates that it retain operational responsibility for such facilities and/or infrastructure, APPENDIX A will be modified to include such Captive Services.

IN WITNESS WHEREOF, the above terms and conditions are acknowledged and agreed upon as indicated by the signatures of the duly authorized representatives affixed below. This Services Agreement Modification No. 1 shall be effective upon execution by the Department as of the day and year first above written.

UNITED STATES DEPARTMENT OF ENERGY

BY: Larry W Clark

TITLE: Assistant Manager for Nuclear Fuel Supply

DATE: 12/7/06

AND

UNITED STATES ENRICHMENT CORPORATION

BY: Philip G. Sewell

TITLE: Senior Vice President

DATE: December 1, 2006

APPENDIX A

Services to be Provided by DOE

At USEC's request, DOE agrees to perform the services set forth below at the costs to be negotiated in accordance with Article IV for each respective group of services.

1. Storage of USEC-generated Hazardous Wastes at PAD and PORTS as required by Exhibit C of the GDP Lease. This provision does not apply to hazardous waste generated by USEC within the GCEP Leased Premises after the GCEP Lease Execution Date, unless otherwise agreed to by DOE.

2. Safeguards and Security - Technical Surveillance Countermeasures/Operation Security Support and TEMPEST.

3. Other services and utilities, such as the provision of electric power and the disposal of classified material, if and as agreed to by the Parties.

APPENDIX B

Services to be provided by USEC

At DOE's request, USEC agrees to perform the services set forth below at the costs to be negotiated in accordance with Article IV for each respective service.

1. Maintenance - At DOE's request, perform maintenance on DOE facilities and calibration on DOE systems and equipment.

2. Janitorial - Provide janitorial services for DOE facilities.

3. Analytical Laboratories - Manage the analytical laboratories and provide analytical services to DOE.

*4. Fire Protection - Manage the Fire Protection Program, including emergency medical services, and provide fire protection to DOE facilities.

*5. Plant Protection and Security Program Administration - Manage the Protective Forces and Security Program and provide services as requested to protect DOE's security interests.

*6. Emergency Management - Manage and provide the emergency management support systems, including emergency facilities and equipment, emergency response organization, emergency operations center, radiation/criticality accident alarm system, meteorological monitoring system, emergency communication systems, emergency notification system, and emergency notification and reporting.

*7. Utilities - Provide utility services, including water, steam, air, nitrogen, sewer, natural gas, and electricity/ power operations.

*8. Nuclear Materials Control and Accountability - Provide nuclear materials control and accountability functions required for the nuclear materials belonging to DOE that are stored, processed or handled at PAD and PORTS. All program elements shall be administered according to the appropriate DOE Orders.

*9. Computer Services – Manage and provide computing services

*10. Telecommunications – Provide telecommunications systems support and services.

11. Cylinder Handling – Provide inspection, testing, restacking and maintenance of DOE cylinders.

12. Medical – Provide medical services for employees.

13. Stores – Maintenance and management of inventories.

14. Environmental Base – Air, water, and soil monitoring; studies, tests, and analyses.

15. Safety and Health – Health Physics Monitoring, Industrial Hygiene, Radiation Protection, and Safety and Health System.

*16. Records Management – Maintenance, processing, transferring, retrieval, and storage.

17. a. Garage - Provide repair and maintenance services on DOE vehicles.
    *b. Garage - Repair and maintenance service on radiologically contaminated vehicles/equipment or vehicles/equipment operating in classified or restricted areas/emergency is considered a Captive Service.

18. Quality Assurance

*19. Respirator Services – Respirator cleaning and fit testing. Service includes cleaning of contaminated and potentially contaminated respirators, including fit testing services in the on-site respirator facility.

*20. Laundry Services

*21. Radio Repair and Calibration – Frequency synchronization, operation, and maintenance of radio repeaters and operation of radio relay network.

*22. HEU Surveillance and Maintenance –Performance of checks and record pressure on HEU cells, maintenance support of HEU cells; and Uranium Analytical Services for Buffered HEU Cells (Buffer gas sampling and analyses on shutdown HEU cells).

23. Other services if and as agreed to by the Parties.

*Captive Services

APPENDIX 1

LEASE AGREEMENT
BETWEEN
THE UNITED STATES DEPARTMENT OF ENERGY
AND
THE UNITED STATES ENRICHMENT CORPORATION
FOR THE GAS CENTRIFUGE ENRICHMENT PLANT

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APPENDIX 1
LEASE AGREEMENT BETWEEN
THE UNITED STATES DEPARTMENT OF ENERGY AND
THE UNITED STATES ENRICHMENT CORPORATION
FOR THE GAS CENTRIFUGE ENRICHMENT PLANT

THIS APPENDIX 1 LEASE AGREEMENT FOR THE GCEP LEASED PREMISES and GCEP LEASED PERSONALTY (as defined below) ("GCEP Lease") is entered into as of DECEMBER 7, 2006 ("GCEP Lease Execution Date"), between THE UNITED STATES DEPARTMENT OF ENERGY ("Department"), acting by and through the Secretary of Energy ("Secretary"), or his designee, and THE UNITED STATES ENRICHMENT CORPORATION, a Delaware corporation ("Corporation"), acting by and through its Board of Directors or its designee. Each of the Department and the Corporation is a "Party" and are collectively referred to as the "Parties."

WITNESSETH:

WHEREAS, the Corporation as the successor to the government-owned United States Enrichment Corporation leases portions of the Portsmouth Gaseous Diffusion Plant site located in Piketon, Ohio ("PORTS Site") and portions of the Paducah Gaseous Diffusion Plant site located in Paducah, Kentucky ("PAD Site") from the Department pursuant to a Lease Agreement dated July 1, 1993, as amended (the "Lease" or "GDP Lease"); and

WHEREAS, Section 3.4 of the GDP Lease permits the Corporation to expand the scope of the GDP Lease, subject to procedures set forth in Section 3.5 of the GDP Lease; and

WHEREAS, the Department and USEC Inc., the parent corporation of the Corporation, entered into an Agreement dated June 17, 2002 ("June 17th Agreement"), whereby, inter alia, USEC Inc. made long-term commitments to facilitate the deployment of a new, cost-effective advanced enrichment technology on a rapid schedule, and pursuant to this June 17th Agreement, USEC Inc. announced on December 3, 2003, that it intends to site its commercial gas centrifuge plant at the PORTS Site; and

WHEREAS, the parties desire to amend the GDP Lease to create a "stand alone" section of the GDP Lease that is specifically applicable to the PORTS Site facilities, areas and personal property that the Corporation desires to lease for the construction and operation of the Lead Cascade Facilities and the Commercial Plant (as such terms are defined herein);

NOW, THEREFORE, under the authority of Section 3107 of the USEC Privatization Act (42 U.S.C. §§ 2297h) ("Privatization Act"); Sections 161g and 161v of the Atomic Energy Act of 1954, as amended (42 U.S.C. §§ 2201g and 2201v) ("AEA"); Section 649 of the Department of Energy Organization Act (42 U.S.C. §7259); 42 U.S.C. §7259; and in accordance with Sections 3.4, 3.5, and 13.1 of the GDP Lease, the Department and the Corporation hereby agree to the following terms and conditions:

ARTICLE I
DEFINITIONS

Section 1.1 - Terms. The following additional terms when capitalized and used in this GCEP Lease (including the Exhibits hereto) shall have the meanings indicated below. The meanings specified are applicable to both the singular and the plural.

"Capital Improvement" shall mean any change, alteration, addition, or other improvement made by the Corporation to the GCEP Leased Premises (as such term is hereinafter defined) which does not constitute routine maintenance or repair of such GCEP Leased Premises.

"Capital Improvement Notice" shall have the meaning ascribed to it in Section 4.5(b).

"Commercial Plant" shall mean the commercial uranium enrichment plant using advanced enrichment technology that the Corporation will construct and operate in accordance with the June 17th Agreement and a license issued by the Nuclear Regulatory Commission ("NRC").

"Common Areas" shall mean those areas within the GCEP Leased Premises, designated in accordance with Section 3.1(c) herein, in which the Department, its contractors, subcontractors, agents, and representatives conduct activities in accordance with applicable Department requirements.

"Condition Report" shall mean the assessment performed by the Department that generally describes the current condition of the facility, its components, and infrastructure, being proposed to be leased under Section 3.1, including descriptive and analytical text, and to the extent practicable, photographs, of the building structure, roof, mechanical, plumbing, fire protection and electric systems.

"Corporation" shall mean the United States Enrichment Corporation, its agents, representatives, and, if approved under the provisions of Article XIV, its sublessees, successors, and assigns.

"Corporation Lease Representative" shall have the meaning ascribed to it in Section 11.1(b) hereof.

"Corrective Actions" shall have the meaning given to such term in the Solid Waste Disposal Act, as amended.

"Decontamination and Decommissioning" shall mean those activities, including Response Actions or Corrective Actions, undertaken to decontaminate and decommission facilities and related property.

"Demolition" shall mean the total dismantlement of the GCEP Leased Facilities, any fixtures, and systems down to slab on grade, and removal of all resulting debris and Material of Environmental Concern (including any contamination contained in such debris and Material of Environmental Concern, regardless of origin or whether such debris, contamination, or Material of Environmental Concern exists as the result of the actions of the Department or its authorized representatives) from the GCEP Leased Premises and PORTS in accordance with applicable Laws and Regulations. "Demolition" shall also include removal, remediation, decontamination, and cleanup of any contamination and Material of Environmental Concern from the slab in accordance with applicable Laws and Regulations, including NRC unrestricted free release requirements. "Demolition" shall not include any removal, remediation, decontamination, or cleanup of any contamination or other Material of Environmental Concern below the slab.

"Department" shall mean the United States Department of Energy, its agents, representatives, and those persons acting upon its behalf.

"Department Lease Administrator" shall have the meaning ascribed to it in Section 11.1(a) hereof.

"Department's Personal Property" shall mean the Department's personal property but shall not include GCEP Leased Personalty or Material of Environmental Concern.

"Disposition Plan" shall have the meaning ascribed to it in Sections 3.2 and 4.3(f) hereof.

"Environmental Claim" shall mean any claim, action, cause of action, investigation or notice by any person or entity alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental Response Actions, Corrective Actions, natural resource damages, property damages, personal injuries, penalties, or fines) arising out of, based on or resulting from (a) the presence, or release

into the environment, of any Material of Environmental Concern at any location or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Laws.

"Environmental Laws" shall mean all laws, regulations and other requirements established by any Government Authority relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface or subsurface strata) or regulating the handling of or exposure to radioactive materials, including the Laws and Regulations relating to emissions, discharges, releases or threatened releases of Material of Environmental Concern, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Material of Environmental Concern.

"Environmentally Non-Sensitive" shall mean any action which does not materially increase the risk of a violation of Environmental Laws and does not materially increase the cost of Decontamination and Decommissioning.

"Environmentally Sensitive" shall mean any action which materially increases the risk of a violation of Environmental Laws or materially increases the cost of Decontamination and Decommissioning.

"GCEP Clean-up Activities" shall mean those Department funded activities performed by the Corporation under the Work Authorization entitled "Surplus Centrifuge Equipment Removal," No. Portsmouth -01, as amended.

"GCEP Lease" shall mean the provisions set out in this APPENDIX 1 LEASE AGREEMENT BETWEEN THE UNITED STATES DEPARTMENT OF ENERGY AND THE UNITED STATES ENRICHMENT CORPORATION FOR THE GAS CENTRIFUGE ENRICHMENT PLANT, including all Exhibits hereto. It is understood that the GCEP Lease, unless otherwise expressly stated herein, does not incorporate either directly or indirectly any other terms of the GDP Lease.

"GCEP Lease Administration" shall have the meaning ascribed to it in Section 8.1 hereof.

"GCEP Lease Effective Date" shall have the meaning ascribed to it in Section 3.1(a) hereof.

"GCEP Lease Execution Date" shall mean the date as contained in the first sentence of the first paragraph of this GCEP Lease.

"GCEP Lease Term" shall mean the period from the GCEP Lease Execution Date to the date the GCEP Lease expires or terminates, including any subsequent Renewal Periods.

"GCEP Leased Facilities" shall mean those structures and related fixtures located inside such structures listed in Exhibit H and which are included within the GCEP Leased Premises, but does not include the land under or surrounding such buildings.

"GCEP Leased Personalty" shall have the meaning ascribed to it in Section 3.2 hereof.

"GCEP Leased Premises" shall have the meaning ascribed to it in Section 3.1(a) hereof and includes GCEP Leased Facilities and Common Areas.

"GDPs" shall mean the gaseous diffusion uranium enrichment plant owned by the United States of America located at Paducah, Kentucky, and the gaseous diffusion uranium enrichment plant owned by the United States of America at Piketon, Ohio, including all the real property within the boundary of both such plants, or any portion thereof, regardless of whether any such real property is leased to the Corporation.

"GDP Lease" shall mean the Lease and all Exhibits entered into between the Department and the Corporation, dated July 1, 1993, and any modifications thereafter, except for the GCEP Lease contained in this Appendix 1.

"Government Authority" shall mean any department, agency or instrumentality of the federal government, of any state, or of any municipality or of any political subdivision of any state or municipality.

"HEU Agreement" shall have the meaning ascribed to it in Section 12.4 hereof.

"Incremental Turnover Costs" shall have the meaning ascribed to it in Section 4.3(g) hereof.

"Initial Term" shall have the meaning ascribed to it in Section 7.1 hereof.

"Laws and Regulations" shall mean all laws and regulations (including all Environmental Laws), and other requirements of any Government Authority (including any standards established by the NRC to protect public health and safety from radiological hazard and to provide for the common defense and security) which apply to the Department or the Corporation, as the case may be.

"Lead Cascade" or "Lead Cascade Facilities" shall mean the Corporation's demonstration facilities located in Buildings X-3001, X-3012, X-7725 (partial), X-7726 (partial) and X-7727H which were leased to the Corporation pursuant to the Temporary Lease (as such term is defined herein).

"Material of Environmental Concern" shall mean any material subject to classification as a hazardous waste under the Solid Waste Disposal Act, as amended, and any material such as pollutants, contaminants, wastes, toxic substances, petroleum and refined petroleum products, hazardous substances, radioactive materials, and other like subject matter.

"Nonexclusive Easements and Rights-of-Way" shall have the meaning ascribed to it in Section 3.1(b) hereof.

"NRC" shall mean the United States Nuclear Regulatory Commission, and any successor agency thereto.

"PAD Site" shall mean the gaseous diffusion uranium enrichment plant owned by the United States of America located at Paducah, Kentucky, including all the real property within the boundary of such plant, or any portion thereof, regardless of whether any such real property is leased to the Corporation.

"PORTS" shall mean the gaseous diffusion uranium enrichment plant owned by the United States of America located in Piketon, Ohio, including all the real property within the boundary of such plant, or any portion thereof, regardless of whether any such real property is leased to the Corporation, exclusive of the GCEP Leased Premises.

"PORTS Site" shall mean the gaseous diffusion uranium enrichment plant owned by the United States of America located in Piketon, Ohio, including all the real property within the boundary of such plant, or any portion thereof, regardless of whether any such real property is leased to the Corporation, inclusive of the GCEP Leased Premises.

"Production Shortfall Cure Period" shall have the meaning ascribed to it in Section 12.2(d) hereof.

"Regulatory Agency" shall mean any Government Authority which is empowered to administer or enforce Laws and Regulations.

"Regulatory Oversight Agreement" shall have the meaning ascribed to it in Section 6.3 hereof.

"Regulatory Permits" shall mean all licenses, permits, certificates, approvals, authorizations and other requirements mandated by Laws and Regulations for the occupation, use or operation of the GCEP Leased Premises.

"Released Facilities and Equipment List" shall have the meaning ascribed to it in Section 3.5 hereof.

"Renewal Period" shall have the meaning ascribed to it in Section 7.2 hereof.

"Rent" shall have the meaning ascribed to it in Section 8.1 hereof.

"Rent Period" shall have the meaning ascribed to it in Section 8.1 hereof.

"Response Actions" shall have the meaning given such term in the Comprehensive Environmental Response, Compensation and Liability Act, as amended.

"Safety Basis" shall mean a systematic analysis that identifies facility and external hazards and their potential for initiating accident sequences, the potential accident sequences, their likelihood and consequences, and any accident preventing or consequence mitigating feature.

"Services Agreement" shall have the meaning ascribed to it in Section 6.1 hereof.

"Successor in Interest" shall mean one who succeeds to the Corporation's control of the GCEP Leased Premises and GCEP Leased Personalty as the result of a transfer of all the Corporation's assets or of the entire portion of assets performing this GCEP Lease, and meets all the requirements as set forth in ARTICLE XIV.

"Targeted Turnover Date" shall have the meaning ascribed to it in Exhibit A hereof.

