EnergySolutions, Inc.
Form 424B1
July 25, 2008

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Filed Pursuant to Rule 424(b)(1)
Registration No. 333-152158

35,000,000 Shares

Energy*Solutions*, Inc.

Common Stock

All of the shares of common stock are being sold by the selling stockholder. We will not receive any of the proceeds from the sale of the shares of common stock by the selling stockholder.

The underwriters have an option to purchase a maximum of 5,250,000 additional shares of common stock from the selling stockholder to cover over-allotments. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol "ES." On July 24, 2008, the last reported sales price of our common stock on the NYSE was $19.85 per share.

Investing in our common stock involves risks. See "Risk Factors" on page 13.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Stockholder
Per Share	$19.00	$0.8075	$18.1925
Total	$665,000,000	$28,262,500	$636,737,500

Delivery of the common stock in book-entry form only will be made on or about July 30, 2008.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse **JPMorgan**

Morgan Stanley **UBS Investment Bank**

Banc of America Securities LLC		**Citi**
D.A. Davidson & Co.		**Friedman Billings Ramsey**
Lazard Capital Markets	**Piper Jaffray**	**Wedbush Morgan Securities**

The date of this prospectus is July 24, 2008.

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You should rely only on the information contained in this document or any free writing prospectus prepared by or on behalf of us. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

PROSPECTUS SUMMARY

This section summarizes key information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. You should carefully review the entire prospectus, including the risk factors, the financial statements and the notes thereto, and the other documents to which this prospectus refers before making an investment decision.

Unless the context requires otherwise, when used in this prospectus, (1) "EnergySolutions," "we," "us" and "our" refer to EnergySolutions, Inc. and its subsidiaries and include the businesses conducted by EnergySolutions prior to our reorganization to a "C" corporation, which occurred concurrently with the completion of our initial public offering on November 20, 2007; and (2) "pro forma" gives effect to our acquisition of Reactor Sites Management Company Limited and its subsidiaries, or RSMC, in June 2007, our reorganization, our initial public offering and certain other adjustments described under "Unaudited Pro Forma Financial Information."

A glossary of defined terms used throughout this prospectus can be found under "Glossary of Defined Terms" on page G-1.

Our Company

We are a leading provider of specialized, technology-based nuclear services to government and commercial customers. Our customers rely on our expertise to address their needs throughout the lifecycle of their nuclear operations. Our broad range of nuclear services includes engineering, operation of nuclear reactors, in-plant support services, spent nuclear fuel management, decontamination and decommissioning, logistics, transportation, processing and disposal. We also own and operate strategic facilities that complement our services and uniquely position us to provide a single-source solution to our customers.

We derive almost 100% of our revenues from the provision of nuclear services and believe that virtually every company or organization in the United States that holds a nuclear license uses our services or facilities, directly or indirectly. Our government customers include the U.S. Departments of Energy and Defense and the U.K. Nuclear Decommissioning Authority. Our commercial customers include many of the largest owners and operators of nuclear power plants in the United States, such as Constellation Energy Group, Inc., Duke Energy Corporation, Entergy Corporation, Exelon Corporation and Florida Power & Light Company. We have entered into long-term arrangements, which we refer to as "life-of-plant" contracts, with nuclear power and utility companies representing 82 of the 104 operating nuclear reactors in the United States. Under these long-term arrangements, we have agreed to process and dispose of substantially all low-level radioactive waste, or LLRW, and mixed low-level waste, or MLLW, generated by their nuclear power plants, and ultimately the waste materials generated from the decontamination and decommissioning, or D&D, of those plants. Our commercial customers also include hospitals, pharmaceutical companies, research laboratories, universities and industrial facilities, as well as state agencies in the United States.

We operate strategic facilities for the safe processing and disposal of radioactive materials, including a facility in Clive, Utah, four facilities in Tennessee and two facilities in Barnwell, South Carolina. According to the Government Accountability Office, or the GAO, our facility in Clive, Utah is the largest privately-owned LLRW disposal site in the United States and currently handles over 95% of all commercial LLRW disposal in the United States. We also manage 10 sites in the United Kingdom with 22 reactors for the U.K. Nuclear Decommissioning Authority, or NDA, of which four are operational and 18 are in various stages of decommissioning. We have a comprehensive portfolio of nuclear processing technology and know-how, supported by more than 175 patents that we own or license. As of June 30, 2008, we had more than 5,000 employees, including approximately 1,150 scientists and engineers and over 400 radiation and safety professionals. Approximately 3,000 of our

employees are located at the 10 sites we manage in the United Kingdom. We also manage more than 1,000 site employees at various U.S. Department of Energy sites. We have received multiple awards for our safety record.

Since 2005, we have expanded and diversified our operations through a series of strategic acquisitions. For example, in June 2007, we acquired RSMC, which holds contracts and licenses to operate and decommission 22 reactors at 10 sites in the United Kingdom. Accordingly, beginning with the second quarter of 2007, we began reporting results from our operations outside North America in a new International segment.

We provide our services through four segments: Federal Services; Commercial Services; Logistics, Processing and Disposal, or LP&D; and International. When a project involves the provision of both specialized on-site nuclear services and processing and disposal services, our Federal Services or Commercial Services segment, depending on the type of customer, will coordinate with our LP&D segment to provide integrated services.

The Nuclear Services Industry

The nuclear services industry consists of a broad range of engineering, technology-based and operational services throughout the nuclear fuel cycle. The nuclear fuel cycle refers to the series of industrial and technical processes that result in the production of nuclear energy or nuclear materials from nuclear power reactors, starting with the mining of uranium and ending with the recycling or disposal of various forms of radioactive by-products.

We believe there are significant nuclear services opportunities in the United States and internationally. In the United States, the service requirements of the nuclear industry can be broadly classified into two main categories Federal and Commercial. Federal nuclear services consist of services provided to government entities (primarily the U.S. Department of Energy, or DOE, and, to a lesser extent, the U.S. Department of Defense, or DOD) related to management and operation, or M&O, services, complex D&D and clean-up of radioactive materials at both operational and former weapons production sites. Over the past six decades, the DOE developed one of the largest government-owned industries in the United States, responsible for research, development, testing, operations and production of nuclear weapons and a variety of nuclear-related research programs. Key factors that affect the federal nuclear services market today include stable DOE spending on nuclear programs, significant federal contracts to be awarded over the next several years and renewed interest in spent nuclear fuel recycling.

Commercial nuclear services primarily consist of specialized nuclear fuel cycle services provided to the 104 operating nuclear reactors in the United States, as well as D&D services provided to the nuclear reactors that have been shut down. The commercial nuclear services market also includes non-utility customers such as hospitals, pharmaceutical companies, research laboratories, universities and industrial facilities. Key factors that affect the U.S. commercial nuclear services market today include the outsourcing of specialized nuclear services by nuclear power plants, growth in relicensing of existing plants, significant need for fully-integrated D&D services for the commercial nuclear power plants that have been shut down and, ultimately, for the 104 operating reactors and any new reactors, and a growing interest in nuclear energy as a clean, reliable and cost-effective alternative to fossil fuels.

There are also significant nuclear services opportunities associated with the existing and growing number of nuclear power reactors around the world, with approximately 36 new reactors currently under construction and another 93 are expected to be in operation during the next eight years. In addition, there are nuclear services requirements related to the management and clean-up of former weapons production and other nuclear programs in countries with significant nuclear facilities. For example, the United Kingdom has begun to remediate a portion of its nuclear power plant fleet and its former nuclear weapons production sites using a similar process to that used by the DOE. Under the

United Kingdom's Energy Act 2004, the NDA was mandated with cleaning up 20 sites, including 39 reactors and five spent nuclear fuel recycling plants, as well as other fuel cycle and research facilities.

Our Competitive Strengths

We believe that the following competitive strengths will allow us to capitalize on growth opportunities in the nuclear services industry:

Broad, Specialized Solutions Offering. We believe that we provide the most comprehensive portfolio of specialized, technology-based nuclear services in North America and the United Kingdom and that our breadth of services, extensive experience and proven credentials position us to pursue a wide range of nuclear services contracts. This combination allows us to respond to specific, technical customer needs in an industry that often requires customized solutions. In addition, we believe our critical mass and the scale of our operations position us to pursue large nuclear services contracts, including opportunities to serve as a lead prime contractor for major government projects with the DOE, NDA and other government agencies.

Vertically Integrated Services. Our unique LP&D capabilities complement the specialized on-site management, engineering and technological expertise provided by our other segments, enabling us to provide a comprehensive customer solution that effectively changes the nuclear services paradigm. Access to our own strategic processing and disposal facilities enables us to complete a broad range of projects quickly and cost-effectively. For example, our license stewardship project to decommission the two shut-down nuclear reactors in Zion, Illinois will involve our on-site Commercial Services capabilities, as well as our off-site LP&D capabilities and facilities to achieve project efficiency and cost control. We believe that this ability to offer vertically integrated services distinguishes us from competitors that must coordinate their efforts with multiple third-party contractors to offer a comparable range of services, thereby incurring significant costs to replicate our full range of services.

Strategic Processing and Disposal Facilities. According to the GAO, we are the largest non-government owner and operator of facilities in the United States for the treatment and disposal of LLRW and MLLW. LLRW accounts for more than 90% of the volume but less than 1% of the radioactivity of all radioactive by-products. Due to government regulations and political and siting issues, no new commercial LLRW disposal site has been able to obtain the necessary permits and licenses to operate since our Clive, Utah facility was licensed in 1988. We handle a majority of the DOE's off-site LLRW disposal business and over 95% of the LLRW generated in the United States that is disposed of in commercial sites. There are significant political and regulatory barriers to entry to provide comparable services.

Long-Term Relationships with Attractive Customer Base. We provide specialized, technology-based nuclear services to a broad range of customers, including the DOE and the NDA, commercial power and utility companies, research laboratories, universities and other entities with nuclear-related products or operations. We generate the majority of our revenues and cash flow from customers with whom we have long-term relationships. For example, our life-of-plant contracts with nuclear power and utility companies generally cover the operating life of a nuclear reactor through its decommissioning. Although a life-of-plant contract may be terminated before decommissioning is complete, we typically expect the duration of these contracts to be approximately 30 years. In the United States, DOE contracts generally last five years with the possibility of an additional five-year extension. In the United Kingdom, RSMC and its predecessors have operated the Magnox sites since inception. NDA contracts generally are for five years with two additional five-year extensions.

Technological and Operating Expertise. We have a substantial portfolio of nuclear processing technology and know-how, supported by more than 175 patents that we own or license, that

enables us to participate in a wide range of projects involving materials with varying levels of radioactivity. For example, we employ proprietary technologies to transport high-level radioactive materials safely to on-site independent spent fuel storage installations. In addition, we use specialized radioactive materials processing technologies, such as vitrification and metal melting, which are currently in demand by the DOE and are an important factor in procuring prime government contracts. We also have extensive experience managing site operations at customer facilities. As a member of a prime contract team, we currently operate or jointly operate approximately 50 nuclear, radiological and industrial facilities at major DOE national laboratories and former weapons production sites. In addition, we operate four reactors that generate electricity in the United Kingdom, which provides us important operating expertise valued by our customers.

Significant Project Management Capabilities. Our senior management team and employee base have extensive industry experience. The nuclear services industry currently faces a shortage of highly-trained professionals, and we believe our human capital serves as a core competitive advantage and enables us to deliver a comprehensive solutions offering. We have considerable nuclear-related project management capabilities for large customized projects required by our government and commercial customers. Our employee base also includes approximately 1,150 scientists and engineers and over 400 radiation and safety professionals that support our technology-based nuclear services.

Our Business Strategy

Our objective is to be a leading provider of specialized, technology-based nuclear services worldwide by capitalizing on significant near- and long-term growth opportunities in the nuclear services industry. We intend to pursue this objective through the following strategies:

Focus on Decommissioning of Shut-down U.S. Reactors. We are actively marketing our D&D services for shut-down reactors to nuclear power and utility companies. There are currently 13 nuclear reactors in the United States in various stages of shut-down, including SAFSTOR (an acronym for "safe storage" whereby nuclear facilities are maintained and monitored in a condition that allows radioactivity to decay over a period of several decades before undergoing final D&D), with total dedicated decommissioning funds of more than $3.1 billion. Our unique license stewardship initiative for shut-down reactors allows us to potentially accelerate D&D activities by several years. Under a license stewardship, we would obtain our own Nuclear Regulatory Commission, or NRC, license for a reactor site and enter into a turn-key contract with a utility through which we would acquire the plant. We then would be compensated for the work performed from the decommissioning trust funds transferred from the existing owner. After we have completed the D&D of the plant, we would return the restored site to its original owner. This approach offers our customers cost certainty and the advantage of near-term site restoration. We believe that we are well-positioned to compete for this D&D outsourcing work because our integrated service platform, together with our on-site D&D experience, enables us to efficiently and cost-effectively complete decommissioning and disposal of the radioactive materials at these shut-down sites. In December 2007, we entered into a license stewardship agreement with Exelon Corporation, under which we will become the licensee for Exelon's nuclear reactors in Zion, Illinois. Pursuant to this agreement and subject to NRC and other regulatory approvals, we will assume full responsibility for the decommissioning and site restoration at the Zion plant and will be compensated from the decommissioning trust fund for our work at the Zion plant.

Pursue Prime Contracting Opportunities. We estimate that approximately $25.8 billion of U.S. government nuclear services contracts will be awarded within the next five years, and we expect to bid on a significant portion of these contracts. We believe that we have the expertise and have

achieved the scale to be a leading member of consortia pursuing prime contract opportunities. For example, in May 2008, the consortium that we jointly lead was selected by the DOE to store, retrieve and treat tank waste and close the tank farms at the DOE's Hanford site under a cost-reimbursable plus fee contract valued at approximately $7.1 billion over 10 years, which includes a five-year base period with options to extend the contract for up to five additional years. We have a 40% interest in this consortium and URS Corporation has a 45% interest. We also have significant staff presence at the Oak Ridge and Savannah River DOE sites, which, together with Hanford, are three of the most heavily contaminated DOE sites requiring significant clean-up. In addition, in the United Kingdom, we are currently a prime contractor for the NDA. Moreover, much of the near-term prime contracting work for the DOE and the NDA will involve expertise in complex D&D and handling highly radioactive materials, areas in which we have substantial technological capabilities and operational experience.

Expand Existing Commercial Business. We believe that the breadth of our nuclear services, our technological expertise and our proprietary processing and disposal facilities will enable us to deepen our relationships with existing commercial customers and pursue new commercial customers. Many of the specialized nuclear services that we offer are not core competencies of nuclear power and utility companies. As we deepen our relationships with these companies, we believe that they will increasingly outsource these services to us. For example, we have signed life-of-plant contracts with commercial customers representing 82 of the 104 operating nuclear reactors in the United States, pursuant to which we have agreed to process and dispose of substantially all operating LLRW generated by these plants, and ultimately their D&D waste materials. In addition, the NRC is reviewing a proposal to permit operators of nuclear reactors to access decommissioning funds for disposal of large components that have been retired from use in nuclear reactors. We believe the adoption of this proposal would be a significant opportunity for us to expand our business in our Commercial Services and LP&D segments.

Expand International Operations in Selected Markets. We believe there are substantial near-term opportunities for us to market our nuclear services to international commercial and government customers. For example, the United Kingdom has formed the NDA, which is pursuing a program to remediate its major nuclear sites. Our acquisitions of RSMC, a reactor operator and manager of sites at various stages of decommissioning, and Safeguard International Solutions Ltd., a leading provider of LLRW handling and disposition services in the United Kingdom, enable us to pursue opportunities in the United Kingdom and other European countries, including the provision of specialized decommissioning and disposal services. We will also target the nuclear new-build program in the United Kingdom, particularly in respect of licensing, commissioning and operations.

Become a Leader in Spent Nuclear Fuel Recycling. As part of our acquisition of BNG America, LLC, or BNGA, we obtained the rights in the United States, Canada and Mexico to the British Nuclear Fuels Plc group's, or BNFL's, intellectual property, including its spent nuclear fuel recycling technology and expertise. We believe we are the only U.S. company with this technology and expertise, which includes the know-how and employees who have designed, constructed, commissioned and operated spent nuclear fuel recycling facilities. We have completed DOE feasibility studies at three potential sites in the United States and preliminary design for a spent nuclear fuel recycling facility under the Global Nuclear Energy Partnership, or GNEP. GNEP is a coordinated effort to increase global energy security, reduce the risk of nuclear proliferation and encourage clean energy development. We are the leader of one of four consortia that receive funding from the DOE as part of our efforts to perform GNEP deployment studies. We intend to continue to support the DOE with our technological expertise and will collaborate with the U.S. government to further this initiative.

Pursue Acquisitions Opportunistically. We intend to complement our organic growth strategy through selective acquisitions of other nuclear services businesses, both domestic and international, that enhance our existing portfolio of services and strengthen our relationships with our government and commercial customers. For example, in January 2007 we acquired Parallax, Inc., a Maryland-based nuclear services company, which, together with its joint venture partner, was awarded a contract to perform nuclear services at the DOE's Portsmouth Gaseous Diffusion Plant in Piketon, Ohio. In June 2007, we acquired RSMC from BNFL. Through its subsidiary Magnox Electric Ltd., RSMC holds the contracts and licenses to operate and decommission 22 reactors at 10 sites in the United Kingdom on behalf of the NDA. In December 2007, we acquired Monserco Limited, a Canadian company that enhances our ability to manage projects in Canada.

Recent Developments

The following are our preliminary unaudited selected results of operations for the three-month period ended June 30, 2008. These results remain subject to the completion of our normal quarter-end closing procedures.

For the three months ended June 30, 2008, we estimate that our revenues will be between $445 million and $465 million, and that our net income per share will be between $0.13 and $0.14 per share. We estimate that the non-cash amortization of intangible assets, net of the related income tax expense, will be approximately $4.6 million and that net income per share before the non-cash impact of amortization of intangible assets will be between $0.18 and $0.19 per share. We define net income before the non-cash impact of amortization of intangible assets as net income plus amortization expense of intangible assets, net of the related income tax expense. Per-share amounts are calculated assuming 88.4 million fully-diluted shares outstanding.

Because the second quarter has recently ended, this unaudited financial information is, by necessity, preliminary in nature, based only upon preliminary information available to us as of the date of this prospectus and has not been reviewed by our independent registered public accounting firm. Our consolidated financial statements for the three-month period ended June 30, 2008 will not be available until after this offering is completed, and, consequently, will not be available to you prior to investing in our common stock in this offering. Our actual results of operations for the three-month period ended June 30, 2008 could differ materially from our estimates due to completion of our quarterly close procedures, final adjustments and other developments that may arise before our financial results for this period are finalized. Accordingly, you should not place undue reliance on the foregoing unaudited financial information.

The Selling Stockholder

The selling stockholder in this offering is ENV Holdings LLC. All of the members' interests in ENV Holdings LLC are held by affiliates of Lindsay Goldberg & Bessemer L.P., Peterson Partners L.P. and Creamer Investments, Inc., which we refer to collectively as the "Sponsors," as well as certain of our senior employees. Creamer Investments is an affiliate of our chairman and chief executive officer, R Steve Creamer, and our vice chairman and director, J.I. Everest II.

The selling stockholder currently owns approximately 62.3% of our outstanding common stock. Following the completion of this offering, the selling stockholder will own approximately 22.7% of our outstanding common stock if the underwriters do not exercise their over-allotment option (or approximately 16.7% if the underwriters exercise their over-allotment option in full). Following the completion of this offering and prior to any additional offering or sale by ENV Holdings LLC of our common stock, ENV Holdings LLC intends to dissolve or otherwise distribute all or a portion of our common stock that it owns, such that the senior employees currently owning membership interests in

ENV Holdings LLC will instead own their share of our common stock held by ENV Holdings LLC upon the completion of this offering and attributable to such senior employees' membership units in ENV Holdings LLC.

Risks Affecting Our Business

Our business is subject to numerous risks, as discussed more fully in the section entitled "Risk Factors" beginning on page 13 of this prospectus. In particular:

- Failure to obtain or comply with the conditions of national, state and local government permits or approvals may adversely affect our operations by temporarily suspending our activities or curtailing our work and may subject us to penalties and other sanctions.

- Adverse public reaction to developments in the use of nuclear power or the disposal of radioactive materials could lead to increased regulation, limitations on our activities or the activities of our customers, more onerous operating requirements or other conditions.

- Any interruption in the operation of our disposal facility in Clive, Utah or decrease in the facility's expected capacity would adversely affect our business and force us to alter our business strategy.

- National or state government regulations may be imposed that restrict the flow of radioactive materials across national or international boundaries.

- Our quarterly operating results may fluctuate significantly and may not meet our financial guidance or published analyst forecasts, which could have a negative effect on the price of our common stock.

- Our international operations are subject to recessions in foreign economies, unexpected changes in regulatory requirements and foreign currency fluctuations.

- We may not win lead prime contractor roles because we will be competing directly with a number of large national and regional nuclear services firms that may have greater financial, management and marketing resources than we do.

- Economic downturns and reductions in government funding could have an adverse impact on the revenues and profitability of our existing contracts and our ability to win new contracts.

- As a government contractor, we are subject to extensive government regulation. Our failure to comply with applicable regulations could subject us to penalties that may restrict our ability to conduct our business.

- We may not be successful in obtaining necesssary regulatory approvals or permits to enter into license stewardship arrangements with owners and operators of shut-down nuclear reactors.

- Acquisitions that we pursue may present unforeseen integration obstacles and costs, increase our debt and negatively affect our performance.

- Loss of key personnel or failure to attract the qualified personnel we need to expand our operations could have an adverse effect on our ability to operate our business and execute our business strategy.

Corporate Information

We are a Delaware corporation. Our principal executive offices are located at 423 West 300 South, Suite 200, Salt Lake City, Utah 84101, and our telephone number is (801) 649-2000. We have a website at *www.energysolutions.com*. **The information that appears on our website is not a part of, and is not incorporated into, this prospectus.**

The Offering

Common stock offered by the selling stockholder	35,000,000 shares.
Common stock outstanding	88,310,022 shares.
Over-allotment option	The underwriters have an option to purchase a maximum of 5,250,000 additional shares from the selling stockholder to cover over-allotments.
Use of proceeds	We will not receive any of the proceeds from the sale of our common stock by the selling stockholder.
New York Stock Exchange symbol	"ES."
Dividend policy	We intend to continue paying quarterly cash dividends on our common stock at a rate of $0.025 per share. The declaration and payment of dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our results of operations, financial condition, liquidity requirements, restrictions that may be imposed by applicable law and our contracts and other factors deemed relevant by our board of directors.

Unless otherwise indicated, all information contained in this prospectus:

includes 6,522 shares of restricted stock that were granted to our independent directors in connection with our initial public offering;

excludes 10,433,478 shares of our common stock reserved for future grants under our compensation plans, including options to purchase 5,746,670 shares; and

assumes no exercise of the underwriters' over-allotment option to purchase additional shares from the selling stockholder.

Summary Historical and Unaudited Pro Forma Financial Information

The following tables present summary historical and unaudited pro forma financial information for our business as of the dates and for the periods indicated. The historical financial information for the years ended December 31, 2006 and 2007 was derived from the audited consolidated financial statements of Energy*Solutions*, Inc., or Energy*Solutions*, LLC, prior to our conversion from a limited liability company to a "C" corporation in connection with our initial public offering in November 2007, which are included elsewhere in this prospectus. The historical financial information as of March 31, 2008 and for the three months ended March 31, 2007 and 2008 was derived from the unaudited consolidated financial statements of Energy*Solutions*, Inc., or Energy*Solutions*, LLC, prior to our conversion from a limited liability company to a "C" corporation, which are included elsewhere in this prospectus.

The unaudited pro forma financial information was derived from the unaudited pro forma financial statements included elsewhere in this prospectus. The pro forma income statement information for the year ended December 31, 2007 gives effect to the completion of (1) our acquisition of RSMC and the incurrence of debt to finance that acquisition, (2) our corporate reorganization in connection with our initial public offering, (3) our initial public offering and the application of the net proceeds therefrom and (4) certain other adjustments described under "Unaudited Pro Forma Financial Information," as if they had each occurred on January 1, 2007. The pro forma financial information does not give effect to any of our other acquisitions, including Parallax, NUKEM and Monserco, except to the extent that these acquired companies' results of operations are included in our historical financial statements, because these acquisitions do not meet significance thresholds set forth by the rules of the U.S. Securities and Exchange Commission, or SEC. The pro forma income statement information also does not give effect to certain other items described under "Unaudited Pro Forma Financial Information."

The unaudited pro forma financial information has been prepared based upon available information and assumptions that we believe are reasonable. However, the pro forma financial information is presented for illustrative and informational purposes only and does not purport to represent what our results of operations would have actually been if the pro forma transactions had occurred on the assumed date nor are they necessarily indicative of our future performance.

You should read the following information together with the financial statements and accompanying notes of Energy*Solutions* and RSMC included elsewhere in this prospectus, as well as the information contained under "Risk Factors," "Capitalization," "Selected Historical Financial Information," "Unaudited Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Certain Relationships and Related Party Transactions."

	EnergySolutions				Pro Forma
	Year Ended December 31, 2006(1)	Year Ended December 31, 2007(2)	Three Months Ended March 31, 2007 (unaudited)	Three Months Ended March 31, 2008(3) (unaudited)	Year Ended December 31, 2007 (unaudited)
	(in thousands, except per share data)				
Income Statement Data:					
Revenues	$ 427,103	$ 1,092,613	$ 114,151	$ 501,753	$ 1,804,626
Cost of revenues	235,867	898,339	83,357	428,770	1,564,611
Gross profit	191,236	194,274	30,794	72,983	240,015
Selling, general and administrative expenses	101,262	122,438	28,328	28,590	126,557
Income from operations	89,974	71,836	2,466	44,393	113,458
Interest expense	68,566	72,689	15,370	11,660	57,691
Other income (expense), net	3,113	3,364	148	(2,061)	3,364
Income (loss) before minority interests and income taxes	24,521	2,511	(12,756)	30,672	59,131
Minority interests		(92)		(195)	(92)
Income tax expense (benefit)	(2,342)	11,318	(2,412)	11,184	19,577
Net income (loss)	$ 26,863	$ (8,899)	$ (10,344)	$ 19,293	$ 39,462
Net income (loss) per share data(4)					
Basic		$ (0.79)		$ 0.22	$ 0.53
Diluted		$ (0.79)		$ 0.22	$ 0.53
Number of shares used to calculate net income (loss) per share					
Basic		11,274		88,304	$ 75,150
Diluted		11,274		88,310	$ 75,150
Other Data:					
EBITDA(5)	$ 122,078	$ 119,079	$ 12,258	$ 56,797	$ 165,282
Amortization of intangible assets(6)	$ 16,589	$ 24,147	$ 4,803	$ 7,197	$ 28,728
Capital expenditures(7)	$ 23,910	$ 13,312	$ 1,743	$ 1,280	$ 13,312
Balance Sheet Data (as of period end):					
Working capital(8)				$ 79,626	
Cash and cash equivalents				$ 38,086	
Total assets				$ 1,665,104	
Total debt				$ 586,967	

(1) Our results of operations for 2006 include the results of BNGA, Duratek, Inc. and Safeguard from the dates of their acquisitions in February 2006, June 2006 and December 2006, respectively.

(2) Our results of operations for 2007 include the results of Parallax, RSMC, NUKEM and Monserco from the dates of their acquisitions in January 2007, June 2007, July 2007 and December 2007, respectively.

(3) Our results of operations for the three months ended March 31, 2008 include the results of operations of RSMC, NUKEM and Monserco, all of which were acquired after the first quarter of 2007; therefore, our results of operations for the comparable period in 2007 did not include these acquisitions. In addition, the gross profit for RSMC is typically higher in the first quarter of the year than we expect it to be in other quarters due to the recognition of efficiency fees under our contract with the NDA.

(4) Historical net income (loss) per share is not presented for the year ended December 31, 2006 or the three months ended March 31, 2007 because we were structured as a limited liability company, had only one member and there were no ownership interests that were convertible into common stock or

a common stock equivalent.

(5)

We define EBITDA as income before interest (including the effects of interest rate swap agreements), taxes, depreciation and amortization. We use EBITDA to facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed with our GAAP results and the following reconciliation, we believe provides a more complete understanding of factors and trends affecting our business than GAAP measures alone. EBITDA assists us in comparing our operating performance on a consistent basis because it removes the impact of our capital structure (primarily interest charges), asset base (primarily depreciation and amortization) and items outside the control of our management team (taxes) from our results of operations.

EBITDA should not be considered as a substitute for net income or income from operations, as determined in accordance with GAAP. EBITDA is not defined by GAAP and you should not consider it in isolation or as a substitute for analyzing our results as reported under GAAP. EBITDA has limitations as an analytical tool, including the following:

EBITDA does not reflect our interest expense;

although depreciation and amortization are non-cash expenses in the period recorded, the assets being depreciated and amortized may have to be replaced in the future, and EBITDA does not reflect the cash requirements for such replacements;

EBITDA does not reflect our tax expense or the cash requirements to pay our taxes; and

other companies may calculate EBITDA differently, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as the primary measure of our operating performance of our business. We strongly urge you to review the GAAP financial measures included in this prospectus, our consolidated financial statements, including the notes thereto, our pro forma financial statements, and the other financial information contained in this prospectus, and not to rely on any single financial measure to evaluate our business.

