

CENGSM

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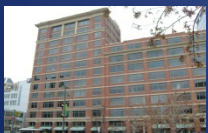
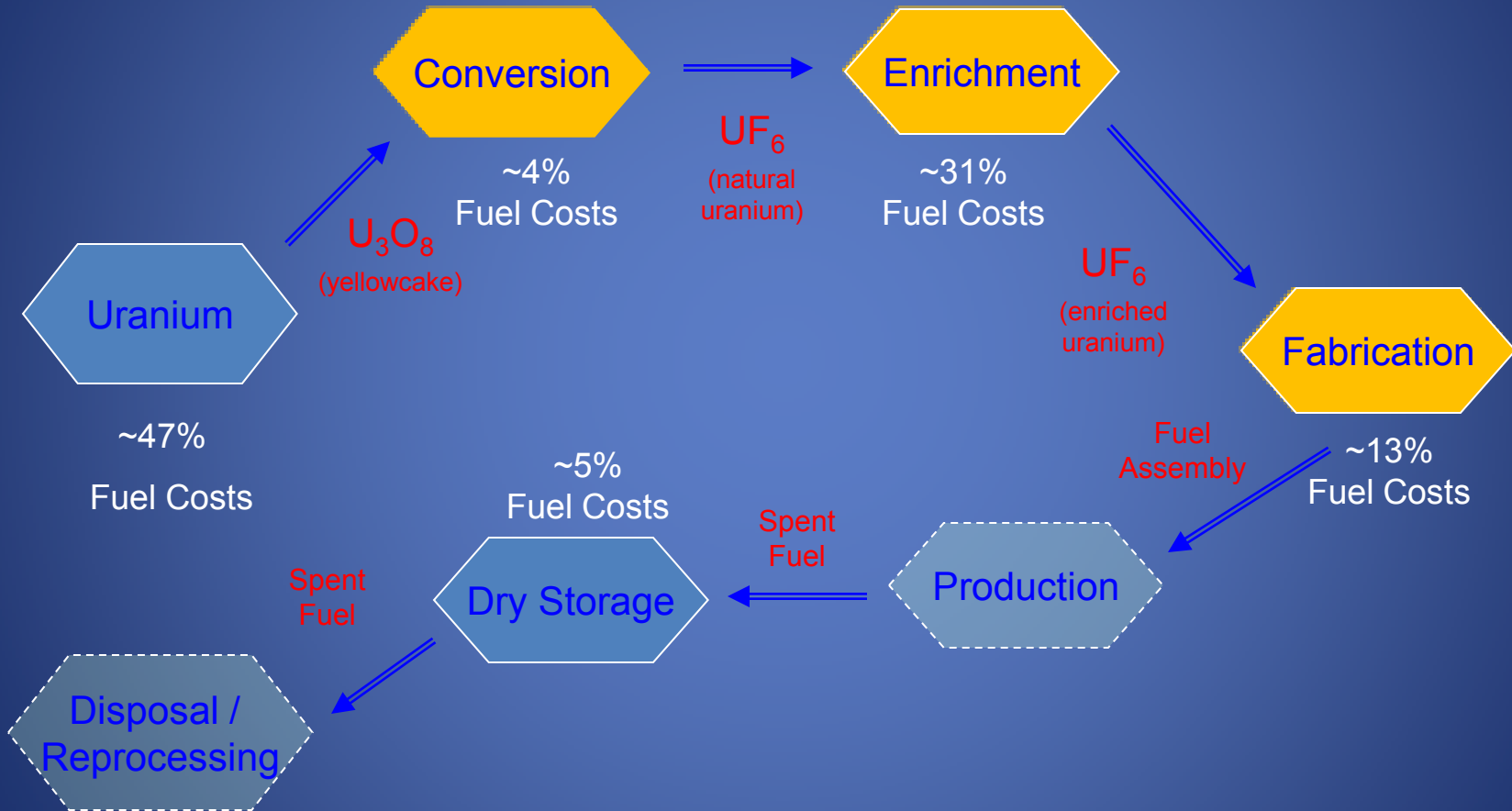


Fuel Customer Perspective



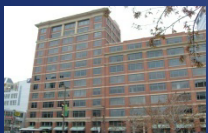
Penny P. Quinn
Director, Fleet Nuclear Fuels