"Temporary Lease" shall mean the Agreement between the U.S. Department of Energy and the United States Enrichment Corporation Concerning the Temporary Lease of Certain Facilities in Support of the American Centrifuge Program, dated February 17, 2004.

"Turnover Requirements" shall have the meaning ascribed to it in Section 4.4 hereof.

Section 1.2 - Headings. Article and Section headings in this GCEP Lease are provided only for ease of reference and not interpretation.

Section 1.3 - Rules of Interpretation

(a) The words "without limitation," whether stated or not, are implied to follow the use of any words such as "including" or "excluding" that are employed in this GCEP Lease. The words "hereof" or "herein" or "hereunder" when used in this GCEP Lease shall mean pertaining to this GCEP Lease.

(b) All Exhibits to this GCEP Lease shall be incorporated into this GCEP Lease by reference as appropriate and will be deemed to be an integral part of this GCEP Lease. In the event of any inconsistency between Exhibits A through N and the Articles of this GCEP Lease, the Articles of this GCEP Lease shall control.

Section 1.4 - Relationship to Other Agreements

(a) Upon the GCEP Lease Effective Date as to each facility, area (or portions thereof) or property in accordance with Section 3.1, the rights or benefits, substantial or procedural, of the Parties with respect to the GCEP Leased Premises and GCEP Leased Personalty identified in Exhibits A and B hereto, or by any future amendment to those Exhibits, shall be governed solely by this GCEP Lease. The Parties agree that after the date any facility, area (or portions thereof) or property are leased under this GCEP Lease or listed on the Released Facilities and Equipment List (as referenced in Section 3.5), the rights and benefits under the GDP Lease with respect to such GCEP Leased Premises and GCEP Leased Personalty or property listed on the Released Facilities and Equipment Listing may not be exercised, revived or reconstituted under the GDP Lease, except as may be expressly agreed to in writing by the Parties.

(b) Nothing in the GDP Lease or the Temporary Lease shall apply to the GCEP Lease, unless expressly incorporated herein. The facilities leased to the Corporation under the Temporary Lease as of the GCEP Lease Execution Date shall be leased to the Corporation under this GCEP Lease and the Temporary Lease shall terminate as of the GCEP Lease Execution Date. This GCEP Lease does not revise or modify any provision of the June 17th Agreement, attached hereto as Exhibit C.

ARTICLE II
AUTHORITY OF THE PARTIES

Section 2.1 - Corporation. The Corporation is authorized to enter into this GCEP Lease and it has taken all the necessary actions required of the Corporation to execute and deliver this GCEP Lease.

Section 2.2 - Department. The Department is authorized under the AEA and the Privatization Act to enter into this GCEP Lease and the Secretary, or his designee, has taken all the necessary actions required of the Department to execute and deliver this GCEP Lease.

ARTICLE III
GRANT OF LEASE

Section 3.1 - Lease of Real Property

(a) The Department hereby leases to the Corporation on an "as is" basis, subject to any Department obligation with respect to preexisting contamination as specified in Sections 4.2, 4.6 and 5.3 of this GCEP Lease and the Corporation's obligations in Sections 4.3 and 4.4 of this GCEP Lease, that certain real property and improvements and fixtures located thereon, and easements, rights of way and appurtenances, utility lines, corridors, common walls, pipes, parking areas, service roads, railway lines, loading facilities, sidewalks, avenues of ingress, egress and access and all other similar items on the PORTS Site which appertain to such property and easements as identified and described in the maps and attachments which form Exhibit A to this GCEP Lease ("GCEP Leased Premises"). This GCEP Lease shall only become effective as to each facility or area (or portions thereof) identified in Exhibit A on the dates specified in Exhibit A, unless an alternate date is otherwise agreed to in writing by the Parties ("GCEP Lease Effective Date"). This GCEP Lease is subject to all existing easements, rights of way and appurtenances over, across, in, and upon the GCEP Leased Premises as of the GCEP Lease Execution Date. The Department will not grant any additional easements, rights of way or appurtenances over, across, in, and upon, the GCEP Leased Premises without the approval of the Corporation, which approval shall not be unreasonably withheld.

(b) It is recognized that the Corporation may need the right of access or the non-exclusive use of other areas, facilities, easements, rights of way, appurtenances, utility lines, corridors, common walls, pipes, parking areas, service roads, railway lines, loading facilities, sidewalks, avenues of ingress, egress and access and all other similar items on the PORTS Site which appertain to the GCEP Leased Premises but are not

leased to the Corporation ("Nonexclusive Easements and Rights-of-Way"). Prior to the Corporation's commencement of construction of the Commercial Plant, the Corporation shall identify the Nonexclusive Easements and Rights-of-Way needed for access or non-exclusive use, and upon agreement of the Parties, and subject to notice and procedures to be agreed upon by the Department and the Corporation, a list of these Easements and Rights-of- Way shall be appended to this GCEP Lease as Exhibit D. The list of Easements and Rights-of-Way shall be amended by the Parties from time to time to reflect changes to PORTS and any future expansion of the Commercial Plant. In the event the Corporation needs access to those parts of PORTS which have not been identified as GCEP Leased Premises or Nonexclusive Easements and Rights-of-Way, such access, subject to and upon agreement of the Parties, and notice and procedures to be agreed upon by the Department and the Corporation, shall be granted on a temporary basis only as necessary for the operation of the Corporation's facilities included in the GCEP Leased Premises or to fulfill its obligations under this GCEP Lease. The Corporation agrees to pay its *pro rata* share of costs to the Department of maintaining the Nonexclusive Easements and Rights-of-Way based upon the Corporation's relative usage of the particular easement or right-of-way.

(c) The Department reserves the right for itself and its contractors to have access to, and non-exclusive use of those areas within the GCEP Leased Premises designated as "Common Areas" in Exhibit A, subject to notice and procedures to be agreed to by the Parties. The Department further reserves the right for itself and its contractors to have access to those parts of the GCEP Leased Premises which are not designated as "Common Areas," subject to notice and procedures to be agreed to by the Parties.

(d) Notwithstanding anything contained in this Section 3.1, the Department and the Corporation will each have such access as it requires to all parts of the GCEP Leased Premises and PORTS reasonably necessary to respond to emergencies.

Section 3.2 - Lease of Personal Property. The Department hereby leases to the Corporation on an "as is" basis those certain items of personal property which are related to activities conducted by the Corporation under this GCEP Lease and are described in Exhibit B ("GCEP Leased Personalty"). When added to Exhibit B, the Corporation will become responsible for complying with applicable Regulatory Agency and GCEP Lease requirements, including the removal and/or disposal of all radiological contamination, and for the disposal of all personalty described in Exhibit B at the end of the personalty's useful life, or at the termination, revocation, or expiration of this GCEP Lease, whichever occurs first. The Department will have the right, at its sole option, to transfer to the Corporation the title to individual items of the GCEP Leased Personalty and remove them from Exhibit B during the GCEP Lease Term. Prior to the Corporation's disposal of GCEP Leased Personalty

described in Exhibit B, the Corporation will obtain the Department's written approval of a Disposition Plan appropriate to the sensitivity of the material proposed for disposal. The Corporation shall be responsible for all costs associated with GCEP Leased Personalty disposition and any necessary radiation surveys performed prior to public release of the property. Upon disposition, all Trigger List and Classified Property as defined in 41 C.F.R. § 109 shall be destroyed in accordance with 41 C.F.R. § 109 and Department direction. All other GCEP Leased Personalty shall be disposed of in accordance with 41 C.F.R. §109, except as otherwise authorized by the Department. The Department retains the option to require the return of individual items of GCEP Leased Personalty to Department control after the Corporation complies with the Turnover Requirements as set forth in Section 4.4.

Section 3.3 - Department's Personal Property on the GCEP Leased Premises.

(a) The Department's personal property (other than GCEP Leased Personalty or Material of Environmental Concern) ("Department's Personal Property") located on the GCEP Leased Premises on the GCEP Lease Effective Date may remain on the GCEP Leased Premises through September 30, 2006, or the GCEP Lease Effective Date specified in Exhibit A for the particular facility or areas in which the property is located, whichever is later. Prior to September 30, 2006, or the GCEP Lease Effective Date, the Department may temporarily bring on to the GCEP Leased Premises additional Department's Personal Property for storage of like kind and constituents as are existing on the GCEP Lease Execution Date, provided such storage (1) is in compliance with applicable Laws and Regulations, compliance agreements and licenses (including approved integrated safety analysis and other licensing bases); (2) does not unreasonably interfere with the Corporation's construction, operation, or maintenance of the Lead Cascade or Commercial Plant in accordance with the milestones in the June 17th Agreement; and (3) there is no reasonable alternate location available for the storage of the personal property on the PORTS. The Department shall provide reasonable advance notice to the Corporation prior to bringing additional personal property under this subsection (a).

(b) Effective on the GCEP Lease Effective Date and thereafter, the Department's Personal Property may remain on the GCEP Leased Premises, provided that the Department's storage of any of its personal property (1) is in compliance with applicable Laws and Regulations or applicable compliance agreements; and (2) is placed in the storage areas described in Exhibit E-1.

(c) Except as provided herein, the Department shall be solely responsible for the storage of the Department's Personal Property located on the GCEP Leased Premises, whether located thereon on the GCEP Lease Effective Date, or brought onto the GCEP Leased Premises after the GCEP Lease Execution Date. In the event that

the Corporation, within its business judgment, determines that consolidation or relocation of the Department's Personal Property, within the GCEP Leased Premises is necessary, the Corporation may, at its risk and expense, perform such activities associated with the consolidation or relocation of such personal property of the Department within the GCEP Leased Premises. The Corporation shall notify the Department of any change in the location of the Department's Personal Property within sixty (60) days of such relocation. By written notice to the Department, the Corporation may request to dispose of any of the Department's Personal Property remaining on GCEP Leased Premises after the date specified in Section 3.3(a). Within sixty (60) days of receiving such request, the Department shall either approve the request or permit the Corporation to remove the property from the GCEP Leased Premises onto a non-leased portion of the PORTS. In the event the Department approves the request to dispose of the property, the Corporation may, at its own expense, dispose of the property in a manner that is in accordance with applicable Laws and Regulations. In the event the Department determines that disposition of the property is not allowable, the Corporation may, at its expense, remove the property from the GCEP Leased Premises onto a non-leased portion of the PORTS, which is agreed to by the Parties. A listing of the Department's Personal Property located on the GCEP Leased Premises as of the GCEP Lease Execution Date is agreed to and attached as Exhibit E-2 to this GCEP Lease. Updates to Exhibit E-2 shall be made by the Department on a periodic basis as necessary to reflect changes in the Department's Personal Property located in the GCEP Leased Premises. Within sixty (60) days prior to the GCEP Lease Effective Date for an area or facility, the Corporation and the Department shall perform a final walk down of the area or facility to be leased and identify any Department's Personal Property which is not listed in either Exhibit B or Exhibit E-2 remaining in such area or facility. With the agreement of the Parties, any such newly identified Department's Personal Property shall be included in Exhibit B; otherwise such property shall be included in Exhibit E-2.

(d) Except as otherwise provided in Section 3.3(c), if the Department decides to remove its personal property listed on Exhibit E-2, the Department will be solely responsible for and shall pay the cost of removing from the GCEP Leased Premises and disposing of the Department's Personal Property identified on Exhibit E-2 located on the GCEP Leased Premises and for the Decontamination and Decommissioning of such personal property.

(e) At the end of the GCEP Lease Term, any personal property located in or on the GCEP Leased Premises that is not listed in Exhibit B as leased to the Corporation or listed in Exhibit E-2 as the Department's Personal Property shall become the responsibility of the Corporation for dispositioning in accordance with Section 3.2 of the GCEP Lease.

Section 3.4 - Department's Storage of Material of Environmental Concern in the GCEP Storage Areas

(a) The Parties recognize that certain unleased portions of Building X-7725 contain Material of Environmental Concern owned by either the Department or the Corporation located in both RCRA permitted storage areas and other storage areas (GCEP Storage Areas) in Building X-7725, and that these GCEP Storage Areas are not currently available to the Corporation to be included as part of the GCEP Leased Premises. It is the Department's current plan, however, to remove the Department's Material of Environmental Concern for which a known disposition path exists from the GCEP Storage Areas, and, pursuant to applicable Laws and Regulations, including state hazardous waste requirements, close the associated RCRA permitted storage areas located within Building X-7725. The Department shall make a good faith effort to remove all Material of Environmental Concern from the GCEP Storage Areas, close the RCRA permitted storage areas and turn over the GCEP Storage Areas to the Corporation in accordance with Exhibit A. In the event that sufficient appropriated funds are not made available for such purpose, a reasonable disposition path does not exist, or the off-site vendor's current waste movement schedule does not allow for movement for certain of the Department's Material of Environmental Concern located in the GCEP Storage Areas, the Department shall make a good faith effort to remove the Department's Material of Environmental Concern from the GCEP Storage Areas and make the area(s) available to the Corporation as soon thereafter as such funding, disposition paths and waste movement schedules limitations are removed to allow for such movement. In the event that sufficient appropriated funds are not made available for such purpose (based upon the Department's normal practices in fiscal administration and execution of appropriated budgets), a disposition path is not available, or the off-site vendor's current waste movement schedule does not allow the Department to remove some or all of the Material of Environmental Concern located in the GCEP Storage Areas, the Corporation, at its sole option, may move or may pay for the movement of the Department's Material of Environmental Concern from the GCEP Storage Area to another Department storage area at PORTS, provided such storage (1) is in compliance with applicable Laws and Regulations, compliance agreements, and approved Safety Basis documentation; and (2) does not unreasonably interfere with the Department's need for such storage space. If the Department determines it is necessary to support Department site programmatic needs, and in the event sufficient appropriated funds are made available for such purpose (based upon the Department's normal practices in fiscal administration and execution of appropriated budgets), and the requisite regulatory approvals are obtained, the Department shall seek to expand (and/or modify the RCRA permit for) existing Storage Areas or permit new RCRA storage areas outside of the GCEP Leased Premises at PORTS to enable the removal of some or all Material of Environmental Concern from the GCEP Storage Areas. The Corporation shall remain responsible for the costs of relocating and disposing of

Material of Environmental Concern owned by the Corporation and stored in the GCEP Storage Areas. If requested by the Corporation, the Department shall add additional, or expand the existing RCRA storage areas at PORTS outside of the GCEP Leased Premises, including modifying the permit for the existing RCRA permitted area or permit new RCRA storage areas to store Material of Environmental Concern located in the GCEP Storage Areas, provided the Corporation furnishes the funding to the Department for all costs associated with such relocation, including permit or permit modification, modifications to the storage areas, and any associated safety documentation; all regulatory approvals can be obtained; and the requested permit modification and associated activities do not unreasonably interfere with the Department's activities. The Department agrees that upon the completion of its waste removal and approved RCRA closure activities, it will expand the GCEP Lease to include those previously-designated GCEP Storage Areas as part of the GCEP Leased Premises. Nothing in this Section 3.4 shall be construed to impose an obligation on or require the Department to move any Material of Environmental Concern from the GCEP Storage Areas to an interim storage location while awaiting a disposition path to become available for final storage or disposition.

(b) Prior to October 1, 2006, the Department may temporarily bring in to the GCEP Storage Areas additional characterized Material of Environmental Concern, provided (1) such storage is in compliance with applicable Laws and Regulations, compliance agreements and licenses (including approved integrated safety analysis and other licensing bases); (2) such additional material, or equivalent volume of material is removed by the Department prior to October 1, 2006; and (3) it does not unreasonably interfere with the Corporation's construction, operation, or maintenance of the Lead Cascade or Commercial Plant in accordance with the milestones in the June 17th Agreement. After October 1, 2006, the Department will only bring in to the GCEP RCRA-permitted storage areas such additional characterized RCRA waste of like kind and constituents as exists on the GCEP Lease Execution Date, upon a showing to the Corporation that no other existing RCRA permitted storage area is reasonably available at PORTS.

(c) Except as otherwise provided in Section 3.4(a), and in the event that sufficient appropriated funds are made available for such purpose (based upon the Department's normal practices in fiscal administration and execution of appropriated budgets), the Department shall be solely responsible for and shall pay the cost of removing from the GCEP Storage Areas and disposing of the Department's Material of Environmental Concern located in the GCEP Storage Areas and for the storage, treatment, disposal, and the Decontamination and Decommissioning of such material, and for the final closure of the Department's RCRA-permitted storage areas within Building X-7725.