The following is a reconciliation of net income to EBITDA:

	Energy*Solutions*				Pro Forma
	Year Ended December 31, 2006	Year Ended December 31, 2007	Three Months Ended March 31, 2007	Three Months Ended March 31, 2008	Year Ended December 31, 2007
	(in thousands of dollars)				
Net income (loss)	$ 26,863	$ (8,899)	$ (10,344)	$ 19,293	$ 39,462
Interest expense(a)	68,929	73,430	15,640	14,502	58,432
Income tax (benefit) expense	(2,342)	11,318	(2,412)	11,184	19,577
Depreciation	12,039	19,083	4,571	4,621	19,083
Amortization(b)	16,589	24,147	4,803	7,197	28,728
EBITDA	$ 122,078	$ 119,079	$ 12,258	$ 56,797	$ 165,282

(a) Includes expense for interest rate swap agreements, which is recorded in Other income (expense), of (in thousands of dollars): $363 and $741 for the years ended December 31, 2006 and 2007, respectively; $270 and $2,842 for the three months ended March 31, 2007 and 2008, respectively; and $741 for the pro forma year ended December 31, 2007.

(b) Represents the non-cash amortization of intangible assets such as permits, technology, customer relationships and non-compete agreements acquired through the acquisition of our predecessor by the Sponsors in 2005 and our acquisitions of BNGA and Duratek in 2006 and RSMC in 2007. Portions of this non-cash amortization expense are included in both cost of revenues and selling, general and administrative expenses.

(6) Represents the non-cash amortization of intangible assets such as permits, technology, customer relationships and non-compete agreements acquired through the acquisition of our predecessor by the Sponsors in 2005 and our acquisitions of BNGA and Duratek in 2006 and RSMC in 2007. Portions of this non-cash amortization expense are included in both cost of revenues and selling, general and administrative expenses. Our amortization costs related to intangible assets increased from 2006 to 2007 as a result of our acquisition of RSMC.

(7) We completed several significant capital improvements in 2006, including the installation of a new metal shredder, rail handling loop and rotary dump at our Clive facility. Most of our capital expenditures of approximately $13.3 million in 2007 related primarily to maintenance at our facilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Capital Expenditures."

(8) Consists of current assets, less current liabilities.

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RISK FACTORS

Any investment in our common stock involves a high degree of risk. You should carefully consider the following risks, as well as the other information contained in this prospectus, before making an investment in our company. If any of the following risks actually occur, our business, results of operations or financial condition may be adversely affected. In such an event, the trading price of our common stock could decline and you could lose part or all of your investment.

We and our customers operate in a highly regulated industry that requires us and them to obtain, and to comply with, national, state and local government permits and approvals.

We and our customers operate in a highly regulated environment. Our facilities are required to obtain, and to comply with, national, state and local government permits and approvals. Any of these permits or approvals may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with the conditions of permits or approvals may adversely affect our operations by temporarily suspending our activities or curtailing our work and may subject us to penalties and other sanctions. Although existing licenses are routinely renewed by various regulators, renewal could be denied or jeopardized by various factors, including:

failure to provide adequate financial assurance for decommissioning or closure;

failure to comply with environmental and safety laws and regulations or permit conditions;

local community, political or other opposition;

executive action; and

legislative action.

In addition, if new environmental legislation or regulations are enacted or existing laws or regulations are amended or are interpreted or enforced differently, we or our customers may be required to obtain additional operating permits or approvals. Changes in requirements imposed by our environmental or other permits may lead us to incur additional expenses by requiring us to change or improve our waste management technologies and services to achieve and maintain compliance. There can be no assurance that we will be able to meet all potential regulatory changes.

We and our customers operate in a politically sensitive environment, and the public perception of nuclear power and radioactive materials can affect our customers and us.

We and our customers operate in a politically sensitive environment. The risks associated with radioactive materials and the public perception of those risks can affect our business. Various public interest groups frequently oppose the operation of disposal sites for radioactive materials such as our Clive, Utah and Barnwell, South Carolina facilities. For example, public interest groups and the governor of Utah recently have made public statements regarding their desire to limit the source and volume of radioactive materials that we process and dispose at our Clive facility. If any efforts to limit our operations at these or any of our other current or future facilities were successful, then our business would suffer.

Opposition by third parties to particular projects can delay or prohibit the construction of new nuclear power plants and can limit the operation of nuclear reactors or the handling and disposal of radioactive materials. Adverse public reaction to developments in the use of nuclear power or the disposal of radioactive materials, including any high profile incident involving the discharge of radioactive materials, could directly affect our customers and indirectly affect our business. In the past, adverse public reaction, increased regulatory scrutiny and litigation have contributed to extended construction periods for new nuclear reactors, sometimes extending construction schedules by decades or more, contributing to the result that no new reactor has been ordered since the 1970s. Adverse public reaction also could lead to increased regulation or outright prohibition, limitations on the

activities of our customers, more onerous operating requirements or other conditions that could have a material adverse impact on our customers and our business.

In addition, we may seek to address public and political opposition to our business activities through voluntary limitations on our operations. For example, as part of our response to public statements made by public interest groups and the governor of Utah regarding their desire to limit the source and volume of radioactive materials that we process and dispose at our Clive facility, we voluntarily agreed with the governor to withdraw a request for a license amendment to increase our capacity at our Clive facility. We are also experiencing both local and national expressions of opposition to the importation of LLRW from international sources, including opposition articulated in U.S. congressional proposals and from the Northwest Interstate Compact on Low-Level Radioactive Waste Management, or the Northwest Compact. The Northwest Compact, which consists of Alaska, Hawaii, Idaho, Montana, Oregon, Utah, Washington, and Wyoming, was created pursuant to a federal statute that enables states to enter into interstate compacts for the purposes of managing LLRW. In response to this opposition, we have volunteered to limit the amount of foreign LLRW accepted at our Clive facility to a maximum of 5% of the total remaining facility capacity. We also have filed a declaratory judgment action in the U.S. District Court in Utah seeking an order that the Northwest Compact does not have jurisdictional or regulatory authority over our Clive facility and that the Northwest Compact may not discriminate between domestic and foreign materials. Our actions to diffuse public and political opposition to our business can divert time and resources away from our core business operations and strategies, and failure to achieve the intended results of our actions may have a material adverse effect on our business, financial condition and results of operations.

Our business depends on the continued operation of our Clive, Utah facility.

Our disposal facility in Clive, Utah is a strategic asset and is vital to our business. This facility is the largest privately owned commercial facility for the disposal of LLRW in the United States, and contributed 14.2% and 6.2% of our revenues for the year ended December 31, 2007 and the three months ended March 31, 2008, respectively. Because of the greater profitability of the Clive facility in comparison with the rest of our business, a loss of revenue from Clive would have a disproportionate impact on our gross profit and gross margin. The Clive facility is subject to the normal hazards of operating any disposal facility, including accidents and natural disasters. In addition, access to the facility is limited, and any interruption in rail or other transportation services to and from the facility will affect our ability to operate the facility. Our Clive facility is highly regulated and subject to extensive licensing and permitting requirements and continuous air and ground water monitoring. Changes in federal, state or local regulations, including changes in the interpretation of those regulations, can affect our ability to operate the facility. Actions by states or the federal government may affect facility capacity, expansion or extension of the Clive facility. The Northwest Compact also has asserted authority over our Clive facility and restrictions over our ability to import foreign LLRW for disposal at the facility. Such actions may hinder, delay or stop shipments to the facility, which could seriously impair our ability to execute disposal projects and significantly reduce future revenues. We believe that we have sufficient capacity for more than 30 years of operations based on our estimate of future disposal volumes, our ability to optimize disposal capacity utilization and our assumption that we will obtain a license amendment to convert a disposal cell originally intended for 11e(2) waste to Class A LLRW. If we are unable to obtain the license amendment, our projected capacity to dispose of Class A LLRW would be materially reduced. If future disposal volumes increase beyond our expectations or if our other assumptions prove to be incorrect, then the remaining capacity at Clive would be exhausted more quickly than projected.

Any interruption in our operation of the Clive facility or decrease in the effective capacity of the facility would adversely affect our business, and any prolonged disruption in the operation of the facility or reduction in the capacity or useful life of the facility would have a material adverse effect on our business, financial condition and results of operations.

Our quarterly operating results may fluctuate significantly and may not meet our financial guidance or published analyst forecasts, which could have a negative effect on the price of our common stock.

Our quarterly operating results may fluctuate significantly because of a number of factors, many of which are outside our control, including:

- the seasonality of our contracts, the spending cycle of our government customers and the spending patterns of our commercial customers;
- the number and significance of projects commenced and completed during a quarter;
- uncertainty in timing for receiving government contract awards;
- our contract with the NDA, under which we generally recognize most efficiency fees in the first calendar quarter of each year;
- the adoption of a proposed NRC rule change allowing the use of decommissioning funds to dispose of large components;
- unanticipated changes in contract performance, particularly with contracts that have funding limits;
- the timing of resolutions of change orders, requests for equitable adjustments and other contract adjustments;
- decisions by customers to terminate our contracts;
- delays incurred in connection with a project;
- seasonal variations in shipments of radioactive materials;
- weather conditions that delay work at project sites;
- the timing of expenses incurred in connection with acquisitions or other corporate initiatives;
- staff levels and utilization rates;
- changes in the prices of services offered by our competitors; and
- general economic or political conditions.

Fluctuations in quarterly results, lower than anticipated revenues or our failure to meet financial guidance or published analysts' forecasts could have a negative effect on the price of our common stock.

Our international operations involve risks that could have a material adverse effect on our results of operations.

For the year ended December 31, 2007, we derived 49.5% and 4.1% of our revenues and operating income, respectively, and for the three months ended March 31, 2008, we derived 74.2% and 67.8% of our revenues and operating income, respectively, from our operations outside of North America. Our business is dependent on the success of our international operations, and we expect that our international operations will continue to account for a significant portion of our total revenues. Our international operations are subject to a variety of risks, including:

- recessions in foreign economies and the impact on our costs of doing business in those countries;
- difficulties in staffing and managing foreign operations;
- unexpected changes in regulatory requirements;
- foreign currency fluctuations;
- the adoption of new, and the expansion of existing, trade restrictions;

acts of war and terrorism;

the ability to finance efficiently our foreign operations;

social, political and economic instability;

increases in taxes;

limitations on the ability to repatriate foreign earnings; and

natural disasters or other crises.

Changes in existing environmental and other laws, regulations and programs could affect our business.

A significant amount of our business processing and disposing of radioactive materials derives directly or indirectly as a result of existing national and state laws, regulations and programs related to pollution and environmental protection. National, state and local environmental legislation and regulations require substantial expenditures and impose liabilities for noncompliance. Accordingly, a real or perceived relaxation or repeal of these laws and regulations, or changes in government policies regarding the funding, implementation or enforcement of these programs, could result in a material decline in demand for nuclear services. The ultimate impact of the proposed changes will depend upon a number of factors, including the overall strength of the economy and the industry's views on the cost-effectiveness of remedies available under the changed laws and regulations.

Our operations are subject to taxation by the U.S. and U.K. governments, the State of Utah, Tooele County, Utah and other foreign governments. In the event of a material increase in our taxes resulting from an increase in our effective tax rate or change in our scheme of taxation, we may not have the ability to pass on the effect of such increase to our customers and, as a result, our stockholders could bear the burden of any such tax increase. The risk of a material tax increase may be exacerbated by political pressure to limit our operations. See " We and our customers operate in a politically sensitive environment, and the public perception of nuclear power and radioactive materials can affect our customers and us."

Our facilities are also subject to political actions by government entities which can reduce or completely curtail their operations. For example, the State of South Carolina closed the Barnwell disposal site on July 1, 2008 to customers outside of the Atlantic Compact States of South Carolina, New Jersey and Connecticut. Although we do not expect the Barnwell closure to be significant to our revenues or net income, political pressures to reduce or curtail other operations could have a material adverse effect on our results of operations.

Our life-of-plant contracts may not remain effective through a nuclear power plant's decontamination and decommissioning.

Although our life-of-plant contracts are intended to provide us with revenue streams from the processing and disposal of substantially all LLRW and MLLW generated over the remaining lives of nuclear power plants operated by our commercial power and utility customers, and ultimately waste disposal revenue streams when the plants are shut down, these contracts may not actually remain effective for that entire period. A typical "life-of-plant" contract may terminate before D&D because the contract may:

have a shorter initial term than the useful life of the plant and the contract may not be extended by the utility;

include a provision that allows the customer to terminate the contract after a certain period of time or upon certain events;

allow for renegotiation of pricing terms if market conditions change; and

allow for renegotiation of pricing terms based on increases in taxes and pass-through or other costs.

The early termination or renegotiation of a life-of-plant contract may reduce our revenues and profits. In addition, life-of-plant contracts may expose us to liability in the event that government bodies limit our ability to accept radioactive materials by capping the capacity of one or more of our disposal facilities or taking other actions.

We may not be successful in winning new business mandates from our government and commercial customers.

We must be successful in winning new business mandates from our government and commercial customers to replace revenues from projects that are nearing completion and to increase our revenues. Our business and operating results can be adversely affected by the size and timing of a single material contract. For example, during 2005, we were the primary subcontractor to Kaiser-Hill Company, LLC for the transportation and disposal of LLRW, MLLW and other contaminated materials from the DOE's Rocky Flats Environmental Technology site near Denver, Colorado. Pursuant to this contract, we generated $105.4 million of revenues during 2005. The DOE declared the clean-up complete in October 2005, and we have not generated significant revenues from Rocky Flats since 2005.

Our business strategy includes bidding on government contracts as a lead prime contractor in a consortium. We expect to bid on a significant portion of the approximately $25.8 billion of federal nuclear services contracts that we estimate will be awarded within the next five years. In the past, we have operated primarily as a subcontractor or in a minority position on a prime contractor team. In pursuing a lead prime contractor role, we will be competing directly with a number of large national and regional nuclear services firms that may possess or develop technologies superior to our technologies and have greater financial, management and marketing resources than we do. Many of these companies also have long-established customer relationships and reputations. As a result, we may not be successful in being awarded the lead prime contractor role for any of these contracts.

We may fail to win re-bids in the United Kingdom for the Southern and Northern Region decommissioning contracts currently held by our subsidiary RSMC.

The current NDA contracts held by RSMC through its subsidiary, Magnox Electric, in relation to the Southern Region sites and Northern Region sites may be put out for re-bid ahead of their termination dates, currently expected to be within the next two years. During the contract year ended March 31, 2008, RSMC recognized revenues of $1.1 billion from these contracts. We expect the competition for these contracts to be intense, and our failure to win the re-bid of either or both contracts would have a material adverse effect on our results of operations. Furthermore, we intend to pursue these re-bids in partnership with other contractors. For instance, we have entered into an agreement to team with Jacobs Engineering Corporation to re-bid on the Southern Region pursuant to which Jacobs would be a 35% partner. Our failure to win the re-bids could have an adverse effect on our business and results of operations. Even if we win the re-bid, the participation of a partner could reduce our profits from these contracts. In addition, any limitations on our ability to import international waste to our Clive facility could reduce one of our competitive advantages in competing for these contracts. See " We and our customers operate in a politically sensitive environment, and the public perception of nuclear power and radioactive materials can affect our customers and us."

The loss of one or a few customers could have an adverse effect on us.

One or a few government and commercial customers have in the past and may in the future account for a significant portion of our revenues in any one year or over a period of several consecutive years. For example, the NDA accounts for virtually all of our revenue in the International segment (which is our largest segment based on 2007 revenues). For the year ended December 31, 2007 and the three months ended March 31, 2008, 48.6% and 73.9%, respectively, of our revenues were from contracts

funded by the NDA. In addition, in 2007, we had contracts with various offices within the DOE, including with the Office of Environmental Management, the Office of Civilian Radioactive Waste Management, the National Nuclear Security Administration and the Office of Nuclear Energy. For the year ended December 31, 2007 and the three months ended March 31, 2008, 16.7% and 8.8%, respectively, of our revenues were from contracts funded by the DOE. Because customers generally contract with us for specific projects, we may lose these significant customers from year to year as their projects with us are completed. Our inability to replace this business with other projects could have an adverse effect on our business and results of operations.

The elimination or any modification of the Price-Anderson Act's indemnification authority could have adverse consequences for our business.

In the United States, the Atomic Energy Act of 1954, as amended, or the AEA, comprehensively regulates the manufacture, use and storage of radioactive materials. Section 170 of the AEA, which is known as the Price-Anderson Act, supports the nuclear services industry by offering broad indemnification to commercial nuclear power plant operators and DOE contractors for liabilities arising out of nuclear incidents at power plants licensed by the NRC and at DOE nuclear facilities. That indemnification protects not only the NRC licensee or DOE prime contractor, but also companies like us that work under contract or subcontract for a licensed power plant or under a DOE prime contract or transporting radioactive material to or from a site. The indemnification authority of the NRC and DOE under the Price-Anderson Act was extended through 2025 by the Energy Policy Act of 2005.

The Price-Anderson Act's indemnification provisions generally do not apply to our processing and disposal facilities, and do not apply to all liabilities that we might incur while performing services as a contractor for the DOE and the nuclear energy industry. If an incident or evacuation is not covered under Price-Anderson Act indemnification, we could be held liable for damages, regardless of fault, which could have an adverse effect on our results of operations and financial condition. In connection with international transportation of toxic, hazardous and radioactive materials, it is possible for a claim to be asserted which may not fall within the indemnification provided by the Price-Anderson Act. If such indemnification authority is not applicable in the future, our business could be adversely affected if the owners and operators of new facilities fail to retain our services in the absence of commercially adequate insurance and indemnification.

Our existing and future customers may reduce or halt their spending on nuclear services from outside vendors, including us.

A variety of factors may cause our existing or future customers to reduce or halt their spending on nuclear services from outside vendors, including us. These factors include, but are not limited to:

- accidents, terrorism, natural disasters or other incidents occurring at nuclear facilities or involving shipments of nuclear materials;
- disruptions in the nuclear fuel cycle, such as insufficient uranium supply or conversion;
- the financial condition and strategy of the owners and operators of nuclear reactors;
- civic opposition to or changes in government policies regarding nuclear operations; or
- a reduction in demand for nuclear generating capacity.

These events also could adversely affect us to the extent that they result in the reduction or elimination of contractual requirements, the suspension or reduction of nuclear reactor operations, the reduction of supplies of nuclear raw materials, lower demand for nuclear services, burdensome regulation, disruptions of shipments or production, increased operational costs or difficulties or increased liability for actual or threatened property damage or personal injury.

Economic downturns and reductions in government funding could have a negative impact on our businesses.

Demand for our services has been, and we expect that demand will continue to be, subject to significant fluctuations due to a variety of factors beyond our control, including economic conditions. During economic downturns, the ability of private and government entities to make expenditures on nuclear services may decline significantly. We cannot be certain that economic or political conditions will be generally favorable or that there will not be significant fluctuations adversely affecting our industry as a whole. In addition, our operations depend, in part, upon government funding, particularly funding levels at the NDA or DOE. Significant changes in the level of government funding (for example, the annual budget of the NDA or DOE) or specifically mandated levels for different programs that are important to our business could have an unfavorable impact on our business, financial position, results of operations and cash flows. For example, the U.K. government reduced funding to the NDA in 2007 compared to 2006. The NDA has stated that the Magnox North and Magnox South sites, for which we are currently a prime contractor, may receive reduced funding allocations in the future so that the NDA may address other sites that contain more hazardous materials that pose a greater degree of risk. In addition, it is likely that Congress will not pass a fiscal year 2009 appropriations bill until a new administration takes office, which may delay spending on new government contracts.

As a government contractor, we are subject to extensive government regulation, and our failure to comply with applicable regulations could subject us to penalties that may restrict our ability to conduct our business.

Our government contracts, which are primarily with the NDA and the DOE, are a significant part of our business. Allowable costs under U.S. government contracts are subject to audit by the U.S. government. Similarly, some U.K. contracts are subject to audit by U.K. regulatory authorities, including the NDA. If these audits result in determinations that costs claimed as reimbursable are not allowed costs or were not allocated in accordance with applicable regulations, we could be required to reimburse government authorities for amounts previously received.

Government contracts are often subject to specific procurement regulations, contract provisions and a variety of other requirements relating to the formation, administration, performance and accounting of these contracts. Many of these contracts include express or implied certifications of compliance with applicable regulations and contractual provisions. We may be subject to qui tam litigation brought by private individuals on behalf of the government under the Federal Civil False Claims Act, which could include claims for up to treble damages. Additionally, we may be subject to the Truth in Negotiations Act, which requires certification and disclosure of all factual costs and pricing data in connection with contract negotiations. If we fail to comply with any regulations, requirements or statutes, our existing government contracts could be terminated or we could be suspended from government contracting or subcontracting. If one or more of our government contracts are terminated for any reason, or if we are suspended or debarred from government work, we could suffer a significant reduction in expected revenues and profits. Furthermore, as a result of our government contracting, claims for civil or criminal fraud may be brought by the government for violations of these regulations, requirements or statutes.

Our commercial customers may decide to store radioactive materials on-site rather than contract with us to transport, process and dispose of the radioactive materials at one of our off-site facilities.

Our LP&D segment's results of operations may be affected by the decisions of our commercial customers to store radioactive materials on-site. There has been little regulatory, political or economic pressure for commercial utilities and power companies to dispose of radioactive materials at off-site facilities. Some of these commercial entities have the ability to store radioactive materials generated by their operations on-site, instead of contracting with an outside service provider, such as us, to transport, process and dispose of the radioactive materials at an off-site location, such as our Clive facility. The decision to store radioactive materials on-site rather than contracting to dispose of them at an off-site

facility may be influenced by the accounting treatment for radioactive materials. Currently, the liability for the disposal of radioactive materials stored on-site may be capitalized on the owner's balance sheet and amortized over the expected on-site storage period. In contrast, radioactive materials shipped off-site for disposal are expensed during the period in which the materials are shipped off-site. In addition, the NRC is reviewing a proposal to permit operators of nuclear reactors to access decommissioning funds for transportation and disposal of retired large components. If adopted, this proposal could provide operators of nuclear reactors with an incentive to transport, process and dispose of radioactive materials at an off-site location. Conversely, failure of the proposal to be adopted could have an adverse impact on the prospects for our Commercial and LP&D segments.

We may not be successful in entering into license stewardship arrangements with owners and operators of shut-down nuclear reactors.

We are marketing our license stewardship solution to the owners and operators of shut-down nuclear reactors in SAFSTOR or monitored storage. Although we believe that our license stewardship initiative is an attractive alternative to deferring decommissioning and related risks to the reactor owner, including future cost increases and the future availability of disposal capacity, the following factors may adversely affect our license stewardship initiative:

- owners and operators of shut-down nuclear reactors have the option of maintaining their reactors in SAFSTOR or monitored storage, allowing their decommissioning trust funds to grow and eventually pursue a D&D program in the future;
- uncertainty regarding the appropriate tax and regulatory treatment of aspects of our license stewardship initiative may prevent owners and operators of nuclear power plants from entering into these kinds of arrangements with us;
- if a plant's decommissioning trust fund has decreased or failed to grow, the fund may not be large enough to make license stewardship economically feasible;
- we may fail to obtain the necessary approvals and licenses from the NRC and the applicable state public utility commission on terms we find acceptable;
- these contracts may require us to post letters of credit or surety bonds that we may be unable to obtain on reasonable terms, or at all;
- as the owner of the reactor assets and the holder of the NRC license, we may be subject to unforeseen environmental liabilities, including fines for non-compliance with environmental requirements and costs associated with the clean-up of unanticipated contamination; and
- if we underestimate the costs or timing of D&D activities at a particular site, the project may not be profitable for us.

Our inability to successfully enter into license stewardship arrangements may have an unfavorable impact on our business, financial position, results of operations and cash flows.

We are subject to liability under environmental laws and regulations.

We are subject to a variety of environmental, health and safety laws and regulations governing, among other things, discharges to air and water, the handling, storage and disposal of hazardous or radioactive materials and wastes, the remediation of contamination associated with releases of hazardous substances and human health and safety. These laws and regulations and the risk of attendant litigation can cause significant delays to a project and add significantly to its cost. Our projects often involve highly regulated materials, including hazardous and radioactive materials and wastes. Environmental laws and regulations generally impose limitations and standards for regulated materials and require us to obtain permits and licenses and comply with various other requirements. Fees associated with such environmental permits and licenses can be costly. In addition, the improper

characterization, handling, testing, transportation or disposal of regulated materials or any other failure to comply with these environmental, health and safety laws, regulations, permits or licenses have resulted in fines or penalties from time to time and could subject us and our management to civil and criminal penalties, the imposition of investigatory or remedial obligations or the issuance of injunctions that could restrict or prevent our operations. These laws and regulations may also become more stringent, or be more stringently enforced, in the future.

Various national, state and local environmental laws and regulations, as well as common law, may impose liability for property damage and costs of investigation and clean-up of hazardous or toxic substances on property currently or previously owned by us or arising out of our waste management, environmental remediation or nuclear D&D activities. These laws may impose responsibility and liability without regard to knowledge of or causation of the presence of contaminants. The liability under these laws can be joint and several, meaning liability for the entire cost of clean-up can be imposed upon any responsible party. We have potential liabilities associated with our past radioactive materials management activities and with our current and prior ownership of various properties. The discovery of additional contaminants or the imposition of unforeseen clean-up obligations at these or other sites could have an adverse effect on our results of operations and financial condition.

When we perform our services, our personnel and equipment may be exposed to radioactive and hazardous materials and conditions. We may be subject to liability claims by employees, customers and third parties as a result of such exposures. In addition, we may be subject to fines, penalties or other liabilities arising under environmental or safety laws. Although to date we have been able to obtain liability insurance for the operation of our business, there can be no assurance that our existing liability insurance is adequate or that it will be able to be maintained or that all possible claims that may be asserted against us will be covered by insurance. A partially or completely uninsured claim, if successful and of sufficient magnitude, could have a material adverse effect on our results of operations and financial condition.

Our operations involve the handling, transportation and disposal of radioactive and hazardous materials and could result in liability without regard to our fault or negligence.

Our operations involve the handling, transportation and disposal of radioactive and hazardous materials. Failure to properly handle these materials could pose a health risk to humans or animals and could cause personal injury and property damage (including environmental contamination). If an accident were to occur, its severity could be significantly affected by the volume of the materials and the speed of corrective action taken by emergency response personnel, as well as other factors beyond our control, such as weather and wind conditions. Actions taken in response to an accident could result in significant costs.

In our contracts, we seek to protect ourselves from liability associated with accidents, but there is no assurance that such contractual limitations on liability will be effective in all cases or that our, or our customers', insurance will cover all the liabilities we have assumed under those contracts. The costs of defending against a claim arising out of a nuclear incident or precautionary evacuation, and any damages awarded as a result of such a claim, could adversely affect our results of operations and financial condition.

We maintain insurance coverage as part of our overall risk management strategy and due to requirements to maintain specific coverage in our financing agreements and in many of our contracts. These policies do not protect us against all liabilities associated with accidents or for unrelated claims. In addition, comparable insurance may not continue to be available to us in the future at acceptable prices, or at all.

We are engaged in highly competitive businesses and typically must bid against other competitors to obtain major contracts.

We are engaged in highly competitive businesses in which most of our government contracts and some of our commercial contracts are awarded through competitive bidding processes. We compete with national and regional firms with nuclear services practices, as well as small or local contractors. Some of our competitors have greater financial and other resources than we do, which can give them a competitive advantage. In addition, even if we are qualified to work on a new government contract, we might not be awarded the contract because of existing government policies designed to protect small businesses and underrepresented minority contractors. Competition also places downward pressure on our contract prices and profit margins. Intense competition is expected to continue for nuclear service contracts, challenging our ability to maintain strong growth rates and acceptable profit margins. If we are unable to meet these competitive challenges, we could lose market share and experience an overall reduction in our profits. In the event that a competitor is able to obtain the necessary permits, licenses and approvals to operate a new commercial LLRW disposal site, our business could be adversely affected. For example, Waste Control Specialists LLC, or WCS, filed a license application in August 2004 for an LLRW disposal facility in Andrews County, Texas. In late 2007, the State of Texas issued a draft LLRW license to WCS. Under the terms of the draft license, WCS is prohibited from accepting more than 20% of the volume shipped to the WCS site from outside the Texas Interstate Compact on Low-Level Radioactive Waste Management, which includes only Texas and Vermont. This license contained several contingencies that must be resolved prior to the issuance of the final license, including a requirement that the DOE assume all rights, title, and interest in the land, buildings and waste located at the facility that would be used to dispose of waste received from federal government sites. We cannot predict whether WCS will successfully resolve the contingencies related to the draft LLRW license, or whether the State of Texas will issue a final license to WCS. In addition, WCS recently received a separate license to permanently dispose of 11e(2) materials at its facility.

Our historical financial statements do not fully reflect our results of operations as a newly combined company.