Nuclear Fuel Supply Process Flow

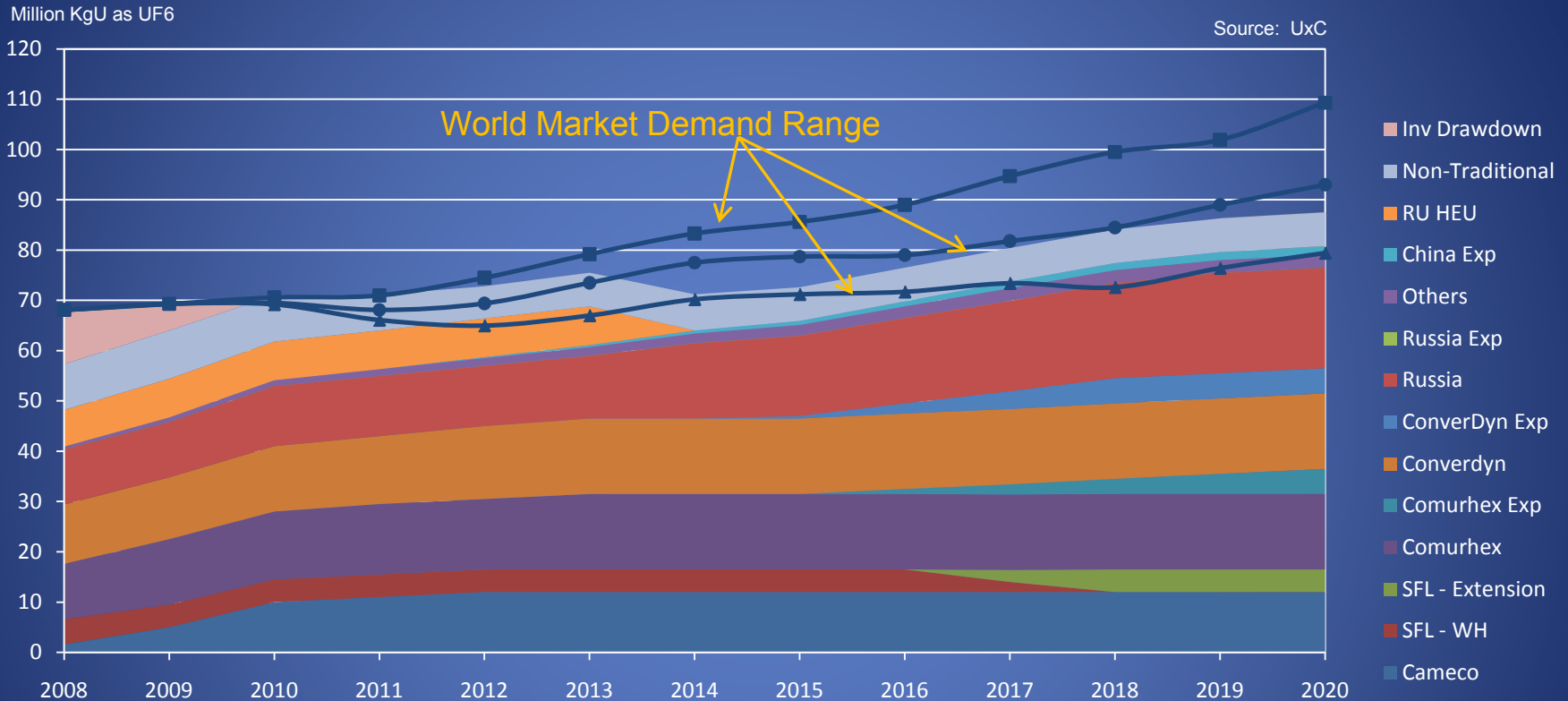




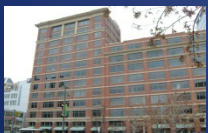
- What do they do well?
- What are the challenges?
- What's hot on your mind?



Conversion Services



Supply capability is available to meet demand with sufficient time for facilities to add new capacity should increased demand (from China and India) materialize as predicted.



Conversion Services Facilities

Doing Well.....

- Updating Older Facilities
- Expanding Nameplate Capacity
- Adding new modular construction that provides flexibility and adaptability
- Tolling agreement

Challenges.....

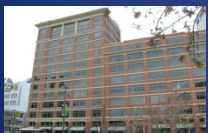
- Operate closer to nameplate capacity
- plan for additional expansion to be flexible and adaptable
- apply lessons learned from enrichment services to build additional new facilities
- government support in the form of tax credits or loan guarantee's
- Investigate potential to extend tolling agreement

What's hot on my mind?