Section 3.5 - Planning for Site Reuse. Within two (2) years [eighteen (18) months, if feasible] of the GCEP Lease Execution Date, the Corporation shall provide to the Department a list of the facilities, personal property, including equipment, and areas at PORTS that the Corporation will not need for the construction, operation, and maintenance of the Commercial Plant, including any anticipated expansion of the Commercial Plant and which the Corporation is willing to release from any contractual or statutory rights it may have to expand this GCEP Lease or the GDP Lease (the "Released Facilities and Equipment List"), which shall be added to this GCEP Lease as Exhibit F. The Corporation shall also identify any security issues and environmental concerns of which it is aware with respect to any facilities, personal property, including equipment, and areas included on this Released Facilities and Equipment List. After submission of the Released Facilities and Equipment List, as it prepares for and implements plans for the termination of the Department's operations at the PORTS, the Department may propose to add, in accordance with Section 15.2 of this GCEP Lease, additional facilities, personal property, including equipment, and areas at the PORTS Site, to the Released Facilities and Equipment List. Such facilities, equipment, and areas shall be added to the Released Facilities and Equipment List unless the Corporation within sixty (60) days of receipt of the Department's proposal provides the Department with notice in accordance with Section 15.2 and demonstrates that it has a reasonably foreseeable business need for the facilities, personal property, including equipment, and areas for use in connection with its operations and maintenance of the Commercial Plant. Subject to the termination of the option to expand described in Section 3.8, the Corporation, may, in its discretion, amend the Released Facilities and Equipment List to include on the list additional facilities, personal property, including equipment, and areas at any time. Section 3.4 (a) and Section 3.5(a) of the GDP Lease shall not apply to any facilities, personal property, including equipment, and areas included on the Corporation's Released Facilities List, and any contractual or statutory rights the Corporation may have to expand this GCEP Lease or the GDP Lease are hereby waived and relinquished with respect to facilities, personal property, including equipment, and areas identified on the Released Facilities and Equipment List.

Section 3.6 - Option to Expand and No Option to Reduce Leasehold. Unless the Corporation is in a "Production Shortfall Cure Period" as defined in Section 12.2, and except as provided in Section 3.5, the Corporation shall have the option to expand the scope of this GCEP Lease, subject to the option procedure described in Section 3.7 and limited to the period prior to the termination of its option to expand as described in Section 3.8 of this GCEP Lease, in the following manner:

(a) The Corporation may request to amend Exhibit A to include within this GCEP Lease additional real property, improvements and fixtures of the Department located at PORTS along with its related easements and appurtenances, provided such

request is made to the Department Lease Administrator in accordance with Section 15.2 of this GCEP Lease. The Department will not dispose of any real property at PORTS which is not on the Released Facilities and Equipment List without first offering the Corporation the opportunity to include such real property within this GCEP Lease.

(b) Upon the Department's consent, the Corporation may amend Exhibit B to include within this GCEP Lease additional categories or items of personal property for use in centrifuge development whether located within the GCEP Leased Premises, the PORTS, the PAD Site, or the centrifuge-related facilities at the Department's East Tennessee Technology Park in Oak Ridge, Tennessee. The Corporation shall be responsible for paying the costs of removing and transporting the desired item to the GCEP Leased Premises, including any oversight or other costs incurred by the Department and its contractor(s) for the removal, packaging and transportation of the personal property, as well as all ultimate disposition costs of such GCEP Leased Personalty, consistent with Sections 4.3 and 4.4 of this GCEP Lease. Once such GCEP Leased Personalty has been added to Exhibit B of this GCEP Lease, it shall be removed from the non-leased premises on a schedule consistent with, and that does not interfere with, the Department's activities.

(c) Unless otherwise approved by the Department, the Corporation shall not be entitled to delete either categories or items from Exhibits A and B to this GCEP Lease and return to the Department any part of the GCEP Leased Premises and the GCEP Leased Personalty prior to the expiration or termination of this GCEP Lease.

(d) The Corporation shall be responsible in accordance with Sections 4.3 and 4.4 of this GCEP Lease for the Decontamination and Decommissioning and the disposal and removal of GCEP Leased Personalty, or for the return of such GCEP Leased Personalty to the Department as described in Section 3.2.

Section 3.7 - Option Procedure

(a) If the Corporation seeks to exercise any option to expand its leasehold in accordance with the options described in Section 3.6 of this GCEP Lease, the Corporation shall provide sixty (60) days' notice thereof to the Department. The Department will review the Corporation's request and upon the Department's consent, which shall not be unreasonably withheld, Exhibits A and B, as the case may be, will be amended to reflect the change. Examples of when the Department may reasonably withhold its consent to expand the leasehold include, but are not limited to:

(1) the Department or its contractors have an ongoing or future programmatic need for the property;

(2) the proposed expansion conflicts with the Department's plans for Decontamination and Decommissioning or the Demolition of the other facilities, buildings, or areas at PORTS;

(3) the proposed expansion would require the expenditure of Department funding or increase the Department's Decontamination and Decommissioning or its Demolition costs; or

(4) the proposed expansion would adversely affect the Department's on-going or future plans, programs, or operations and such adverse effect cannot be mitigated at the Corporation's expense.

(b) In the event the Department intends to dispose of real property at PORTS, then, in accordance with Section 3.6, the Corporation shall have ninety (90) days after receipt of notice from the Department to exercise its option to expand the scope of the GCEP Lease to include such property. In the event the Corporation fails to exercise its option within such ninety (90) day period then such property will be added to the Released Facilities and Equipment List.

Section 3.8 - Termination of Option to Expand. The Corporation's option to expand the GCEP Leased Premises pursuant to Sections 3.5 or Section 3.6 of this GCEP Lease shall terminate on September 30, 2013, or upon expiration or termination of the GDP Lease, whichever event occurs earlier. Following termination of this option to expand this GCEP lease, Section 3.5(a) and Section 3.6(a) of the GDP Lease shall not apply to any facilities, personal property, including equipment, or areas that have not been added to Exhibits A or B of the GCEP Lease, and any contractual or statutory rights the Corporation has to expand this GCEP Lease or the GDP Lease are hereby waived and relinquished with respect to facilities, personal property, including equipment, and areas that have not been previously included under the GCEP Lease or GDP Lease. Nothing in this Section shall: (1) modify or amend the Corporation's right under the GDP Lease to expand or reduce its leasehold for use in connection with operation of the PAD Site or (2) prevent the Parties from agreeing in writing to an extension or modification of this provision

Section 3.9 - Quiet Enjoyment. The Department agrees that the Corporation will have full possession, use and quiet enjoyment of the GCEP Leased Premises and GCEP Leased Personalty, subject to the terms and conditions of this GCEP Lease, and applicable Laws and Regulations.

ARTICLE IV
GCEP LEASED PREMISES
AND GCEP LEASED PERSONALTY

Section 4.1 - Use of GCEP Leased Premises and GCEP Leased Personalty. The Corporation will use the GCEP Leased Premises and the GCEP Leased Personalty for the purpose of (a) constructing and operating the Lead Cascade Facilities and a Commercial Plant for the production and sale of enriched uranium, using advanced enrichment technology and (b) for conducting other activities related to or in support of the Lead Cascade and the Commercial Plant. The Corporation may engage in a use of the GCEP Leased Premises or GCEP Leased Personalty at the GCEP which is not for the purpose of producing or selling enriched uranium using advanced enrichment technology only if the Department consents in writing to such use.

Section 4.2 - Physical Condition of GCEP Leased Premises and Leased Personalty

(a) Consistent with Section 15.26 and Exhibit G, Notice of Hazardous Substances, the Parties acknowledge that there may be Material of Environmental Concern and contamination attributable to the Department's former occupation and use of the GCEP Leased Premises. The Parties also acknowledge that the Department has funded certain cleanup activities in the GCEP Leased Facilities in order to remove certain Department-owned personalty and Material of Environmental Concern (GCEP Clean-up Activities). Prior to the Corporation occupying the GCEP Leased Facilities (as listed in Exhibit H), both the Department and the Corporation must review and acknowledge acceptance of the Condition Report(s). Condition Reports for buildings leased as of the GCEP Execution Date are attached hereto as Exhibit I. Prior to the GCEP Lease Effective Date for any GCEP Leased Facilities, a Condition Report(s) shall be prepared by the Department to reflect the condition of the GCEP Leased Facilities at the time of transfer under this GCEP Lease. In the event that the Corporation modifies or improves the condition of the GCEP Leased Facilities, such modifications shall be reflected through a supplement to the original Condition Report prepared by the Corporation and submitted to the Department Lease Administrator. Any disputes shall be resolved in accordance with Section 15.15.

(b) The Corporation acknowledges that at the time it accepts for lease any building, facility, area or equipment as part of the GCEP Leased Premises or GCEP Leased Personalty in accordance with Section 3.1 that it has inspected and knows the condition of the GCEP Leased Premises and the GCEP Leased Personalty, and it is understood that the GCEP Leased Premises and GCEP Leased Personalty are leased in an "as is" condition without any representation or warranty by the Department whatsoever, and without obligation on the part of the Department to remove fixtures or

to make any alterations, repairs, or additions. Except for GCEP Clean-up Activities, all costs associated with preparing any GCEP Leased Premises for leasing, including the costs of removing and relocating the Department's contractors from the proposed GCEP Leased Premises, shall be borne by the Corporation. The Department makes no representation, express or implied, relating to the quality, merchantability, fitness for a particular purpose or condition of the GCEP Leased Premises or GCEP Leased Personalty. Nothing in this Section shall affect the Parties' responsibilities under ARTICLE V of this GCEP Lease.

(c) The Corporation will, at its expense, throughout the GCEP Lease Term, maintain the GCEP Leased Premises in good and serviceable condition, except for normal wear and tear. The Corporation shall repair any of the GCEP Leased Premises when in the Corporation's business judgment it is necessary to do so in order to maintain them in accordance with the requirements of applicable Laws and Regulations and the requirements of the GCEP Lease, including the duty to maintain the GCEP Leased Premises in good and serviceable condition, except for normal wear and tear. In addition, the Corporation agrees to engage in good housekeeping practices, including grounds keeping, performing janitorial services sufficient to generally maintain the GCEP Leased Premises, and ensuring that all rubbish is stored properly and disposing of all rubbish on a basis sufficient to minimize the unsightly presence of rubbish, garbage, or unwanted personal property outside of the GCEP Leased Facilities or designated storage areas for such material. Personalty having no further economic use and that is not affixed to the GCEP Leased Premises and not stored within GCEP Leased Facilities or designated storage areas shall be removed from the GCEP Leased Premises within a reasonable period of time, but in no case shall such personalty remain on the GCEP Leased Premises for more than six months without the Department's consent, unless the Corporation can demonstrate that such continued storage is in accordance with industry standards. The Corporation is expressly prohibited from relocating any rubbish, garbage, or unwanted personal property removed under this Section to PORTS, the PAD Site, and/or any other Department-owned facility, unless the Department's prior consent is obtained. Nothing in this Section 4.2(c) shall be construed to require the removal of the Corporation's depleted uranium hexafluoride from the GCEP Leased Premises, so long as storage of such depleted uranium hexafluoride is performed in accordance with applicable Laws and Regulations.

Section 4.3 - <u>Return of GCEP Leased Premises, GCEP Leased Facilities, and GCEP Leased Personalty</u>

(a) Upon termination, expiration, revocation or relinquishment of this GCEP Lease for any reason, the Corporation shall vacate the GCEP Leased Premises and shall, prior to returning to the Department the GCEP Leased Premises, unless

otherwise authorized by the Department, and at no cost to the Department, remove the Capital Improvements, equipment, fixtures, appurtenances, and other improvements furnished and installed on the GCEP Leased Premises by the Corporation or others in concert with the Corporation, or on the Corporation's behalf, in connection with the Corporation's activities. Unless the Corporation assumes Demolition responsibilities as provided for in Section 7.2, the Corporation also shall, excepting normal wear and tear, restore the GCEP Leased Facilities to the "same or as good a condition" as initially leased and reflected in the Condition Report(s), except that with respect to GCEP Leased Facilities which the Department has leased to the Corporation and funded cleanup activities, the obligation shall be to return such facilities in the "same or as good a condition" as existed at the completion of Department-funded GCEP cleanup activities as set out in Exhibit I. It is agreed that the GCEP Leased Facilities are in "the same or as good a condition" so long as the total costs of Decontamination and Decommissioning and Demolition of the GCEP Leased Facilities are not increased beyond such costs for Decontaminating and Decommissioning and Demolition of the GCEP Leased Facilities in the same condition as they are in at the time of the initial lease of such GCEP Leased Facilities.

To assist the Parties in determining what responsibilities are owed by the Corporation in returning the GCEP Leased Facilities in the "same or as good a condition," at the expiration, revocation, or termination of this GCEP Lease, an inspection shall be accomplished and a final Condition Report(s) of the GCEP Leased Facilities shall be prepared and submitted to the Department of the same scope as the Condition Report(s) prepared under Section 4.2(a). The Department approved Condition Report(s) shall constitute a baseline for determining whether such GCEP Leased Facilities meet the "same or as good a condition" test at such time as the Corporation seeks to return the GCEP Leased Facilities to the Department. Upon the Department's consent, the Corporation shall provide the Department with an alternative to a final Condition Report(s) which represents its basis for establishing that the returned GCEP Leased Facilities have met the "same or as good a condition" test.

In the event of a dispute, the Department and the Corporation agree to jointly engage (on a mutually agreed to and equally shared cost basis) an independent engineering firm mutually agreed to by the Department and the Corporation to assist in determining whether the GCEP Leased Facilities meet the "same or as good a condition" test and, if not, how much the total cost of Decontamination and Decommissioning and Demolition of the GCEP Leased Facilities has been increased as a result of not meeting such test. In the event no agreement is reached using an independent engineering firm, the provisions of Section 15.15 - Disputes shall apply. Notwithstanding this Section 4.3, the Corporation shall be responsible for and will pay any costs associated with the removal of any Material of Environmental Concern that is attributable to or arises out of the Corporation's occupation or operation of the GCEP

Leased Premises. Prior to returning the GCEP Leased Premises and GCEP Leased Personalty to the Department, the Corporation will comply with the Turnover Requirements as set forth in Section 4.4 hereof.

(b) At the end of the GCEP Lease Term, the Corporation shall, unless otherwise authorized by the Department, and at no cost to the Department, remove from the GCEP Leased Premises all personal property owned by the Corporation in addition to the property identified in paragraph (a) (including any Material of Environmental Concern) and all GCEP Leased Personalty except GCEP Leased Personalty to be returned to the Department. The Corporation shall not be entitled or permitted to leave any of its personal property (including personal property contaminated by radioactive or hazardous materials) on the GCEP Leased Premises, or remove such property to PORTS, the PAD Site, and/or any other Department-owned facility at the end of the GCEP Lease Term, unless otherwise authorized in writing by the Department. If at the end of the GCEP Lease Term, the Department exercises the option to accept the return of any individual item of GCEP Leased Personalty, the Corporation shall, at no cost to the Department, remove all radiological, hazardous and toxic contamination from the personalty that was not identified in writing to the Department before the Corporation took possession of the personalty.

(c) Prior to returning the GCEP Leased Facilities, the Corporation will comply with the following criteria:

(1) For radiological contamination, the GCEP Leased Facilities shall be returned in a condition that meets NRC's radiological criteria for unrestricted use in 10 CFR § 20.1402, as amended.

(2) For non-radiological contamination, the Corporation shall remove non-radiological contamination attributable to its operations in the GCEP Leased Facilities as necessary to restore the GCEP Leased Facilities to the "same or as good a condition" as initially leased under Exhibit I and reflected in the Condition Report(s). If records or process knowledge exists that there was contamination attributable to both the Department's and the Corporation's use or occupation of the GCEP Leased Facilities, then the Corporation shall, without cost to the Department, also cleanup the portion of the contamination attributable to the Department, provided the cleanup of the portion attributable to the Department's use or occupation does not increase the total cost of the cleanup which the Corporation would otherwise have been required to perform, absent such contamination. In determining responsibility for non-radioactive contamination found in the GCEP Leased Facilities, the Parties agree that if a source of contamination entered the GCEP Leased Facilities during the GCEP Lease Term, then the presumption will be that the contamination is the result of the

Corporation's operations. In the event the Corporation establishes that the contamination was not the result of the Corporation's operations, then the burden of proof shifts to the Department to demonstrate that such contamination was not the result of the Department's activities.

(d) With respect to the portion of the GCEP Leased Premises that are not GCEP Leased Facilities, as that term is defined above, the Corporation shall, to the extent caused by the Corporation's operations, be responsible for cleaning up any spills or releases of Material of Environmental Concern on a timely basis and taking such other actions as are necessary to ensure that the GCEP Leased Premises are in a condition that does not pose a threat to human health and the environment, including those actions necessary to comply with all applicable Laws and Regulations.