Our business today consists of a combination of recently acquired businesses. However, the historical financial statements included in this prospectus only reflect the results of the acquired businesses from the dates of their acquisition. Therefore, these financial statements do not fully reflect our operations as a combined business. The pro forma financial statements included in this prospectus also do not purport to represent what our results of operations or financial condition would have actually been if the pro forma transactions had occurred on the assumed dates nor are they necessarily indicative of our future performance. Furthermore, the financial statements for RSMC were prepared on a "carve-out" basis and include allocations for various expenses historically recorded by BNFL. Management considers that such allocations have been made on a reasonable basis, but may not necessarily be indicative of what RSMC's results of operations or financial condition would have been had the business operated as a separate entity during the periods presented or for future periods.

Our business and operating results could be adversely affected by losses under fixed-price contracts.

Fixed-price contracts require us to perform all work under the contract for a specified lump-sum. Fixed-price contracts expose us to a number of risks not inherent in cost-reimbursable contracts, including underestimation of costs, ambiguities in specifications, unforeseen costs or difficulties, problems with new technologies, delays beyond our control, failures of subcontractors to perform and economic or other changes that may occur during the contract period. Our Zion license stewardship agreement is a fixed-price contract. Until the license to operate Zion is transferred to us, we are at risk for costs we incur in connection with our work on this contract.

If we guarantee the timely completion or performance standards of a project, we could incur additional costs to cover our guarantee obligations.

In some instances, we guarantee a customer that we will complete a project by a scheduled date. For example, in connection with our license stewardship initiative, we guarantee that we will complete the decommissioning of a nuclear power plant that is currently shut down within both a particular time frame and budget. We also sometimes guarantee that a project, when completed, will achieve certain performance standards. If we fail to complete the project as scheduled or if the project fails to meet guaranteed performance standards, we may be held responsible for the impact to the customer resulting from any delay or for the cost of further work to achieve the performance standards, generally in the form of contractually agreed-upon penalty provisions. As a result, the project costs could exceed our original estimate, leading to reduced profits or a loss for that project.

Our use of proportional performance accounting could result in a reduction or elimination of previously reported profits.

A significant portion of our revenues are recognized using the proportional performance method of accounting. Generally, the proportional performance accounting practices we use result in recognizing contract revenues and earnings based on output measures, where estimable, or on other measures such as the proportion of costs incurred to total estimated contract costs. For some of our long-term contracts, completion is measured on estimated physical completion or units of production. The cumulative effect of revisions to contract revenues and estimated completion costs, including incentive awards, penalties, change orders, claims and anticipated losses, is recorded in the accounting period in which the amounts are known or can be reasonably estimated. Due to uncertainties inherent in the estimation process, it is possible that actual completion costs may vary from estimates. A significant downward revision to our estimates could result in a material charge to our results of operations in the period of such a revision.

Acquisitions that we pursue may present unforeseen integration obstacles and costs, increase our debt and negatively impact our performance.

Our growth strategy includes selective acquisitions of other nuclear services businesses, both domestic and international, that enhance our existing portfolio of services and strengthen our relationships with our government and commercial customers. In 2007, we completed the acquisitions of RSMC, Parallax, NUKEM and Monserco. From time to time, we may consider additional acquisitions, which, if consummated, could be material. We cannot give any assurance as to whether any such transaction could be completed or as to the price, terms or timetable on which we may do so. If we are able to consummate any such acquisition, it could result in dilution of our earnings, an increase in indebtedness or other consequences that could be adverse.

The expense incurred in consummating acquisitions, or our failure to integrate such businesses successfully into our existing businesses, could result in our incurring unanticipated expenses and losses. Furthermore, we may not be able to realize anticipated benefits from acquisitions. The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Some of the risks associated with our acquisition strategy include:

potential disruption of our ongoing business and distraction of management;

unexpected loss of key employees or customers of the acquired company;

conforming the acquired company's standards, processes, procedures and controls with our operations;

hiring additional management and other critical personnel; and

increasing the scope, geographic diversity and complexity of our operations.

We may not be able to identify suitable acquisition targets or negotiate attractive terms in the future. In addition, our ability to complete acquisitions is limited by covenants in our credit facilities and our financial resources, including available cash and borrowing capacity. If we are unable to make successful acquisitions, our ability to grow our business could be adversely affected.

Our success depends on attracting and retaining qualified personnel in a competitive environment.

Our operations require the services of highly qualified managerial and business development personnel, skilled technology specialists and experts in a wide range of scientific, engineering and health and safety fields. Partly because no new nuclear reactors have commenced construction since the mid-1970s, there has been a limited number of qualified students graduating from universities with specialized nuclear engineering or nuclear science-based degrees. As a result, the nuclear services industry is experiencing a shortage of qualified personnel. We face increasing competition and expense to attract and retain such personnel. Loss of key personnel or failure to attract personnel to expand our operations could have an adverse effect on our ability to operate our business and execute our business strategy.

Our failure to maintain our safety record could have an adverse effect on our business.

Our safety record is critical to our reputation. In addition, many of our government and commercial customers require that we maintain certain specified safety record guidelines to be eligible to bid for contracts with these customers. Furthermore, contract terms may provide for automatic termination in the event that our safety record fails to adhere to agreed-upon guidelines during performance of the contract. As a result, our failure to maintain our safety record could have a material adverse effect on our business, financial condition and results of operations.

An impairment charge could have a material adverse effect on our financial condition and results of operations.

Under Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, we are required to test acquired goodwill for impairment on an annual basis based upon a fair value approach, rather than amortizing it over time. Goodwill represents the excess of the amount we paid to acquire our subsidiaries and other businesses over the fair value of their net assets at the date of the acquisition. We have chosen to perform our annual impairment reviews of goodwill at the end of the first quarter of each fiscal year. We also are required to test goodwill for impairment between annual tests if events occur or circumstances change that would more likely than not reduce our enterprise fair value below its book value. In addition, we are required to test our finite-lived intangible assets for impairment if events occur or circumstances change that would indicate the remaining net book value of the finite-lived intangible assets might not be recoverable. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in an entity's market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of our business, potential government actions towards our facilities and other factors. If the fair market value of our reporting units is less than their book value, we could be required to record an impairment charge. The valuation of reporting units requires judgment in estimating future cash flows, discount rates and other factors. In making these judgments, we evaluate the financial health of our business, including such factors as industry performance, changes in technology and operating cash flows. The amount of any impairment could be significant and could have a material adverse effect on our reported financial results for the period in which the charge is taken.

In June 2006, we acquired Duratek for an aggregate purchase price of $440.8 million. Goodwill recognized for this acquisition was $309.6 million. We paid a premium in excess of the fair value of

$216.9 million. We were willing to pay this premium as a result of our identification of significant synergies that we expect to realize through the acquisition. However, if we determine that we are not able to realize these expected synergies and determine that the fair value of the assets acquired is less than the book value of those assets, then we would have to recognize an impairment to goodwill as a current-period expense. Because of the significant amount of goodwill recognized in the Duratek acquisition, an impairment of that goodwill could result in a material expense and could result in a decrease in the market price of our common stock.

As of March 31, 2008, we had $526.1 million of goodwill and $377.5 million of finite-lived intangible assets. Our goodwill and other intangible assets collectively represented 54.3% of our total assets of $1.7 billion as of March 31, 2008.

We have substantial debt, which could adversely affect our financial condition and otherwise adversely affect our business and growth prospects.

As of March 31, 2008, the outstanding balance under our credit facilities was $587.0 million. Our substantial debt could have important consequences to us, including the following:

- we must use a substantial portion of our cash flow from operations to pay interest on our debt, which reduces the funds available to us for other purposes;
- our ability to obtain additional debt financing in the future for working capital, capital expenditures, acquisitions or general corporate purposes may be limited;
- our flexibility in reacting to changes in the industry may be limited and we could be more vulnerable to adverse changes in our business or economic conditions in general; and
- we may be at a competitive disadvantage to competitors that have less debt.

Borrowings under our credit facilities bear interest at variable rates. As of March 31, 2008, the weighted average interest rate under our credit facilities was 7.1%. At this rate and assuming an outstanding balance of $587.0 million as of March 31, 2008, our annual debt service obligations would be $47.7 million. Based on the amount of debt outstanding and the interest rate at March 31, 2008, a hypothetical 1% increase in interest rates would increase our annual interest expense by approximately $5.9 million. If interest rates were to increase significantly, our ability to borrow additional funds may be reduced, our interest expense would significantly increase and the risks related to our substantial debt would intensify.

The agreements governing our debt restrict our ability to engage in certain business transactions.

The agreements governing the credit facilities restrict our ability to, among other things, engage in the following actions, subject to limited exceptions:

- incur or guarantee additional debt;
- declare or pay dividends to holders of our common stock;
- make investments;
- incur or permit to exist liens;
- enter into transactions with affiliates;

make material changes in the nature or conduct of our business;

merge or consolidate with, or sell substantially all of our assets to, other companies;

make capital expenditures; and

transfer or sell assets.

Our credit facilities also contain other covenants that are typical for credit facilities of this size, type and tenor, such as requirements that we meet specified maximum leverage and minimum cash interest coverage ratios. Our ability to make additional borrowings under our credit facilities depends upon satisfaction of these covenants. Our ability to comply with these covenants and requirements may be affected by events beyond our control.

Our failure to comply with obligations under our credit facilities could result in an event of default under the facilities. A default, if not cured or waived, could prohibit us from obtaining further loans under our credit facilities and permit the lenders thereunder to accelerate payment of their loans. If our debt is accelerated, we cannot be certain that we will have funds available to pay the accelerated debt or that we will have the ability to refinance the accelerated debt on terms favorable to us or at all. If we could not repay or refinance the accelerated debt, we could be insolvent and could seek to file for bankruptcy protection. Any such default, acceleration or insolvency would likely have a material adverse effect on the market value of our common stock.

We rely on intellectual property law and confidentiality agreements to protect our intellectual property. Our failure to protect our intellectual property rights could adversely affect our future performance and growth.

Protection of our proprietary processes, methods and other technology is important to our business. Failure to protect our existing intellectual property rights may result in the loss of valuable technologies. We rely on patent, trade secret, trademark and copyright law as well as judicial enforcement to protect such technologies. A majority of our patents relate to the development of new products and processes for the processing and disposal of radioactive materials. Our intellectual property could be challenged, invalidated, circumvented or rendered unenforceable.

We also rely upon unpatented proprietary nuclear expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. We generally enter into confidentiality agreements with our employees and third parties to protect our intellectual property, but these agreements are limited in duration and could be breached, and therefore they may not provide meaningful protection for our trade secrets or proprietary nuclear expertise. Adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and nuclear expertise. Others may obtain knowledge of our trade secrets through independent development or other access by legal means. The failure of our intellectual property or confidentiality agreements to protect our processes, technology, trade secrets and proprietary nuclear expertise and methods could have an adverse effect on our business by jeopardizing our rights to use critical intellectual property.

In addition, effective intellectual property protection may be limited or unavailable in some foreign countries where we may pursue operations.

If our partners fail to perform their contractual obligations on a project or if we fail to coordinate effectively with our partners, we could be exposed to legal liability, loss of reputation and reduced profit on the project.

We often perform projects jointly with contractual partners. For example, we enter into contracting consortia and other contractual arrangements to bid and perform jointly on large projects. Success on these joint projects depends in part on whether our partners fulfill their contractual obligations satisfactorily. If any of our partners fails to perform its contractual obligations satisfactorily, we may be required to make additional investments and provide additional services in order to compensate for that partner's failure. If we are unable to adequately address our partner's performance issues, then our customer may exercise its right to terminate a joint project, exposing us to legal liability, loss of reputation and reduced profit.

Our collaborative arrangements also involve risks that participating parties may disagree on business decisions and strategies. These disagreements could result in delays, additional costs and risks of litigation. Our inability to successfully maintain existing collaborative relationships or enter into new collaborative arrangements could have a material adverse effect on our results of operations.

We conduct a portion of our operations through joint venture entities, over which we may have limited control.

We currently have equity interests in joint ventures and may enter into additional joint ventures in the future. As with most joint venture arrangements, differences in views among the joint venture participants may result in delayed decisions or disputes. We also cannot control the actions of our joint venture partners, and we typically have joint and several liability with our joint venture partners under the applicable contracts for joint venture projects. These factors could potentially harm the business and operations of a joint venture and, in turn, our business and operations.

Operating through joint ventures in which we are minority holders results in us having limited control over many decisions made with respect to projects and internal controls relating to projects. These joint ventures may not be subject to the same requirements regarding internal controls and internal control over financial reporting that we follow. As a result, internal control problems may arise with respect to the joint ventures.

Our dependence on subcontractors and equipment manufacturers could adversely affect us.

We rely on subcontractors and equipment manufacturers to complete our projects. For example, when providing D&D services to a government customer, we may rely on one or more subcontractors to conduct demolition work. To the extent that we cannot engage subcontractors or acquire equipment or materials to provide such services, our ability to complete the project in a timely fashion or at a given profit margin may be impaired. Our LP&D segment also enters into contracts with various railroads for the transportation of radioactive materials from project sites to our processing and disposal facilities. In the event that the railroads fail to deliver radioactive materials to our facilities on time, we could be forced to delay recognizing LP&D revenues until the time of delivery.

In addition, if a subcontractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms for any reason, including the deterioration of its financial condition, we may be required to purchase those services, equipment or materials from another source at a higher price. This may reduce our profitability or result in a loss on the project for which the services, equipment or materials were needed.

Letters of credit and adequate bonding are necessary for us to win certain types of new work.

We are required to post, from time to time, standby letters of credit and surety bonds to support contractual obligations to customers as well as other obligations. These letters of credit and bonds indemnify the customer if we fail to perform our obligations under the contract. For example, in connection with our agreement with Exelon Corporation regarding the decommissioning of its Zion nuclear facility located in Zion, Illinois, we are required to deliver a $200 million letter of credit to Exelon relating to our present and future obligations. If a letter of credit or bond is required for a particular project and we are unable to obtain it due to insufficient liquidity or other reasons, we will not be able to pursue that project. We have a bonding facility but, as is typically the case, the issuance of bonds under that facility is at the surety's sole discretion. In addition, we have limited capacity under our credit facilities for letters of credit. Moreover, due to events that affect the insurance and bonding and credit markets generally, bonding and letters of credit may be more difficult to obtain in the future or may only be available at significant additional cost. There can be no assurance that letters of credit or bonds will continue to be available to us on reasonable terms. Our inability to obtain adequate letters of credit and bonding and, as a result, to bid on new work could have a material adverse effect on our business, financial condition and results of operations. As of March 31, 2008, we had $99.9 million in letters of credit which are issued under our synthetic letter of credit facility, $18.2 million in letters of credit which are issued under the revolving portion of our credit facility and $27.7 million in surety bonds outstanding.

Because we publish earnings guidance for our company, our common stock may be subject to increased volatility and we may be subject to lawsuits by investors.

Because we publish earnings guidance, we are subject to a number of risks. Based on the timing of winning key contracts, regulatory decision making and other uncertainties relating to assumptions that management makes in calculating our expected financial results, actual results may vary from the guidance we provide investors. Our stock price may decline following an announcement of disappointing earnings or earnings guidance or if we revise our earnings guidance downward as the estimates and assumptions we make in calculating guidance become more certain. In addition, our earnings guidance reflects our assumptions regarding future performance, including, among other things, the likelihood of securing and performing work under new contracts. If we fail to secure and perform work under contracts in accordance with our assumptions, we may be unable to achieve our earnings guidance. Some companies that have made downward revisions to their earnings guidance or did not meet the guidance provided have been subject to lawsuits by investors. Even if such lawsuits are dismissed or have no merit, they may be costly and may divert management attention and other resources away from our business, which could harm our business and the price of our common stock.

If securities or industry analysts stop publishing research or reports about our business, if they change their recommendations regarding our stock adversely or if our operating results do not meet their expectations, our stock price could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrade our stock or if our operating results do not meet their expectations, our stock price could decline.

As a public company, we are subject to additional financial and other reporting and corporate governance requirements that may be difficult for us to satisfy.

In connection with our initial public offering in November 2007, we became obligated to file with the SEC annual and quarterly information and other reports that are specified in Section 13 of the Securities Exchange Act of 1934, as amended. We are also required to ensure that we have the ability to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. We are also subject to other reporting and corporate governance requirements, including the requirements of the NYSE and certain provisions of the Sarbanes-Oxley Act of 2002 and the regulations promulgated thereunder, which impose significant compliance obligations upon us. As a public company, we are required to:

- prepare and distribute periodic public reports and other shareholder communications in compliance with our obligations under the federal securities laws and NYSE rules;
- create or expand the roles and duties of our board of directors and committees of the board;
- institute more comprehensive financial reporting and disclosure compliance functions;
- involve and retain to a greater degree outside counsel and accountants in the activities listed above;
- enhance our investor relations function; and
- establish new internal policies, including those relating to disclosure controls and procedures.

These changes require a significant commitment of additional resources. We may not be successful in implementing these requirements and implementing them could adversely affect our business or operating results. In addition, if we fail to implement the requirements with respect to our internal

accounting and audit functions, our ability to report our operating results on a timely and accurate basis could be impaired.

Our internal control over financial reporting does not currently meet the standards required by Section 404 of the Sarbanes-Oxley Act of 2002, and failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

Our internal control over financial reporting does not currently meet the standards required by Section 404 of the Sarbanes-Oxley Act, standards that we will be required to meet in the course of preparing our 2008 financial statements. We do not currently have comprehensive documentation of our internal controls, nor do we document or test our compliance with these controls on a periodic basis in accordance with Section 404 of the Sarbanes-Oxley Act. Furthermore, we have not tested our internal controls in accordance with Section 404 and, due to our lack of documentation, such a test would not be possible to perform at this time.

We are in the early stages of addressing our internal control procedures to satisfy the requirements of Section 404, which requires an annual management assessment of the effectiveness of our internal control over financial reporting. If, as a public company, we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent registered public accounting firm may not be able to attest to the adequacy of our internal control over financial reporting. If we are unable to maintain adequate internal control over financial reporting, we may be unable to report our financial information on a timely basis, may suffer adverse regulatory consequences or violations of applicable stock exchange listing rules and may breach the covenants under our credit facilities. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements.

In addition, we will incur incremental costs in order to improve our internal control over financial reporting and comply with Section 404, including increased auditing and legal fees and costs associated with hiring additional accounting and administrative staff. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Outlook."

If our independent registered public accounting firm identifies a material weakness in our internal controls and such material weakness is not properly remediated, it could result in material misstatements of our financial statements in future periods.

In 2007, our independent registered public accounting firm reported to our board of directors, and may report in the future, a material weakness in our internal control over financial reporting. A material weakness is defined by the standards issued by the Public Company Accounting Oversight Board as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

The material weakness, which was identified in connection with the review of our September 30, 2007 interim financial statements, related to our financial statement close process and resulted in a material error in our accounting for a foreign currency derivative transaction, which is recorded in other income (expense), net, in our consolidated statements of operations. Specifically, this material weakness resulted from an error in recording a journal entry and inadequate review of the journal entry after it was made.

While management remediated the material weakness by implementing additional formal policies and procedures and by increasing management review and oversight over the financial statement close and reporting processes, additional material weaknesses in our internal controls may be discovered in the future. As such, we may be unable to provide required financial information in a timely and reliable manner, or otherwise comply with the standards applicable to us as a public company, and our

management may not be able to report that our internal control over financial reporting is effective for the year ending December 31, 2008 or thereafter, when we are required to comply with Section 404 of the Sarbanes-Oxley Act. There could also be a negative reaction in the markets due to a loss of investor confidence in us and the reliability of our financial statements and, as a result, our business may be harmed and the price of our common stock may decline.

Our stock price has fluctuated significantly since our initial public offering and may continue to fluctuate.

The trading price of our common stock has fluctuated significantly since our initial public offering in November 2007 and may continue to be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market in general;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new services or announcements of significant contracts, acquisitions or capital commitments by us or our competitors;
- legislative, regulatory or political developments;
- issuance of new or changed securities analysts' reports or recommendations;
- additions or departures of key personnel;
- availability of capital;
- market reactions to our financial guidance and operational results;
- litigation and government investigations;
- future sales of our common stock;
- investor perceptions of us and the nuclear services industry as a whole; and
- economic conditions.

These and other factors may cause the market price of our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. Even factors that do not specifically relate to our company may materially reduce the market price of our common stock, regardless of our operating performance.

Future sales, or the perception of future sales, of a substantial amount of our common stock may depress the price of our common shares.

Future sales, or the perception of future sales, of a substantial number of shares of our common stock in the public market after this offering could have a material adverse effect on the prevailing market price of our common stock.

As of June 30, 2008, we had 88,310,022 shares of common stock outstanding. Of these shares, 68,300,000 shares of common stock will be freely tradable without restriction under the Securities Act upon the completion of this offering (assuming no exercise of the underwriters'

over-allotment option), except for any shares that may be held or acquired by our Sponsors, directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

In connection with this offering, we, each of our executive officers and directors and our direct parent and selling stockholder have entered into lock-up agreements that prevent the sale of shares of our common stock for up to 90 days after the date of this prospectus, subject to an extension in certain

circumstances described under "Underwriting." Following the expiration of the lock-up period, the selling stockholder will have the right, subject to certain conditions, to require us to register the sale of its remaining shares of our common stock under the Securities Act. By exercising its registration rights, and selling a large number of shares, the selling stockholder could cause the prevailing market price of our common stock to decline.

Anti-takeover provisions in our charter documents could delay or prevent a change of control of our company and may result in an entrenchment of management and diminish the value of our common stock.

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change of control of our company or changes in management that our stockholders might deem advantageous. Specific provisions in our certificate of incorporation include:

- our ability to issue preferred stock with terms that the board of directors may determine, without stockholder approval;
- advance notice requirements for stockholder proposals and nominations;
- the absence of cumulative voting in the election of directors; and
- limitations on convening stockholder meetings.

These provisions in our certificate of incorporation and bylaws may frustrate attempts to effect a takeover transaction that is in the best interests of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts.

We may not be able to pay or maintain dividends on our shares. The failure to do so would adversely affect the trading price of our shares.

We are a holding company with no significant business operations of our own, and our principal assets are the equity interests we hold in our subsidiaries. Our business operations are conducted through our subsidiaries. As a result, we depend on loans, dividends and other payments from our subsidiaries to generate the funds necessary to pay dividends on our shares.

There are a number of other factors that could affect our ability to pay dividends, including the following:

- restrictions in our credit facilities on our ability to declare or pay dividends to holders of our equity interests;
- lack of availability of cash to pay dividends due to changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;
- unexpected or increased operating or other expenses or changes in the timing thereof;
- restrictions under Delaware law or other applicable law on the amount of dividends that we may pay;
- a decision by our board of directors to modify or revoke its policy to pay dividends; and
- the other risks described under "Risk Factors."

The failure to maintain or pay dividends could adversely affect the trading price of our shares.

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FORWARD-LOOKING STATEMENTS

Some of the statements under "Prospectus Summary," "Risk Factors," "Unaudited Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Nuclear Services Industry," "Business" and elsewhere in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. These statements include forward-looking statements both with respect to us specifically and the nuclear services industry generally. Statements that include the words "expect," "intend," "plan," "believe," "project," "anticipate," "estimate," "will" and similar statements of a future or forward-looking nature identify forward-looking statements.

The forward-looking statements contained in this prospectus are based on management's current expectations and are subject to uncertainty and changes in circumstances. There can be no assurance that future developments affecting us will be those that we have anticipated. Actual results may differ materially from these expectations due to changes in global, regional or local political, economic, business, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that these factors include, but are not limited to, those described under "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual results may vary in material respects from those projected in these forward-looking statements.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

USE OF PROCEEDS

All of the shares of our common stock offered by this prospectus will be sold by the selling stockholder. We will not receive any of the proceeds from the sale of these shares.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock is listed on the NYSE under the symbol "ES." The following table sets forth, for the periods indicated, the reported high and low sales prices per share of our common stock as reported on the NYSE and the dividends that we have paid on our common stock since our initial public offering:

	High	Low	Dividends declared (per share)
2007			
Fourth Quarter (beginning November 15, 2007)	$ 28.45	$ 21.82	
2008			
First Quarter	$ 27.85	$ 16.90	$ 0.025
Second Quarter	27.42	20.68	$ 0.025
Third Quarter (through July 24, 2008)	23.64	19.34	

DIVIDEND POLICY

We intend to continue paying quarterly cash dividends on our common stock at a rate of $0.025 per share. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our results of operations, financial condition, liquidity requirements, restrictions that may be imposed by applicable law and our contracts, and other factors deemed relevant by our board of directors.

Our ability to pay dividends to holders of our common stock is limited as a practical matter by our credit facilities, which restrict our ability to pay dividends. Based upon our anticipated results of operations and expected cash flows, we currently expect to be in compliance with all of the covenants under our credit facilities after this offering. However, a default under our credit facilities could prevent us from paying dividends. See "Risk Factors Risks Relating to this Offering and Ownership of Our Common Stock We may not be able to pay or maintain dividends on our shares. The failure to do so would adversely affect the trading price of our shares" and "Description of Material Indebtedness." Our anticipated results and expected cash flows are subject to risks and uncertainties described under "Risk Factors" and "Forward-Looking Statements." In addition, we are a holding company with no significant business operations of our own. All of our business operations are conducted through our subsidiaries. Dividends and loans from, and cash generated by, our subsidiaries are our principal sources of cash to repay indebtedness, fund operations and pay dividends. Accordingly, our ability to pay dividends to our stockholders depends on the earnings and distributions of funds from our subsidiaries.

Our dividend policy has certain risks and limitations. We may not pay dividends according to our policy or at all, if, among other things, we do not have sufficient cash to pay the intended dividends or if our financial performance does not achieve expected results. To the extent that we do not have sufficient cash to pay dividends, we do not intend to borrow funds to pay dividends. By paying dividends rather than investing our earnings in future growth, we risk slowing our growth and not having a sufficient amount of cash to fund our operations or unanticipated capital expenditures.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2008.

This table should be read in conjunction with "Selected Historical Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the related notes thereto included elsewhere in this prospectus.

	As of March 31, 2008 (unaudited)
	(in thousands of dollars)
Cash and cash equivalents	$ 38,086
Debt:	
Current portion of long-term debt	$ 1,509
Long-term debt, less current portion(1)	585,458
Total debt	586,967
Stockholders' equity:	
Preferred stock, $0.01 par value, 100,000,000 shares authorized; no shares issued and outstanding	
Common stock, $0.01 par value, 1,000,000,000 shares authorized; 88,303,500 shares issued and outstanding	883
Additional paid-in capital	471,372
Accumulated other comprehensive loss	(3,337)
Capital deficiency	(45,913)
Total stockholders' equity	423,005
Total capitalization	$ 1,009,972

(1) As of March 31, 2008, we had $56.8 million of availability under the $75.0 million revolving portion of our credit facilities, which is net of $18.2 million of outstanding letters of credit.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information set forth below is derived from our historical statement of operations, as adjusted to give pro forma effect to the following transactions as if each had occurred as of January 1, 2007:

- our acquisition of RSMC and the incurrence of debt to finance that acquisition;
- our corporate reorganization in connection with our initial public offering in November 2007;
- our sale of 11,850,000 shares of common stock in our initial public offering and the application of the net proceeds therefrom to repay debt;
- the elimination of the advisory fees that we have paid to the Sponsors under advisory services agreements that were terminated in connection with our initial public offering;
- the elimination of excess performance bonus payments made to certain of our senior employees pursuant to provisions in their employment agreements, which provisions terminated in connection with our initial public offering; and
- the increased non-cash compensation expense that we would have incurred as a result of granting options at the time of our initial public offering.

The unaudited pro forma financial information does not give effect to:

- any of our other acquisitions since January 1, 2007, including Parallax, NUKEM and Monserco, except to the extent that the acquired companies' results of operations are included in our historical financial statements because these acquisitions do not meet the significance thresholds set forth by the rules of the SEC; and
- the increased selling, general and administrative expenses associated with being a public company with listed equity for the entire period.

The information shown in the column labeled "Energy*Solutions*" for the year ended December 31, 2007 is derived from our audited consolidated financial statements included elsewhere in this prospectus.

The acquisition of RSMC has been accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, *Business Combinations*. Under the purchase method of accounting, the total estimated purchase price is allocated to the net tangible and intangible assets acquired, based on their estimated fair values.

The pro forma financial information has been prepared based upon available information and assumptions that we believe are reasonable. However, the pro forma financial information is presented for illustrative and informational purposes only and does not purport to represent what our results of operations or financial condition would have been if the pro forma transactions had occurred on the assumed dates nor are they necessarily indicative of our future performance. Furthermore, the historical financial statements for RSMC were prepared on a "carve-out" basis and include allocations for various expenses historically recorded by BNFL. Management believes that such allocations have been made on a reasonable basis but may not necessarily be indicative of what RSMC's results of operations or financial condition would have been had the business operated as a separate entity during the periods presented or for future periods.

You should read this unaudited pro forma financial information together with the financial statements and accompanying notes of Energy*Solutions* and RSMC included elsewhere in this prospectus, as well as the information contained under "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Certain Relationships and Related Party Transactions."

