

USEC announces bankruptcy plans

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A financial restructuring will see USEC file for bankruptcy protection in a move that officials say will strengthen the company's balance sheet but won't affect employee retirement pensions or operations at the Paducah site.

USEC announced Monday that it expects to file a prearranged and voluntary Chapter 11 petition in the first quarter of 2014 to implement the terms of a new agreement reached with the majority of bondholders to restructure the company's debt.

The Bethesda, Md.-based company plans to replace about \$530 million in convertible notes, scheduled to mature in October, with new equity and a new debt issue totaling \$200 million that would mature in five years under the new agreement, according to a USEC statement.

The filing will not affect activities at the American Centrifuge uranium enrichment plant in Piketon, Ohio, or operations at the Paducah Gaseous Diffusion Plant by United States Enrichment Corporation, the primary operating subsidiary of USEC.

Steven Penrod, USEC vice president of enrichment operations, confirmed the filing will not impact operations at the Paducah site, including the ongoing layoff schedule. Penrod described the filing as an isolated transaction. The United States Enrichment Corporation is not a party to the Chapter 11 activity of its parent company.

"This is independent and will have no effect on daily operations including the path forward to transition the plant," Penrod said.

The filing also will not impact employee pensions as allocated funds are separate from general operating funding. Pensions are managed by an independent third party and backed by the Pension Benefit Guaranty Corporation.

Jim Key, vice president of United Steelworkers Local 550 in Paducah, said employees were aware the corporate action would take place well ahead of the announcement Monday.

"We knew or anticipated this filing would probably take place, and it's really the lesser of two evils for Chapter 11 as opposed to Chapter 13 since this doesn't affect employee wages or pension plans," he said.