(e) The Corporation shall provide annually to the Department copies of the Material Safety Data Sheets (MSDS) that the Corporation is required under applicable OSHA regulations to have available at the GCEP Leased Premises during the previous year together with identifying the areas within the GCEP Leased Premises that the Corporation used or stored such materials. The Corporation shall also annually report to the Department any spills or releases required to be reported to any federal, state, and local Regulatory Agency, together with available information on the Corporation's response and cleanup of the spill or release.

(f) Prior to the Corporation's disposal of GCEP Leased Personalty described in Exhibit B, the Corporation will obtain the Department's written approval of a Disposition Plan appropriate to the sensitivity of the material proposed for disposal and consistent with the Department's property management and nonproliferation requirements. At the Department's option, individual items of GCEP Leased Personalty may be returned to the Department, provided all applicable Section 4.4 - Turnover Requirements have been met.

(g) As security for assuring that the Corporation will comply with all GCEP Lease requirements regarding the removal of its Capital Improvements, equipment, fixtures, appurtenances, and other improvements furnished and installed on the GCEP Leased Premises in connection with the Corporation's activities, and any other GCEP Lease provisions, including, but not limited to Sections 4.3 and 4.4, the Corporation shall:

(1) Maintain the financial assurance in the form and amount as required by the NRC under license issued to the Corporation for the Lead Cascade and/or the Commercial Plant;

(2) Furnish to the Department, prior to the beginning of

construction/refurbishment of the Commercial Plant, and maintain throughout the GCEP Lease Term, financial assurance in a form and amount approved by the Department for Decontamination and Decommissioning of the Commercial Plant. The amount shall be equal to the current estimate of actual additional costs to return the GCEP Leased Premises in accordance with the requirements of the GCEP Lease for work that is not included in any current NRC-approved Decommissioning Funding Plan for the GCEP Leased Premises (hereinafter the "Incremental Turnover Costs"). The financial assurance may be provided incrementally as site construction for the Commercial Plant facilities occurs. The initial estimate of Incremental Turnover Costs shall be submitted to the Department within thirty (30) days of the GCEP Lease Execution Date, and shall be attached as Exhibit J. Updates to Exhibit J shall be provided to the Department in accordance with Section 4.3(g)(3) and incorporated into this GCEP Lease.

The financial assurance proposed for the Department's approval shall be provided in one or more of the forms of financial assurance described in 10 C.F.R. §70.25(f), including a prepayment into an account segregated from the Corporation's assets and outside the Corporation's administrative control, a surety bond, letter of credit, line of credit or external sinking fund, which the Department has the right to use without approval of the Corporation in the event the Corporation fails to comply with Sections 4.3 and 4.4.

(3) Throughout the GCEP Lease Term, within ten (10) business days of submittal to the NRC, the Corporation shall provide to the Department any revisions to the Corporation's Decommissioning Funding Plan, and any revisions to any associated financial instruments. The estimate of the Incremental Turnover Costs shall be periodically revised by the Corporation and provided to the Department within twenty-four (24) months of the most recent update of the estimate provided to the Department, or within sixty (60) days after the NRC approves any update of the Decommissioning Funding Plan, whichever occurs first.

(4) In the event that the Department makes a determination that any proposed or existing financial assurance provided by the Corporation does not provide financial assurance in an amount as required by Section 4.3(g)(2), it shall provide notice to the Corporation specifying how the proposed or existing financial instruments fails to comply with Section 4.3(g)(2). If the Corporation does not dispute the Department's determination, the Corporation, within sixty (60) days of receipt of such notice, shall increase the financial assurance to the amount specified by the Department in its notice. In the event of a dispute, the Department and the Corporation agree to jointly engage (on a mutually agreed

to, equally shared cost basis) an independent engineering firm mutually agreed to by the Department and the Corporation to assist in determining the current estimate of the Incremental Turnover Costs. In the event no agreement is reached using an independent engineering firm, the provisions of Section 15.15 Disputes shall apply.

(h) Within thirty (30) days of NRC's approval of its Decommissioning Plan, the Corporation shall submit to the Department a copy of said Decommissioning Plan and a schedule for the return of the GCEP Leased Premises. The Corporation shall provide to the Department a Final Condition Report as required by Section 4.3(a), a Turnover Report documenting its compliance with Sections 4.3 and 4.4, and a Disposition Plan as required by Section 3.2 and Section 4.3(f), at least one hundred and eighty (180) days prior to the date the particular facility or area is scheduled to be returned to the Department. Upon the Department's approval that all applicable GCEP Lease requirements have been met, the Corporation shall return the GCEP Leased Premises to the Department, upon a mutually agreed to date. Within sixty days following turnover of the GCEP Leased Premises, the Department will perform a final inspection of the returned former GCEP Leased Premises and provide to the Corporation a Department Deficiency Notice(s) on any deficiency conditions that were previously reported and have not been corrected, or have occurred in the interval following the pre-turnover inspection and the date the facility or area was returned to the Department. Following GCEP Leased Premises turnover, the Corporation agrees to remain responsible for the correction of pre-turnover deficiencies, subject to the disputes procedure detailed in this Section. The Department's failure to provide a Department Deficiency Notice(s) by the sixtieth day following GCEP Leased Premises turnover shall be deemed to be acceptance of the GCEP Leased Premises. Within thirty (30) days of receipt of any Department Deficiency Notice, the Corporation shall inform the Department if it agrees with the Department and how it intends to cure any deficiencies identified (Corporation's Notice of Intent). The Department and the Corporation shall attempt to resolve any disputes through negotiation within thirty (30) days of the Corporation's Notice of Intent. If the Corporation provides notice to the Department that it intends to cure the deficiencies identified by the Department in its notice, the Department will permit the Corporation, at its expense, to perform such work as is necessary to cure the deficiencies. The Corporation shall cure the deficiencies within sixty (60) days of or, if greater than sixty (60) days are required to cure, commence actions necessary to cure the deficiencies within sixty (60) days of the agreed date the Department permits the Corporation to commence work to cure the deficiencies. If the Corporation fails to address the deficiencies within sixty (60) days or other mutually agreed to time period, then the Department may undertake to cure the deficiencies and the Corporation shall reimburse the Department for the Department's costs incurred to cure any failure by the

Corporation to comply with the requirements of Sections 4.3 and 4.4 identified in the Department Deficiency Notice.

Section 4.4 - Turnover Requirements. At the end of the GCEP Lease Term or at any time the Corporation or the Department terminates this GCEP Lease pursuant to Sections 12.1 or 12.2, respectively hereof, or the Corporation terminates this GCEP Lease pursuant to Section 9.3 hereof (except that in the case of termination under such Section 9.3, only with respect to facilities which are not destroyed) or the Corporation, with the approval of the Department, returns any portion of the Leased Premises pursuant to Section 3.6, the Corporation shall, at its cost, prior to returning to the Department any GCEP Leased Facility, take the following actions with respect to such facility (collectively such actions being referred to as the "Turnover Requirements"):

(a) Provide the Department with documentation of its plans, including updates provided to the NRC during the GCEP Lease Term, to place such facility into an acceptable condition for return to the Department consistent with the requirements described in Section 4.3 and subsections (b) through (g) of this Section.

(b) Complete and document the final deactivation/shutdown of the facility and document that no future use of the facility is planned. Remove all Capital Improvements, equipment, fixtures, appurtenances, and other improvements furnished and installed on the GCEP Leased Premises in connection with the Corporation's activities in accordance with Section 4.3. Compliance with this section requires physical removal of all such property from the GCEP Leased Premises and the PORTS. The Corporation is expressly prohibited from relocating such property to PORTS, the PAD Site, and/or any other Department-owned facility, unless the Department's prior consent is obtained.

(c) Remove all waste generated by the Corporation at the GCEP Leased Premises or at PORTS as a result of its activities under this GCEP Lease (including any Material of Environmental Concern) and which is subject to and authorized by Laws and Regulations for offsite disposal. The Corporation will remain responsible for the ultimate treatment and disposal of all waste generated by the Corporation as a result of its activities under this GCEP Lease. The Corporation is expressly prohibited from relocating such waste to PORTS, the PAD Site, and/or any other Department-owned facility, unless the Department's prior consent is obtained.

(d) For structures at the facility, provide the Department with the

Corporation's radiological/hazardous materials records, documentation of the configuration of the facility and related systems, drawings, specifications, procedures, manuals, and available unplanned occurrences records applicable to the facility in a mutually agreed upon electronic format. For soil, surface water, and groundwater conditions at the facility, provide the Department with the Corporation's data and reports that describe those conditions and the nature and extent of contamination therein.

(e) Place structures at such facility in the "same or as good a condition" as initially leased, as that term is defined in Section 4.3(a), and in a safe secure condition, removing any threats to human health and safety. To the extent applicable, existing radiation monitoring systems shall be in a physical condition adequate to monitor the potential release of any radioactive contamination. In addition, the final Condition Report(s) prepared under Section 4.3(a) and the Corporation's most current radiation contamination/hazardous and toxic material survey done by the Corporation for the facility and surrounding areas that demonstrates compliance with the Turnover Requirements of this GCEP Lease shall be provided to the Department.

(f) Provide to the Department a status report of the facility's compliance with environmental, health, and safety regulatory requirements. If any facility is in noncompliance with NRC or environmental, health and safety regulatory requirements applicable to the Corporation, the Corporation shall implement a strategy approved by the NRC or other appropriate Regulatory Agency for meeting such regulatory requirements and, at its cost, prior to returning to the Department any of the GCEP Leased Premises, restore the facility to regulatory compliance.

(g) In accordance with Section 4.3, remove all Material of Environmental Concern that is attributable to or arises out of the Corporation's occupation or operation as a result of its activities under this GCEP Lease. The Corporation is expressly prohibited from relocating such Material of Environmental Concern to PORTS, the PAD Site, and/or any other Department-owned facility, unless the Department's prior consent is obtained. Nothing in this GCEP Lease shall be construed as prohibiting the Corporation from transferring depleted uranium or other materials to the Department or its contractor(s) pursuant to Section 3113 of the USEC Privatization Act (42 U.S.C. § 2297h-11) or otherwise affecting the rights and obligations of the Department or the Corporation under Section 3113.

Section 4.5 - Permissible Changes

(a) The Corporation will not demolish or destroy any of the real or personal property which constitutes GCEP Leased Premises or GCEP Leased Personalty without first proposing such course of action to the Department and obtaining the Department's consent. Such written proposal shall contain all the necessary information which the Department may require. The Department shall make a good faith effort to respond within thirty (30) days of receipt of the Corporation's proposal. The Department will not withhold its consent to such a proposal if the Demolition or destruction does not significantly interfere with the Department's activities or plans at PORTS. The Corporation will be solely responsible for and will pay all the costs related to the Demolition or destruction, including the cost of transporting, storing and disposing of all the material resulting from such Demolition or destruction or removal. Any action taken pursuant to this Section by the Department and the Corporation shall be done in accordance with all applicable Laws and Regulations.

(b) The Corporation may, at any time, at its expense, make a Capital Improvement which the Corporation, in its business judgment deems appropriate, so long as the Corporation provided notice to the Department in accordance with this subsection. If the total project cost of the Capital Improvement proposed to be made on the GCEP Leased Premises requires the expenditure of less than $500,000, the Corporation will not be required to secure the Department's approval to undertake such Capital Improvement, but instead, will provide notice of all such Capital Improvements in a listing which shall be provided to the Department within thirty days of the end of each calendar year. If the total projected cost of any proposed Capital Improvement requires the expenditure of $500,000.00 or more, a description of the proposed Capital Improvement and the Corporation's analysis that the proposed Capital Improvement is Environmentally Non-Sensitive and will not interfere with the Department's operations ("Capital Improvement Notice") shall be submitted to the Department. Each Capital Improvement Notice shall contain an analysis that any proposed Capital Improvement is Environmentally Non-Sensitive and does not interfere with the Department's operations by describing whether the proposed Capital Improvement complies with all of the following criteria:

(1) The proposed Capital Improvement is not in an area that is the subject of a Department federal or state-permitted area, or identified as a solid waste management unit of the Department under state hazardous waste laws;

(2) The proposed Capital Improvement is not in an area that the Department has plans to perform a response, remedial, or corrective action under CERCLA or RCRA or other federal, state, or local law;

(3) The proposed Capital Improvement would not result in a change in the flow rate, chemical, radiological, or physical content of any regulated outfall or emission source of the Department that could result in an exceedance of permitted levels or other violation of permitted conditions;

(4) The proposed Capital Improvement would not impact the Department's air or other monitoring program or cause a violation of any of the Department's Federal, State, or local permits;

(5) The proposed Capital Improvement would not generate waste that was contaminated as a result of the Department's past or present operations and that is regulated under Federal or State environmental, health, safety or nuclear regulations, or subject to any other restriction with respect to its management, storage, handling, transportation, treatment and/or disposal by any regulatory authority;

(6) The proposed Capital Improvement would not negatively affect any services and utilities that are provided by the Corporation to the Department;

(7) The proposed Capital Improvement would not affect the design, construction, operation, maintenance, Decontamination and Decommissioning, or Demolition of non-leased facilities and systems;

(8) The proposed Capital Improvement would not result in an impact to the Department's authorization basis or Safety Analysis;

(9) The proposed Capital Improvement would not pose a hazard to the Department's operations or act as an initiating event for an accident;

(10) The proposed Capital Improvement would not result in increased costs to the Department; and

(11) The proposed Capital Improvement would not affect current financial assurance requirements or the Corporation agrees to amend its financial instrument to cover any requirement for additional financial assurance.

(12) The proposed Capital Improvement is a type of activity that the Department has determined, through consultation with the Corporation that would not have an adverse effect on historic properties either eligible for listing or listed in the National Registry for Historic Places.

The Corporation shall be entitled to commence making such Capital Improvement, and consent by the Department will be deemed provided, unless the Department notifies the Corporation within sixty (60) days of receipt of the Capital Improvement Notice that, in the Department's judgment, the making of such proposed Capital Improvement fails to meet one or more of the above criteria. Disagreements between the parties regarding the applicability of the above criteria shall be resolved pursuant to Section 15.15 of this GCEP Lease. In the event the Corporation determines that a proposed Capital Improvement fails to meet one or more of the aforementioned criteria, the Department Lease Administrator shall be notified of such proposed Capital Improvement to the GCEP Leased Premises, regardless of dollar amount, and the Department's consent to the proposed Capital Improvement shall be obtained prior to the making of the proposed Capital Improvement. In no event shall the Corporation be allowed to make any Capital Improvement while the parties are in either formal or informal dispute resolution or prior to the Department issuing its consent to the making of the proposed Capital Improvement. Nothing in this Section 4.5 shall be construed as requiring approval by the Department Lease Administrator for performance of minor repairs, routine maintenance, or for the installation or minor modification of equipment, fixtures, utilities or other work performed by the Corporation to the interior of the GCEP Leased Facilities. If it is determined that the making of the proposed Capital Improvement meets all of the above criteria, or the Parties agree that an appropriate "work around" can be made, the Corporation will be permitted to undertake the work. The Corporation shall be solely responsible for and will pay the cost of the Capital Improvement, including, but not limited to, transporting, storing and disposing of any material resulting from such Capital Improvement. Any action taken by the Department and the Corporation pursuant to this Section shall be done in accordance with all applicable Laws and Regulations. In accordance with this Section 4.5, and subject to any consultation requirements mandated by Section 106 of the National Historic Preservation Act, the Department hereby consents to the proposed Capital Improvements contained in Exhibit K.

(c) The Corporation shall become the owner of and shall take title to each and every Capital Improvement. Prior to the expiration, revocation, relinquishment, or termination of the GCEP Lease, the Corporation shall, unless otherwise authorized by the Department, and at no cost to the Department, remove all Capital Improvements, equipment, fixtures, appurtenances, and other improvements furnished and installed on the GCEP Leased Premises in connection with the Corporation's activities and in the event that such removal increases the costs of the Department for the Decontamination and Decommissioning and Demolition of the GCEP Leased Premises to which any such Capital Improvement was attached, then as provided in Section 4.3, the Corporation will pay any such increase in Decontamination and Decommissioning and Demolition costs. Any Disputes will be resolved pursuant to Section 15.15 of this GCEP Lease.

(d) The Corporation shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface except in accordance with applicable Laws and Regulations and in accordance with Exhibit L, the Shared Site Agreement.

Section 4.6 - Decontamination and Decommissioning and Turnover Costs. The Corporation shall be responsible for returning the GCEP Leased Premises to the Department in accordance with Section 4.3 and 4.4. In the event the Corporation fails to return the GCEP Leased Premises to the Department in the condition required by Section 4.3 and 4.4, the Corporation will pay the costs incurred by the Department to return the GCEP Leased Premises as required by Sections 4.3 and 4.4, or the Department shall be entitled, without approval of the Corporation, to utilize funds required to be segregated for the Department's financial assurance as set forth in Section 4.3(g) of this GCEP Lease. Except as expressly provided otherwise in this GCEP Lease, the Department shall remain responsible for all other costs of Decontamination and Decommissioning the GCEP Leased Premises associated with the Department's ownership and operation of the GCEP Leased Premises prior to the GCEP Lease Effective Date.