Unaudited Pro Forma Statement of Operations
For the Year Ended December 31, 2007
(in thousands, except per share data)

	Energy*Solutions*	RSMC(a)	Adjustments for RSMC	Adjustments for the reorganization	As adjusted for RSMC and the reorganization	Adjustments for the initial public offering	Pro forma
Revenues	$ 1,092,613	$ 712,013	$	$	$ 1,804,626	$	$ 1,804,626(1)
Cost of revenues	898,339	678,982	(12,710)(b)		1,564,611		1,564,611
Gross profit	194,274	33,031	12,710		240,015		240,015(1)
Selling, general and administrative expenses	122,438	15,691	4,581 (c) (15,202)(b)		127,508	(2,450)(g) (6,945)(h) 8,444 (i)	126,557
Income from operations	71,836	17,340	23,331		112,507	951	113,458
Interest expense	72,689		9,573(d)		82,262	(24,571)(j)	57,691
Other income, net	3,364				3,364		3,364
Income before income taxes and minority interest	2,511	17,340	13,758		33,609	25,522	59,131
Minority interest	(92)				(92)		(92)
Income tax expense (benefit)	11,318	5,068	4,127(e)	(10,634)(f)	9,879	9,698(k)	19,577
Net income (loss)	$ (8,899)	$ 12,272	$ 9,631	$ 10,634	$ 23,638	$ 15,824	$ 39,462
Per share data:							
Basic net income (loss) per share	$ (0.79)						$ 0.53
Diluted net income (loss) per share	$ (0.79)						$ 0.53
Shares used to calculate net income (loss) per share:							
Basic	11,274						75,150
Diluted	11,274						75,150

(1) Pro forma revenues and gross profit by segment:

Pro forma revenues:	
Federal Services	$ 151,355
Commercial Services	137,378
LP&D	262,801
International	1,253,092
Total pro forma revenues	$ 1,804,626

Pro forma gross profit:		
Federal Services	$	42,383
Commercial Services		27,812
LP&D		106,510
International		63,310
Total pro forma gross profit	$	240,015

(a)

Reflects RSMC's results of operations derived from RSMC's unaudited income statement for the pre-acquisition period from January 1, 2007 through June 26, 2007, as translated from pounds sterling into U.S. dollars using a conversion rate of £1=$1.96997, which is the average of the daily exchange rates for the period from January 1, 2007 through June 26, 2007. Historical amounts shown for RSMC for the pre-acquisition period from January 1, 2007 through June 26, 2007 include $8.0 million of corporate overhead allocated to RSMC from its former parent. We do not expect that these allocated expenses will recur in subsequent periods.

(b)

Reflects costs incurred by RSMC before the acquisition that were directly related to the acquisition, including restructuring of pension arrangements and a transaction bonus paid to employees of $15.2 million and $12.7 million, respectively. In order to enable RSMC to be sold on a stand-alone basis, pension arrangements that previously operated across the BNFL

group were restructured and separated for each specific BNFL business, including RSMC. BNFL's independent actuary performed calculations to identify the assets and liabilities which related to each section and which were then reallocated to each business. The amounts shown in the RSMC adjustments reflect these events.

(c)

Reflects the impact of the non-cash amortization of identifiable intangible assets that we acquired in connection with our acquisition of RSMC.

(d)

Reflects the impact of interest and amortization of deferred financing costs on debt assumed under our credit facilities to finance the RSMC acquisition at an assumed rate of 9.42%, which is the average of the interest rates during the period from June 26, 2007 through June 30, 2007. A 1/8% increase (decrease) in the interest rate would increase (decrease) interest expense by approximately $250,000 per year.

(e)

Reflects the income tax effect of pro forma adjustments at an assumed effective U.K. tax rate of 30%.

(f)

Prior to our initial public offering on November 20, 2007, we conducted the majority of our operations as a limited liability company. Under applicable regulations, taxable income is passed through to the individual members of the limited liability company. In connection with the reorganization completed in connection with our initial public offering, we became a "C" corporation and therefore fully subject to income taxes. Accordingly, this adjustment is made to eliminate expense that was recorded upon becoming a "C" corporation to record previously unrecognized net deferred income tax liabilities of approximately $9.9 million and to reflect the tax benefit for our domestic operations at an assumed effective rate of 38% as if we had been fully taxable for the entire year. The net deferred income tax liabilities primarily reflect the excess of our book basis over the tax basis of certain of our assets.

(g)

Reflects the elimination of $2.5 million in fees paid to the Sponsors during 2007 for providing financial advisory services with respect to potential acquisitions, dispositions, recapitalizations, restructurings and other similar transactions, as well as providing financial oversight and monitoring services, under advisory services agreements with each of the Sponsors. These agreements were terminated in connection with our initial public offering.

(h)

Reflects the elimination of the excess performance bonus payments made to certain of our current and former senior employees pursuant to provisions in their employment agreements. These provisions were terminated in connection with our initial public offering.

(i)

Reflects the incremental non-cash compensation expense we would have incurred for options to purchase an aggregate of 5,727,560 shares and 6,522 restricted shares that we granted in connection with our initial public offering if they had been outstanding for the full year. We recognize compensation expense for share-based compensation awards based upon the fair value of the awards in accordance with Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* (FAS 123(R)). Under the measurement principles of FAS 123(R), we estimate that we will recognize compensation expense related to the issuance of these awards of $9.1 million, $9.1 million, $9.1 million and $8.0 million in 2008, 2009, 2010 and 2011, respectively. Our estimate of fair value for the stock options was made using the Black-Scholes model based upon the initial offering and exercise price of $23.00 per share, volatility of 35%, risk-free interest rate of 3.9% per year, expected life of 3.75 years, dividend rate of 0.5% and a forfeiture rate of 10%. We determined the volatility rate by reference to volatility rates used by certain of our public industry peers. We determined the expected life by using the short-cut method, as permitted by FAS 123(R).

(j)

Reflects the impact of the repayment of $260.2 million of debt under our credit facilities with the net proceeds of our initial public offering:

	Year Ended December 31, 2007
Interest and amortization of deferred financing fees on the first lien term loan under our credit facilities for the period from January 1, 2007 to November 20, 2007, the date of our initial public offering, at an assumed interest rate of 7.64% for the year ended December 31, 2007	$ 6,861
Interest and amortization of deferred financing fees on the second lien term loan under our credit facilities for the period from January 1, 2007 to November 20, 2007, the date of our initial public offering at an assumed interest rate of 9.42%	17,710
Total interest expense adjustment	$ 24,571

(k)

Reflects the income effect of the pro forma adjustments at an assumed effective U.S. tax rate of 38%.

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SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables present selected historical financial information for our business as of the dates and for the periods indicated. The historical financial information as of December 31, 2003 and 2004 and for the years ended December 31, 2003 and 2004 and the one month ended January 31, 2005 was derived from the audited consolidated financial statements and the related notes of our predecessor company, Envirocare, which are not included in this prospectus. The historical financial information as of and for the eleven months ended December 31, 2005 and as of and for the years ended December 31, 2006 and 2007 was derived from the audited consolidated financial statements of Energy*Solutions*, Inc, which are included elsewhere in this prospectus. The historical financial information as of March 31, 2007 and 2008 and for the three months ended March 31, 2007 and 2008 was derived from the unaudited consolidated financial statements of Energy*Solutions*, Inc. which are included elsewhere in this prospectus.

You should read the following data together with the financial statements and accompanying notes of Energy*Solutions* and RSMC included elsewhere in this prospectus, as well as the information contained under "Risk Factors," "Use of Proceeds," "Capitalization," "Unaudited Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Certain Relationships and Related Party Transactions."

	Predecessor			EnergySolutions				
	Year Ended December 31, 2003	Year Ended December 31, 2004	One Month Ended January 31, 2005	Eleven Months Ended December 31, 2005(1)	Year Ended December 31, 2006(2)	Year Ended December 31, 2007(3)	Three Months Ended March 31, 2007 (unaudited)	Three Months Ended March 31, 2008(4) (unaudited)
	(in thousands, except for per share data)							
Income Statement Data:								
Revenues	$ 186,112	$ 226,684	$ 21,914	$ 348,192	$ 427,103	$ 1,092,613	$ 114,151	$ 501,753
Cost of revenues	62,129	85,773	7,382	134,350	235,867	898,339	83,357	428,770
Gross profit	123,983	140,911	14,532	213,842	191,236	194,274	30,794	72,983
Selling, general and administrative expenses	25,184	28,256	967	44,595	101,262	122,438	28,328	28,590
Impairment of intangible assets		1,205		3,000				
Income from operations	98,799	111,450	13,565	166,247	89,974	71,836	2,466	44,393
Interest expense				49,736	68,566	72,689	15,370	11,660
Other income (expense), net	(865)	130	13	1,474	3,113	3,364	148	(2,061)
Income (loss) before minority interests and income taxes	97,934	111,580	13,578	117,985	24,521	2,511	(12,756)	30,672
Minority interests						(92)		(195)
Income tax expense (benefit)					(2,342)	11,318	(2,412)	11,184
Net income (loss)	$ 97,934	$ 111,580	$ 13,578	$ 117,985	$ 26,863	$ (8,899)	$ (10,344)	$ 19,293
Net income (loss) per share data(5)								
Basic						$ (0.79)		$ 0.22
Diluted						$ (0.79)		$ 0.22
Number of shares used to calculate net income (loss) per share								
Basic						11,274		88,304
Diluted						11,274		88,310
Other Data:								
Amortization of intangible assets(6)	$ 556			$ 10,917	$ 16,589	$ 24,147	$ 4,803	$ 7,197
Capital expenditures(7)	$ 5,775	$ 4,985	$ 393	$ 33,198	$ 23,910	$ 13,312	$ 1,743	$ 1,280
Cash dividends declared per common share								$ 0.025
Balance Sheet Data (as of period end):								
Working capital(8)	$ 22,732	$ 29,402		$ 25,793	$ 32,136	$ 69,739		$ 79,626
Cash and cash equivalents	$ 6,782	$ 10,175		$ 34,798	$ 4,641	$ 36,366		$ 38,086
Total assets	$ 83,403	$ 104,967		$ 580,009	$ 1,157,205	$ 1,624,950		$ 1,665,104
Total debt				$ 547,707	$ 764,167	$ 606,967		$ 586,967

(1) Includes the results of a major contract that contributed $105.4 million in revenues to our LP&D segment during 2005, but generated no significant revenues since 2005. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Our results of operations for 2006 include the results of BNGA, Duratek and Safeguard from the dates of their acquisitions in February 2006, June 2006 and December 2006, respectively.

(3) Our results of operations for 2007 include the results of Parallax, RSMC, NUKEM and Monserco from the dates of their acquisitions in January 2007, June 2007, July 2007 and December 2007, respectively.

(4) Our results of operations for the three months ended March 31, 2008 include the results of RSMC, NUKEM and Monserco, all of which were acquired after the first quarter of 2007; therefore, our results of operations for the comparable period in 2007 did not include these acquisitions. In addition, the gross profit for RSMC is typically higher in the first quarter of the year than we expect it to be in other quarters due to the recognition of efficiency fees under our contract with the NDA.

(5) Historical net income (loss) per share is not presented for the year ended December 31, 2006, the eleven months ended December 31, 2005, the one month ended January 31, 2005 or the three months ended March 31, 2007 because we had only one member or shareholder and there were no ownership interests that were convertible into common stock or common stock equivalents.

(6) Represents the non-cash amortization of intangible assets such as permits, technology, customer relationships and non-compete agreements acquired through the acquisition of our predecessor by the Sponsors in 2005 and our acquisitions of BNGA and Duratek in 2006 and RSMC in 2007. Portions of this non-cash amortization expense are included in both cost of revenues and selling, general and administrative expenses. Our amortization costs related to intangible assets increased from 2005 to 2006 as a result of our acquisitions of BNGA and Duratek and increased again in 2007 as a result of our acquisition of RSMC.

(7) We completed several significant capital improvements in 2005 and 2006, including the installation of a new metal shredder, rail handling loop and rotary dump at our Clive facility. Most of our capital expenditures of approximately $13.3 million in 2007 related primarily to maintenance at our facilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Capital Expenditures."

(8) Consists of current assets, less current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of our operations should be read together with "Selected Historical Financial Information," "Unaudited Pro Forma Financial Information" and the consolidated financial statements and the related notes of each of EnergySolutions and RSMC included elsewhere in this prospectus. This discussion contains forward-looking statements, based on current expectations and related to future events and our future financial performance, that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Risk Factors."

Overview

We are a leading provider of specialized, technology-based nuclear services to government and commercial customers. Our customers rely on our expertise to address their needs throughout the lifecycle of their nuclear operations. Our broad range of nuclear services includes engineering, operation of nuclear reactors, in-plant support services, spent nuclear fuel management, D&D, logistics, transportation, processing and disposal. We derive almost 100% of our revenues from the provision of nuclear services.

We provide our services through four segments: Federal Services, Commercial Services, LP&D and International. Our Federal Services segment derives revenues from U.S. government customers for the M&O or clean-up of facilities with radioactive materials. Our U.S. government customers are primarily individual offices, departments and administrations within the DOE and DOD. Our Commercial Services segment provides a broad range of on-site services, including D&D, to commercial customers. Our commercial customers include power and utility companies, pharmaceutical companies, research laboratories, universities and industrial facilities, as well as state agencies in the United States. Our LP&D segment provides a broad range of logistics, transportation, processing and disposal services to government and commercial customers. This segment also operates our facilities for the safe processing and disposal of radioactive materials, including a facility in Clive, Utah, four facilities in Tennessee and two facilities in Barnwell, South Carolina. In cases where a project involves the provision of both specialized nuclear services and processing and disposal services, our Federal Services or Commercial Services segment, depending on the type of customer, and our LP&D segment will coordinate to provide integrated services. Prior to our acquisitions of Safeguard in 2006 and RSMC in 2007, we derived less than 1% of our revenues from our international operations. Accordingly, through the first quarter of 2007, we reported results from our international operations in our Commercial Services segment. Beginning with the second quarter of 2007, we began reporting results from our operations outside North America in a new International segment in connection with our acquisition of RSMC.

Components of Revenues and Expenses

Revenues and Costs of Revenues

Federal Services segment

We generate revenues in our Federal Services segment primarily from M&O and clean-up services on DOE and DOD sites that have radioactive materials. Under "Tier 1" contracts, we typically provide services as an integrated member of a prime contract team. Under a "Tier 2" contract, we provide services to Tier 1 contractors as a subcontractor. Tier 1 contracts often include an award fee in excess of incurred costs and may also include an incentive fee for meeting contractual targets, milestones or performance factors. These fees often are not associated with significant additional expenditures.

Historically, the majority of our Federal Services segment revenues have been generated from either Tier 1 cost-reimbursable contracts with award (typically expressed as a percentage of cost) or incentive (typically success-based) fees or Tier 2 contracts that can be cost-reimbursable, fixed-price or unit-rate contracts. When we have provided services as an integrated member of a Tier 1 prime contract team, we have typically entered into a contract with the other members of the team pursuant to which we share the award or incentive fees under the customer contract. The revenue characteristics of these contracts are as follows:

Tier 1 Contract, Acting as Lead Prime Contractor. In situations where we act as lead prime contractor in a fee-share arrangement, we submit invoices to the customer for recovery of costs incurred in providing project services and also submit to the customer the cost-recovery invoices of the other team members that have been submitted to us. We typically recognize as revenues the full amount to be received as reimbursement for costs incurred by us and the other team members and record an expense for the amount that we subsequently expect to pay to the other team members in satisfaction of their individual cost-recovery invoices. Depending on the nature of the contract, we typically recognize the entire amount of our fee as lead prime contractor as revenues and record an expense for the portion of the fee that we pay to the other team members in proportion to their respective percentages of the fee-share arrangement. As a result, when we act as lead prime contractor, we may realize higher gross profit but lower gross margin than when we do not act as lead prime contractor.

Tier 1 Contract, Not Acting as Lead Prime Contractor. In situations where we do not act as lead prime contractor, we submit invoices to the lead prime contractor for recovery of costs incurred in providing project services, including allocated selling, general and administrative expenses, as allowed by the customer, and we may receive a portion of the fee in direct proportion to our percentage of the fee share arrangement. We include in revenues the amount to be received as reimbursement for costs incurred plus the portion of the fee that we will receive. The majority of our Tier 1 contracts have historically fallen into this category.

Tier 2 Contract. Tier 2 contracts are typically discrete, project-driven opportunities procured by Tier 1 contractors. The majority of Tier 2 contracts are fixed-price or cost-reimbursable contracts. We generally do not participate in fee-share arrangements as a Tier 2 contractor.

Revenues in our Federal Services segment can fluctuate significantly from period to period because of differences in the timing and size of contract awards in any given year, the completion or expiration of large contracts and delays in Congressional appropriations for contracts we have been awarded.

We typically generate revenues in our Federal Services segment pursuant to long-term contracts. The process of bidding for government contracts is extremely competitive and time-consuming. Discussions relating to a potential government contract often begin one or two years before an official request for proposal, or RFP, is announced. An additional one or two years may pass between the government's announcement of an RFP and its award of a contract. Third party consulting and bid preparation expenses associated with bidding for a Tier 1 contract typically range from $500,000 to $1.5 million and are recognized as incurred in selling, general and administrative expenses. These are in addition to our internal expenses and corporate overhead. Once awarded a contract, an additional several months may pass before we begin to recognize revenues in connection with that contract.

Costs of revenues in our Federal Services segment primarily consist of compensation and benefits to employees, outsourcing costs for subcontractor services, costs of goods purchased for use in projects and travel expenses.

Commercial Services segment

We generate revenues in our Commercial Services segment through fixed-price, unit-rate and cost-reimbursable contracts with power and utility companies that operate nuclear power plants and, to a lesser extent, with pharmaceutical companies, research laboratories, universities, industrial facilities and other commercial entities that have nuclear-related operations. Most of the revenues in our Commercial Services segment currently derive from contracts with a term of less than one year.

Revenues in our Commercial Services segment can fluctuate significantly from period to period because of differences in customer requirements, which depend upon the operating schedules of nuclear reactors, emergency response operations and other clean-up events. The operating schedules of nuclear reactors are affected by, among other things, seasonality in the demand for electricity and reactor refueling maintenance. Power and utility companies typically schedule refueling and maintenance to coincide with periods of reduced power demand periods in the spring and fall. Therefore, our revenues are typically higher during these periods due to the increased demand for our on-site services, such as spent fuel services. Our revenues also fluctuate from period to period as our commercial power and utility customers commence or terminate project operations. Revenues from emergency response operations and other clean-ups may also cause fluctuations in our results due to the unanticipated nature and, often, significant size of these projects.

Revenues in our Commercial Services segment also depend on the decisions of our customers to incur expenditures for third party nuclear services. For example, they may choose to store radioactive materials on site, rather than transporting materials for commercial processing and disposal at a third-party facility, such as our Clive facility. Similarly, customers may defer entering into contracts for the D&D of nuclear plants that have been shut down until such time as they have additional dedicated funds.

Costs of revenues in our Commercial Services segment primarily consist of compensation and benefits to employees, outsourcing costs for subcontractor services, costs of goods purchased for use in projects and travel expenses.

Results of our operations for services provided to our customers in Canada and Mexico currently relate to services provided to our utility customers and are included in our Commercial Services segment with the exception of Monserco, which is included in LP&D.

LP&D segment

We generate revenues in our LP&D segment primarily through unit-rate contracts for the transportation, processing and disposal of radioactive materials. In general, the unit-rate contracts entered into by our LP&D segment use a standardized set of purchase order-type contracts containing standard pricing and other terms. By using standardized contracts, we are able to expedite individual project contract negotiations with customers through means other than a formal bidding process. For example, our life-of-plant contracts provide nuclear power and utility company customers with LLRW and MLLW processing and disposal services for the remaining lives of their nuclear power plants, as well as the D&D waste disposal services after the plants are shut down. These contracts generally provide that we will process and dispose of substantially all of the LLRW and MLLW generated by those plants for a fixed, pre-negotiated price per cubic foot, depending on the type of radioactive material being disposed, and often provide for periodic price adjustments. Although a life-of-plant contract may be terminated before decommissioning is complete, we typically expect the duration of these contracts to be approximately 30 years.

Revenues in our LP&D segment can fluctuate significantly depending on the timing of our customers' decommissioning activities. We often receive high volumes of radioactive materials in a relatively short time period when a customer's site or facility is being decommissioned. For example,

during 2005, we were the major subcontractor to Kaiser-Hill Company, LLC for the transportation and disposal of LLRW, MLLW and other contaminated materials from the DOE's Rocky Flats Environmental Technology site near Denver, Colorado. Pursuant to this contract, we generated $105.4 million of revenues during 2005. The DOE declared the clean-up complete in October 2005, and we generated no significant revenues from Rocky Flats in 2006.

Costs of revenues in our LP&D segment primarily consist of compensation and benefits to employees, outsourcing costs for subcontractor services, such as railroads transporting radioactive materials from a customer's site to one of our facilities for processing and disposal, costs of goods purchased for use in our facilities, licenses, permits, taxes on processed radioactive materials, maintenance of facilities, equipment costs and depreciation costs. Most of our fixed assets are in our LP&D segment. As a result, we recognize the majority of our depreciation costs in this segment.

International segment

We generate revenues in our International segment primarily through Tier 1 contracts with the NDA. As a Tier 1 contractor, we are reimbursed for allowable incurred costs. In addition, we recognize efficiency fees (a percentage of budgeted costs minus actual costs for work performed) and project delivery-based incentive fees. We typically recognize as revenues the full amount of reimbursed allowable costs incurred plus the amount of fees earned, and we record as expense the amount of our operating costs, including all labor, benefits and travel expenses and costs of our subcontractors.

We only recognize fees as revenue when the amount to be received is fixed or determinable. Our contracts with the NDA allow for a portion of the fees to be paid monthly on account during the year. The total amount paid on account at the year end cannot exceed a combined 60% of the total base incentive fee available and 80% of the efficiency fee earned. For the first six months of the contract year, which ends March 31, we receive monthly on account payments of fees equivalent to 5% of the total available fees for the contract year, although the monthly amount of the base incentive fee may be increased to reflect actual fees earned in the period if mutually agreed. The contract requires a joint review by us and the NDA of performance at the end of the sixth month and the ninth month of the contract year. The purpose of the review is to establish a forecast of fees expected to be earned in the year, against which future scheduled monthly fee payments are assessed, and potentially adjusted, to ensure that the total fees paid on account by the end of the contract year will not exceed the contractual limits. In April, following the end of the contract year, we expect to finalize any earned but unpaid incentive and efficiency fees due from the NDA and receive a corresponding final fee payment. Given our contractual fee mechanism, efficiency fees recognized before March, the final month of the contract year, are generally insignificant. As a result, to the extent efficiency fees are earned and not offset by potential NDA determined deductions, we expect first-quarter revenues in our International segment to exceed revenues in that segment during any other quarter of the year.

The NDA contracts are based on an annual funding cycle and incentive plan. Consequently, revenues can vary from year to year depending on the level of annual funding, the nature of performance-based incentives negotiated and efficiency fee mechanisms in place.

Cost of revenues in our International segment primarily consist of compensation and benefits to employees, travel expenses, outsourcing costs for subcontractor services and costs of goods purchased for use in projects.

The International segment also includes the results of Safeguard's project activities and other projects performed outside of North America.

Selling, General and Administrative Expenses

Selling, general and administrative, or SG&A, expenses include expenses that are not directly associated with performing nuclear services for our customers. These expenses consist primarily of compensation and related benefits for management and administrative personnel, preparing contract bids, office expenses, advisory fees, professional fees, strategic growth initiatives, such as research and development, and administrative overhead.

We segregate our SG&A expenses into two categories for reporting purposes. Segment SG&A reflects costs specifically associated with each of our business segments, such as costs for segment leadership compensation and expenses, specific business development activities, and other costs associated with a specific segment. Corporate SG&A reflects costs associated with supporting the entire company including executive management and administrative functions such as accounting, treasury, legal, human resources and information technology, and other costs required to support the company. Corporate SG&A also includes the advisory fees we have paid to affiliates of the Sponsors under various advisory services agreements. See "Certain Relationships and Related Party Transactions." These agreements were terminated in connection with the completion of our initial public offering on November 20, 2007.

Interest Expense

Interest expense includes both cash and accrued interest expense and amortization of deferred financing costs.

Other Income, Net

Other income, net includes interest income, gains (losses) on the sale of assets, mark-to-market gains and losses on our derivative contracts and our proportional share of income from joint ventures in which we have a non-controlling interest.

Outlook

We expect the following factors to affect our results of operations in future periods. In addition to these factors, please refer to "Risk Factors" for additional information on what could cause our actual results to differ from our expectations.

Favorable industry trends. Our performance depends on the timing and amount of customer spending for our services. For a discussion of the factors that influence spending on nuclear services, see "Nuclear Services Industry."

Diversification of revenue. We believe that increasing revenues in our Federal Services and Commercial Services segments, together with revenues from our new International segment, will help to offset volatility in our annual and quarterly operating results resulting from the completion of large disposal projects. Until 2005, all of our revenues were recorded in our LP&D segment and one project contributed $105.4 million to our revenues in 2005. With our acquisitions of BNGA and Duratek in 2006, approximately 31% of our revenues in 2006 were recorded in our Federal Services and Commercial Services segments. In addition, following our acquisition of RSMC in June 2007, approximately 26% of our revenues in 2007 have been recorded in our Federal Services and Commercial Services segments and approximately 50% of our revenues in 2007 have been recorded in our International segment. We expect more than half of our revenues in 2008 to be recorded in our International segment mostly as a result of the revenues we generate through our contracts with the NDA.

Change in gross margin. Our gross profit as a percentage of revenues has declined as a result of our acquisitions of Duratek and RSMC. We expect it will decline further in 2008 as a result of

incurring a full year of operations for RSMC. Given the nature of our cost-reimbursable contracts with the NDA we recognize as revenues and cost of revenues all of the costs associated with our Magnox Electric site employees and subcontractors. Under a majority of our contracts with the DOE, most of the site employees are not our employees and as such the related employee costs are not included in our revenues or cost of revenues. While these differences do not impact our gross profit, they result in a lower gross margin percentage than our other segments.

Selling, general and administrative expenses. We expect an increase in our expenses related to the legal, accounting, internal audit, investor relations, compliance, insurance and other costs associated with being a public company with listed equity for a full year, including compliance with the Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the SEC and the NYSE. This increase will be partially offset by the elimination of approximately $2.5 million of annual advisory fees paid to affiliates of the Sponsors pursuant to advisory services agreements which were terminated in connection with our initial public offering.

Compensation expense. Pursuant to Statement of Financial Accounting Standards (SFAS) No. 123(R), *Share-Based Payment*, we account for equity-based compensation payments, including grants to employees, based on the fair values of the equity instruments issued. We incurred non-cash compensation expense of $1.5 million in 2005, $21.4 million in 2006 and $2.7 million in 2007 related to profit interest units granted in ENV Holdings, LLC in connection with the acquisition of Envirocare in 2005 and our acquisitions of BNGA and Duratek in 2006. We expect that the equity-based compensation expense related to the vesting of these units will be approximately $648,000 in 2008. In addition, we granted options to purchase approximately 5.7 million shares of common stock and granted 6,522 shares of restricted common stock in 2007. We recognized compensation expense of $1.6 million in 2007 and expect to record compensation expense of approximately $9.1 million in 2008 as a result of these grants. We also incurred $6.9 million of cash compensation expense in the fourth quarter of 2007 related to one-time payments to certain members of our current and former senior management under the terms of their employment agreements. These payments were in consideration for the termination of excess performance bonuses in accordance with the terms in their employment agreements. Such excess performance bonuses totaled $5.4 million in 2005 and $3.0 million in 2006.

Increases in capital expenditures. We expect capital expenditures in 2008 to be approximately $37 million, of which approximately $17 million relates to required equipment for the Atlas mill tailings contract awarded to us in June 2007. Most of our capital expenditures of approximately $13.3 million in 2007 related primarily to maintenance at our facilities. We completed several significant capital improvements in 2006 and 2005, including the installation of a new metal shredder, rail handling loop, rotary dump and other physical improvements at our Clive facility. We had capital expenditures of $33.6 million and $23.9 million in 2005 and 2006, respectively.

Increased non-cash amortization costs related to intangible assets. Pursuant to SFAS No. 142, *Goodwill and Other Intangible Assets*, we expect to incur increased non-cash amortization costs related to intangible assets in future periods as a result of the full-year impact of our acquisition of RSMC in June 2007, which increased the amount of our intangible assets to $383.8 million as of December 31, 2007 from $296.2 million as of December 31, 2006. We incurred approximately $16.6 million and $24.1 million of non-cash amortization expense in 2006 and 2007, respectively, related to the intangible assets acquired in 2005, 2006 and 2007. We expect to incur $28.1 million of non-cash amortization expense in 2008.

Income taxes. Prior to our reorganization on November 20, 2007, Energy*Solutions*, LLC operated as a limited liability company not subject to federal or state income taxes and, as such, our

historical financial statements included in this prospectus do not reflect what our financial position and results of operations would have been had we been a taxable corporation. As a result of our reorganization pursuant to our initial public offering, we consolidated our operations through Energy*Solutions*, Inc., a "C" corporation and became subject to foreign, federal and state income taxes. Exclusive of any unusual items, we anticipate our effective tax rate for 2008 will be approximately 35% to 38%.

