



NUCLEAR FUEL SERVICES, INC.

a subsidiary of The Babcock & Wilcox Company

news release

Nuclear Fuel Services, Inc. Awarded Contract to Downblend Highly Enriched Uranium

Company will work under contract to WesDyne International, LLC as part of NNSA nonproliferation initiative

(ERWIN, TENN. – June 29, 2009) – Nuclear Fuel Services, Inc., (NFS), a wholly owned subsidiary of Babcock & Wilcox Nuclear Operations Group, Inc. (B&W NOG), has been awarded a contract to downblend 12.1 metric tons of highly enriched uranium (HEU) into low enriched uranium (LEU) at its Erwin, Tenn., facility. NFS will work under prime contractor WesDyne International, LLC in support of the National Nuclear Security Administration's (NNSA) nonproliferation initiative to reduce HEU stockpiles around the world. NFS will fulfill the downblending portion of the contract, which also includes transportation, storage and other activities to be performed by WesDyne. B&W NOG is a subsidiary of The Babcock & Wilcox Company (B&W), which is a subsidiary of McDermott International, Inc.

Downblending is the process whereby highly enriched uranium is processed to reduce its concentration of Uranium-235 to levels suitable for use in commercial power plants. The resulting LEU is no longer suitable for use in nuclear weapons and can be used for peaceful purposes. The resulting LEU also provides assurance of fuel supply to utilities participating in the MOX program for the disposition of surplus weapons plutonium.

"We are very pleased to continue to work with NNSA on this important national security issue," said NFS President David L. Kudsin. "WesDyne is an outstanding prime contractor to work with, and we have very knowledgeable employees and the right facilities for the job."

The contract period of performance is anticipated by NNSA to be up to nine years, although the downblending portion is expected to be complete within four years.

About NFS

Located in Erwin, Tenn., NFS operates a uranium fuel materials production facility to support America's fleet of nuclear-powered submarines and aircraft carriers. It also converts Cold War-era government stockpiles of highly enriched uranium into material suitable for further processing into commercial nuclear reactor fuel.

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Contact:

Lauri Turpin
Nuclear Fuel Services
423.735.5698 | lturpin@nuclearfuelservices.com