Section 4.7 - Permits. The Corporation, at its expense, shall obtain and maintain all necessary permits, licenses, certifications and/or authorizations required for its construction, occupancy, and operations of the GCEP Leased Premises during the GCEP Lease Term, and shall strictly comply with all such permit requirements. The Department shall not be required to furnish such permits, licenses, certifications, and/or authorizations on behalf of the Corporation. However, in accordance with Section 15.8, the Department shall assist the Corporation in its efforts to obtain such licenses, permits, certifications, or authorizations provided such assistance does not impose any additional obligations or liabilities on the Department or its contractors. At the request of the Department, the Corporation shall produce any required licenses, permits, certifications, or authorizations. The Corporation shall provide, either on the GCEP Leased Premises or elsewhere, at its expense such storage facilities it may need for the storage of any radioactive, hazardous, classified, solid, and other waste generated by the Corporation, in accordance with applicable law, permit, or regulations, unless otherwise agreed to in writing by the Department.

ARTICLE V.
ALLOCATION OF LIABILITIES

Section 5.1 - Disclaimer. Except as provided in ARTICLE X with respect to nuclear incidents as defined in Section 11 of the Atomic Energy Act, the Department and its contractors shall not be responsible for damages to property or injuries to or death of persons which may arise from or be incident to the use and occupation of the GCEP Leased Premises by the Corporation. In addition, except as otherwise expressly

provided in this GCEP Lease, neither the Department and its contractors nor the Corporation and its contractors shall be responsible for consequential, punitive, or incidental damages, including lost profits, loss of sales or revenue, costs associated with idled plant, labor, or equipment, additional production costs, costs of delays, or costs of money, interest, or penalties. The Department and its contractors shall not be liable to the Corporation for damages to the property or injuries to or death of the persons of the Corporation, its contractors, agents, employees, or representatives or others who may be on the GCEP Leased Premises at their invitation, or losses of any kind from the Department's or its contractors' activities, unless, as authorized by applicable Laws and Regulations, the damage or loss results from willful misconduct, lack of good faith, or material failure to exercise due diligence (including failure to comply with applicable Laws and Regulations or compliance agreements) on the part of the Department or its contractors. The Corporation shall not be reimbursed by the Department for damages or losses (and expenses incidental to such liabilities) for which the Corporation has failed to insure or to maintain insurance as required under Section 9.1. The provisions of this Article V shall not prevent the Corporation from seeking damages of any kind from a third party, except as limited herein for contractors performing work for the Department. The provisions of this ARTICLE V shall not affect any matters under the jurisdiction of another agency of the U.S. Government.

Section 5.2 - Indemnification by the Corporation. Except as provided in ARTICLE X with respect to nuclear incidents as defined in Section 11 of the Atomic Energy Act, the Corporation agrees to indemnify, reimburse, defend and hold the Department and its contractors harmless for, and against all costs and expenses related to claims, damages, injunctions, orders, judgments, penalties, and reasonable attorneys' fees asserted against or incurred by the Department and its contractors which are attributable to or arising out of the Corporation or its contractors' operation, occupation, or use of the GCEP Leased Premises. The Corporation agrees to further indemnify the Department with respect to any "release" as defined in Section 101(22) of CERCLA or any hazardous substance as defined in Section 101(14) of CERCLA or petroleum (including crude oil) onto or from the GCEP Leased Premises at any time which is generated by or results from actions of the Corporation or its contractors; for failure of the Corporation or its contractors to comply with applicable environmental Laws and Regulations; and for transportation, deposit, storage, or disposal by the Corporation or its contractors of hazardous substances or petroleum off the GCEP Leased Premises.

Section 5.3 - Responsibilities of the Department. Except as expressly provided elsewhere in this GCEP Lease, including Section 4.3, the Department acknowledges its liability and responsibilities under applicable Laws and Regulations for hazardous substances, including radioactive contaminants, existing on the GCEP Leased Premises as of the commencement of this GCEP Lease, or thereafter on the GCEP

Leased Premises which are the result of the actions of the Department or its authorized representatives. To the extent the acts or omissions of the Corporation or its contractors cause or add to any liability, expense or remediation cost resulting from conditions in existence prior to the GCEP Lease Effective Date, or thereafter on the GCEP Leased Premises, the Corporation shall be responsible for that portion of the liability, expense, or remediation costs reasonably attributable to the Corporation's act or failure to act. The Corporation shall not be responsible for pollution caused by others except for its contractors. Except as expressly provided elsewhere in this GCEP Lease, including Section 4.3, nothing in this GCEP Lease shall be construed as modifying, waiving or otherwise altering the liability of the Department, the United States Government or the Corporation as specified in the Privatization Act.

Section 5.4 - Notice and Disputes. Promptly after receipt by a Party entitled to reimbursement or protection pursuant to this ARTICLE V of notice of the commencement of any action, such Party will, if a claim in respect thereof is to be made against the other Party under this ARTICLE V, notify the other Party in writing of the commencement thereof. Section 15.15 shall govern any disputes between the Department and the Corporation regarding the requirements of this ARTICLE V.

ARTICLE VI
SUPPORT

Section 6.1 - Services Agreement. The Department and the Corporation will provide services to each other in connection with their use of the GCEP Leased Premises in the manner described in the Memorandum of Agreement between the Department and the Corporation for Services, Modification No. 1, Exhibit F to the GDP Lease and any subsequent modifications ("Services Agreement"). The Parties shall, during the time frame that the Services Agreement is under review as required by Section VII of the Services Agreement, determine whether the Services Agreement is the appropriate vehicle under which services can be provided to the GCEP Leased Premises and make any necessary changes to this Section 6.1 as a result of such review.

Section 6.2 - Utilities. Unless otherwise provided in Section 6.1, the Corporation shall be responsible for obtaining its utility services for the GCEP Leased Premises such as electric power, telephone services, natural gas, sanitary water and sewer from non-Departmental sources. The Corporation acknowledges that the Department plans to initiate and ultimately conduct Decontamination and Decommissioning and Demolition activities at the PORTS and that ownership of all or some utilities may be transferred from the Department to a successor owner(s). In the event such a transfer is contemplated, the Department agrees to either (a) provide the Corporation with two

(2) years' advance notice prior to the transfer of the utility or utilities so that the Corporation shall be able to obtain such services from alternate sources, or (b) in the event the Department is unable to provide two years' notice, the Department shall provide as much advance notice as practicable and shall make a good faith effort to require as a condition of the transfer of any utility that the utility or utilities be continued to be provided to the Corporation on the same terms and conditions for a period that when added to the amount of notice provided the Corporation will provide the Corporation with two (2) years from the receipt of notice from the Department to obtain services from alternative sources. .

Section 6.3 - Regulatory Oversight Agreement

(a) Activities at the GCEP Leased Premises that are not licensed by the NRC are subject to the nuclear safety and safeguards and security oversight authority of the Department. Once an activity is licensed by the NRC, the regulatory oversight of such activity will transition to the NRC in accordance with a Memorandum of Understanding or other agreement between the Department of Energy and the Nuclear Regulatory Commission applicable to such activities on the GCEPLeased Premises. The Department has determined that the requirements set forth in the Regulatory Oversight Agreement ("ROA") attached hereto as Exhibit M, are reasonable and appropriate, and shall constitute the Nuclear Safety and Safeguards and Security Requirements applicable to the Corporation until the NRC assumes regulatory responsibility for such activity, and that compliance with these requirements will enable the Corporation to conduct activities safely and protect the public health and safety and provide for the common defense and security. Inspection and enforcement activities will also be a requisite part of the ROA.

(b) With respect to both the Lead Cascade Facilities and the Commercial Plant, facilities or areas within facilities may be transitioned in phases to the NRC due to the nature of the activities occurring in a particular facility. The transition date(s) will be mutually agreed upon by NRC and the Department, following notice to and discussion with the Corporation.

ARTICLE VII
TERM

Section 7.1 - Initial Term.

(a) This GCEP Lease will commence on the GCEP Lease Execution Date, and expire on June 30, 2009, unless renewed pursuant to this Section 7.1 or Section 7.2 of this GCEP Lease by the Corporation.

(b) The Corporation has the exclusive right to renew this GCEP Lease on the same terms and conditions, for up to seven successive periods of five (5) years each, plus one additional year, PROVIDED, the Corporation certifies and, at the request of the Department shall provide appropriate documentation to the Department, that the following condition precedents are met for each successive period in the time frames as set forth in Section 7.1(c):

(1) the Corporation has an NRC License that is effective at the time it exercises its option to renew the GCEP Lease;

(2) The Corporation is meeting its obligations under Article III of the June 17th Agreement (taking into account any applicable materiality, cure, force majeure and other provisions of the June 17th Agreement);

(3) The Corporation does not intend to abandon, and remains committed to, the advanced enrichment technology deployment project and commercial operations at the Commercial Plant; and

(4) No determination has been made by the Department that the Corporation has constructively or formally abandoned the advanced enrichment technology deployment project in accordance with Article 3 of the June 17th Agreement.

(c) If the Corporation chooses to exercise its right to renew this GCEP Lease under this Section 7.1 for the first five-year renewal period, the Corporation will provide the Department with written notice thereof, including its certification and appropriate documentation of its completion of the condition precedents as set forth in Section 7.1(b) at least ninety (90) days prior to July 1, 2009. If the Corporation chooses to exercise its right to renew this GCEP Lease under this Section 7.1 for one or more of the remaining six successive periods of five (5) years each, plus one additional year, the Corporation will provide the Department with written notice thereof, including its certification and appropriate documentation of its completion of the condition precedents as set forth in Section 7.1(b), at least two (2) years prior to the expiration of the GCEP Lease Term, but in no event shall notice be provided to the Department sooner than

three (3) years prior to the end of the GCEP Lease Term. No other action by the Parties is required to effectuate a renewal under this Section 7.1.

(d) This GCEP Lease shall expire no later than thirty-six years from the date the NRC license for the Commercial Plant is issued, unless renewed pursuant to Section 7.2.

Section 7.2 - GCEP Lease Renewal

(a) The Corporation has the exclusive option to renew this GCEP Lease on the same terms and conditions (except for any changes required by applicable Laws and Regulations existing at the end of the GCEP Lease Term) as are contained herein and shall have the right to do so, at the Corporation's option, for four (4) additional term(s) of up to five (5) years each, for a total not to exceed twenty (20) additional years (each additional term a "Renewal Period"), provided the following conditions for each Renewal Period are met:

(1) the Corporation is not in a "Production Shortfall Cure Period" as set forth in Section 12.2;

(2) the Corporation has an NRC License that is effective at the time it exercises its option to renew the GCEP Lease and, in the event that at the time of the exercise of an option to renew this GCEP Lease its NRC license expires prior to the expiration of the requested Renewal Period, a request for renewal of its existing license, the term of the renewal requested coincides with or exceeds the term of the Renewal Period, has been docketed by the NRC;

(3) The Corporation is meeting its obligations under Article III of the June 17th Agreement and the Corporation is operating at or above 3.0 million SWU annually; and

(4) In addition to performing the requirements contained in Sections 4.3 and 4.4, the Corporation agrees, at its expense, unless otherwise directed by the Department, to perform Demolition of the GCEP Leased Facilities at the end of the GCEP Lease Term, consistent with the Department's long-term stewardship plans for the PORTS Site. In the event the Corporation exercises this exclusive option(s) to renew the GCEP Lease Term under this Section 7.2, the Corporation shall revise its estimate of Incremental Turnover Costs contained in Exhibit J to include the costs associated with the Decontamination and Decommissioning and Demolition of the

GCEP Leased Facilities and provide such revised estimate to the Department for its approval in accordance with Section 4.3(g).

(b) The criteria established in (1) through (4) above for the Corporation's exercise of the exclusive option shall not prevent the Parties from negotiating the terms of an extension to the GCEP Lease in the event those criteria cannot be met or are no longer relevant.

(c) If the Corporation chooses to exercise its right to renew this GCEP Lease, for each Renewal Period, the Corporation will provide the Department Lease Administrator with notice thereof, along with its documentation of compliance with the foregoing conditions, at least two (2) years prior to the expiration of the GCEP Lease Term, but in no event shall notice be provided to the Department sooner than three (3) years prior to the end of the GCEP Lease Term.

ARTICLE VIII
RENT

Section 8.1 - GCEP Lease Payment

(a) For the cost of administering this GCEP Lease and providing regulatory oversight of the GCEP Leased Premises pursuant to Exhibit M, the Regulatory Oversight Agreement for the Gas Centrifuge Enrichment Plant Leased Premises (all such administration referred to as "GCEP Lease Administration"), the Corporation will pay the Department, commencing on the Execution Date of this GCEP Lease, for each twelve (12) month period of October 1 to September 30, thereafter, until the end of the GCEP Lease Term (each such twelve (12) month period of October 1 to September 30 being a "Rent Period," the sum of $1,886,540.00, which sum shall be composed of the Department's costs in administering this GCEP Lease and the Department's costs in providing regulatory oversight of the GCEP Leased Premises pursuant to the Regulatory Oversight Agreement ("Rent"). The Rent shall be increased or decreased during Rent Period, as the case may be, by the Department to reflect its actual costs incurred in GCEP Lease Administration; provided however that the Corporation shall not be required for any Rent Period to pay the Department more than the Department's actual costs for such Rent Period. The Corporation shall also pay to the Department within thirty (30) days of receiving a request for payment from the Department for costs incurred by the Department after the expiration, termination, revocation, or relinquishment of this GCEP Lease in restoring the GCEP Leased Premises in accordance with Sections 4.3 and 4.4 of this GCEP Lease.

(b) Rent will be payable monthly in advance on the first day of the month. By November 1 of each year the Department will submit an invoice to the Corporation for its estimated costs of GCEP Lease Administration during the upcoming Rent Period. The Department shall determine the actual cost of GCEP Lease Administration following the end of such Rent Period and issue an invoice by December 1 of each year which shall reconcile any difference between the estimated and actual costs of GCEP Lease Administration in such Rent Period. Such invoice shall provide enough detail for the Corporation to calculate the difference between its monthly payments to the Department and the Department's actual costs in GCEP Lease Administration. The Department will grant the Corporation and its accountants such access to the Department's books and records respecting GCEP Lease Administration and any other costs for which the Department seeks reimbursement as the Corporation may reasonably require to verify the Department's actual costs associated thereto.

(c) By December 31 of each year, the Corporation shall pay the Department or the Department shall credit the Corporation an appropriate amount which shall reconcile any difference between the amount of Rent paid by the Corporation in the previous Rent Period and the actual costs incurred during the previous Rent Period by the Department for GCEP Lease Administration.

(d) Rent payments by the Corporation shall be made to the Department by wire transfer to the Department's headquarters account No. 89-00-0001 at the United States Department of Treasury. In the event any Rent payments are more than ten (10) days late, the Corporation will, in addition to such Rent, pay interest on the amount of Rent which is due and owing on that date at the rate per annum equal to the prevailing prime rate of interest set by the Federal Reserve for such day divided by the number of days in the year and for each day thereafter at such rate until the Rent is paid.

(e) The costs incurred by the Department in GCEP Lease Administration will be reimbursed fully by the Corporation pursuant to this Section 8.1. For all facilities leased by the Corporation under this GCEP Lease Agreement, the Corporation agrees to assume full responsibility to maintain and provide upkeep of the GCEP Leased Premises. Total costs (including such costs as those related to Capital Improvements, alterations, maintenance, utilities, lease administration, plant overhead, plant management overhead, general and administrative [G&A], home office allocation, etc.) associated with the alteration, maintenance and upkeep of facilities for commercial production activities (as opposed to dedicated to Independent Research and Development [IR&D] activities) will be excluded from costs that are directly or indirectly charged to government contracts (including work authorizations). Upon agreement of the Parties, total reasonable costs associated with the maintenance and upkeep of shared facilities and Common Areas will be allocated to the benefiting programs in a causal beneficial manner that is consistent with the Corporation's current Cost

Accounting Standards Board Disclosure Statement in effect at the time the costs are incurred.

For purposes of this subparagraph, the term "commercial production activities" means all activities associated with the construction, alteration and operation of enrichment-associated facilities for the purpose of making a product for eventual commercial sale. For purposes of this subparagraph the term "shared facilities" means facilities that contain, are used for or support both (i) government activities and government funded work and (ii) commercial production activities.

Section 8.2 - Rent During Renewal Periods. The Rent payable by the Corporation pursuant to Section 8.1 of this GCEP Lease shall be determined in accordance with Section 8.1 hereof during any Renewal Period.