History

Our predecessor company was formed in 1988 to own and operate a processing and disposal facility for radioactive materials in Clive, Utah. In January 2005, our predecessor was acquired by the Sponsors, as well as certain of our senior employees. Since 2005, we have expanded and diversified our operations through a series of strategic acquisitions, including the D&D division of Scientech, LLC in October 2005, BNGA in February 2006, Duratek in June 2006, Safeguard in December 2006, Parallax in January 2007, RSMC in June 2007, NUKEM in July 2007 and Monserco in December 2007.

In June 2006, we acquired Duratek, a leading provider for the safe, secure disposal of radioactive materials and nuclear facility operations for commercial and government customers, for an aggregate purchase price of $440.8 million, which included the purchase of all issued and outstanding common stock for $327.5 million. Goodwill recognized for this acquisition was $309.6 million, and $58.9 million of the purchase price was allocated to intangible assets. We determined that the enterprise value of Duratek was $223.9 million and that this value was the basis for assessing the fair value of the assets and liabilities in the purchase price allocation. Therefore, we paid a premium in excess of the fair value of the net tangible and identified intangible assets of approximately $216.9 million. We were willing to pay this premium as a result of our identification of significant entity-specific synergies that we expected to realize through cost savings in connection with the acquisition. We also expect to obtain significant strategic synergies resulting from the acquisition. All of the entity-specific synergies and a portion of the strategic synergies were paid to the former shareholders of Duratek as a part of the purchase price.

We believe the Duratek acquisition was essential for us to achieve our objective to become a leader in the nuclear services industry. Duratek helped to position us to pursue opportunities that we could not have pursued prior to the acquisition, which gave us the size and capability to qualify as a Tier 1 government contractor, provide highly-specialized nuclear services to owners of large commercial nuclear power reactors and pursue international D&D contracts.

Over the next five years, we believe the DOE will award federal M&O and D&D contracts with total estimated contract values of $25.8 billion. See "Nuclear Services Industry." With our acquisition of Duratek, we believe we are qualified to pursue substantial federal contracts that we would not have been qualified to pursue prior to our Duratek acquisition. In addition, there are currently 13 nuclear reactors in the United States in various stages of shut-down with total current dedicated decommissioning funds of approximately $3.1 billion. We now are qualified to provide highly-specialized nuclear services to the owners of these nuclear reactors that we would not have been qualified to provide prior to our acquisition of Duratek.

Our acquisition of Duratek also qualified us to participate in the bidding for RSMC, which we acquired in June 2007 for $184.8 million in cash, including transaction costs. RSMC, through its subsidiary Magnox Electric Ltd., holds the contracts and licenses to operate and decommission 10 nuclear sites with 22 reactors in the United Kingdom on behalf of the NDA, the government body responsible for the clean-up and decommissioning of the U.K. nuclear sites. With the acquisitions of Duratek and RSMC, we believe we are qualified to pursue significant additional contracts to clean up nuclear facilities in the United Kingdom.

Prior to our initial public offering in November 2007, we conducted our business through Energy*Solutions*, LLC and its direct and indirect subsidiaries. As part of the reorganization that took place in connection with our initial public offering, Energy*Solutions*, LLC became our direct first-tier subsidiary, and our shares of common stock were issued in the initial public offering. The purpose of the reorganization was to consolidate the business, operations and assets formerly held by a limited liability company, Energy*Solutions*, LLC, within a single corporate entity, Energy*Solutions*, Inc.

Results of Operations

The following table shows certain items from our statements of operations for the years ended December 31, 2005, 2006 and 2007 and the three months ended March 31, 2007 and 2008. Results for the year ended December 31, 2005 reflect the results of our predecessor, Envirocare, which was acquired by the Sponsors in February 2005, for the period from January 1, 2005 to January 31, 2005, and our company, which is the successor in that acquisition, for the period from February 1, 2005 to December 31, 2005. The discussion of our results for 2005 also presents pro forma revenues, cost of revenues and gross profit for the full year 2005 to enable comparisons with 2006 on a full-year basis. The pro forma results do not purport to reflect the results that would have been obtained had the Sponsors acquired Envirocare at the beginning of 2005.

Prior to 2006, we operated in one segment, LP&D. Since the acquisitions of BNGA and Duratek in 2006, we have operated in two additional segments, Federal Services and Commercial Services. Results of operations in our Federal Services and Commercial Services segments during 2006 are due to our acquisitions of BNGA and Duratek and primarily reflect operating results associated with the contracts that existed at the time that we acquired these businesses. SG&A expenses prior to 2006 are reflected under corporate selling, general and administrative expenses. SG&A expenses for the year ended December 31, 2006 and 2007 and the three months ended March 31, 2007 and 2008 are divided between segment selling, general and administrative expenses and corporate selling, general and administrative expenses. Beginning with the second quarter of 2007, we also began to report the results of a new International segment. The International segment includes the results of Safeguard for the year ended December 31, 2007 and RSMC from June 27, 2007 through December 31, 2007.

	Predecessor	EnergySolutions					
	One Month Ended January 31, 2005	Eleven Months Ended December 31, 2005	Pro Forma Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007	Three Months Ended March 31, 2007 (unaudited)	Three Months Ended March 31, 2008 (unaudited)
				(in thousands of dollars)			
Revenues:							
Federal Services Segment	$	$	$	$ 79,941	$ 151,355	$ 34,927	$ 44,587
Commercial Services Segment				54,137	137,378	25,341	30,595
LP&D Segment	21,914	348,192	370,106	293,025	262,801	53,883	54,115
International Segment					541,079		372,456
Total revenues	21,914	348,192	370,106	427,103	1,092,613	114,151	501,753
Cost of revenues:							
Federal Services Segment				55,121	108,972	26,255	36,471
Commercial Services Segment				39,579	109,566	20,520	19,015
LP&D Segment	7,382	134,350	141,732	141,167	156,291	36,582	35,087
International Segment					523,510		338,197
Total cost of revenues	7,382	134,350	141,732	235,867	898,339	83,357	428,770
Gross profit:							
Federal Services Segment				24,820	42,383	8,672	8,116
Commercial Services Segment				14,558	27,812	4,821	11,580
LP&D Segment	14,532	213,842	228,374	151,858	106,510	17,301	19,028
International Segment					17,569		34,259
Total gross profit	14,532	213,842	228,374	191,236	194,274	30,794	72,983
Segment selling, general and administrative expenses:							
Federal Services Segment				4,186	11,306	2,452	1,768
Commercial Services Segment				7,466	7,730	4,760	1,936
LP&D Segment				7,607	8,519	2,197	2,704
International Segment					14,639		4,154
Total segment selling, general and administrative expenses				19,259	42,194	9,409	10,562
Segment operating income:							
Federal Services Segment				20,634	31,077	6,220	6,348
Commercial Services Segment				7,092	20,082	61	9,644

			Energy*Solutions*			
LP&D Segment	14,532	213,842	144,231	97,991	13,104	16,324
International Segment				2,930		30,105
Total segment operating income	14,532	213,842	171,977	152,080	21,385	62,421
Corporate selling, general and administrative expenses	967	44,595	82,003	80,244	18,919	18,028
Impairment of intangible assets		3,000				
Total income from operations	13,565	166,247	89,974	71,836	2,466	44,393
Interest expense		49,736	68,566	72,689	15,370	11,660
Other income (expense), net	13	1,474	3,113	3,364	148	(2,061)
Income (loss) before income taxes	13,578	117,985	24,521	2,511	(12,756)	30,672
Minority interests				(92)		(195)
Income tax (benefit) expense			(2,342)	11,318	(2,412)	11,184
Net income (loss)	$ 13,578	$ 117,985	$ 26,863	$ (8,899)	$ (10,344)	$ 19,293

Three Months Ended March 31, 2008 compared to Three Months Ended March 31, 2007

Revenues

Revenues increased $387.6 million, or 339.4%, to $501.8 million for the three months ended March 31, 2008 from $114.2 million for the three months ended March 31, 2007. This increase was primarily the result of our acquisitions of RSMC and Nukem, the consolidation of our Isotek, LLC and UDS, LLC joint venture interests, and increased revenues in our Commercial Services segment operations.

Revenues in our Federal Services segment increased $9.7 million, or 27.8%, to $44.6 million for the three months ended March 31, 2008 from $34.9 million for the three months ended March 31, 2007. This increase is primarily attributable to revenues earned from the clean up of the Atlas mill tailings near Moab, Utah during the three months ended March 31, 2008 and the consolidation of two of our joint venture interests, Isotek, LLC and UDS, LLC. The joint venture interests are now consolidated because we obtained majority voting rights for Isotek, LLC in November 2007 and for UDS, LLC in March 2008. During the three months ended March 31, 2007, income from these joint venture interests was reported using the equity method in other income, net, in our consolidated statements of operations. This increase was partially offset by decreased revenues from work we performed as a subcontractor on two contracts at the Hanford site.

Revenues in our Commercial Services segment increased $5.3 million, or 20.9%, to $30.6 million for the three months ended March 31, 2008 from $25.3 million for the three months ended March 31, 2007. This is primarily the result of our acquisition of Nukem in July, 2007 and increased revenues in our commercial decommissioning services and our utility services projects.

Revenues in our LP&D segment increased $0.2 million, or 0.4%, to $54.1 million for the three months ended March 31, 2008 from $53.9 million for the three months ended March 31, 2007. This increase is mostly due to increased revenues at our Clive, Utah facility and the acquisition of Monserco in December, 2007, offset by decreased revenues at our Bear Creek facility in Oak Ridge, Tennessee.

Primarily as a result of our acquisition of RSMC, revenues in our International segment were $372.5 million for the three months ended March 31, 2008. RSMC recognizes as revenues the full amount of reimbursed allowable costs incurred plus the amount of fees earned. RSMC recognizes project delivery-based incentive fees, which are typically a percentage of allowable costs, throughout the contract year which ends March 31 and recognizes efficiency fees mainly during the final month of the contract year when these fees become determinable. We recognized $24.6 million of efficiency fees during the three months ended March 31, 2008. During the three months ended March 31, 2007, our international operations were reported in our Commercial Services segment because they constituted less than 3% of our total revenues.

Cost of revenues

Cost of revenues increased $345.4 million, or 414.1%, to $428.8 million for the three months ended March 31, 2008 from $83.4 million for the three months ended March 31, 2007. This increase was primarily the result of our acquisition of RSMC and Nukem and the consolidation of our Isotek, LLC and UDS, LLC joint venture interests.

Cost of revenues in our Federal Services segment increased $10.2 million, or 38.8%, to $36.5 million for the three months ended March 31, 2008 from $26.3 million for the three months ended March 31, 2007. This increase is attributable to the consolidation of two of our joint venture interests, Isotek, LLC and UDS, LLC, during the three months ended March 31, 2008. During the three months ended March 31, 2007, cost of revenues from these joint venture interests was reported using the equity method in other income, net, in our consolidated statements of operations. In addition, we began clean up of the Atlas mill tailings near Moab, Utah. This increase was partially offset by

decreased cost of revenues from work we performed as a subcontractor on two contracts at the Hanford site.

Cost of revenues in our Commercial Services segment decreased $1.5 million, or 7.3%, to $19.0 million for the three months ended March 31, 2008 from $20.5 million for the three months ended March 31, 2007. This decrease is primarily attributable to decreased costs incurred on utility services projects due to favorable resolutions on cost escalation of materials and lower cost alternatives for demolition.

Cost of revenues in our LP&D segment decreased $1.5 million, or 4.1%, to $35.1 million for the three months ended March 31, 2008 from $36.6 million for the three months ended March 31, 2007. This decrease is primarily attributable to decreases in equipment maintenance, demurrage costs and labor.

Primarily as a result of our acquisition of RSMC, cost of revenues in our International segment was $338.2 million for the three months ended March 31, 2008. Cost of revenues in our International segment consist of compensation and benefits to employees, travel expenses, outsourcing costs for subcontractor services and cost of goods purchased.

Cost of revenues as a percentage of total revenues increased to 85.5% for the three months ended March 31, 2008 from 73.0% for the three months ended March 31, 2007. The acquisition of RSMC, for which cost of revenues as a percentage of revenues were 91.4% for the three months ended March 31, 2008, had a significant impact on our revenue mix when compared to our historical operations. As a result, a greater portion of our revenues in 2008 have significantly lower contribution margins.

Gross profit

Gross profit increased $42.2 million, or 137.0%, to $73.0 million for the three months ended March 31, 2008 from $30.8 million for the three months ended March 31, 2007. Our gross margin decreased to 14.5% in the 2008 period from 27.0% in the corresponding 2007 period. The increase in gross profit and the corresponding reduction in gross margin are primarily the result of our acquisition of RSMC, which significantly changed our revenue mix.

Gross profit in our Federal Services segment decreased $0.6 million, or 6.9%, to $8.1 million for the three months ended March 31, 2008 from $8.7 million for the three months ended March 31, 2007. This decrease is primarily attributable to decreased gross profit from work we performed as a subcontractor on two contracts at the Hanford site partially offset by increased gross profit on the Isotek, UDS and Moab operations.

Gross profit in our Commercial Services segment increased $6.8 million, or 141.7%, to $11.6 million for the three months ended March 31, 2008 from $4.8 million for the three months ended March 31, 2007. The increase is primarily attributable to performance of large decontamination and decommissioning projects and utility services projects with higher margins.

LP&D segment gross profit increased $1.7 million, or 9.8%, to $19.0 million for the three months ended March 31, 2008 from $17.3 million for the three months ended March 31, 2007. This increase is primarily the result of decreased equipment maintenance, demurrage costs and labor expenses.

Primarily as a result of our acquisition of RSMC, gross profit in our International segment was $34.3 million with a gross profit margin of 9.2% for the three months ended March 31, 2008. The gross profit margin is higher for the three months ended March 31, 2008 than we expect in future quarters of 2008 due to the recognition of approximately $24.6 million of efficiency fees during the three months ended March 31, 2008. As a result, we expect gross profit in our International segment to be greater in the first quarter than in any other quarter of the year.

Segment selling, general and administrative expenses

Segment selling, general and administrative expenses in our Federal Services segment decreased $0.7 million, or 28.8%, to $1.8 million for the three months ended March 31, 2008 from $2.5 million for the three months ended March 31, 2007. The decrease is primarily due to decreased labor and severance expenses related to the termination of a key employee in the first quarter of 2007.

Segment selling, general and administrative expenses in our Commercial Services segment decreased $2.9 million, or 60.4%, to $1.9 million for the three months ended March 31, 2008 from $4.8 million for the three months ended March 31, 2007. The decrease is primarily attributable to lower business development costs. During the three months ended March 31, 2007, Commercial Services incurred significant due diligence expenses related to our license stewardship contract with Exelon Generation Company, LLC.

Segment selling, general and administrative expenses in our LP&D segment increased $0.5 million, or 22.7%, to $2.7 million for the three months ended March 31, 2008 from $2.2 million for the three months ended March 31, 2007 mostly due to increased business development costs.

Segment selling, general and administrative expenses in our International segment were $4.2 million for the three months ended March 31, 2008 primarily due to amortization expense associated with intangible assets of RSMC, which we acquired in June 2007, bid and proposal expenses relating to potential contracts in the United Kingdom and other administrative expenses of our UK operations.

Total segment selling, general and administrative expenses as a percentage of revenues decreased to 2.1% for the three months ended March 31, 2008 from 8.2% for the same period for 2007 primarily due to increased revenues without a corresponding percentage increase in selling, general and administrative expenses.

Corporate selling, general and administrative expenses

Corporate selling, general and administrative expenses decreased $0.9 million, or 4.8%, to $18.0 million for the three months ended March 31, 2008 from $18.9 million for the three months ended March 31, 2007. This decrease is attributable to the termination of management advisory fees previously paid to our equity sponsors in connection with our initial public offering and decreased legal, business development and marketing costs. This is offset by increases in professional accounting fees related to Sarbanes-Oxley compliance, insurance costs and investor relations costs. As a percentage of revenue, corporate selling, general and administrative expenses decreased to 3.6% for the three months ended March 31, 2008 from 16.6% for the same period for 2007. The decrease in expenses as a percentage of revenues is primarily due to the significant increase in revenues with no corresponding increase in corporate selling, general and administrative expenses.

Interest expense

Interest expense decreased $3.7 million, or 24.0%, to $11.7 million for the three months ended March 31, 2008 from $15.4 million for the three months ended March 31, 2007. The decrease is primarily attributable to a decline in both our average borrowings outstanding and interest rates related to our credit facilities.

Other income (expense), net

Other income (expense), net, decreased $2.2 million to an expense of $2.1 million for the three months ended March 31, 2008 from income of $0.1 million for the three months ended March 31, 2007. This amount primarily reflects losses attributable to foreign currency exchanges and a decline in

the fair value of our derivative contracts. These decreases are offset by increases in interest income and our proportional share of income from two joint ventures in which we have a non-controlling interest.

Income taxes

We recognized income tax expense of $11.2 million for the three months ended March 31, 2008 based on an estimated annual effective tax rate on our consolidated operations of 36.6%. Prior to our reorganization on November 20, 2007, Energy*Solutions*, LLC operated as a limited liability company and was treated as a disregarded entity owned by a partnership for federal income tax purposes. As such, during the three months ended March 31, 2007, we recognized an income tax benefit of $2.4 million attributable to a net taxable loss from our taxable subsidiaries acquired in 2006, primarily BNGA and Duratek.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Revenues

Revenues increased $665.5 million, or 155.8%, to $1.1 billion for the year ended December 31, 2007 from $427.1 million for the year ended December 31, 2006. This increase was the result of our acquisition of Duratek on June 7, 2006, which contributed $345.5 million to revenues in the year ended December 31, 2007 compared to $137.2 million for the year ended December 31, 2006 and our acquisition of RSMC, which contributed $531.3 million to revenues for the post-acquisition period of June 27, 2007 through December 31, 2007. The acquisitions of Safeguard, Parallax and NUKEM collectively contributed $30.4 million to revenues during 2007 from their respective dates of acquisition. These increases were partially offset by decreased revenues of $89.7 million due to lower volumes of waste received at our facility in Clive, Utah.

Primarily as a result of the inclusion of a full year of Duratek results in 2007, revenues in our Federal Services segment and our Commercial Services segment increased to $151.4 million and $137.4 million, respectively, for the year ended December 31, 2007 from $79.9 million and $54.1 million, respectively, for the year ended December 31, 2006. As a result of our acquisitions of RSMC and Safeguard, revenues in our International segment were $541.1 million for the year ended December 31, 2007. Historically, our international operations were reported in our Commercial Services segment because they constituted less than 1% of our total revenues.

LP&D segment revenues decreased $30.2 million, or 10.3%, to $262.8 million for the year ended December 31, 2007 from $293.0 million for the year ended December 31, 2006. We processed lower volumes of waste at our facility in Clive, Utah during the year ended December 31, 2007 due to the completion of several DOE closure projects during 2006. The decrease was partially offset by an increase in revenues of $55.1 million during the year ended December 31, 2007 as compared to the same period of 2006 resulting from our Duratek acquisition. The Duratek acquisition included the facilities in Barnwell, South Carolina and three processing and disposal facilities in Tennessee.

Cost of revenues

Cost of revenues increased $662.4 million, or 280.8%, to $898.3 million for the year ended December 31, 2007 from $235.9 million for the year ended December 31, 2006. This increase was the result of our acquisition of Duratek, which contributed $263.5 million to cost of revenues in the year ended December 31, 2007 compared to $101.1 million for the year ended December 31, 2006 and our acquisition of RSMC, which contributed $513.5 million to cost of revenues for the post-acquisition period of June 27, 2007 through December 31, 2007. The acquisitions of Safeguard, Parallax and NUKEM collectively contributed $26.0 million to cost of revenues during 2007 from their respective dates of acquisition. These increases in cost of revenues were partially offset by a decrease of $24.8 million in our historical LP&D operations, which was primarily the result of reduced expenses

associated with processing lower volumes of waste at our facility in Clive, Utah due to the completion of several projects during 2006.

Primarily as a result of our acquisition of Duratek, cost of revenues in our Federal Services segment and our Commercial Services segment increased to $109.0 million and $109.6 million, respectively, for the year ended December 31, 2007 from $55.1 million and $39.6 million, respectively, for the year ended December 31, 2006. As a result of our acquisitions of RSMC and Safeguard, cost of revenues in our International segment was $523.5 million for the year ended December 31, 2007.

LP&D segment cost of revenues increased by $15.1 million, or 10.7%, to $156.3 million for the year ended December 31, 2007 from $141.2 million for the year ended December 31, 2006. This increase was the result of increased expenses resulting from our acquisition of Duratek, which contributed $70.6 million to cost of revenues for the year ended December 31, 2007 compared to $27.3 million for the year ended December 31, 2006. This increase was partially offset by a decrease of $24.8 million in our historical LP&D operations associated with the completion of several DOE closure projects during 2006.

Cost of revenues as a percentage of total revenues increased to 82.2% for the year ended December 31, 2007, from 55.2% for the year ended December 31, 2006. The acquisitions of Duratek and RSMC significantly changed our revenue mix when compared to our historical operations. As a result, a greater portion of our revenues have significantly lower contribution margins.

Cost of revenues as a percentage of revenues in our LP&D segment, which includes our historical operations, increased to 59.5% for the year ended December 31, 2007 from 48.2% for the same period for 2006. A significant amount of the costs at our Clive, Utah facility are fixed; therefore, the decrease in our revenues of $89.7 million at our Clive, Utah facility had a significant adverse impact on our margins. In addition, cost of revenues as a percentage of revenues relating to operations from our Duratek acquisition are greater than that of our historical operations, thus contributing to the increase in cost of revenues as a percentage of revenues for this segment.

Our Federal Services, Commercial Services and International segments, which primarily include operations of Duratek and RSMC from their acquisition dates, collectively contributed cost of revenues as a percentage of revenues of 89.4% for the year ended December 31, 2007 compared to 70.6% for the same period for 2006. This increase is primarily the result of the acquisition of RSMC, where cost of revenues as a percentage of revenues were 96.6% for the year ended December 31, 2007.

Gross profit

Gross profit increased $3.1 million, or 1.6%, to $194.3 million for the year ended December 31, 2007 from $191.2 million for the year ended December 31, 2006. Gross profit increased primarily due to the acquisition of Duratek, which contributed $29.6 million and $25.9 million to gross profit in our Federal Services and Commercial Services segments, respectively, for the year ended December 31, 2007 compared to $6.8 million and $13.7 million, respectively for the year ended December 31, 2006. This increase in gross profit was partially offset by a decrease in gross profit in our LP&D segment resulting from lower volumes of waste at our facility in Clive, Utah during the year ended December 31, 2007 due to the completion of several significant DOE closure projects during 2006. Our gross margin decreased to 17.8% in the 2007 period from 44.8%, in the corresponding 2006 period due largely to change in revenue mix combined with lower margins in our LP&D segment.

Primarily as a result of our acquisition of Duratek, gross profit in our Federal Services segment and our Commercial Services segment increased to $42.4 million and $27.8 million, respectively, for the year ended December 31, 2007 compared to $24.8 million and $14.6 million, respectively, for the year ended December 31, 2006. As a result of our acquisitions of Safeguard and RSMC, gross profit in our International segment was $17.6 million for the year ended December 31, 2007.

LP&D segment gross profit decreased $45.4 million, or 29.9%, to $106.5 million for the year ended December 31, 2007 from $151.9 million for the year ended December 31, 2006. LP&D segment gross profit margin decreased to 40.5% during the year ended December 31, 2007 from 51.8% during the year ended December 31, 2006. Gross profit and gross profit margin decreased primarily due to decreased revenues as a result of the completion of several significant DOE closure projects in our historical LP&D segment during 2006 and lower gross profit margins in the LP&D operations we acquired from Duratek as compared to our historical operations.

Segment selling, general and administrative expenses

Segment selling, general and administrative expenses in our Federal Services and Commercial Services segments increased $7.1 million and $264,000, respectively, to $11.3 million and $7.7 million, respectively, for the year ended December 31, 2007 from $4.2 million and $7.5 million, respectively, for the year ended December 31, 2006. This is primarily the result of increased expenses due to the activity of Duratek, which was acquired in June 2006. Segment selling, general and administrative expenses in our LP&D segment increased $912,000 to $8.5 million for the year ended December 31, 2007 from $7.6 million for the year ended December 31, 2006. The increase was primarily the result of the activity of Duratek, which was acquired in June 2006.

Segment selling, general and administrative expenses in our International segment were $14.6 million for the year ended December 31, 2007 primarily due to bid and proposal expenses relating to potential contracts in the United Kingdom, the operations of Safeguard, which we acquired in December 2006, and the operations and amortization expense associated with finite-lived intangible assets of RSMC, which we acquired in June 2007.

Total segment selling, general and administrative expenses as a percentage of revenue decreased to 3.9% for the year ended December 31, 2007 from 4.5% for the same period for 2006 primarily due to increased revenues.

Corporate selling, general and administrative expenses

Corporate selling, general and administrative expenses decreased $1.8 million, or 2.2%, to $80.2 million for the year ended December 31, 2007 from $82.0 million for the year ended December 31, 2006. As a percentage of revenue, corporate selling, general and administrative expenses decreased to 7.3% for the year ended December 31, 2007 from 19.2% for the same period for 2006. This decrease was primarily due to non-cash equity compensation expenses incurred during the year ended December 31, 2006 as a result of accelerated vesting of profits interests in connection with our acquisition of Duratek in the earlier period. This decrease is partially offset by increased accounting, treasury, human resources, information systems and other administrative expenses as a result of our acquisition of Duratek and a $6.9 million expense for the termination of provisions in employment agreements related to excess performance bonus payments. These provisions were terminated in connection with our initial public offering.

Interest expense

Interest expense increased $4.1 million, or 6.0%, to $72.7 million for the year ended December 31, 2007 from $68.6 million for the year ended December 31, 2006. The increase is primarily attributable to increased borrowings related to the acquisitions of Duratek and RSMC and the write-off of unamortized debt financing fees of $4.2 million as a result of repayment of our debt using proceeds from our initial public offering. These increases are offset by the recognition of a call premium of $3.2 million and a write-off of debt financing fees and loan discounts of $8.9 million which occurred in June 2006 in connection with the restructuring of our long-term debt.

Other income (expense), net

Other income, net, increased $251,000, or 8.1%, to $3.4 million for the year ended December 31, 2007 from $3.1 million for the year ended December 31, 2006. This amount primarily reflects increases in interest income and our proportional share of income from three joint ventures in which we have a non-controlling interest. This increase is offset by losses of $1.2 million on our interest rate swap agreements and foreign exchange contracts.

Income taxes

We recognized income tax expense of $11.3 million for the year ended December 31, 2007 primarily due to income tax expense recognized of approximately $9.9 million relating to our reorganization from a limited liability company to a "C" corporation. Prior to our reorganization on November 20, 2007, EnergySolutions, LLC operated as a limited liability company and was treated as a disregarded entity owned by a partnership for federal income tax purposes. SFAS No. 109, Accounting for Income Taxes, requires that the tax effect of recognizing deferred tax items upon a change in tax status be included in current year operations. In addition, income tax expense for 2007 includes foreign, federal and state income taxes for our taxable subsidiaries that we acquired in 2006 and 2007. We recognized income tax benefit of $2.3 million for the year ended December 31, 2006 attributable to net taxable loss from BNGA and Duratek since their acquisitions on February 28, 2006 and June 7, 2006, respectively.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Revenues

Our revenues were $427.1 million for the year ended December 31, 2006 compared to $348.2 million for the eleven months ended December 31, 2005 and $21.9 million for the one month ended January 31, 2005 for pro forma revenues of $370.1 million for the year ended December 31, 2005. The $57.0 million (15.4%) increase in pro forma revenues for the year ended December 31, 2006 was the result of our acquisitions of BNGA on February 27, 2006 and Duratek on June 7, 2006, which contributed $44.1 million and $137.2 million to revenues, respectively, in the year ended December 31, 2006. This increase in revenues was partially offset by the completion of the project to clean up the DOE's Rocky Flats site in 2005. Pursuant to this contract, we recognized approximately $105.4 million of revenues during 2005, but generated no significant revenues in 2006.

Primarily as a result of our acquisitions of BNGA and Duratek, revenues in our Federal Services segment and our Commercial Services segment were $79.9 million and $54.1 million, respectively, for the year ended December 31, 2006.

LP&D segment revenues were $293.0 million for the year ended December 31, 2006 compared to $348.2 million for the eleven months ended December 31, 2005 and $21.9 million for the one month ended January 31, 2005 for pro forma LP&D segment revenues of $370.1 million for the year ended December 31, 2005. The $77.1 million (20.8%) decrease for the year ended December 31, 2006 was primarily the result of approximately $105.4 million of revenue recognized during 2005 to clean up the DOE's Rocky Flats site. We generated no significant revenues from this contract in 2006. The decrease was partially offset by an increase in revenues of $54.0 million due to our acquisitions of BNGA on February 27, 2006 and Duratek on June 7, 2006. The Duratek acquisition included the facilities in Barnwell, South Carolina and three processing and disposal facilities in Tennessee. The BNGA acquisition included a manufacturing facility in Tennessee.