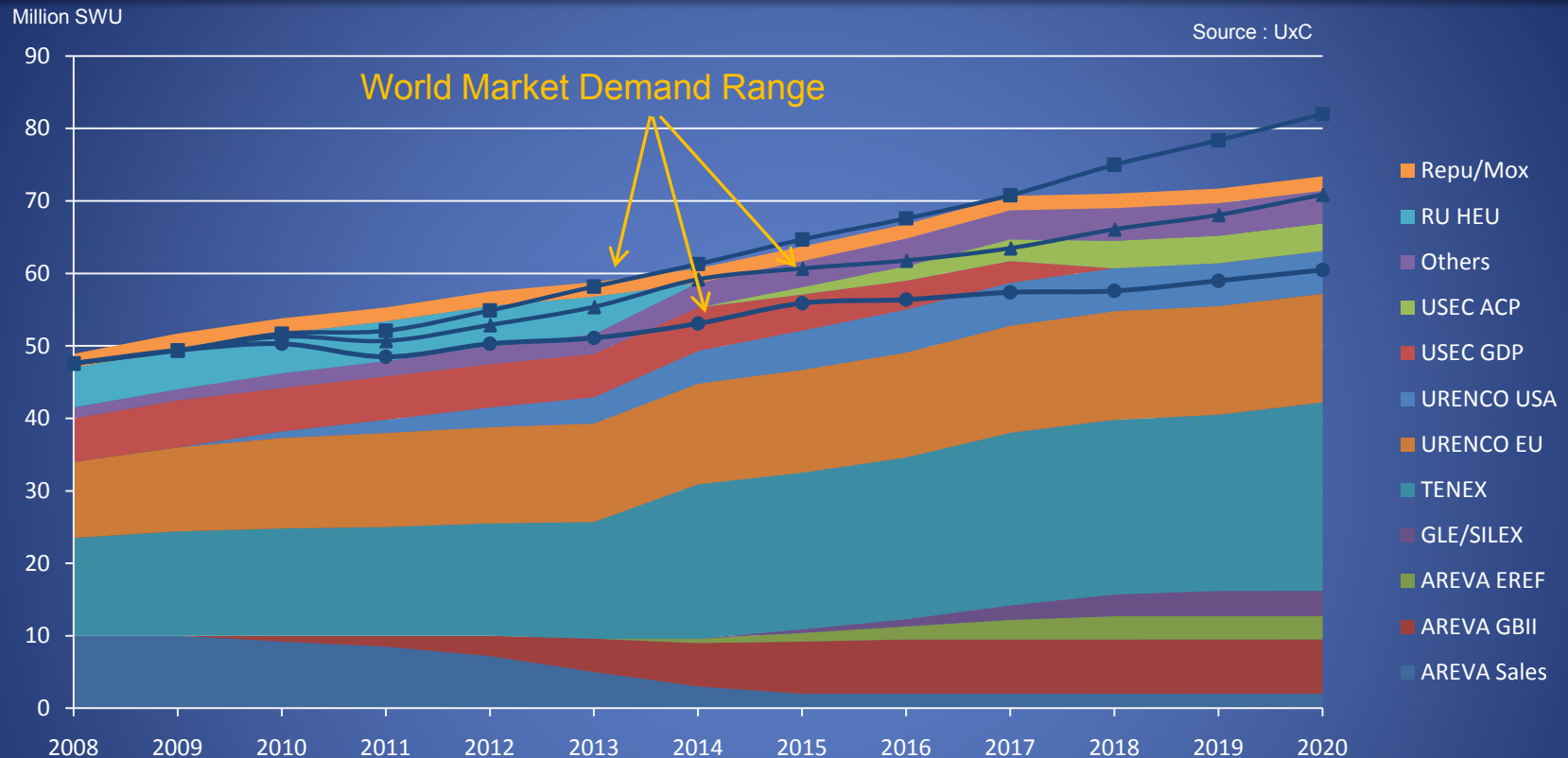
Conversion Services is a chemical process versus a nuclear process, so....

Construction of new facilities will take less time when compared to building a new nuclear plant

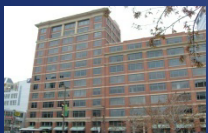
When demand actually materializes, supply will be available.



Enrichment Services



Even if a number of the new construction projects do not succeed, there will be adequate supply to cover future demand for enrichment services.



Enrichment Services Facilities

Doing Well.....

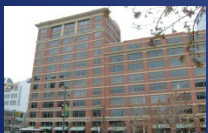
- GDP's are being replaced with more efficient and cost effective centrifuge technology
- Laser technology may add to competitive market
- Production from facilities under construction is up to 50% committed

Challenges.....

- government loan guarantee's
- Construction schedules and milestones to keep projects on target
- Skilled work force
- Innovative strategies to reduce lead times

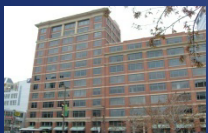
What's hot on my mind?

Will all of the new projects be successful
in bringing their new
builds into production?



Fabrication Services

- 3 principal suppliers in US (Areva, GNF and Westinghouse)
- All provide BWR fuel, and 2 provide PWR fuel
- New builds create competitive edge and expand operations and manufacturing internationally



Fabrication Services Facilities

Doing Well.....

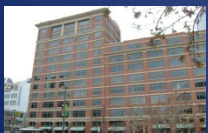
- New fuel designs are meeting customer needs for longer operating cycles and higher energy
- Improving plant operating margins
- Zero by 2010 is here
- Implementing CAP Programs

Challenges.....

- Work together to solve cross cutting issues (i.e. channel bow)
- Tracking quality issues at sub-suppliers
- EUP supply strategies
- Surveillance and inspections (PIE)
- Communication across customers

What's hot on my mind?

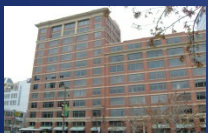
As the only supplier with one fuel type (BWR)
what is the future of GNF?





- Supply is adequate in all sectors
- New Build generates competition which results in quality products at cost effective prices

Safe & Reliable Supply for the Future



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