ARTICLE IX
INSURANCE AND DAMAGE

Section 9.1 - Corporation Insurance All insurance required of the Corporation on the GCEP Leased Premises shall be for the protection of the Department and the Corporation against their respective risks and liabilities in connection with the GCEP Leased Premises. A certificate of insurance shall be furnished to the Department Lease Administrator no later than thirty (30) days after the Execution Date of the GCEP Lease. The Corporation agrees that not less than thirty (30) days prior to the expiration of any insurance required by this Lease, it will furnish the Department Lease Administrator a certificate of insurance to cover the same risks.

The Corporation shall maintain throughout the GCEP Lease Term and provide evidence of an amount of automobile and commercial general liability insurance coverage for bodily injury and property damage that is reasonably expected, and ordinarily carried by a like-sized corporation engaged in similar, but not necessarily identical, industrial activities to satisfy its legal requirements and discharge its obligations. Initially the amount of such insurance coverage for each incident shall not be less than one million dollars ($1,000,000) of automobile insurance and two million dollars ($2,000,000) for bodily injury and property damage, which minimum shall be revised by the Department, in consultation with the Corporation, every two (2) years to reflect a reasonable minimum amount. The Corporation shall also maintain workers' compensation and other legally required insurance with respect to the Corporation's employees and agents.

Each policy of insurance against loss or damage to the Department's property shall name the Corporation and the United States of America (Department of Energy)

as loss payees as their interest may appear and shall contain a loss payable clause reading substantially as follows:

> "Payments for losses under the Corporation's property insurance related to losses to the GCEP Leased Premises, if any, shall be adjusted with Corporation, and the proceeds shall be payable to Corporation and to the Treasurer of the United States of America, as their interests may appear."

Additionally, each property policy of insurance shall contain an endorsement reading substantially as follows:

> "The insurer waives any right of subrogation against the United States of America which might arise by reason of any payment made under this policy."

Section 9.2 - Partial Casualty to the GCEP Leased Premises In the event a part of the GCEP Leased Premises is significantly damaged as a result of any foreseen or unforeseen cause or event, whether such cause or event results from action by the Department or by the Corporation or by any other person or entity, regardless of fault and whether insured against or not, then notwithstanding any requirement in Section 4.2(c) in this Lease to maintain such property in good and serviceable condition, the Corporation will have the option, but will not be required, to repair such casualty if, in the Corporation's business judgment, the economic value of repairing such casualty outweighs the cost of the necessary repairs. If the Corporation chooses not to repair such casualty, the Department may, at its expense, repair the casualty; provided, however, that if insurance proceeds are available to the Corporation to pay any cost of repairing such casualty, the Department shall be entitled to use such insurance proceeds for such repair. If neither the Corporation nor the Department chooses to repair such casualty, the Corporation agrees to conduct, at its cost, such Decontamination and Decommissioning, and Demolition of the damaged facility and remediate any environmental damage to the GCEP Leased Premises that resulted from the casualty as is required to protect public health and safety by the Regulatory Authority having jurisdiction. Under no circumstances shall the Department become liable for the Corporation's failure to initiate or implement such actions. Any insurance proceeds collected in excess of repairs made shall be shared by the Department and the Corporation as their interests may appear.

Section 9.3 - Total Destruction of GCEP Leased Premises. In the event the GCEP Leased Premises are damaged as a result of any foreseen or unforeseen cause or event, whether such cause or event results from action by the Department or by the Corporation or by any other person or entity, regardless of fault and whether insured against or not, to such an extent that, in the business judgment of the Corporation, the damage makes such GCEP Leased Premises completely unusable by the

Corporation, then notwithstanding the requirement in Section 4.2(c) of this GCEP Lease to maintain such property in good and serviceable condition, the Corporation will have the option to terminate this GCEP Lease with respect to the entire GCEP Lease pursuant to Section 12.1, provided the Corporation agrees to conduct, at its cost, such Decontamination and Decommissioning and Demolition of the damaged facility and remediate any environmental damage to the GCEP Leased Premises that resulted from the casualty as is required to protect public health and safety by the Regulatory Authority having jurisdiction. Under no circumstances shall the Department become liable for the Corporation's failure to initiate or implement such actions. Any insurance proceeds collected in excess of repairs made shall be shared by the Department and the Corporation as their interests may appear.

Section 9.4 - Repairable Casualty to GCEP Leased Personalty. In the event GCEP Leased Personalty is damaged as a result of any foreseen or unforeseen cause or event, whether such cause or event results from action by the Department or the Corporation or by any other person or entity, regardless of fault and whether insured against or not, the Corporation shall have the option, but will not be required, to repair the casualty if in the Corporation's business judgment the economic value of repairing such damage outweighs the cost of the necessary repairs. If the Corporation chooses not to repair such casualty, the Department may, at its expense, repair the casualty; provided, however, that if insurance proceeds are available to the Corporation to pay the cost of repairing such casualty, the Department shall be entitled to use such insurance proceeds for such repair. If neither the Corporation nor the Department chooses to repair such casualty, the Corporation agrees, subject to the approval of the Department, to remove the damaged Leased Personalty from the GCEP Leased Premises, pursuant to Sections 3.2 and 4.3(c) as required to protect public health and safety, provided however, that the Department under no circumstances shall become liable for the Corporation's failure to initiate or implement such actions. Any net insurance proceeds collected in excess of repairs made shall be shared by the Department and the Corporation as their interests may appear. In the event damaged GCEP Leased Personalty is not repaired, Exhibit B to this GCEP Lease will be amended, if necessary, to reflect the change.

Section 9.5 - Lost or Destroyed GCEP Leased Personalty. In the event an item of GCEP Leased Personalty is lost or destroyed as a result of any foreseen or unforeseen cause or event, whether such cause or event results from action by the Department or the Corporation or by any other person or entity, regardless of fault and whether insured against or not, the Corporation shall have the option, but will not be required, to replace the item of GCEP Leased Personalty which has been lost or destroyed unless such item of GCEP Leased Personalty is necessary for the Department to conduct any Decontamination and Decommissioning and Demolition activities at the GCEP Lease Premises. If the Corporation chooses not to replace an

item of GCEP Leased Personalty which has become lost or destroyed, the Department may, at its expense, replace such GCEP Leased Personalty; provided, however, that if insurance proceeds are available to the Corporation to pay the cost of replacing such GCEP Leased Personalty, the Department shall be entitled to use such insurance proceeds for such replacement. If neither the Corporation nor the Department chooses to repair such casualty, the Corporation agrees, subject to the approval of the Department, to remove the damaged Leased Personalty from the GCEP Leased Premises, pursuant to Sections 3.2 and 4.3(c) as required to protect public health and safety. Under no circumstances shall the Department become liable for the Corporation's failure to initiate or implement such actions. Any net insurance proceeds collected in excess of replacement costs shall be shared by the Department and the Corporation as their interests may appear. In the event GCEP Leased Personalty is lost or completely destroyed and not replaced, Exhibit B to this GCEP Lease will be amended, if necessary, to reflect the change.

Section 9.6 - No Duty to Repair or Rebuild by the Department. Nothing contained in this GCEP Lease shall impose on the Department any duty to repair or rebuild, in the event part or all of the GCEP Leased Premises or GCEP Leased Personalty are damaged as a result of any foreseen or unforeseen cause or event, whether such cause or event results from action by the Department or by the Corporation, or by any other person or entity, regardless of fault and whether insured against or not.

ARTICLE X
PRICE-ANDERSON INDEMNIFICATION

Section 10.1 - Price-Anderson Nuclear Hazards Indemnification by the Department

(a) Authority. This clause is incorporated into this GCEP Lease pursuant to the authority contained in subsection 170d. of the Act.

(b) Definitions. The definitions set out in the Act shall apply to this clause.

(c) Financial protection. The Corporation shall obtain and maintain, at its expense, financial protection to cover public liability, as described in paragraph (d)(2) below in such amount and of such type as is commercially available at commercially reasonable rates, terms and conditions, provided that in the event NRC grants a license for a uranium enrichment facility not located on federally-owned property, the amount is no more than the amount required by the NRC for the other facility.

(d) Indemnification.

(1) To the extent that the Corporation and other persons indemnified are not compensated by any financial protection required by paragraph (c), the Department will indemnify the Corporation and other persons indemnified up to the full amount authorized by Section 170 against (i) claims for public liability as described in subparagraph (d)(2) of this clause; and (ii) such legal costs of the Corporation and other persons indemnified as are approved by the Department.

(2) The public liability referred to in subparagraph (d)(1) of this clause is public liability as defined in the Act which (i) arises out of or in connection with the activities under this GCEP Lease, including transportation; and (ii) arises out of or results from a nuclear incident or precautionary evacuation, as those terms are defined in the Act.

(e) Waiver of Defenses.

(1) In the event of a nuclear incident, as defined in the Act, arising out of nuclear waste activities, as defined in the Act, the Corporation, on behalf of itself and other persons indemnified, agrees to waive any issue or defense as to charitable or governmental immunity.

(2) In the event of an extraordinary nuclear occurrence which:

(i) arises out of, results from or occurs in the course of the construction, possession or operation of a production or utilization facility; or

(ii) arises out of, results from, or occurs in the course of transportation of source material, by-product material, or special nuclear material to or from a production or utilization facility; or

(iii) arises out of or results from the possession, operation, or use by the Corporation or a subcontractor of a device utilizing special nuclear material or by-product material, during the course of the GCEP Lease activity; or

(iv) arises out of, results from, or occurs in the course of nuclear waste activities, the Corporation, on behalf of itself and other persons indemnified, agrees to waive:

(A) Any issue or defense as to the conduct of the claimant (including the conduct of persons through whom the claimant derives its cause of action) or the fault of persons indemnified, including, but not limited to:

1. Negligence;
2. Contributory negligence;
3. Assumption of risk; or
4. Unforeseen intervening causes, whether involving the conduct of a third person or an act of God;

(B) Any issue or defense as to charitable or governmental immunity; and

(C) Any issue or defense based on any statute of limitations, if suit is instituted within 3 years from the date on which the claimant first knew, or reasonably could have known, of his injury or damage and the cause thereof. The waiver of any such issue or defense shall be effective regardless of whether such issue or defense may otherwise be deemed jurisdictional or relating to an element in the cause of action. The waiver shall be judicially enforceable in accordance with its terms by the claimant against the person indemnified.

(v) The term extraordinary nuclear occurrence means an event which the Department has determined to be an extraordinary nuclear occurrence as defined in the Act. A determination of whether or not there has been an extraordinary nuclear occurrence will be made in accordance with the procedures in 10 CFR Part 840.

(vi) For the purposes of that determination, "offsite" as that term is used in 10 CFR Part 840 means away from "the contract location" which phrase means any Department facility, installation, or site at which activity under this GCEP Lease is being carried on, and any Corporation-owned or -controlled facility, installation, or site at which the Corporation is engaged in the performance of activity under this GCEP Lease.

(3) The waivers set forth above:

(i) Shall be effective regardless of whether such issue or defense may otherwise be deemed jurisdictional or relating to an element in the cause of action;

(ii) Shall be judicially enforceable in accordance with their terms by the claimant against the person indemnified;

(iii) Shall not preclude a defense based upon a failure to take reasonable steps to mitigate damages;

(iv) Shall not apply to injury or damage to a claimant or to a claimant's property which is intentionally sustained by the claimant or which results from a nuclear incident intentionally and wrongfully caused by the claimant;

(v) Shall not apply to injury to a claimant who is employed at the site of and in connection with the activity where the nuclear incident or extraordinary nuclear occurrence takes place, if benefits therefore are either payable or required to be provided under any workmen's compensation or occupation disease law;

(vi) Shall not apply to any claim resulting from a nuclear incident occurring outside the United States;

(vii) Shall be effective only with respect to those obligations set forth in this Section and in insurance policies, contracts or other proof of financial protection; and

(viii) Shall not apply to, or prejudice the prosecution or defense of, any claim or portion of claim which is not within the protection afforded under (A) the limit of liability provisions under subsection 170e. of the Act, or (B) the terms of this agreement and the terms of insurance policies, contracts, or other proof of financial protection.

(f) Notification and Litigation of Claims. The Corporation shall give immediate written notice to the Department of any known action or claim filed or made against the Corporation or other person indemnified for public liability as defined in paragraph (d)(2). Except as otherwise directed by the Department, the Corporation shall furnish promptly to the Department, copies of all pertinent papers received by the Corporation or filed with respect to such actions or claims. The Department shall have the right to, and may collaborate with, the Corporation and any other person indemnified

in the settlement or defense of any action or claim and shall have the right to (1) require the prior approval of the Department for the payment of any claim that the Department may be required to indemnify hereunder; and (2) appear through the Attorney General on behalf of the Corporation or other person indemnified in any action brought upon any claim that the Department may be required to indemnify hereunder, take charge of such action, and settle or defend any such action. If the settlement or defense of any such action or claim is undertaken by the Department, the Corporation or other person indemnified shall furnish all reasonable assistance in effecting a settlement or asserting a defense.

(g) Continuity of the Department's Obligations. The obligations of the Department under this clause shall not be affected by any failure on the part of the Corporation to fulfill its obligation under this GCEP Lease and shall be unaffected by the death, disability, or termination of the existence of the Corporation, or by the completion, termination or expiration of this GCEP Lease.

(h) Effect of other Clauses. The provisions of this clause shall not be limited in any way by, and shall be interpreted without reference to, any other clause of this GCEP Lease provided, however, that this clause shall be subject to any provisions that are later added to this GCEP Lease as required by applicable Federal law, including statutes, executive orders and regulations, to be included in Nuclear Hazards Indemnity Agreements.

(i) Inclusion in Contracts. The Corporation shall insert this clause in any contract for the management, operation, design, repair, maintenance, or modification of the GCEP Leased Premises which may involve the risk of public liability, as that term is defined in the Act and further described in paragraph (d)(2) above. However, this clause shall not be included in contracts in which the person or entity under contract with the Corporation is subject to NRC financial protection requirements under Section 170b. of the Act or NRC agreements of indemnification under Sections 170c. or k. of the Act for the activities under the contract.

(j) Relationship to General Indemnity. To the extent that the Corporation is compensated by any financial protection, or is indemnified pursuant to this clause, or is effectively relieved of public liability by an order or orders limiting same, pursuant to 170e of the Act, the provisions of Article V of this GCEP Lease with respect to indemnification of the Corporation shall not apply, but only to such extent.

ARTICLE XI
REPRESENTATIVES

Section 11.1 - Authorized Representatives

(a) The Department appoints the Manager, Oak Ridge Office to be its representative ("Department Lease Administrator") with authority to act on behalf of the Department in connection with matters related to this GCEP Lease other than modifications of this GCEP Lease pursuant to Article XIII hereof. The Department may designate a different Department Lease Administrator at any time upon written notice thereof to the Corporation.

(b) The Corporation shall appoint a person as its representative ("Corporation Lease Representative") with authority to act on behalf of the Corporation in connection with matters related to this GCEP Lease other than modifications of this GCEP Lease pursuant to Article XIII hereof. The Corporation may designate a different Corporation Lease Representative at any time upon written notice thereof to the Department.

ARTICLE XII
TERMINATION

Section 12.1 - Termination for Convenience. The Corporation shall have the right to terminate this GCEP Lease in whole, but not in part, at its convenience, at any time during the GCEP Lease Term (including during any Renewal Period), upon at least three years' notice to the Department, if in the Corporation's business judgment, such termination is economically necessary.

Section 12.2 - Termination by the Department. The Department may terminate this GCEP Lease at any time in accordance with the notice and procedures set forth in the following subsections:

(a) Subject to Section 12.4, if the Corporation fails to substantially perform or comply with any of the terms and conditions of this GCEP Lease, and such failure continues and persists therein for ninety (90) days after notice thereof in writing by the Department ("Cure Notice"), provided if more than ninety (90) days is reasonably required to cure such failure, the Department may only terminate if the Corporation does not commence to cure such failure within such ninety (90) day period and thereafter, takes appropriate actions to complete such cure with due diligence.

(b) In the event the Corporation is required under Article 3 of the June 17th Agreement to "return any property leased by USEC upon which the advanced

technology project was being or was intended to be constructed" due to the Corporation's failure to meet any of the advanced technology demonstration and deployment milestones set forth in the June17th Agreement, provided the Department has complied with the process relating to such determinations contained in Article 3 of the June 17th Agreement.

(c) In the event the Corporation is determined to have constructively or formally abandoned the advanced enrichment technology deployment project in accordance with Article 3 of the June 17th Agreement.