Cost of revenues

Cost of revenues was $235.9 million for the year ended December 31, 2006 compared to $134.4 million for the eleven months ended December 31, 2005 and $7.4 million for the one month ended January 1, 2005 for pro forma cost of revenues of $141.7 million for the year ended December 31, 2005. The $94.1 million (66.4%) increase for the year ended December 31, 2006 was the result of our acquisitions of BNGA on February 27, 2006 and Duratek on June 7, 2006, which contributed $23.2 million and $101.1 million to cost of revenues, respectively, in the year ended December 31, 2006. This increase in cost of revenues was partially offset by a decrease of $30.8 million in our historical LP&D operations, which was primarily the result of reduced expenses associated with the completion of the clean-up project at Rocky Flats in 2005.

Primarily as a result of our acquisitions of BNGA and Duratek, cost of revenues in our Federal Services segment and our Commercial Services segment was $55.1 million and $39.6 million, respectively, for the year ended December 31, 2006.

LP&D segment cost of revenues was $141.2 million for the year ended December 31, 2006 compared to $134.4 million for the eleven months ended December 31, 2005 and $7.4 million for the one month ended January 1, 2005 for pro forma LP&D segment cost of revenues of $141.7 million for the year ended December 31, 2005. The $500,000 decrease for the year ended December 31, 2006 was primarily the result of reduced expenses associated with the completion of the clean-up project at Rocky Flats in 2005, offset in part by increased expenses resulting from our acquisitions of BNGA on February 27, 2006 and Duratek on June 7, 2006.

Gross profit

Gross profit was $191.2 million for the year ended December 31, 2006 compared to $213.8 million for the eleven months ended December 31, 2005 and $14.5 million for the one month ended January 1, 2005 for pro forma gross profit of $228.4 million for the year ended December 31, 2005. Our gross margin decreased to 44.8% in 2006 from 61.7% in 2005. Gross profit decreased $37.1 million in 2006 primarily due to a decrease in gross profit in our LP&D segment resulting from the completion of the project to clean up the DOE's Rocky Flats site. The decrease in gross profit in our LP&D segment was partially offset by contributions from BNGA and Duratek, which contributed $24.8 million and $14.6 million to gross profit in our Federal Services and Commercial Services segments, respectively, for the year ended December 31, 2006.

As a result of our acquisitions of BNGA and Duratek, gross profit in our Federal Services segment and our Commercial Services segment was $24.8 million and $14.6 million, respectively, for the year ended December 31, 2006.

LP&D segment gross profit was $151.9 million for the year ended December 31, 2006 compared to $213.8 million for the eleven months ended December 31, 2005 and $14.5 million for the one month ended January 1, 2005 for pro forma LP&D segment gross profit of $228.4 million for the year ended December 31, 2005. LP&D segment gross margin decreased to 51.8% in 2006 from 61.7% in 2005. Gross profit and gross margin decreased primarily due to the completion of the project to clean up the DOE's Rocky Flats site in 2005. We were able to achieve a relatively high gross margin on this project because of the volume of work involved in a relatively short period of time. We also recorded an incentive fee of $2.4 million in 2005 in connection with the Rocky Flats project as the result of meeting certain contractual milestones.

Gross profit margins in our Federal Services and Commercial Services segments are typically lower than in our LP&D segment due to the nature of pricing and the higher proportion of expenses for labor and fringe benefits of federal and commercial contracts. The higher gross profit margins in our LP&D segment are the result of unit pricing that reflects a higher amount of fixed costs, including capital expenditures, and a lower amount of labor and fringe benefits costs.

Segment selling, general and administrative expenses

As a result of our acquisitions of BNGA and Duratek, segment selling, general and administrative expenses in our Federal Services, Commercial Services and LP&D segments were $4.2 million, $7.5 million and $7.6 million, respectively, for the year ended December 31, 2006.

Corporate selling, general and administrative expenses

Corporate selling, general and administrative expenses were $82.0 million for the year ended December 31, 2006 compared to $44.6 million for the eleven months ended December 31, 2005 and $1.0 million for the one month ended January 31, 2005. The increase in 2006 was primarily the result of our acquisitions of BNGA and Duratek, which collectively contributed $17.5 million to corporate selling, general and administrative expenses for the year ended December 31, 2006. Corporate selling, general and administrative expenses also increased due to integration costs associated with our acquisitions of BNGA and Duratek. We incurred non-cash compensation expense of $21.4 million and $1.5 million in the years ended December 31, 2006 and 2005, respectively, principally relating to equity grants made in connection with our acquisitions. We also incurred increased non-cash amortization expense of $4.7 million in 2006 related to the amortization of intangible assets acquired in the acquisition of BNGA and Duratek in 2006. These increases were offset by a $3.8 million reduction in the allowance for doubtful accounts based on our historical collections experience and an evaluation of existing customer receivables.

Prior to 2006, we only operated in our LP&D segment and, therefore, all of our selling, general and administrative expenses prior to 2006 are reflected under corporate selling, general and administrative expenses. Selling, general and administrative expenses for the year ended December 31, 2006 are split between segment selling, general and administrative expenses and corporate selling, general and administrative expenses.

Impairment of intangible assets

There was no impairment of intangible assets in the year ended December 31, 2006. In the eleven months ended December 31, 2005, we changed our name to Energy*Solutions* and incurred an impairment charge of $3.0 million, representing the write-off of the remaining book value of our old name.

Interest expense

Interest expense was $68.6 million for the year ended December 31, 2006 compared to $49.7 million for the eleven months ended December 31, 2005. The $18.9 million increase was primarily due to increased borrowings as the result of our acquisitions of BNGA and Duratek, as well as a full year of interest expense on debt incurred to finance the acquisition of our predecessor by the Sponsors in 2005. Interest expense for the year ended December 31, 2006 also included the write-off of $8.9 million of deferred financing fees and debt discount and the payment of a call premium of $3.2 million from refinancing our debt in connection with the Duratek acquisition. Interest expense for the eleven months ended December 31, 2005 included the write-off of $12.7 million of deferred financing fees from the refinancing of our outstanding debt in connection with the acquisition of our predecessor by the Sponsors. We did not incur any material interest expense in the one month ended January 31, 2005.

Other income

Other income was $3.1 million for the year ended December 31, 2006. This amount primarily reflects interest income and our proportional share of income from two joint ventures in which we have a minority interest, which we acquired as part of our Duratek acquisition. Prior to the Duratek acquisition, we did not have any investments in joint ventures. Other income was $1.5 million for the year ended December 31, 2005, which was primarily due to interest income.

Income taxes

We recognized an income tax benefit of $2.3 million for the year ended December 31, 2006, primarily due to a tax loss in one of our taxable subsidiaries that was acquired in 2006. Historically, we operated as a limited liability company and therefore did not pay corporate income taxes. The tax provision in 2006 relates to Duratek and certain taxable subsidiaries of BNGA since their respective acquisitions in 2006.

Net income

For the foregoing reasons, net income was $26.9 million for the year ended December 31, 2006 compared to $118.0 million for the eleven months ended December 31, 2005 and $13.6 million for the one month ended January 31, 2005.

Liquidity and Capital Resources

We finance our operations primarily through cash provided by operations. As of March 31, 2008, our principal sources of liquidity consisted of $38.1 million of cash and cash equivalents and $56.8 million of availability under the $75.0 million revolving portion of our credit facilities, which is net of $18.2 million of outstanding letters of credit. We also have a synthetic letter of credit facility of $100.0 million, of which $99.9 million of letters of credit were issued as of March 31, 2008.

During the three months ended March 31, 2008, our cash and cash equivalents increased by $1.7 million, to $38.1 million. This compares to a decrease in cash and cash equivalents of $1.8 million for the three months ended March 31, 2007. During the three months ended March 31, 2008, we had net cash inflows from operating activities of $25.7 million. This was offset by net cash outflows from investing and financing activities of $1.3 million and $22.7 million, respectively, related primarily to purchases of property, plant and equipment, the repayment of long-term debt and dividends paid to stockholders.

During the year ended December 31, 2007, our cash and cash equivalents increased $31.7 million, to $36.4 million. This compares to a decrease in cash and cash equivalents of $30.2 million for the year ended December 31, 2006. During the year ended December 31, 2007, we had net cash inflows from operating activities and financing activities of $152.8 million and $91.9 million, respectively. This was offset by net cash outflows from investing activities of $211.8 million related primarily to our acquisitions of RSMC, Parallax, NUKEM and Monserco and purchases of property, plant and equipment.

During 2006, our cash and cash equivalents decreased by $30.2 million, to $4.6 million. This compares to an increase in cash and cash equivalents of $24.6 million during 2005. During 2006, we incurred net cash outflows from investing activities of $471.8 million primarily due to our acquisitions of BNGA, Duratek and Safeguard and purchases of property, plant and equipment. These outflows were offset in part by net cash inflows from operating activities and financing activities of $69.8 million and $371.9 million, respectively.

Our principal need for liquidity has been, and will continue to be, for working capital, to pay down debt and for capital expenditures. We also expect to use cash flow from operations to pay quarterly dividends. However, the declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our results of operations, financial condition, liquidity requirements, restrictions that may be imposed by applicable law and our contracts and other factors deemed relevant by our board of directors. To the extent we maintain an annual dividend of $0.10 per share, our annual cash requirements for this dividend would be $8.8 million, based on the number of shares currently outstanding. We believe that our cash flow from operations, available cash and cash equivalents and available borrowings under the revolving portion of our credit facilities will be sufficient to meet our future liquidity needs, including the payment of such dividend, through at least the next twelve months.

Although we have no specific current plans to do so, if we decide to pursue one or more significant strategic acquisitions, we may incur additional debt or sell additional equity to finance the purchase of those businesses.

Historical Cash Flows

Cash flow from operating activities

We generated $32.5 million and $25.7 million in cash flows from operating activities during the three months ended March 31, 2007 and 2008, respectively. This decrease of $6.8 million was primarily due to increases in costs and estimated earnings in excess of billings on uncompleted contracts and other noncurrent assets and decreases in accounts payable. This is offset by an increase in net income, and increases in accrued expenses, unearned revenues and other noncurrent liabilities.

We generated $69.8 million and $152.8 million in cash flows from operating activities during the year ended December 31, 2006 and 2007, respectively. This increase of $83.0 million was primarily due to a decreased restricted cash balance that was replaced with an insurance policy as well as increased net cash flows from accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts, prepaid expenses and other current assets, accounts payable and accrued expenses and other current liabilities. These increases were partially offset by a decrease in net income, decreased net cash flows from inventories and unearned revenues and the adjustment for equity-based compensation expense due to the accelerated vesting of profits interests in 2006.

We generated $210.0 million and $69.8 million in cash flow from operating activities in 2005 and 2006, respectively. The decrease of $140.2 million in 2006 compared to 2005 was primarily due to lower net income in 2006 and higher payments of accounts payable and accrued expenses due to the BNGA and Duratek acquisitions.

Cash flow from investing activities

We used $16.9 million and $1.3 million in cash for investing activities during the three months ended March 31, 2007 and 2008, respectively. This was primarily due to the acquisition of Parallax in January 2007.

We used $471.8 million and $211.8 million in cash for investing activities during the year ended December 31, 2006 and 2007, respectively. This decrease of $260.0 million was primarily due to more cash being used for the Duratek and BNGA acquisitions in 2006 than for the RSMC, Parallax, NUKEM and Monserco acquisitions in 2007 and a decrease in purchases of property, plant and equipment.

We used $40.6 million and $471.8 million in cash flow from investing activities in 2005 and 2006, respectively. The increased use of cash of $431.2 million in 2006 compared to 2005 was primarily due to the BNGA and Duratek acquisitions.

Cash flow from financing activities

We used $17.5 million and $22.7 million in cash flows from financing activities during the three months ended March 31, 2007 and 2008, respectively. This increase of $5.2 million was primarily due to the repayment of long-term debt.

We generated $371.9 million and $91.9 million in cash flows from financing activities during the year ended December 31, 2006 and 2007, respectively. This decrease of $280.0 million was primarily due to decreased net borrowings of long-term debt of $365.4 million and decreased capital contributions of $175.0 million. This decrease was partially offset by an increase in proceeds from the issuance of common stock, net of issuance costs, of $271.1 million.

We used $147.8 million and generated $371.9 million in cash flow from financing activities in 2005 and 2006, respectively. The increase of $519.7 million in 2006 compared to 2005 was primarily due to an infusion of member capital and increased debt to finance the acquisitions in 2006.

Capital Expenditures

We had capital expenditures of $33.6 million, $23.9 million, $13.3 million, $1.7 million and $1.3 million in the years ended December 31, 2005, 2006 and 2007 and the three months ended March 31, 2007 and 2008, respectively. We completed several significant capital improvements in 2005 and 2006, including the installation of a new shredder, rail handling loop and rotary dump at our Clive facility. We expect capital expenditures for the year ending December 31, 2008 to be approximately $37 million, relating primarily to required equipment for the Atlas mill tailings contract awarded to us in June 2007 and maintenance and growth at our facilities.

Credit Facilities

We have credit facilities in place with Citicorp North America, Inc., or CNAI, as administrative agent and collateral agent, which we refer to collectively in this prospectus as our "credit facilities." The following is a description of the material terms of our credit facilities.

The credit facilities initially consisted of a $75.0 million revolving credit facility (with a sublimit of $60.0 million for letters of credit), which matures on June 7, 2011, $770.0 million first lien term loan facilities, which mature on June 7, 2013, and a $25.0 million synthetic letter of credit facility, which matures on June 7, 2013. On February 9, 2007, the synthetic letter of credit facility was increased to $100.0 million. In July 2008, we entered into amendment agreements with the lenders of our credit facilities that provide that the facilities will be amended upon satisfaction of certain conditions, including the transfer of the license to operate the Zion nuclear facility to us. The amendment of the credit facilities will (a) allow us to acquire certain assets from Exelon Corporation and provide for a letter of credit facility in aggregate principal amount of $200.0 million in connection with the decommissioning project for the Zion nuclear facility and (b) return the existing synthetic letters of credit facility deposits and to make term letter of credit facility loans in aggregate principal amount of $100.0 million for which we will maintain restricted cash equal to the amount of the facility. The new term letter of credit facility and the restricted cash amount will be reflected on our balance sheet.

The amendment agreements provide that the amendment will include letter of credit fees with respect to letters of credit issued under each of the revolving loan facility and the Zion letter of credit facility at 2.50% (subject to certain adjustments). In addition, the amendment agreements provide that the amendment will provide for interest on loans as follows: (i) with respect to any term loan, (x) LIBOR plus 2.50% (or LIBOR plus 2.00% when the leverage ratio is less than 2.0 to 1.0) or (y) the base rate (as defined below) plus 1.25% (or the base rate plus 1.00% when the leverage ratio is less than 2.0 to 1.0), (ii) with respect to any revolving loan, (x) LIBOR plus 2.50% or (y) the base rate plus 1.25%, and (iii) with respect to any term letter of credit facility loans, LIBOR plus 2.50% (or LIBOR plus 2.00% when the leverage ratio is less than 2.0 to 1.0).

The obligations under the credit facilities are unconditional and irrevocably guaranteed by us and each of our existing and subsequently acquired or organized domestic subsidiaries (except for ZionSolutions, LLC and any after-acquired special purpose subsidiaries). In addition, the credit facilities and such guarantees are secured by security interests (subject to permitted liens as defined in the credit agreements governing the credit facilities) in substantially all tangible and intangible assets owned by us, the obligors under the credit facilities, and each of our other domestic subsidiaries, subject to certain exceptions, including limiting pledges of equity interests of foreign subsidiaries to 65% of equity interests of first-tier foreign subsidiaries.

Borrowings under the current credit facilities (prior to consummation of the amendment) bear interest at a rate equal to (1) in the case of the term loans, (i) the greater of the rate of interest

announced by CNAI, from time to time, as its prime rate in effect at its principal office in the city of New York, and the federal funds rate plus 0.50% per annum (the "base rate"), plus 0.75% (or 0.50% when the leverage ratio (as defined in the credit agreements) as of the most recently completed fiscal quarter is less than 2.0 to 1.0) or (ii) for any portion of the term loans as to which we have elected to pay interest on a eurodollar basis, LIBOR plus 2.25% (or 2.00% when the leverage ratio (as defined in the credit agreements) as of the most recently completed fiscal quarter is less than 2.0 to 1.0), (2) in the case of the revolving loans, (i) the base rate plus 0.75% or (ii) for any portion of the revolving loans as to which we have elected to pay interest on a eurodollar basis, LIBOR plus 2.25%, and (3) in the case of synthetic letters of credit under the credit facilities, LIBOR plus 2.25% (or 2.00% when the leverage ratio (as defined in the related credit agreement) as of the most recently completed fiscal quarter is less than 2.0 to 1.0).

In addition to paying interest on outstanding principal under the credit facilities, we are also required to pay a commitment fee in respect of unused commitments at a rate equal to 0.50% per annum on the daily unused commitments available to be drawn under the revolving portion of the credit facilities. We are also required to pay letter of credit fees, with respect to each letter of credit issued, of 2.25% per annum on the average daily aggregate available amount of all letters of credit. We are also required to pay fronting fees, with respect to each letter of credit and synthetic letter of credit (prior to consummation of the amendment and restatement) issued, of 0.25% per annum to the issuer of the letters of credit or synthetic letters of credit (prior to consummation of the amendment and restatement), as applicable, on the average daily stated amount of that letter of credit or synthetic letter of credit. We are also required to pay participation fees on synthetic deposits (prior to consummation of the amendment and restatement) at a LIBOR plus 2.25% (or 2.00% when the leverage ratio (as defined in the related credit agreement) as of the most recently completed fiscal quarter is less than 2.0 to 1.0), subject to certain adjustments.

Commencing September 30, 2006 and at the end of each calendar quarter for the next 26 quarters, the term loans under the credit facilities amortize in quarterly installments of 0.25% of the outstanding principal balance on September 30, 2006, adjusted for optional prepayments made, provided that the final installment shall be equal to the amount outstanding in respect of the term loans.

We are generally required to prepay borrowings under the credit facilities with (1) 100% of the net proceeds we receive from non-ordinary course asset sales or as a result of a casualty or condemnation, subject to reinvestment provisions, (2) 100% of the net proceeds we receive from the issuance of debt obligations other than specified debt obligations and (3) the excess, if any, of 50% (or, if our leverage ratio is less than 3.0 and greater than 1.0, 25%) of excess cash flow (as defined in the credit agreements) reduced by the aggregate amount of term loans optionally prepaid during the applicable fiscal year. Under the credit facilities, we are not required to prepay borrowings with excess cash flow if our leverage ratio is less than or equal to 1.0. As of March 31, 2008, we were not required to make a mandatory prepayment.

As of March 31, 2008, the weighted average interest rate under our credit facilities was 7.1%. At this rate and assuming an outstanding balance of $587.0 million as of March 31, 2008, our annual debt service obligations would be $47.7 million, consisting of $41.7 million of interest and $6.0 million of scheduled principal payments. However, due to optional prepayments made through March 31, 2008, only $1.5 million of our scheduled payments are currently due within the next year. Since October 1, 2007, excluding debt repayment made from the primary proceeds of our initial public offering and the subsequent over-allotment option, we made optional prepayments of $40 million under our credit facilities.

The credit facilities require us to maintain certain financial ratios, including a maximum leverage ratio (based upon the ratios of consolidated funded debt and to consolidated operating cash flow), a maximum first lien leverage ratio (based upon the ratio of indebtedness that is secured on a first lien basis to consolidated operating cash flow) and a minimum cash interest coverage ratio (based upon the

ratio of consolidated operating cash flow to consolidated cash interest expense), which are tested quarterly. Based on the formulas set forth in the credit agreements as of March 31, 2008, we are required to maintain a maximum leverage ratio and a maximum first lien leverage ratio of 4.75 and 4.25, respectively, and minimum cash interest coverage ratio of 2.25. Failure to comply with these financial ratio covenants would result in a default under our credit facilities and, absent a waiver or an amendment from the lenders, preclude us from further borrowings under our credit facilities and permit the lenders to accelerate all outstanding borrowings under the credit facilities. As of March 31, 2008, we performed the calculations associated with these financial covenants and determined that we were in compliance with them.

The credit facilities also contain a number of affirmative and restrictive covenants including limitations on mergers, consolidations and dissolutions; sales of assets; investments and acquisitions; indebtedness; liens; affiliate transactions; and dividends and restricted payments. Under the credit facilities, we are permitted maximum annual capital expenditures of up to $30.0 million in the fiscal year ending December 31, 2007 and in any fiscal year thereafter, plus the lesser of (1) a one-year carry-forward of the unused amount from the previous fiscal year and (2) 50% of the amount permitted for capital expenditures in the prior fiscal year. Our permitted maximum annual capital expenditures for 2008 is $45.0 million. The credit facilities contain events of default for non-payment of principal and interest when due, a cross-default provision with respect to other indebtedness having an aggregate principal amount of at least $5.0 million and an event of default that would be triggered by a change of control, as defined in the credit facilities. As of March 31, 2008, we were in compliance with all of our covenants and other obligations under the credit facilities.

We also entered into a second lien term loan in connection with our acquisition of RSMC in June 2007. This loan was repaid in full with proceeds from our initial public offering.

Contractual Obligations and Other Commitments

As of December 31, 2007, our contractual obligations and other commitments were as follows:

	Payments Due by Period				
	Total	2008	2009-2010	2011-2012	2013 and beyond
	(in thousands of dollars)				
Long-term debt obligations(1)	$ 606,967	$ 1,557	$ 12,456	$ 12,456	$ 580,498
Capital lease obligations	3,528	1,682	1,846		
Operating lease obligations	42,824	9,660	14,282	10,243	8,639
Other contractual obligations	20,000	2,500	5,000	5,000	7,500
Total	$ 673,319	$ 15,399	$ 33,584	$ 27,699	$ 596,637

(1) Includes only obligations to pay principal. Assuming our variable interest rate of 7.1% at December 31, 2007 remains constant during these periods, our interest payment obligations would be $43.1 million, $84.6 million, $82.9 million and $17.2 million for 2008, 2009-2010, 2011-2012 and 2013 and beyond, respectively, for a total interest payment obligation of $227.8 million.

Off Balance Sheet Arrangements

We have routine operating leases, primarily related to real estate and rail equipment.

As of March 31, 2008, we had outstanding floating-rate term loans of $587.0 million. Under our credit facilities, we are required to maintain one or more interest rate swap agreements for the aggregate notional amount of at least 33% of the outstanding aggregate principal amount of the term loans to partially mitigate our exposure to fluctuations in interest rate changes. Accordingly, we entered

into a swap agreement effective July 1, 2005. As of March 31, 2008, the swap agreement had a notional amount of $480.0 million and a fair value liability of approximately $3.4 million.

We are required to post, from time to time, standby letters of credit and surety bonds to support contractual obligations to customers, self-insurance programs, closure and post-closure financial assurance and other obligations. As of March 31, 2008, we had $99.9 million in letters of credit which are issued under our synthetic letter of credit facilities and $18.2 million in letters of credit which are issued under the revolving portion of our credit facility. As of March 31, 2008, we had $27.7 million in surety bonds outstanding. With respect to the surety bonds, we have entered into certain indemnification agreements with the providers of the surety bonds, which would require funding by us only if we fail to perform under the contracts being insured and the surety bond issuer was obligated to make payment to the insured parties.

Our processing and disposal facilities operate under licenses and permits that require financial assurance for closure and post-closure costs. We provide for these requirements through a combination of restricted cash, cash deposits, letters of credit and insurance policies. As of March 31, 2008, the closure and post-closure state regulatory requirements for our facilities were $142.2 million, which amount is not determined on the same basis as the asset retirement obligation calculated under SFAS No. 143, *Accounting for Asset Retirement Obligations*.

Critical Accounting Policies

This management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions about matters that are uncertain. These estimates and assumptions are often based on judgments that we believe to be reasonable under the circumstances, but all such estimates and assumptions are inherently uncertain and unpredictable. Actual results may differ from those estimates and assumptions, and it is possible that other professionals, applying their own judgment to the same facts and circumstances, could develop and support alternative estimates and assumptions that would result in material changes to our operating results and financial condition.

Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management's most difficult, complex or subjective estimates and assumptions. Our critical accounting policies are discussed below.

Revenue Recognition

We record revenue when all of the following conditions exist:

evidence of an agreement with our customer;

work has actually been performed;

the amount of revenue can be reasonably estimated; and

collection of revenue from our customer is reasonably assured.

Federal, Commercial and International Contracts

Our services are provided under cost-reimbursable award or incentive fee, fixed-price and unit-rate contracts. The following describes our policies for these contract types:

Cost-reimbursable contracts We are reimbursed for allowable costs in accordance with Cost Accounting Standards, or CAS, or contractual provisions. If our costs exceed the contract ceiling or are not allowable under the provisions of the contract or CAS, we may not be able to obtain reimbursement for such costs. A contract may also provide for award fees or incentive fees in addition to cost reimbursements. Incentive fees are earned if we meet certain contract provisions, including schedule, budget and safety. Monthly assessments are made to measure the

amount of revenues earned in accordance with established contract provisions. Award and incentive fees are accrued when estimable and collection is reasonably assured.

Fixed-price contracts We receive a fixed amount of revenues irrespective of the actual costs we incur. For fixed-price contracts, our revenues are recognized using the proportional performance method of accounting using appropriate output measures, where estimable, or on other measures such as proportion of costs incurred to total estimated contract costs.

Unit-rate contracts For unit-rate contracts, our revenues are recognized using the proportional performance method of accounting as units are completed based on contractual unit rates.

Accounting for revenues earned under our contracts may require assessments that include an estimate of the amount that has been earned on the contract and are usually based on the volumes that have been processed or disposed, milestones reached or the time that has elapsed under the contract. Each of our contracts is unique with regard to scope, schedule and delivery methodology. Accordingly, each contract is reviewed to determine the most reliable measure of completion for revenue recognition purposes. Input measures such as costs incurred to total contract costs are used only when there are no quantifiable output measures available and represent a reasonable basis for determining the relative status of the project given that, on many contracts, costs are the basis for determining the overall contract value and timing.

Certain of our fixed-price contracts are for services that are non-linear in nature, require complex, non-repetitive tasks or involve a non-time-based scope of work. In these contracts, the earnings process is not fulfilled upon the achievement of milestones, but rather over the life of the contract. Evaluation of the obligations and customer requirements on these contracts does not produce objective, quantifiable output measures that reflect the earnings process for revenue recognition. Therefore, in these situations, we use a cost-to-cost approach to determine revenues.

A cost-to-cost approach accurately reflects our obligations and performance on these contracts, as well as meeting the customers' expectations of service being performed. Therefore, we believe that input measures used to measure progress toward completion on certain fixed-price projects provide a reasonable surrogate as compared to using output measures.

For the years ended December 31, 2006 and 2007, revenues calculated using a cost-to-cost approach were $36.3 million and $68.6 million, respectively. For the eleven months ended December 31, 2005 and the one month ended January 31, 2005, revenues calculated using a cost-to-cost approach were $0.

Revisions to revenues, cost and profit estimates, or measurements of the extent of progress toward completion are changes in accounting estimates accounted for in the period of change (cumulative catch-up method). Contracts typically provide for periodic billings on a monthly basis or based on contract milestones. Costs and estimated earnings in excess of billings on uncompleted contracts represents amounts recognized as revenue that have not been billed. Unearned revenues represent amounts billed and collected for which revenues have not been recognized.

We record contract claims and pending change orders, including requests for equitable adjustments, or REAs, when collection of revenues is reasonably assured, which generally is when accepted in writing by the customer. The cost to perform the work related to these claims and pending change orders, including REAs, is included in our financial statements in the period that they are incurred and are included in our estimates of contract profitability.

A provision for estimated losses on individual contracts is recognized in the period in which the losses are identified and includes all estimated direct costs to complete such contracts (excluding future general and administrative costs expected to be allocated to the contracts). Monthly assessments are performed on our estimates and changes are made based on the latest information available.

LP&D Contracts

Our LP&D services are provided primarily under unit-rate contracts. Revenues are recognized as units of materials are processed or disposed based on the unit prices provided in the contracts.

D&D Liabilities

We have responsibility for the cost to decontaminate and decommission our facilities and related equipment, as well as the equipment used at customer sites in the Commercial Services segment. Such costs will generally be paid upon closure of such facilities or disposal of such equipment. We are also responsible for the cost of monitoring our Clive, Utah facility, over the post-closure period.

SFAS No. 143, *Accounting for Asset Retirement Obligations*, requires us to record the fair value of an ARO as a liability in the period in which we incur a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development or normal use of the asset. We are also required to record a corresponding asset that we depreciate over the life of the asset. After the initial measurement of the ARO, the ARO is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

The cost basis for our landfill assets and related obligation include landfill liner material and installation, excavation for airspace, landfill leachate collection systems, environmental groundwater and air monitoring equipment, directly related engineering and design costs and other capital infrastructure costs. Also included in the cost basis of our landfill assets and related obligation are estimates of future costs associated with final landfill capping, closure and post-closure monitoring activities. These costs are described below:

Final capping Involves the installation of final cap materials over areas of the landfill where total airspace has been consumed. We estimate available airspace capacity using aerial and ground surveys and other methods of calculation, based on permit-mandated height restrictions and other factors. Final capping AROs are recorded, with a corresponding increase in the landfill asset, as landfill airspace capacity is permitted for waste disposal activities and the cell liner is constructed. Final capping costs are recorded as an asset and a liability based on estimates of the discounted cash flows and capacity associated with the final capping event.

Closure Involves the remediation of our land surrounding the disposal cell and the disposal of Company-owned property and equipment. These are costs incurred after the site ceases to accept waste, but before the site is certified to be closed by the applicable regulatory agency. These costs are accrued as an ARO, with a corresponding increase in the landfill asset, as airspace is consumed over the life of the landfill. Closure obligations are accrued over the life of the landfill based on estimates of the discounted cash flows associated with performing closure activities.

Post-closure Involves the maintenance and monitoring of our landfill site that has been certified to be closed by the applicable regulatory agency. Subsequent to landfill closure, we are required to maintain and monitor our landfill site for a 100-year period. These maintenance and monitoring costs are accrued as an ARO, with a corresponding increase in the landfill asset, as airspace is consumed over the life of the landfill. Post-closure obligations are accrued over the life of the landfill based on estimates of the discounted cash flows associated with performing post-closure activities.

The cost basis for our D&D assets and related obligation include costs to decontaminate, disassemble and dispose of equipment and facilities. We develop our estimates of these obligations using input from our operations personnel, engineers and accountants. Our estimates are based on our interpretation of current requirements and proposed regulatory changes and are intended to approximate fair value under the provisions of SFAS No. 143. We use historical experience, professional engineering judgment and quoted and actual prices paid for similar work to determine the fair value of

these obligations. We recognize these obligations at market prices whether we plan to contract with third parties or perform the work ourselves.

Costs for the D&D of our facilities and equipment will generally be paid upon the closure of these facilities or the disposal of this equipment. We are obligated under our license granted by the State of South Carolina and the Atlantic Interstate Low-Level Radioactive Waste Compact Implementation Act for costs associated with the closure of the Barnwell Low-Level Radioactive Waste Disposal Facility in South Carolina and our buildings and equipment located at the Barnwell site (Barnwell closure). Under the terms of the Atlantic Waste Compact Act and our license with the State of South Carolina, we are required to maintain a trust fund to cover the Barnwell closure obligation, which limits our obligation to the amount of the trust fund.

We are required to make significant estimates in the determination of our AROs and the related assets. Pursuant to the requirements of SFAS No. 143, our cost estimates for final capping, closure and post-closure activities and other D&D activities are intended to approximate fair value and are based on our interpretation of the current regulatory requirements and proposed or anticipated regulatory changes. Where applicable, these cost estimates are based on the amount a third party would charge to perform such activities even when we expect to perform these activities internally. Because final landfill capping, closure and post-closure obligations and decontamination and decommissioning obligations are measured using present value techniques, changes in the estimated timing of the related activities would have an effect on these liabilities, related assets and resulting operations.

Changes in inflation rates or the estimated costs, timing or extent of the required future capping, closure, post-closure and other D&D activities typically result in both: (i) a current adjustment to the recorded liability and asset and (ii) a change in the liability and asset amounts to be recorded prospectively over the remaining life of the asset in accordance with our depreciation policy. A hypothetical 1% increase in the inflation rate would have increased our D&D obligation by $3.0 million. A hypothetical 10% increase in our cost estimate would have increased our D&D obligation by $4.1 million.

We update our D&D and closure and post-closure cost estimates either annually or more frequently if changes in the underlying conditions occur. These estimates are based on current technology, regulations and burial rates. Changes in these factors could have a material impact on our estimates.

Recoverability of Long-Lived Assets, Including Goodwill

Goodwill represents the excess of costs over the fair value of net assets of businesses acquired. Goodwill is tested at the reporting unit level at least annually for impairment and is reviewed for impairment more frequently if events and circumstances indicate that the asset might be impaired. SFAS No. 142, *Goodwill and Other Intangible Assets,* requires a two-step impairment test. In the first step, we determine the fair value of the reporting unit using a discounted cash flow valuation model and compare the fair value to the reporting unit's carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill of the reporting unit is considered not impaired and no further testing is required. If the fair value does not exceed the carrying value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. In the second step of the goodwill impairment test, the implied fair value of the reporting unit's goodwill is compared to the carrying value. The implied fair value of the reporting unit's goodwill is determined as if the reporting unit had been acquired in a business combination. If the carrying value of the reporting unit's goodwill exceeds the implied value, an impairment loss is recognized in an amount equal to the excess.

We estimate future cash flows at the reporting unit level using a discounted cash flow methodology by assessing each major existing contract and projecting the earnings that will be recognized in future periods. Estimates are also made for earnings from new contracts that are anticipated based on our

evaluation of future business prospects. The valuation of goodwill could be affected if actual results differ substantially from our estimates. Circumstances that could affect the valuation of goodwill include a significant change in our business climate, decisions by our customers to terminate our existing contracts and decisions by our customers to award to our competitors new contracts that we anticipated to be awarded to us.

Intangible assets acquired in a business combination are measured at fair value at the date of acquisition. We assess the useful lives of other intangible assets to determine whether events or circumstances warrant a revision to the remaining period of amortization. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining useful life. Intangible assets with estimable useful lives are amortized over their respective estimated useful lives and reviewed for impairment whenever events or circumstances indicate that the carrying value of such assets may not be recoverable. As of December 31, 2006 and 2007, respectively, we had $462.4 million and $526.0 million of goodwill and $296.2 million and $383.8 million of intangible assets with estimable useful lives on our consolidated balance sheet. We do not have any intangible assets with indefinite useful lives.

Intangible assets subject to amortization consist of customer relationships, licenses and permits, technology and non-compete agreements. Customer relationships, which include the fair value of acquired customer contracts, were evaluated for each operating segment using a discounted cash flow methodology and are amortized on a straight-line basis over a term of 2 to 12 years. Estimated future cash flows for each operating segment were derived based on detailed budgets and projections prepared by management. Licenses and permits were evaluated for each licensed facility using a replacement cost methodology. Also, due to the unique characteristics of the Envirocare permits we also included an opportunity cost reflecting an estimate of earnings that would be lost if we had to replace the licenses and permits as opposed to having acquired them. Licenses and permits are either amortized over the definite terms of the related agreements or over the remaining useful lives of the related intangible asset, typically 20 to 25 years. Estimates of replacement cost were determined by management taking into consideration the cost of labor and other costs needed to meet regulatory requirements to obtain and maintain the license or permit. Estimates of opportunity cost were determined by management after considering estimated cash flows for the business generated with the licenses and permits offset by contribution asset charges for other assets of the business that also contribute to cash flow generation. Technology and non-compete agreements were evaluated using a discounted cash flow methodology. Intangible technology assets are amortized on a straight-line basis over a term of 9 to 10 years and non-compete agreements are amortized over the terms of the contracts. Estimated future cash flows for each technology and non-compete agreement were derived based on detailed budgets and projections prepared by management.

Long-lived assets such as property, plant and equipment are reviewed annually for impairment and whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of excess carrying value over fair value.

Compensation Expense

Pursuant to SFAS No. 123(R), *Share-Based Payment* (FAS 123(R)), we account for equity-based compensation payments, including grants of employee stock options, based on the fair values of the equity instruments issued. Fair value of equity instruments issued in connection with our initial public offering were determined based on a valuation using an option pricing model which takes into account various assumptions that are subjective. Key assumptions used in the valuation included the expected term of the equity award taking into account both the contractual term of the award, the effects of employees' expected exercise and post-vesting termination behavior, expected volatility, expected dividends and the risk-free interest rate for the expected term of the award.

In 2006 and 2005, certain members of senior management were granted profit interest units in our parent company, ENV Holdings LLC, in consideration for services rendered to us. These units entitle the holders to distributions from ENV Holdings LLC. Certain units vested immediately upon grant and others vest over periods up to three years. These profit interest units are not convertible into common stock of Energy*Solutions*, Inc. or any other equity security of Energy*Solutions*, Inc. However, because these grants of profit interest units were made for services rendered to us, we recorded compensation expenses in connection with these grants.

The grant date fair value of these units was determined using both a market approach and an income or discounted cash flow (DCF) approach. As part of the market approach, we used both comparable public companies (market multiples approach) and comparable transactions in order to estimate enterprise value. The income or DCF approach used management's assumptions for growth in our revenues and expenses to estimate enterprise value. The resulting enterprise values as calculated under each approach were then averaged using an equal weighting to arrive at the final enterprise value. This value was then allocated to each class of profit interest units based on each class's priority of distributions.

We recorded compensation expense of $1.5 million, $21.4 million, $2.7 million and $281,000 for the eleven months ended December 31, 2005, the years ended December 31, 2006 and 2007 and the three months ended March 31, 2008, respectively, which represents the vested portion of the fair value of these units. We anticipate that the equity-based compensation expense related to the vesting of these units will be $648,000 in 2008. In addition, we granted options to purchase an aggregate of 5,727,560 shares and 6,522 restricted shares on November 14, 2007 in connection with our initial public offering. Under the measurement principles of FAS 123(R), we estimate that we will recognize compensation expense related to the issuance of these awards of $9.1 million, $9.1 million, $9.1 million and $8.2 million in 2008, 2009, 2010 and 2011, respectively. Our estimate of fair value for the stock options was made using the Black-Scholes model based upon the initial offering and exercise price of $23.00 per share, volatility of 35%, risk-free interest rate of 3.8% to 3.9% per year, expected life of 3.75 years, dividend rate of 0.43% and a forfeiture rate of 10%. We determined the volatility rate by reference to volatility rates used by certain of our public industry peers because we do not have an established trading history of our common stock. We determined the expected life by using the short-cut method, as permitted by SEC Staff Accounting Bulletin No. 107.

Income Taxes

Prior to our reorganization on November 20, 2007, Energy*Solutions*, LLC operated as a limited liability company and was treated as a disregarded entity owned by a partnership for federal income tax purposes. Under applicable regulations, members of a limited liability company treated as a partnership are responsible for their individual income tax liabilities related to the limited liability company's results of operations. Accordingly, we have not previously provided for federal income taxes related to our results of operations prior to our initial public offering, except to the extent of operations in our subsidiaries that are corporations. Because we previously generated taxable income, we included in distributions to our member amounts sufficient to facilitate the payment of tax liabilities arising from Energy*Solutions*, LLC's income. Energy*Solutions*, Inc. is a "C" corporation and, as such, we are subject to federal and state corporate income taxes.

We account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*, and other, applicable authoritative pronouncements. Judgment is required in determining our provision for income taxes. In the normal course of business, we may engage in numerous transactions every day for which the ultimate tax outcome (including the period in which the transaction will ultimately be included in taxable income or deducted as an expense) is uncertain. Additionally, the tax returns we file are subject to audit and investigation by the Internal Revenue Service, most states in the United States and by various government agencies representing jurisdictions outside the United States.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes* an interpretation of FASB Statement No. 109, which clarifies the accounting for uncertainty in tax positions. FIN 48 requires that we recognize in our financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 were effective for us on January 1, 2007, with any cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The adoption of FIN 48 did not have a material impact on our financial condition or results of operations.

Disclosure of Impact of Recently Issued Accounting Standards

Disclosures about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*. SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements for fiscal years beginning on or after November 15, 2008, with early adoption encouraged. While SFAS No. 161 will have no impact on our financial condition, results of operations and cash flows, management is currently evaluating the changes in disclosure requirements.

Business Combinations

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*. SFAS No. 141(R) replaces SFAS No. 141, *Business Combinations*, but retains the requirement that the purchase method of accounting for acquisitions be used for all business combinations. SFAS No. 141(R) expands on the disclosures previously required by SFAS No. 141, better defines the acquirer and the acquisition date in a business combination, and establishes principles for recognizing and measuring the assets acquired (including goodwill), the liabilities assumed and any noncontrolling interests in the acquired business. SFAS No. 141(R) also requires an acquirer to record an adjustment to income tax expense for changes in valuation allowances or uncertain tax positions related to acquired businesses. SFAS No. 141(R) is effective for all business combinations with an acquisition date in the first annual period following December 15, 2008; early adoption is not permitted. We will adopt this statement as of January 1, 2009. Management is currently evaluating the impact SFAS No. 141(R) will have on our financial condition, results of operations and cash flows; however, in general, this standard will only impact the accounting for future acquisitions.

Noncontrolling Interest in Consolidated Financial Statements

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* an amendment of ARB No. 51. SFAS No. 160 requires that noncontrolling (or minority) interests in subsidiaries be reported in the equity section of a company's balance sheet, rather than in a mezzanine section of the balance sheet between liabilities and equity. SFAS No. 160 also changes the manner in which the net income of a subsidiary is reported and disclosed in the controlling company's income statement. SFAS No. 160 also establishes guidelines for accounting for changes in ownership percentages and for deconsolidation. SFAS No. 160 is effective for financial statements for fiscal years beginning on or after December 1, 2008 and interim periods within those years. The adoption of SFAS No. 160 is not expected to have a material impact on our financial position, results of operations or cash flows.

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This standard clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing an asset or liability. Additionally, it establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 14, 2007. In February 2008, the FASB issued FASB Staff Position (FSP) FAS 157-2, *Partial Deferral of the Effective Date of Statement 157*, which delays the effective date for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. The FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008. In accordance with this Staff position, effective at the beginning of the 2008 fiscal year, we adopted the provisions of SFAS No. 157 with respect to financial assets and liabilities, which did not have an impact on our financial position, results of operations or cash flows. We will adopt the provisions of SFAS No. 157 for non-financial assets and liabilities in the first quarter of 2009, and we are currently evaluating the impact of the provisions of the standard.

Qualitative and Quantitative Disclosures about Market Risk

Our primary market risk relates to changing interest rates. As of March 31, 2008, we had outstanding floating-rate term loan debt of $587.0 million, of which $1.5 million is currently due within the next year. Under our credit facilities, we are required to maintain one or more interest rate swap agreements for the aggregate notional amount of at least 33% of the outstanding aggregate principal amount of the term loans. Accordingly, we entered into a swap agreement effective July 1, 2005. As of March 31, 2008, the swap agreement had a notional amount of $480.0 million and a fair value liability of approximately $3.4 million. For further information on the swap agreement, see note 11 to our audited consolidated financial statements included elsewhere in this prospectus.

A hypothetical interest rate change of 1% on our senior credit facilities would have changed interest expense for the three months ended March 31, 2008 by approximately $1.5 million; however, the swap agreement would not have changed other income. In addition, a hypothetical interest rate change of 1% on our swap agreement would have changed the fair value of the interest swap at March 31, 2008 by approximately $1.2 million. Changes in market interest rates would impact the fair value of our long-term obligations. As of March 31, 2008, we had outstanding borrowings under our credit facility of $587.0 million with a fair market value of $544.4 million.

Prior to our acquisition of RSMC, our exposure to foreign currency fluctuations was immaterial. Through RSMC, we earn fee income denominated in British pounds sterling or GBP.

We have foreign currency exposure related to our operations in the United Kingdom as well as other foreign locations. This foreign currency exposure arises primarily from the translation or re-measurement of our foreign subsidiaries' financial statements into U.S. dollars. For example, a substantial portion of our annual sales and operating costs are denominated in GBP and we have exposure related to sales and operating costs increasing or decreasing based on changes in currency exchange rates. If the U.S. dollar increases in value against these foreign currencies, the value in U.S. dollars of the assets and liabilities originally recorded in these foreign currencies will decrease. Conversely, if the U.S. dollar decreases in value against these foreign currencies, the value in U.S. dollars of the assets and liabilities originally recorded in these foreign currencies will increase. Thus, increases and decreases in the value of the U.S. dollar relative to these foreign currencies have a direct impact on the value in U.S. dollars of our foreign currency denominated assets and liabilities, even if the value of these items has not changed in their original currency. We attempt to mitigate the impact of this exchange rate risk by utilizing financial instruments, including derivative transactions pursuant to our policies. As such, a 10% change in the U.S. dollar exchange rates in effect as of March 31, 2008, would cause a change in consolidated net assets of approximately $3.6 million and a change in gross profit of approximately $3.3 million, primarily due to GBP-denominated exposures.

NUCLEAR SERVICES INDUSTRY

The nuclear services industry consists of a broad range of engineering, technology-based and operational services provided to support the former and ongoing nuclear weapons production complexes for government entities and to support commercial nuclear power generation and other non-governmental entities, such as hospitals, pharmaceutical companies, research laboratories, universities or research reactors and industrial facilities that use nuclear-based equipment and services throughout the nuclear fuel cycle.

The nuclear fuel cycle refers to the series of industrial and technical processes that result in the production of nuclear energy or nuclear materials from nuclear power reactors. The nuclear fuel cycle includes the following stages:

The Nuclear Fuel Cycle

Each step in the nuclear fuel cycle requires highly technical engineering services to ensure safe, efficient production of nuclear power or creation of nuclear materials. The processes in the "front-end" of the cycle include uranium mining through fuel fabrication and are focused on the conversion of raw uranium ore into the fuel necessary to power a nuclear reactor. "Back-end" processes require a range of services that are essential to the safe management of the potentially hazardous by-products of nuclear reactions. In the United States, spent fuel resulting from the generation of electricity at a commercial reactor is currently stored on-site. The DOE is responsible for the ultimate disposition of this spent fuel and recently filed a license application with the NRC for its geologic repository in Yucca Mountain, Nevada. In many other parts of the world, spent nuclear fuel recycling is available for re-use in front-end energy production, forming a true cycle.

The service requirements of the nuclear industry in the United States can be broadly classified into two main categories Federal and Commercial.

Federal Nuclear Services

Overview

Federal nuclear services consist of services provided to government entities (primarily the DOE and, to a lesser extent, the DOD) related to M&O services, complex D&D and clean-up of radioactive materials at both operational and former weapons production sites. Over the past six decades, the DOE developed one of the largest government-owned industries in the United States, responsible for research, development, testing, operations and production of nuclear weapons and a variety of nuclear-related research programs. According to the DOE's 2005 Real Property Asset Management Plan, the DOE owns more than three million acres of land and over 120 million square feet of building space, a large percentage of which are radiologically or chemically contaminated. With more than 100 DOE sites associated with the historical production and testing of nuclear weapons and technology, the DOE has estimated that $260-$305 billion will be spent on clean-up efforts related to legacy nuclear waste. Managing and supporting clean-up efforts for the DOE's former nuclear weapons complex is a significant part of the DOE's budget.

Factors Influencing the Market for Federal Nuclear Services

The following are some of the key factors that influence the U.S. federal nuclear services market:

Stable DOE Spending on Nuclear Programs. DOE spending on nuclear programs has been relatively stable over the past several years as outlined in the following table:

DOE Spending for Nuclear Related Activities

Source: DOE.

National Nuclear Security Administration (NNSA): Maintains the safety and reliability of U.S. nuclear weapons stockpiles, develops programs to enhance environmental safeguards and responds to nuclear and radiological emergencies.

Environmental Management (EM): Oversees the remediation of sites contaminated by defense and civilian activities.

Office of Civilian Radioactive Waste Management (OCRWM): Responsible for permanent geological disposal of spent nuclear fuel and high-level radioactive waste materials.

Office of Nuclear Energy (NE): Helps to conduct the most advanced civilian technology research today and to enhance the basic technology necessary to take advantage of nuclear fission as a key energy source.

Significant Upcoming Federal Contracts. The following table presents our expectations regarding federal M&O and D&D contracts that we believe will be awarded through 2012 and that we are qualified to pursue, together with our estimate of the value of such contracts. The estimated value of each contract is based on our internal estimates, generally using public DOE data and announcements. The Yucca Mountain M&O contract is currently being re-competed and the estimated value for this contract is based on the corresponding DOE request for proposals. The Paducah D&D, Portsmouth D&D and Savannah River Site Liquid Waste contracts are new opportunities and the estimated values for these contracts are based on a GAO report, in the case of Paducah D&D, and on DOE estimates for the other two contracts. The remaining contracts are existing contracts that we expect will be re-bid. In estimating the value of these re-bid opportunities, we calculated the average DOE award amounts for 2006, 2007 and 2008 and then multiplied this three-year average by our estimated duration for the contract. For the Pantex M&O, Waste Isolation Pilot Plant and Y-12 M&O contracts, we multiplied the respective three-year averages of those contracts by 10, as the DOE often awards five-year contracts with options for additional five-year extensions. For the Oak Ridge Disposition Program and Advanced Mixed Waste Treatment Plant, our duration estimates range from 2008 and 2009, respectively, until 2015, which is when the DOE estimates those projects will be completed. We cannot assure you that any of the contracts listed in the following table will be awarded as we expect, that the contracts will last as long as we expect, that we will bid on these contracts, that we will be awarded these contracts or that the amounts paid under these contracts will approximate our estimated contract values. In addition, we typically bid on projects as a member of a consortium. Accordingly, we would receive only a portion of the actual contract amount awarded based on our participation in the consortium. For additional information on certain of these expected federal contract opportunities, see "Business Our Segments Federal Services."

Expected Federal Contract Opportunities	**Estimated Contract Value**
	(in billions of dollars)
Advanced Mixed Waste Treatment Plant	$ 0.6
Oak Ridge Disposition Program	1.7
Paducah D&D	1.6
Pantex M&O	5.0
Portsmouth D&D	1.4
Savannah River Site Liquid Waste (Tank Farm)	4.0
Waste Isolation Pilot Plant	1.5
Y-12 Plant M&O	7.5
Yucca Mountain M&O	2.5
Total	$ 25.8

Spent Nuclear Fuel Initiative. Among the major drivers for renewed interest in spent nuclear fuel recycling are a desire to increase the availability of nuclear fuel for front-end power generation and to reduce the volume of high-level radioactive waste needed to be stored in a nuclear waste repository such as Yucca Mountain. According to the DOE's GNEP strategic plan from December 2006, the Spent Nuclear Fuel Recycle program is expected to be an industry based public-private partnership and may generate significant contract opportunities for the nuclear services industry over the long-term. In the United States, we are leading one of four consortia actively involved in recycling initiatives.

Commercial Nuclear Services

Overview

Commercial nuclear services primarily consist of specialized nuclear fuel cycle services provided to the 104 operating nuclear reactors in the United States, as well as D&D services provided to the nuclear reactors that have been shut down. The commercial nuclear services market also includes non-utility customers such as hospitals, pharmaceutical companies, research laboratories, universities or industrial facilities and other commercial facilities that collectively hold more than 4,000 radioactive materials licenses in the United States. Many of these licensees require ongoing nuclear services, including site characterization, waste packaging and shipment and facility D&D services.

Factors Influencing the Market for Commercial Nuclear Services

The following are some of the key factors that influence the U.S. commercial nuclear services market:

Outsourcing of Specialized Nuclear Services. Nuclear power plants need a wide range of services throughout their operating life cycle and throughout the nuclear fuel cycle to comply with regulatory guidelines regarding their maintenance and safety. These services include project planning, site surveys, waste characterization and management, liquid waste processing, spent fuel services, emergency response, D&D and other nuclear services. In addition, operating nuclear power plants generate a significant volume of LLRW that requires processing, transportation and, ultimately, disposal. Many of these activities are not core competencies of utilities and, therefore, are outsourced to companies that provide these services.

Growth in Relicensing of Existing Plants. Growing confidence in the regulatory process and in the economic potential of nuclear power has encouraged more companies to pursue renewal of their 40-year operating licenses. The NRC has already renewed the operating licenses of 48 reactors in the United States and was reviewing license renewal applications for 12 more as of May 2008. In addition, letters of intent submitted to the NRC indicate plans for license renewal for 25 reactors beginning in September 2008 through August 2013, according to the NRC. These license renewals create service opportunities as nuclear plants typically undertake clean-up and component replacement activities prior to obtaining license renewal.

Significant D&D Services Opportunity. In addition to operations and maintenance services requirements for the 104 operating nuclear reactors in the United States, there is also a significant need for fully-integrated D&D services for the commercial nuclear power plants that have been shut down and, ultimately, for the 104 operating reactors and any new reactors. The regulations regarding decommissioning strategy, policies and funding are promulgated by the NRC, which requires nuclear plant owners and operators to establish and fund a decommissioning fund for each reactor based upon engineering studies and budget cost estimates. The size of the fund is adjusted periodically to account for changes in the cost of labor, technology, energy and nuclear waste disposal. Owners and operators of shut-down nuclear reactors have the option of maintaining their reactors in SAFSTOR or monitored storage indefinitely, thus allowing their decommissioning trust funds to grow until such time in the future that they decide to pursue a D&D program. There are currently 13 nuclear reactors in the United States in various stages of shut-down with total current dedicated decommissioning funds of more than $3.1 billion. Under SAFSTOR, nuclear facilities are generally maintained and monitored in a condition that allows radioactivity to decay over a period of several decades before undergoing final D&D.

The following table details the U.S. nuclear power reactors currently shut down and awaiting D&D, with associated decommissioning funding as of the most recent date for which such funding information is available. We have established relationships with some of the owners of these reactors and believe that we are well-positioned to pursue these projects. These trust fund balances are subject to market risk and may also fluctuate according to ratepayer contributions and consumption.

Reactor	Location	Shutdown	Decommissioning Trust Fund Balance
			(in millions of dollars)
Dresden 1(a)	Morris, IL	10/31/78	$ 276
Fermi 1(a)	Newport, MI	09/22/72	7
GE VBWR	Pleasanton, CA	12/09/63	N/A
Humboldt Bay 3(a)	Eureka, CA	07/02/76	317
Indian Point 1(b)	Buchanan, NY	10/31/74	271
LaCrosse(a)	Genoa, WI	04/30/87	63
Millstone 1(a)	Waterford, CT	07/21/98	317
Peach Bottom 1(a)	Peach Bottom, PA	10/31/74	43
Rancho Seco(c)	Herald, CA	06/07/89	70
San Onofre 1(d)	San Clemente, CA	11/30/92	298
Three Mile Island 2(a)	Middletown, PA	03/28/79	601
Zion 1(e)	Zion, IL	02/21/97	382
Zion 2(e)	Zion, IL	09/19/96	478
Total			$ 3,123

(a) Source: NRC.

(b) Source: Entergy Corporation.

(c) Source: Sacramento Municipal Utility District.

(d) Source: Public Utilities Commission, State of California.

(e) Source: Exelon Corporation. We have agreed with Exelon to provide D&D for these reactors.

Nuclear Renaissance. Nuclear energy is a leading alternative energy source to fossil fuels (oil, gas and coal) and is poised to become a growing source of base-load power generation to meet expanding global energy demand due to its proven reliability, shorter refueling outages and lack of carbon emissions. Other alternative energy sources, such as wind and solar, and energy conservation and efficiency improvements also will play a significant role in the future, but cannot by themselves meet expected energy requirements.

In the United States, nuclear energy is a major component of a national energy strategy to reduce dependence on foreign sources of energy. The Energy Policy Act of 2005 includes a wide range of incentives to encourage new-reactor construction, including loan guarantees, production tax credits comparable to those provided to wind energy (but subject to a national limit of 6,000 megawatts), and standby insurance underwritten by the federal government to protect companies building new reactors from the risk of delays caused by regulatory changes or litigation that are outside of the control of the project sponsor.

As of June 2008, at least 34 new nuclear reactors have been proposed in letters to the NRC expressing plans to submit applications to construct and operate new reactors in the United States. Applications for 15 of these new nuclear reactors have been submitted through

June 2008. Neither the filing of an application nor the granting of a license requires the applicant to construct a new reactor. However, preparing an application for the NRC's review is a significant financial commitment that may cost tens of millions of dollars. The NRC estimates that its review of such applications and its hearing process will likely take at least three and one half years before issuance of any license. Reactor vendors estimate that construction of a new reactor could take three to four years thereafter. Four Early Site Permit applications, which are for an advance permit at a specific site for a reactor of unspecified design, have been filed with the NRC and three of these applications have been granted.

Classifications of Radioactive Materials

A significant portion of the nuclear services industry focuses on the design, engineering and execution of safe management and disposal techniques for radioactive materials generated by nuclear processes. The majority of these radioactive materials are classified as LLRW, which accounts for over 90% of the volume but less than 1% of the radioactivity of all radioactive by-products, according to the Nuclear Energy Institute, or NEI. Materials that eventually become classified as LLRW include gloves and other personal protective clothing, tools, glass and plastic supplies or tubing, machine parts, soil and building materials which may have come in contact with radioactive material.

NRC regulations classify LLRW into four categories Class A, B, C and Greater Than Class C, or GTCC, and set highly technical requirements for packaging and disposal of each category. The classification depends on the concentration, half-life and radioactivity of the waste. Class A LLRW contains the lowest concentrations of radioactivity, typically losing radioactive hazard status in less than 100 years through natural decay. According to the NEI, about 95% of all LLRW is categorized as Class A. Classes B and C contain greater concentrations of radioactivity, typically losing radioactive hazard status within 300 years and 500 years, respectively. Consequently, Class B and Class C waste must meet stricter disposal requirements than Class A waste. GTCC waste has the highest concentration of radioactivity of any LLRW. The DOE is currently studying how and where to dispose of GTCC waste.