(d) Subject to Section 12.4, in the event the Corporation fails to operate the Commercial Plant at a level at or above an annual average of one million (1,000,000) SWU per year as measured over a rolling two-year performance period. The first two-year performance period shall commence on either the date the Corporation has installed and commenced operation of at least 3.5 million SWU annual capacity in the Commercial Plant, or the date four (4) years after the NRC issues a license for the Commercial Plant, whichever is earlier. In the event the Corporation fails during any two-year performance period to operate the Commercial Plant at a level at or above an annual average of one million (1,000,000) SWU per year, then upon receipt of notice of such failure from the Department (the "Production Shortfall Notice") the Corporation shall have one-hundred and eighty (180) days from the receipt of the Department's notice to cure such failure and return the operation of the Commercial Plant to a level at or above an annual average of one million (1,000,000) SWU per year("Production Shortfall Cure Period"). If more than one-hundred and eighty (180) days is reasonably required to cure such failure, the Department may only terminate if the Corporation does not commence to cure such failure within such one-hundred and eighty day period and thereafter, take appropriate actions to complete such cure with due diligence. If in the one-year period immediately following the Production Shortfall Cure Period the Corporation fails to produce at a level at or above one million (1,000,000) SWU, then the Department may terminate this GCEP Lease upon ninety (90) days written notice. Commencing in the month following the date the Corporation has installed and commenced operation of at least 3.5 million SWU annual capacity in the Commercial Plant or the date four (4) years after the NRC issues a license for the Commercial Plant, whichever is earlier, the Corporation shall provide monthly to the Department a statement of the previous month's production. The Corporation will have no more than two opportunities to cure a production shortfall in the first eight year lease period of the GCEP Lease Term commencing on the date four (4) years after the NRC issues a license for the Commercial Plant and no more than one opportunity to cure a production shortfall in any subsequent eight year lease period.

Section 12.3 - Actions upon Termination

(a) Upon termination of this GCEP Lease by either the Corporation or the Department for any reason, the Corporation will commence to return the GCEP Leased Premises and GCEP Leased Personalty, if any, to the Department in accordance with ARTICLE IV of this GCEP Lease. Prior to returning the GCEP Leased Premises and GCEP Leased Personalty, if any, to the Department, the Corporation will comply with all other applicable GCEP Lease requirements, including Section 4.4 Turnover Requirements.

(b) In the event this GCEP Lease is terminated by either the Corporation under Section 12.1, or by the Department in accordance with Section 12.2, all contractual rights are extinguished with respect to the Corporation to lease the GCEP Leased Premises under the GDP Lease, the GCEP Lease, or any other lease on the effective date of termination. In the event this GCEP Lease is terminated by either the Corporation under Section 12.1, or by the Department in accordance with Section 12.2, the Corporation further agrees that, to the extent permitted by law, such termination constitutes a waiver of any statutory rights it has or may have to further lease the GCEP Leased Premises under the GDP Lease, the GCEP Lease, or any other lease on the effective date of termination.

Section 12.4 - Force Majeure

(a) Except for defaults of the Corporation's contractors at any tier, the Corporation shall not be in default because of any failure to perform its obligations under this GCEP Lease if the failure arises from causes beyond the control and without the fault or negligence of the Corporation. Examples of these causes include without limitation (1) acts of God or the public enemy, (2) acts of the Government in its sovereign capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, (9) earthquakes, and (10) unusually severe weather. Additionally, for purposes of this Section 12.4 of this GCEP Lease only, another example of a cause under which the Corporation shall not be in default because of any failure to perform its obligations under this GCEP Lease if such failure arises from causes beyond the control and without the fault or negligence of the Corporation is that there has been a substantial and demonstrable increase, as reflected in official U.S. imports statistics, in U.S. imports for consumption of Russian enriched uranium, other than the material currently committed to come into the U.S. under the existing contract, dated January 14, 1994, between the Corporation and OAO Techsnabexport to implement the Agreement between the United States and the Russian Federation Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons ("HEU Agreement") and the Corporation demonstrates such increase in U.S. imports for consumption has had a substantial adverse material impact on the domestic

uranium enrichment industry. In each instance, the Corporation's failure to perform must arise from causes and be beyond the control and without the fault or negligence of the Corporation. The term "default" as used in this Section includes the failure to make progress so as to endanger completion of performance of the Corporation's obligations under this GCEP Lease.

(b) If the failure to perform is caused by the failure of a contractor at any tier to perform or make progress, and if the cause of the failure was beyond the control of both the Corporation and the contractor, and without the fault or negligence of either, the Corporation shall not be deemed to be in default, unless (1) the contracted supplies or services were obtainable from other sources; and (2) the Corporation failed to purchase these supplies or services from the other sources.

(c) In order to invoke this Section 12.4, the Corporation must request a determination by the Department on whether any failure to perform results from one or more of the causes in the first paragraph above. Upon the request of the Corporation and within sixty (60) days of the Corporation's submission of its position, the Department will ascertain the facts and circumstances of the failure of performance upon an assertion of a circumstance triggering this clause. If the Department determines that any failure to perform results from one or more of the causes in the first paragraph above, the schedule for performance of the affected commitments shall be extended for the period of the excused delay. The Corporation may appeal this determination within thirty (30) days to the Secretary of Energy (or designee), who's determination will be considered the final agency action under this Agreement. The Corporation retains all remedies available to it under the Administrative Procedure Act to challenge the decision of the Secretary (or designee). Nothing in this Section is intended to provide the Corporation with more than one opportunity per incident to request a determination that a failure to perform results from one of the causes listed in this Section or the June 17th Agreement.

ARTICLE XIII
MODIFICATIONS

Section 13.1 - GCEP Lease Amendments. Changes, amendments, or modifications made pursuant to Section 3.3, Section 3.6, Section 3.7, Section 6.1, Section 9.3, Section 9.4, Section 9.5, Section 11.1, Section 12.1, Section 14.2, Section 14.3, Section 15.2, Section 15.9, and Exhibits A –N shall be valid or binding if approved in writing by the Parties' representatives designated in Section 11.1. No other changes, amendments or modifications of this GCEP Lease shall be valid or binding unless such change, amendment or modification is described in writing and is duly exe-

cuted and consented to by the Secretary and by the Board of Directors of the Corporation, or by any person authorized by them to provide such consent.

ARTICLE XIV
ASSIGNMENTS AND SUBLEASES

Section 14.1 - No Assignment; Substitution of Department. The Department shall not have the right to assign this GCEP Lease and any such assignment shall be void. The Department may be substituted under this GCEP Lease only by a successor agency or department or instrumentality of the United States which assumes all of the duties and obligations of the Department under this GCEP Lease.

Section 14.2 - No Assignment; Substitution of Corporation.

(a) The Corporation shall not have the right to assign this GCEP Lease and any such assignment shall be void except as permitted under this Article XIV.

(b) If the Corporation wishes the Department to recognize a Successor in Interest to this GCEP Lease, the Corporation must submit a written request to the Department Lease Administrator. The Corporation shall submit all information necessary for the Department to evaluate the proposed agreement for recognizing a Successor in Interest. The information should include, as applicable, as the documents become available:

(1) The document describing the proposed transaction, e.g., purchase/sale agreement or memorandum of understanding;

(2) A list of all affected leases, contracts, and work authorizations between the Corporation and the Department, as of the date of sale or transfer of assets, showing for each, as of that date the:

(i) Lease, contract, and work authorization number and type;

(ii) Name and address of the Department's representative for each lease, contract, and work authorization;

(iii) Total dollar value, as amended; and

(iv) Approximate remaining unpaid balance

(3) Evidence of the Successor in Interest's ability to perform;

(4) A certified copy of each resolution of the corporate parties' boards of directors or other document authorizing the transfer of assets;

(5) A certified copy of the minutes of each corporate party's stockholder meeting if necessary to approve the transfer of assets;

(6) An authenticated copy of the Successor in Interest's certificate and articles of incorporation, if a corporation was formed for the purpose of receiving the assets involved in performing the GCEP Lease;

(7) The opinion of legal counsel for the Corporation and the Successor in Interest stating that the transfer was properly effected under applicable Laws and Regulations and the effective date of the transfer;

(8) Balance sheets of the Corporation and the Successor in Interest as of the date immediately before and after the transfer of assets, audited by independent accountants;

(9) Evidence that any Facility Clearance, security clearance, and Foreign Ownership, Control, or Influence (FOCI) requirements have been met;

(10) The consent of all sureties if such a method of financial assurance is provided under 4.3(g) of this GCEP Lease; and

(11) Any other information reasonably requested by the Department Lease Administrator.

(c) Upon the Department's consent, which shall not be unreasonably withheld, the Corporation may be substituted under this GCEP Lease by a Successor in Interest, provided a novation agreement between the Department and the Corporation and the Successor in Interest is properly executed. The novation agreement shall include, as a minimum, the following requirements:

(1) The Successor in Interest holds an appropriate Facility Clearance and a favorable Foreign Ownership, Control, or Influence Determination;

(2) The Successor in Interest assumes all the Corporation's obligations under the GCEP Lease;

(3) The Corporation waives all rights under the GCEP Lease against the Government;

(4) The Corporation guarantees performance of the GCEP Lease by the Successor in Interest; and

(5) Nothing in the novation agreement shall relieve the Corporation or Successor in Interest from compliance with any Laws and Regulations.

(d) If the Department's interests are adequately protected with an alternative formulation of the information, the Department Lease Administrator may modify the documents or information to be submitted under this Section 14.2.

(e) The Corporation may assign the GCEP Lease to any person or entity, whether affiliated with the Corporation or otherwise, if the Corporation receives the consent of the Department to such assignment.

Section 14.3 - Subleases

(a) The Corporation may sublease any part or all of the GCEP Leased Premises or the GCEP Leased Personalty to any person or entity, whether affiliated with the Corporation or otherwise, if the Corporation receives the consent of the Department to such a sublease. The Department shall not unreasonably withhold its consent to any such sublease, but such consent may be subject to reasonable conditions, including those set forth in Section 14.3(c).

(b) The Corporation shall have the right to operate the GCEP Leased Premises of the GCEP under this GCEP Lease or to engage an operator for such GCEP Leased Premises. No contract for the operation of such GCEP Leased Premises shall be deemed a sublease, except that any such contract shall be subject to, and consistent with, all terms, conditions, covenants, provisions, and agreements contained in this GCEP Lease.

(c) With respect to any sublease entered into between the Corporation and USEC Inc., the Corporation represents to the Department that:

(1) The Sublease between the Corporation and USEC Inc. shall require assumption of and shall be subject to, and consistent with, all terms, conditions, covenants, provisions, and agreements contained in this GCEP Lease.

(2) The Corporation expressly agrees that any such Sublease will impose no new obligations, liabilities, and costs on the Department.

(3) The Corporation acknowledges that the making of any assignment, transfer, or subletting, in whole, or in part, other than to USEC Inc. for Lead Cascade activities and construction and operation of the Commercial Plant requires the Department's express consent.

(4) The Sublease between the Corporation and USEC Inc. shall not operate to relieve the Corporation from its obligations under this GCEP Lease, and notwithstanding any such assignment, transfer, or subletting, the Corporation shall be liable for the payment of all Rent and other charges and for the due performance of all the covenants, agreements, terms and provisions of this GCEP Lease.

(5) The Corporation guarantees performance of the GCEP Lease by the Sublessee.

(d) Based upon these representations, consent to sublease the GCEP Leased Premises and GCEP Leased Personalty, or any portion thereof, to USEC Inc. for the purpose of conducting Lead Cascade activities and constructing and operating a Commercial Plant is hereby granted to the Corporation. Failure to comply with Section 14.3(c) voids the Department's consent to the sublease and in such an event, the Corporation agrees to terminate any sublease between the Corporation and USEC Inc. Possession of specific areas or portions of areas within the GCEP Leased Premises by the Corporation may be turned over to USEC Inc. upon the completion of GCEP Clean-up Activities within the area or portion of the area and written notification to the Department of the turnover of the areas or portions of areas to USEC Inc.

ARTICLE XV
MISCELLANEOUS

Section 15.1 - Entire GCEP Lease. This GCEP Lease contains the entire understanding of the Department and the Corporation with respect to its subject matter. This GCEP Lease reflects all agreements and commitments made prior to the date hereof with respect to this GCEP Lease by the Department and the Corporation, and is intended to be consistent with Exhibit C, the June 17th Agreement. There are no other oral or written understandings, terms or conditions and neither the Department nor the Corporation has relied upon any representation or statement, expressed or implied, which is not contained in this GCEP Lease.

Section 15.2 - Notices. In order to be effective, any notice, demand, offer, response, request or other communication made with respect to this GCEP Lease by either the Department or the Corporation must be in writing and signed by the one initiating the communication and must be hand-delivered or sent by registered letter, telefax or by a recognized overnight delivery service that requires evidence of receipt at the addresses for such communication given below:

For the Department: Mr. Larry Clark, Assistant Manager for Nuclear Fuel Supply
Department of Energy
Oak Ridge Office
P.O. Box 2001
Oak Ridge, TN 37831
Fax: (865) 241-4439

For the Corporation: Mr. Vic Lopiano, Vice-President American Centrifuge
USEC Inc.
6903 Rockledge Drive
Bethesda, MD 20817
FAX: (301) 564-3205

The Department and the Corporation have the right to change the place to which communications are sent or delivered by similar notice sent or delivered. The effective date of any communication shall be the date of the receipt of such communication by the addressee.

Section 15.3 - Severability. The invalidity of one or more phrases, sentences, clauses, subsections, sections or articles contained in this GCEP Lease shall not affect the validity of the remaining portions of this GCEP Lease so long as the material purposes of this GCEP Lease can be determined and effectuated. If such invalidity alters the fundamental allocation of risks or benefits or the rights and obligations of the Department or the Corporation contemplated in this GCEP Lease, the Department and the Corporation will use their best efforts to negotiate in good faith to restructure this GCEP Lease to reflect its original purposes.

Section 15.4 - No Waiver. The failure of either the Department or the Corporation to rely upon any of the provisions of this GCEP Lease or to require compliance with any of its terms at any time shall in no way affect the validity of this GCEP Lease or any part thereof, and shall not be deemed a waiver of the right of the Department or the Corporation, as the case may be, to rely upon or require strict compliance with any and each such provision at a different time.

Section 15.5 - Applicable Law. This GCEP Lease will be governed and construed in accordance with the federal laws of the United States of America.

Section 15.6 - Binding Nature of GCEP Lease. This GCEP Lease will be binding upon the Department and the Corporation and their respective successors.

Section 15.7 - GCEP Lease Not Joint Venture. Nothing contained in this GCEP Lease will be construed as creating or establishing a joint venture or partnership between the Department and the Corporation.

Section 15.8 - Further Assistance. The Department and the Corporation will provide such information, execute and deliver any agreements, instruments and documents, coordinate with one another with respect to shared site issues, plant changes, and control of work activities, and take such other actions as may be reasonably necessary or required, which are not inconsistent with the provisions in this GCEP Lease and which do not involve the assumption of obligations or expenditure of funds, other than those expressly provided for in this GCEP Lease, in order to give full effect to this GCEP Lease and to carry out its intent and the intent of the Privatization Act, including actions reasonably necessary to facilitate the Department's Decontamination and Decommissioning and Demolition of the PORTS when the PORTS is returned to the Department's control.

Section 15.9 - Property Records and Other Information. As set forth in Section 3.2, the Department leases to the Corporation certain items of personal property which are related to activities conducted by the Corporation under this GCEP Lease and are described in the GCEP Leased Personalty listing attached as Exhibit B to this GCEP Lease. Exhibit B represents the GCEP Leased Personalty listing as of the GCEP Lease Execution Date. The inventory data shall include basic information as follows where available:

(a) Lease number
(b) Asset type
(c) Description of item such as name, serial number, and other identifying information
(d) Property control number, i.e., barcode number
(e) Unit acquisition cost and unit of measure (estimate if actual is not available)
(f) Acquisition document reference and date (optional)
(g) Manufacturer's name, model and serial number
(h) Quantity received or fabricated
(i) Location (site, building or area number)
(j) Custodial name and organization code or Corporation custodian

. for the property (can be single point of contact)

(k) Use status (active, storage, excess, etc.)

(l) High risk designation (See, 41 CFR 109-1.53, "Management of High Risk Personal Property")

(m) Disposition document

Subject to other provisions of this GCEP Lease, additional items of personal property owned by the Department may be added to Exhibit B of this GCEP Lease throughout the GCEP Lease Term by the Corporation with the consent of the Department. Inventories shall be conducted annually and an inventory summary sheet, "FY__ Physical Inventories Performed" shall be submitted by November 1 each year listing all GCEP Leased Personalty. A list identifying any changes will be attached. Electronic data lists are acceptable in a mutually agreed upon electronic format. Information for the Facilities Information Management System (FIMS), the Department's real property information database will be established by the Corporation as a baseline inventory record and updated as needed with reporting submitted as required by the Department. Such inventory updates will be mutually agreed to by the Department and the Corporation. The updated listings will become attachments to this GCEP Lease and serve as a record of changes in the GCEP Leased Personalty.

Section 15.10 - Survival. Notwithstanding any termination, expiration, revocation, or relinquishment of this GCEP Lease, whether pursuant to the terms hereof or otherwise by operation of law, Section 3.3, Section 3.4, Section 3.5, Section 4.3, Section 4.4, Section 4.5, Section 4.6, Article V, Section 8.1, Section 9.3, Section 10.1, ,Section 12.3, Section 12.4, Section 15.12, Section 15.13, Section 15.15, Section 15.21, Section 15.22, and Section 15.23, as well as those portions of any memorandum of agreement between the Department and the Corporation which are related thereto, or by their terms are intended to continue, shall survive any such termination, expiration, revocation, or relinquishment of this GCEP Lease.

Section 15.11 - No Rights in Others. This GCEP Lease is not intended to create any right or benefit, substantive or procedural, enforceable by a third party against the United States, its agencies or instrumentalities (including the Department), officers or employees of the United States Government, or any other person.

Section 15.12 - Department's Payment Obligations. Any obligations of the Department to make payments or commit resources under this GCEP Lease are subject to the availability of sufficient appropriated funds being made available for such purpose, based upon the Department's normal practices in fiscal administration and execution of appropriate budgets, whether specifically herein stated or not.

Section 15.13 - Corporation's Payment Obligation. Unless otherwise expressly agreed to by the Department, all activities attributable to and related to the GCEP Lease Premises and GCEP Leased Personalty, including, but not limited to, maintenance costs, associated infrastructure costs, costs associated with security and the removal of any Department-owned equipment or personal property, and costs associated with implementation of International Atomic Energy Agency ("IAEA") safeguards under the U.S.-IAEA Safeguards Agreement and the Additional Protocol thereto, which includes the reporting of nuclear material inventories and declarations of Corporation activities, and related IAEA inspection and complementary access visits that are required under the U.S.-IAEA Safeguards Agreement and its Additional Protocol, respectively, will be funded by the Corporation and not subject to reimbursement by the Department under the Services Agreement or other contractual vehicle.

Section 15.14 - Environment. The Corporation shall not unlawfully pollute the air, ground, or water or create a public nuisance. The Corporation shall use all reasonable means available to protect the environment and natural resources from damage arising from this GCEP Lease or activities incident to it and, where damage nonetheless occurs, the Corporation shall be liable to restore the damaged resources. The Corporation shall, at no cost to the Department, promptly comply with present and future Laws and Regulations, ordinances, regulations, or instructions controlling the quality of the environment. This shall not affect the Corporation's right to contest their validity or enjoin their applicability. The Corporation shall not be responsible for pollution caused by others, unless it results from activities performed on behalf of the Corporation. If the Corporation discovers contamination not previously identified on the GCEP Leased Premises, the Corporation shall immediately cease activities in the area of contamination, notify the Department's Authorized Representative, and take preventative and mitigative actions, in accordance with applicable Laws and Regulations.

Section 15.15 - Disputes (July 2002)

(a) This GCEP Lease is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613)(CDA).

(b) Except as provided in the CDA, all disputes arising under or relating to this GCEP Lease shall be resolved under this section.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the leasing Parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of GCEP Lease terms, or other relief

arising under or relating to this GCEP Lease. However, a written demand or written assertion by the Corporation seeking the payment of money exceeding $100,000 is not a claim under the CDA until certified. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the CDA. The submission may be converted to a claim under the CDA, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)(1) A claim by the Corporation shall be made in writing and, unless otherwise stated in this GCEP Lease, submitted within 6 years after accrual of the claim to the Department Lease Administrator for a written decision. A claim by the Department against the Corporation shall be subject to a written decision by the Department Lease Administrator.

(2)(i) The Corporation shall provide the certification specified in paragraph (d)(2)(iii) of this section when submitting any claim exceeding $100,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the GCEP Lease adjustment for which the Corporation believes the Department is liable; and that I am duly authorized to certify the claim on behalf of the Corporation."

(3) The certification may be executed by any person duly authorized to bind the Corporation with respect to the claim.

(e) For Corporation claims of $100,000 or less, the Department Lease Administrator must, if requested in writing by the Corporation, render a decision within 60 days of the request. For Corporation-certified claims over $100,000, the Department Lease Administrator must, within 60 days, decide the claim or notify the Corporation of the date by which the decision will be made.

(f) The Department Lease Administrator's decision shall be final unless the Corporation appeals or files a suit as provided in the CDA.

(g) If the claim by the Corporation is submitted to the Department Lease Administrator or a claim by the Department is presented to the Corporation, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Corporation refuses an offer for ADR; the Corporation shall inform the, Department

Lease Administrator in writing, of the Corporation's specific reasons for rejecting the offer.

(h) The Department shall pay interest on the amount found due and unpaid from (1) the date that the Department Lease Administrator receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Department Lease Administrator initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the CDA, which is applicable to the period during which the Department Lease Administrator receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Corporation shall proceed diligently with performance of this GCEP Lease, pending final resolution of any request for relief, claim, appeal, or action arising under or relating to the GCEP Lease, and comply with any decision of the Department Lease Administrator.

Section 15.16 - Transfer of Title to the Corporation. The Parties acknowledge that at some future time, it may be in the best interests of both Parties for the Department to transfer title to any or all of the GCEP Leased Premises to the Corporation on terms that are consistent with the Department's reasonable responsibilities, programmatic activities, and plans. Any such transfer shall be subject to negotiation of terms that are mutually agreed upon by the Parties.

Section 15.17- Conditions of Privileges Granted by the Department. The exercise of the privileges granted shall be without cost or expense to the Department; shall be subject to the legal right of the Department to construct, use, and maintain facilities on the non-leased portions of the PORTS Site; shall be subject to other existing out grants of the Department on the GCEP Leased Premises; and shall be without liability to the Department for failure to supervise or inspect activities or facilities of the Department. The Department shall make reasonable efforts to provide adequate advance written notice to the Corporation of its activities to be granted to third parties consistent with Exhibit L, the Shared Site Agreement.

Section 15.18 - Hazardous and/or Radiological Material of Environmental Concern. In addition to the reporting requirements in Section 4.3(e), the Corporation shall annually provide the following reports on Material of Environmental Concern utilized, manufactured, shipped, stored, or received by the Corporation to the Department: Annual Hazardous Chemical Inventory Report; Annual Toxic Release

Inventory Report; and a Low-Level Radioactive Waste Generator Report. The Corporation shall further provide the Department annually with a report of the quantities managed, utilized, manufactured, shipped, stored, received by the Corporation, or introduced by the Corporation into the GCEP Leased Premises for the following Material of Environmental Concern: polychlorinated biphenyls, transuranics, chromates, trichloroethylene, asbestos, pentachlorophenol, beryllium, and, at the request of the Department, any other Material of Environmental Concern that is not reported under Section 4.3(e) or this Section 15.8.

Section 15.19 - Cultural Items.

(a) The Corporation shall not remove or disturb, or cause or permit to be removed or disturbed, any historical, archaeological, architectural, or other cultural artifacts, relics, vestiges, remains, or objects of antiquity. In the event such items are discovered on the GCEP Leased Premises, the Corporation shall immediately notify the Department Lease Administrator and protect the site and the material from further disturbance until the Department gives clearance to proceed.

(b) Federal agencies have an obligation under Section 106 of the National Historic Preservation Act to review all planned undertakings for impacts to historic properties that are eligible for listing on the National Register of Historic Places and under Section 110 of the National Historic Preservation Act to identify historic properties owned or under the control of the Department. To assure that the Department is afforded the opportunity to fulfill any obligation it may have for leased historic or potentially historic properties, the Corporation will notify the Department of any activities which have the potential to cause effects on historic properties. All such notification shall include a project summary, including details of the proposed undertaking and property affected, a proposed recommendation, and any other information the Department deems necessary to evaluate the undertaking and support Section 106 consultation.

(c) The Corporation further agrees to identify any historic properties and sites and assess any impacts associated with the construction and operation of the Commercial Plant and it shall include the determination and assessment in its Environmental Report submitted to the NRC to support the preparation of the NRC Environmental Impact Statement (EIS).

Section 15.20 - Laws, Ordinances, Regulations. The Corporation shall comply with all applicable Law and Regulations and ordinances of the Federal Government, State, county, and municipality wherein the GCEP Leased Premises are located.

Section 15.21 – Security

(a) Responsibility. It is the Corporation's duty to safeguard all classified information, special nuclear material, and other Department property. The Corporation shall, in accordance with all applicable security regulations and requirements, be responsible for safeguarding all classified information and protecting against sabotage, espionage, loss or theft of the classified documents and material in the Corporation's possession or in the possession of the Corporation's contractors, vendors, or partners, in connection with performance of work under this GCEP Lease. Except as otherwise agreed to by the Department, or under the Access Permit No. 99-01 (issued pursuant to 10 C.F.R. Part 725), the Corporation shall, upon termination, expiration, revocation, or relinquishment of this GCEP Lease for any reason, transmit to the Department any classified matter in the possession of the Corporation, its contractors, vendors, or partners, or any person under the Corporation's control in connection with performance of this GCEP Lease. If retention by the Corporation of any classified matter is required after the termination, expiration, revocation, or relinquishment of this GCEP Lease for any reason, the Corporation shall identify the items and types or categories of matter proposed for retention, the reasons for the retention of the matter and the proposed period of retention. If the retention is approved by the Department Lease Administrator, the Corporation agrees to comply with applicable orders and regulations of the Department. Special nuclear material shall not be retained after the termination, expiration, revocation, or relinquishment of this GCEP Lease for any reason, except as otherwise permitted by law. Nothing in this GCEP Lease shall affect the Corporation's obligations related to or ability to possess classified information or special nuclear material at other locations under applicable regulation.

(b) The Access Permit. The Corporation agrees to comply with Access Permit No. 99-01, or any subsequently issued Access Permit, issued pursuant to 10 C.F.R. Part 725.

(c) Definition of Classified Information. The term "classified information" means Restricted Data, Formerly Restricted Data, or National Security Information.

(d) Definition of Restricted Data. The term "Restricted Data" means all data concerning (1) design, manufacture, or utilization of atomic weapons; (2) the production of special nuclear material; or (3) the use of special nuclear material in the production of energy, but shall not include data declassified or removed from the Restricted Data category pursuant to Section 142 of the Atomic Energy Act of 1954, as amended.

(e) Definition of Formerly Restricted Data. The term "Formerly Restricted Data" means all data removed from the Restricted Data category under Section 142d. of the Atomic Energy Act of 1954, as amended.

(f) Definition of National Security Information. The term "National Security Information" means any information or material, regardless of its physical form or characteristics, that is owned by, produced for or by, or is under the control of the United States Government, that has been determined pursuant to Executive Order 12958 or prior Orders to require protection against unauthorized disclosure, and which is so designated.

(g) Definition of Special Nuclear Material (SNM). SNM means: (1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material which pursuant to the provisions of Section 51 of the Atomic Energy Act of 1954, as amended, has been determined to be SNM, but does not include source material; or (2) any material artificially enriched by any of the foregoing, but does not include source material.

(h) Security Clearance of Personnel. The Corporation shall not permit any individual to have access to any classified information, except in accordance with the Atomic Energy Act of 1954, as amended, Executive Order 12968, and all applicable regulations or requirements applicable to the particular level and category of classified information to which access is required. During the period that the Department is responsible for the access authorization program with respect to the GCEP Leased Premises, the Corporation shall provide to the Department any requested information related to the access authorization process, including information regarding personnel refresher training.

(i) Criminal Liability. It is understood that disclosure of any classified information obtained or possessed under this Lease to any person not entitled to receive it, or failure to safeguard any classified information that may come to the Corporation or any person under the Corporation's control under this GCEP Lease, may subject the Corporation, its agents, employees, or subcontractors to criminal liability under the laws of the United States. (See the Atomic Energy Act of 1954, as amended, 42 U.S.C. § 2011 et seq.; 18 U.S.C. §§ 793 and 794; and E.O.12958 and E.O. 12968).

(j) Contracts and Purchase Orders. Except as otherwise authorized in writing by the Department Lease Administrator, the Corporation shall insert provisions similar to the foregoing in all contracts and purchase orders for work performed at the GCEP Leased Premises.

(k) Sale/Release/Barter/Transfer of Classified/Sensitive Equipment. Except as otherwise authorized in writing by the Department or as provided for in applicable regulations, the Corporation shall not sell, barter, transfer, or release any classified and/or sensitive material, information, or equipment.

Section 15.22 – Classification. In the performance of work under this GCEP Lease, the Corporation shall comply with all applicable regulations 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 the Corporation) may serve as derivative classifiers which involves making classification decisions based upon classification guidance which reflect decisions made by Federal Government Original Classifiers.

The Corporation shall ensure that any document or material that may contain classified information is reviewed by a duly designated Derivative Classifier in accordance with applicable Laws and Regulations. In addition, the Corporation shall insure that documents or material relating to a classified subject area which are intended for widespread dissemination or public release are reviewed by a Classification Officer in accordance with applicable regulations. For information which is not addressed in classification guidance, but whose sensitivity appears to warrant classification, the Corporation and its contractor shall ensure that such information is reviewed in accordance with applicable Laws and Regulations.

In addition, the Corporation 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 at the GCEP Leased Premises are periodically reviewed as required by applicable regulations by a Derivative Declassifier(s) appointed in accordance with applicable regulations.

The Corporation shall insert this clause in any contract which involves or may involve access to classified information under this GCEP Lease.

Section 15.23 - Unclassified Controlled Nuclear Information/Export Controlled Information/Official Use Only

(a) Documents, information and/or equipment originated by the Corporation or furnished by the Government to the Corporation in connection with this GCEP Lease may contain "Unclassified Controlled Nuclear Information" and/or "Export Controlled Information" as determined pursuant to Section 148 of the Atomic Energy Act of 1954, as amended, and U.S. Laws and Regulations. The Corporation shall be responsible for the identification and protection of such documents, information, and/or equipment from unauthorized dissemination in accordance with applicable regulations, requirements, and instructions.

(b) Documents, information and/or equipment originated by the Corporation or furnished by the Government to the Corporation in connection with this GCEP Lease may contain knowledge that is "Official Use Only" as determinable by derivative classifiers and classification guides shall be identified and protected as required by applicable regulations.

Section 15.24 - Regulatory Oversight of Sections 15.21, 15.22, and 15.23. Oversight and enforcement of Sections 15.21, 15.22 and 15.23 shall be conducted in accordance with Section 6.3 of this GCEP Lease. Nothing in this GCEP Lease shall be construed as modifying, conferring or limiting the regulatory authority or responsibilities of the Department or the NRC.

Section 15.25 - Environmental Impact Statement. Pursuant to Section 3107 of the Privatization Act, the execution of this modification to the GDP Lease is not considered to be a major Federal action significantly affecting the quality of the human environment for purposes of Section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. § 4332). However, pursuant to 42 U.S.C. § 2243(a), the issuance of a license to construct and operate an enrichment facility by the NRC is considered a major Federal action significantly affecting the quality of the human environment for purposes of Section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. § 4332). No construction or operations may take place in the GCEP Leased Premises except as permitted under applicable NRC regulations and an Environmental Impact Statement Record of Decision. Prior to performing any work in the GCEP Leased Premises, the Corporation shall be responsible for performing a wetlands/floodplains assessment survey and shall include the determination and assessment in its Environmental Report submitted to the NRC to support the preparation of the NRC EIS.

Section 15.26 - Notice of Hazardous Substances. In accordance with 40 C.F.R. § 373.3, Exhibit G provides notice of hazardous substances stored for one year or more, known to have been released, or disposed of. The information contained in

Exhibit G is required under the authority of regulations promulgated under Section 120(h) of the Comprehensive Environmental Response, Liability, and Compensation Act ("CERCLA" or "Superfund"), 42 U.S.C. § 9620(h).

Section 15.27 - Continuation After Termination of the GDP Lease. In the event that the GDP Lease, to which this GCEP Lease is appended as Appendix 1, terminates, expires or is modified by the parties, the Department and the Corporation agree that this GCEP Lease shall remain in force and the Department and the Corporation's obligations under this GCEP Lease shall continue and be unaffected by such termination, expiration or modification.

IN WITNESS WHEREOF, the above terms and conditions are acknowledged and agreed upon as indicated by the signatures of the duly authorized representatives affixed below. This GCEP Lease shall be effective upon execution by the Department as of the day and year first above written.

UNITED STATES DEPARTMENT OF ENERGY

BY: Samuel W. Bodman

TITLE: Secretary of Energy

DATE: 12/7/06

AND

UNITED STATES ENRICHMENT CORPORATION

BY: [illegible]

TITLE: President + CEO

DATE: 12/1/06