The remaining portion of radioactive wastes, other than high-level, consists primarily of Naturally Occurring Radioactive Material, or NORM, Naturally Accelerated Radioactive Material, or NARM, by-product material such as uranium mining and mill tailings (11e(2)), and transuranic waste. In the United States, NORM and NARM that do not meet the definition of byproduct material, as defined in the AEA, as amended by the Energy Policy Act of 2005, is subject to health and safety regulation by the states and other federal agencies. NORM and NARM that are included within the definition of byproduct material fall within the NRC's regulatory authority and are regulated by the NRC or states that have been delegated regulatory authority pursuant to Section 274 of the AEA. By-product material includes tailings or waste produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content and is controlled under NRC regulations. Transuranic waste is specific to waste streams from DOE weapons production sites and is comprised of material contaminated with elements that have an atomic number greater than 92 and that are in concentrations greater than 10 nanocuries per gram.

International Nuclear Services

Nuclear power accounts for 16% of the electricity generated in the world with 439 commercial nuclear power reactors in 30 countries generating nearly 372,000 MW of total capacity, according to the WNA as of May 2008. There are currently 36 new reactors under construction around the world and another 93 are expected to be in operation during the next eight years. More than 200 additional new reactors have been proposed through various indications of interest worldwide, including those in the United States.

In addition to the specialized nuclear services and D&D services associated with the existing and growing number of nuclear power reactors around the world, there are also significant nuclear services requirements related to the management and clean-up of former weapons production and other nuclear programs in countries with significant nuclear facilities, including the United Kingdom and Canada.

United Kingdom

The United Kingdom has begun to clean up its former nuclear weapons production sites using a similar process to that used by the DOE. Under the United Kingdom's Energy Act 2004, the NDA was funded and mandated with cleaning up the United Kingdom's nuclear waste on 20 sites, including 39 reactors and five spent nuclear fuel recycling plants, as well as other fuel cycle and research facilities. We operate or are decommissioning 22 of these 39 reactors.

The following table presents our expectations regarding major, near-term contracts in the United Kingdom that we believe will be awarded over the next few years and that we are qualified to pursue, together with estimates of the value of such contracts:

Site	Five-Year Opportunity Size
	(in billions of pounds sterling)
Dounreay Site	£0.7
Harwell Site	0.3
Magnox North Reactors	1.6
Magnox South Reactors	1.2
Winfrith Site	0.2
Total	£4.0

Source: NDA/British Nuclear Group 2006/2007 Lifetime Plans.

There are also significant Tier 2 opportunities over the next 20 years in subcontracts at Sellafield, the Magnox reactor sites and Dounreay. Various nuclear reactors owned by British Energy Group plc are expected to be shut down over next five to 10 years and also offer significant Tier 2 opportunities.

Canada

Canada is the world's largest producer of uranium, with approximately 33% of the total world production in 2008, according to a June 2008 market report from WNA. In June 2006, the Canadian government announced a 5-year, C$520 million program to clean up legacy waste from research and development on nuclear power and medical isotopes and early military activities dating back to the 1950s. Near-term opportunities include clean-up projects at the Bruce Power Station in Ontario and opportunities at Atomic Energy of Canada Limited, the government-owned nuclear corporation responsible for managing Canada's national nuclear energy research and development program.

Other International Opportunities

The European market for the type of nuclear services that we provide is beginning to develop. We believe that most European countries, including those from the former Soviet Union, will clean up their nuclear legacy sites before embarking on an aggressive new build program. In addition, there are a number of near- and long-term opportunities in Asia as certain countries accelerate nuclear clean-up projects to facilitate new nuclear power plant construction. For example, China has begun a major new nuclear reactor initiative, with seven new reactors under construction and 24 are expected to be in operation within the next eight years.

BUSINESS

Overview

We are a leading provider of specialized, technology-based nuclear services to government and commercial customers. Our customers rely on our expertise to address their needs throughout the lifecycle of their nuclear operations. Our broad range of nuclear services includes engineering, operation of nuclear reactors, in-plant support services, spent nuclear fuel management, D&D, logistics, transportation, processing and disposal. We also own and operate strategic facilities that complement our services and uniquely position us to provide a single-source solution to our customers.

We derive almost 100% of our revenues from the provision of nuclear services and believe that virtually every company or organization in the United States that holds a nuclear license uses our services or facilities, directly or indirectly. Our government customers include the DOE, DOD and NDA. Our commercial customers include many of the largest owners and operators of nuclear power plants in the United States, such as Constellation Energy Group, Inc., Duke Energy Corporation, Entergy Corporation, Exelon Corporation and Florida Power & Light Company. We have entered into long-term arrangements, which we refer to as life-of-plant contracts, with nuclear power and utility companies representing 82 of the 104 operating nuclear reactors in the United States. Under these long-term arrangements, we have agreed to process and dispose of substantially all LLRW and MLLW generated by their nuclear power plants, and ultimately the waste materials generated from the D&D of those plants. Our commercial customers also include hospitals, pharmaceutical companies, research laboratories, universities and industrial facilities, as well as state agencies in the United States.

We operate strategic facilities for the safe processing and disposal of radioactive materials, including a facility in Clive, Utah, four facilities in Tennessee and two facilities in Barnwell, South Carolina. According to the GAO, our facility in Clive, Utah is the largest privately-owned LLRW disposal site in the United States and currently handles over 95% of all commercial LLRW disposal in the United States. We also manage 10 sites in the United Kingdom with 22 reactors for the NDA, of which four are operational producing electricity and 18 are in various stages of decommissioning. We have a comprehensive portfolio of nuclear processing technology and know-how, supported by more than 175 patents that we own or license. As of June 30, 2008, we had more than 5,000 employees, including approximately 1,150 scientists and engineers and over 400 radiation and safety professionals. Approximately 3,000 of our employees are located at the 10 sites we manage in the United Kingdom. We also manage more than 1,000 site employees at various DOE sites. We have received multiple awards for our safety record.

We provide our services through four segments: Federal Services; Commercial Services; LP&D; and International. When a project involves the provision of both specialized on-site nuclear services and processing and disposal services, our Federal Services or Commercial Services segment, depending on the type of customer, will coordinate with our LP&D segment to provide integrated services.

Our Competitive Strengths

We believe that the following competitive strengths will allow us to capitalize on growth opportunities in the nuclear services industry:

Broad, Specialized Solutions Offering. We believe that we provide the most comprehensive portfolio of specialized, technology-based nuclear services in North America and the United Kingdom and that our breadth of services, extensive experience and proven credentials position us to pursue a wide range of nuclear services contracts. This combination allows us to respond to specific, technical customer needs in an industry that often requires customized solutions. In addition, we believe our critical mass and the scale of our operations position us to pursue large

nuclear services contracts, including opportunities to serve as a lead prime contractor for major government projects with the DOE, NDA and other government agencies.

Vertically Integrated Services. Our unique LP&D capabilities complement the specialized on-site management, engineering and technological expertise provided by our other segments, enabling us to provide a comprehensive customer solution that effectively changes the nuclear services paradigm. Access to our own strategic processing and disposal facilities enables us to complete a broad range of projects quickly and cost-effectively. For example, our license stewardship project to decommission the two shut-down nuclear reactors in Zion, Illinois will involve our on-site Commercial Services capabilities as well as our off-site LP&D capabilities and facilities to achieve project efficiency and cost control. We believe that this ability to offer vertically integrated services distinguishes us from competitors that must coordinate their efforts with multiple third-party contractors to offer a comparable range of services, thereby incurring significant costs to replicate our full range of services.

Strategic Processing and Disposal Facilities. According to the GAO, we are the largest non-government owner and operator of facilities in the United States for the treatment and disposal of LLRW and MLLW. LLRW accounts for more than 90% of the volume but less than 1% of the radioactivity of all radioactive by-products. Due to government regulations and political and siting issues, no new commercial LLRW disposal site has been able to obtain the necessary permits and licenses to operate since our Clive, Utah facility was licensed in 1988. We handle a majority of the DOE's off-site LLRW disposal business and over 95% of the LLRW generated in the United States that is disposed of in commercial sites. There are significant political and regulatory barriers to entry to provide comparable services.

Long-Term Relationships with Attractive Customer Base. We provide specialized, technology-based nuclear services to a broad range of customers, including the DOE and the NDA, commercial power and utility companies, research laboratories, universities and other entities with nuclear-related products or operations. We generate the majority of our revenues and cash flow from customers with whom we have long-term relationships. For example, our life-of-plant contracts with nuclear power and utility companies generally cover the operating life of a nuclear reactor through its decommissioning. Although a life-of-plant contract may be terminated before decommissioning is complete, we typically expect the duration of these contracts to be approximately 30 years. In the United States, DOE contracts generally last five years with the possibility of an additional five-year extension. In the United Kingdom RSMC and its predecessors have operated the Magnox sites since inception. NDA contracts generally are for five years with two additional five-year extensions.

Technological and Operating Expertise. We have a substantial portfolio of nuclear processing technology and know-how, supported by more than 175 patents that we own or license, that enables us to participate in a wide range of projects involving materials with varying levels of radioactivity. For example, we employ proprietary technologies to transport high-level radioactive materials safely to on-site independent spent fuel storage installations. In addition, we use specialized radioactive materials processing technologies, such as vitrification and metal melting, which are currently in demand by the DOE and are an important factor in procuring prime government contracts. We also have extensive experience managing site operations at customer facilities. As a member of a prime contract team, we currently operate or jointly operate approximately 50 nuclear, radiological and industrial facilities at major DOE national laboratories and former weapons production sites. In addition, we operate four reactors that generate electricity in the United Kingdom, which provides us important operating expertise valued by our customers.

Significant Project Management Capabilities. Our senior management team and employee base have extensive industry experience. The nuclear services industry currently faces a shortage of highly-trained professionals, and we believe our human capital serves as a core competitive advantage and enables us to deliver a comprehensive solutions offering. We have considerable nuclear-related project management capabilities for large customized projects required by our government and commercial customers. Our employee base also includes approximately 1,150 scientists and engineers and over 400 radiation and safety professionals that support our technology-based nuclear services.

Our Business Strategy

Our objective is to be a leading provider of specialized, technology-based nuclear services worldwide by capitalizing on significant near- and long-term growth opportunities in the nuclear services industry. We intend to pursue this objective through the following strategies:

Focus on Decommissioning of Shut-down U.S. Reactors. We are actively marketing our D&D services for shut-down reactors to nuclear power and utility companies. There are currently 13 nuclear reactors in the United States in various stages of shut-down, including SAFSTOR, with total dedicated decommissioning funds of more than $3.1 billion. Our unique license stewardship initiative for shut-down reactors allows us to potentially accelerate D&D activities by several years. Under a license stewardship, we would obtain our own NRC license for a reactor site and enter into a turn-key contract with a utility through which we would acquire the plant. We then would be compensated for the work performed from the decommissioning trust funds transferred from the existing owner. After we have completed the D&D of the plant, we would return the restored site to its original owner. This approach offers our customers cost certainty and the advantage of near-term site restoration. We believe that we are well-positioned to compete for this D&D outsourcing work because our integrated service platform, together with our on-site D&D experience, enables us to efficiently and cost-effectively complete decommissioning and disposal of the radioactive materials at these shut-down sites. In December 2007, we entered into a license stewardship agreement with Exelon Corporation, under which we will become the licensee for Exelon's nuclear reactors in Zion, Illinois. Pursuant to this agreement, and subject to NRC and other regulatory approvals, we will assume full responsibility for the decommissioning and site restoration at the Zion plant and will be compensated from the decommissioning trust fund for our work at the Zion plant.

Pursue Prime Contracting Opportunities. We estimate that approximately $25.8 billion of U.S. government nuclear services contracts will be awarded within the next five years, and we expect to bid on a significant portion of these contracts. We believe that we have the expertise and have achieved the scale to be a leading member of consortia pursuing prime contract opportunities. For example, in May 2008, the consortium that we jointly lead was selected by the DOE to store, retrieve and treat tank waste and close the tank farms at the DOE's Hanford site under a cost-reimbursable plus fee contract valued at approximately $7.1 billion over 10 years, which includes a five-year base period with options to extend the contract for up to five additional years. We have a 40% interest in this consortium and URS Corporation has a 45% interest. We also have significant staff presence at the Oak Ridge and Savannah River DOE sites, which, together with Hanford, are three of the most heavily contaminated DOE sites requiring significant clean-up. In addition, in the United Kingdom, we are currently a prime contractor for the NDA. Moreover, much of the near-term prime contracting work for the DOE and the NDA will involve expertise in complex D&D and handling highly radioactive materials, areas in which we have substantial technological capabilities and operational experience.

Expand Existing Commercial Business. We believe that the breadth of our nuclear services, our technological expertise and our proprietary processing and disposal facilities will enable us to

deepen our relationships with existing commercial customers and pursue new commercial customers. Many of the specialized nuclear services that we offer are not core competencies of nuclear power and utility companies. As we deepen our relationships with these companies, we believe that they will increasingly outsource these services to us. For example, we have signed life-of-plant contracts with commercial customers representing 82 of the 104 operating nuclear reactors in the United States, pursuant to which we have agreed to process and dispose of substantially all operating LLRW generated by these plants, and ultimately their D&D waste materials. In addition, the NRC is reviewing a proposal to permit operators of nuclear reactors to access decommissioning funds for disposal of large components that have been retired from use in nuclear reactors. We believe the adoption of this proposal would be a significant opportunity for us to expand our business in our Commercial Services and LP&D segments.

Expand International Operations in Selected Markets. We believe there are substantial near-term opportunities for us to market our nuclear services to international commercial and government customers. For example, the United Kingdom has formed the NDA, which is pursuing a program to remediate its major nuclear sites. Our acquisitions of RSMC, a reactor operator and manager of sites at various stages of decommissioning, and Safeguard International Solutions Ltd., a leading provider of LLRW handling and disposition services in the United Kingdom, enable us to pursue opportunities in the United Kingdom and European countries, including the provision of specialized decommissioning and disposal services. We will also target the nuclear new-build program in the United Kingdom, particularly in respect of licensing, commissioning and operations.

Become a Leader in Spent Nuclear Fuel Recycling. As part of our BNGA acquisition, we obtained the rights in the United States, Canada and Mexico to BNFL's intellectual property, including its spent nuclear fuel recycling technology and expertise. We believe we are the only U.S. company with this technology and expertise, which includes the know-how and employees who have designed, constructed, commissioned and operated spent nuclear fuel recycling facilities. We have completed DOE feasibility studies at three potential sites in the United States and preliminary design for a spent nuclear fuel recycling facility under the GNEP. GNEP is a coordinated effort to increase global energy security, reduce the risk of nuclear proliferation and encourage clean energy development. We are the leader of one of four consortia that receive funding from the DOE as part of our efforts to perform GNEP deployment studies. We intend to continue to support the DOE with our technological expertise and will collaborate with the U.S. government to further this initiative.

Pursue Acquisitions Opportunistically. We intend to complement our organic growth strategy through selective acquisitions of other nuclear services businesses, both domestic and international, that enhance our existing portfolio of services and strengthen our relationships with our government and commercial customers. For example, in January 2007 we acquired Parallax, which, together with its joint venture partner, was awarded a contract to perform nuclear services at the DOE's Portsmouth Gaseous Diffusion Plant in Piketon, Ohio. In June 2007, we acquired RSMC from BNFL. Through its subsidiary Magnox Electric Ltd., RSMC holds the contracts and licenses to operate and decommission 22 reactors at 10 sites in the United Kingdom on behalf of the NDA. In December 2007, we acquired Monserco, a Canadian company that enhances our ability to manage projects in Canada.

Our Segments

We provide specialized, technology-based nuclear services to government and commercial customers, servicing our customers through our Federal Services, Commercial Services, LP&D and International segments. In cases where a project involves the provision of both specialized nuclear services and processing and disposal services, our Federal Services or Commercial Services segment,

depending on the type of customer, will coordinate with our LP&D segment to provide integrated services.

Federal Services

We derive revenues from U.S. government customers for the M&O or clean-up of DOE facilities that are contaminated by radioactive materials. The services that we provide to our government customers include the on-site characterization, sorting, segregation, transportation, management and disposal of classified and unclassified solid and liquid LLRW, MLLW and other special wastes. We also perform D&D and demolition of facilities, including disposal of radioactive materials. In 2007, we safely managed, stored and processed over one billion pounds of solid and over 100 million gallons of liquid LLRW and MLLW from the government sites that we service. We also manage high-level radioactive waste inventories at a number of government sites, pending their future off-site disposition. Our work includes the development of technologies, engineering, fabrication and operation of facilities to reduce the hazards posed by high-level radioactive waste pending final disposition in a national geological repository. In addition, we derive revenues from the provision of D&D, processing and disposal services to the DOD, including decontamination of classified military equipment and retrieval or recycling of other classified or specialty parts. In some instances, as a member of a Tier 1 project team, we also manage site operations.

Our government work generally involves providing customized engineering and technology-based expertise at major DOE facilities, such as Richland, Washington, Idaho Falls, Idaho, Los Alamos, New Mexico, Oak Ridge, Tennessee, or Savannah River, South Carolina. Our contract role for government customers is either under Tier 1 or Tier 2 contracts. Under a Tier 1 contract, we typically provide services as an integrated member of a prime contract team. Where we act as part of a Tier 1 team under a prime contract with the DOE, our employees often work alongside and manage employees at the site who work for the DOE and are covered by local benefit packages but are not employees of any of the Tier 1 team members. Under a Tier 2 contract arrangement, we provide services to Tier 1 contractors on a subcontracted basis.

Government customers have in the past and may in the future account for a significant portion of our revenues. Revenues from DOE contractors and subcontractors represented approximately 63.1% in 2005, 47.9% in 2006 and 16.7% in 2007. The decrease in 2007 is primarily the result of significantly increased revenues in the International segment due to the acquisition of RSMC in June 2007.

Much of our Federal Services work is highly customized to the specific needs of the site. The following are examples of our Federal Services work in recent years:

Hanford Site Operations

The 586-square mile Hanford site was a former plutonium production complex with nine nuclear reactors and associated processing facilities located along the Columbia River in southeastern Washington State. In 1989, the DOE, the U.S. Environmental Protection Agency, or EPA, and the Washington State Department of Ecology signed the Tri-Party Agreement, which established milestones for the clean-up of the Hanford site. The Hanford clean-up operations are expected to be complete by 2035. The Hanford site consists of two separate clean-up offices, the Richland Operations Office and the Office of River Protection, which are responsible for overseeing the remediation of Hanford's central plateau and tank farm activities, respectively. Currently, the DOE is shifting a portion of the site from inactive storage to waste characterization, treatment, storage and disposal operations. Massive plants are being designed and built either to vitrify Hanford's waste or to contain it in blocks of concrete grout. About 300 contaminated buildings will be cleaned up, and a radioactive waste packaging program will continue until the Hanford clean-up is complete.

In May 2008, our team was awarded a Tier 1 contract by the DOE to store, retrieve and treat tank waste and close the tank farms at the DOE's Hanford site. The Hanford tank farms contain approximately 53 million gallons of residual radioactive and chemical waste that is stored in 177 large, aging underground tanks grouped in 18 farms at the Hanford site. Under this contract, we will be responsible for safely maintaining the tanks while beginning to conduct final retrieval and transfer of the waste and safe closure of the tanks. Prior to this Tier 1 contract award, we provided management and technical services as a subcontractor to the prime contractors that oversee the Hanford site. For example, we designed the vitrification system for the high-level waste treatment plant, and we provided engineering, research and testing services to the DOE. We also managed more than 50 subprojects, which included planning, strategy and implementation; budgeting; cost and schedule baseline management; achievement of performance agreements with DOE; management of site-wide waste generator services; and associated health and safety services, including regulatory compliance, industrial and radiological safety and quality assurance. In June 2008, the DOE awarded the Hanford central plateau remediation contract to a team led by CH2M Hill Contractors, Inc.

Fernald Closure Project

The 1,050-acre Fernald site was a former uranium processing facility located 18 miles northwest of Cincinnati, Ohio. In 1989, after 37 years of operations to support the U.S. weapons program, the DOE shut down uranium metal production and began to concentrate on environmental compliance, radioactive and mixed waste management and remediation. From 1992 to 2007, Fluor Fernald, Inc. managed the clean-up of the site.

As an integrated Fluor Fernald team member, we led the waste management and mixed waste projects, providing project management and environmental expertise for site-wide waste retrieval, sorting and segregation, packaging, shipping and transportation for radioactive and hazardous materials disposition. Substantially all the LLRW removed from Fernald was transported to and disposed of at our Clive facility. We also provided management and technical staff who supervised more than 300 dedicated professional and technical employees of the DOE at the site. As an integrated team member, we also played a key role in the off-site disposition of highly radioactive uranium residues stored in two on-site silos at Fernald. Our services included the provision of key personnel to support the operational management, processing design, logistics and transportation systems.

The DOE accepted closure of Fernald in 2007.

Oak Ridge National Laboratory Operations

Oak Ridge National Laboratory, or ORNL, located in Oak Ridge, Tennessee, is one of the DOE's largest science and energy laboratories. Managed since April 2000 by a partnership of the University of Tennessee and Battelle Memorial Institute in Columbus, Ohio, ORNL was established in 1943 as a part of the Manhattan Project to pioneer a method for producing and separating plutonium. We have provided on-going technical and management support to the ORNL since 1987. Our work at ORNL includes sampling, characterization, abatement, segregation, packaging, transportation, D&D and disposal of hazardous materials. We are also responsible for sorting, segregating and reducing the volume of the LLRW at ORNL. During 2008, the DOE will conduct a competition for a significant management contract at ORNL, and we believe we have the expertise to compete for this contract.

Savannah River Site Operations

Established in 1950 by the Atomic Energy Commission, the DOE's Savannah River Site, or SRS, is a 310-square mile facility near Aiken, South Carolina. The site was constructed during the early 1950s to produce materials, primarily tritium and plutonium-239, used in the fabrication of nuclear weapons in support of U.S. defense programs. Due to changes in the national security strategy of the United

States, many SRS facilities are no longer needed to produce or process nuclear materials. The DOE has identified approximately 300 structures as surplus and requiring clean-up, ranging in size and complexity from large nuclear reactors to scores of small storage buildings.

We are part of a team that has been contracted by the DOE for the design, construction, commissioning and operation of a new salt waste processing facility at the SRS. The facility will be a pre-treatment plant to remove cesium from DOE's inventory of 38 million gallons of highly radioactive waste stored in 49 tanks at the SRS. We are also a subcontractor to a consortium that is bidding on the SRS liquid waste contract.

Idaho National Laboratory

Established in the late 1950s, the Idaho National Laboratory comprises approximately 700 square miles and was originally established as the National Reactor Testing Station. More than 60 nuclear reactors were designed, built and tested on the site. Spent nuclear fuel reprocessing missions were subsequently added to the site, whereby the DOE extracted highly enriched uranium from used nuclear fuel for recycling into the weapons program. Idaho was also a disposal site for transuranic waste generated during processing operations at Rocky Flats in Colorado.

We built the Advanced Mixed Waste Treatment Plant at the Idaho National Laboratory to safely treat transuranic-contaminated waste for final disposal at the Waste Isolation Pilot Plant in Carlsbad, New Mexico. In 2009, the contract for continued operation of the Advanced Mixed Waste Treatment Plant will be out for competition, and we believe we have the expertise and the experience to lead this Tier 1 contract.

Portsmouth Gaseous Diffusion Plant

The Portsmouth Gaseous Diffusion Plant in Piketon, Ohio occupies approximately 640 acres, situated in a 3,714 acre federal site. It is operated by the United States Enrichment Corporation, a subsidiary of USEC Inc. The plant has a long history of enriching uranium for defense and commercial nuclear power needs, beginning in the early 1940s with a U.S. defense initiative to produce fissionable material for the atomic bomb. Portsmouth ended enriching operations in 2001. Piketon is expected to be the site for USEC's next-generation uranium enrichment facility, the American Centrifuge Plant.

Through a joint venture with Los Alamos Technical Associates, we are currently providing environmental management services at the Portsmouth Gaseous Diffusion Plant project, including site characterization, decommissioning, waste processing and environmental restoration.

Atlas Mill Tailings Cleanup

In June 2007, the DOE awarded us a $98.4 million contract to clean up the Atlas mill tailings that sits alongside the Colorado River near Moab, Utah. The site encompasses approximately 435 acres, of which approximately 130 acres contain uranium mill tailings. The contract runs through September 2011.

Commercial Services

We provide a broad range of on-site services to commercial customers, including commercial power and utility companies that operate nuclear power plants, pharmaceutical companies, research laboratories, universities, industrial facilities and other entities that generate radioactive materials or are involved in the nuclear services industry. Our services include D&D, project planning, site surveys, radioactive material characterization and management, liquid waste processing, spent nuclear fuel services, emergency response and other nuclear services.

Examples of our on-site commercial nuclear services include:

Decontamination and Decommissioning. We have been providing D&D services for over 20 years. We are currently working with commercial power and utility companies to increase the number of outsourced opportunities for our D&D services. The following examples highlight the scope of the D&D services that we have provided to our commercial customers in recent years:

Big Rock Point. From 1996 to 1998, we were awarded multiple contracts to support the D&D of Consumers Energy's Big Rock Point Nuclear Plant in Charlevoix, Michigan, the longest-running nuclear reactor in the United States. The scope of our work included the engineering, design, licensing and fabrication of spent fuel storage containers and handling equipment, various engineering and consulting tasks supporting spent fuel management and pool-to-pad operations, the removal, transportation, processing and final disposal of large reactor components, structure and system decontamination, building dismantlement and on-site waste management, shipment and processing of LLRW and MLLW.

We successfully developed, licensed and deployed the FuelSolutions cask system for the Big Rock Point project, which is the first system capable of accommodating highly-enriched, high-burnup pressurized water reactor and boiling water reactor fuel assemblies, as well as damaged fuel and fuel debris cans. We also provided the single-source solution for the removal of Big Rock Point's large components, including the reactor vessel. Our services in this regard included the design, licensing, fabrication and implementation of the first fully NRC-compliant Type B package for shipping a reactor in one piece. The major component removal contract also provided for the provision of decontamination and building dismantlement services, including with respect to the turbine building, stack and various auxiliary buildings and structures. Furthermore, we provided licensing and project management support for the implementation of a comprehensive on-site and off-site waste management program. We sorted, packaged, transported and disposed of approximately 100 million pounds of waste using our LLRW disposal sites in Barnwell, South Carolina and Clive, Utah.

Connecticut Yankee Atomic Power Company. In July 1999, we began providing comprehensive on-site radioactive waste management and processing services for the D&D of Connecticut Yankee's Haddam Neck Atomic Power Plant in East Hampton, Connecticut, which had been shut down in December 1996. Our activities have included engineering support, logistics and the packaging, transportation and disposal of radioactive and hazardous waste, which included the reactor pressure vessel head, a pressurizer and four steam generators. Decommissioning of the Connecticut Yankee plant was substantially completed in 2006.

Yankee Atomic Electric Company. In February 2001, we undertook a major role in the D&D of the Yankee Rowe nuclear power station in Western Massachusetts, which had been shut down in February 1992. As a primary subcontractor to NAC International, we supported the removal of fuel from the spent fuel pool, which we completed in June 2003. The project was highly technical and required several major capabilities, including the engineering, design and fabrication of processing equipment to sort and remove the fuel; packaging, transportation and disposal of all fuel racks from the spent fuel pool; implementing and managing a health and safety program; and training personnel in fuel cask loading and liquid process systems. Our services also included off-site processing and disposal of radioactive and hazardous waste, as well as the transport and disposal of large contaminated components weighing a total of more than 500 tons. Decommissioning of the Yankee Rowe plant was substantially completed in 2006.

Radioactive Waste Removal Project. In August 2006, we were awarded a contract to provide radioactive waste removal services at a uranium conversion facility. The scope of our work included on-site project management and all activities related to the packaging, transportation

and disposition of LLRW and empty contaminated drums. Our project team mobilized in less than four weeks and subsequently containerized, shipped and disposed of over 400,000 cubic feet of LLRW (the equivalent of over 230 trucks) in three months.

License Stewardship Program. Our license stewardship program is a new, innovative approach to provide decommissioning services. Under this program, we acquire title to substantially all of a client's buildings, facilities and equipment of its non-operating nuclear power plant. As the owner of the plant and associated permits, licenses and other assets incidental thereto, we are eligible to acquire a license from the NRC to decommission the plant and the rights to the client's decommissioning trust funds associated with the plant, which are overseen by the NRC. The client retains ownership of the real property and leases the real property to us for the period during which we perform D&D activities. Because of our technology, expertise and assets, this unique structure facilitates the decommissioning of the plant ahead of the schedule that the client would otherwise expect to achieve at a total cost not exceeding the available balance of the decommissioning trust funds (plus investment interest accruing during the decommissioning project). This structure gives us direct access to the decommissioning trust funds, avoiding several expensive and time consuming levels of administrative oversight.

In December 2007, we entered into an agreement with Exelon Corporation to decommission its non-operating nuclear reactors near Zion, Illinois under our license stewardship program. We are currently in the process of seeking NRC approval for the proposed transaction.

Large Components. Our expertise, personnel and equipment enable us to prepare large components for transport via public highway, waterway, rail or combinations thereof to ensure safety and compliance with regulatory requirements. Large components include overweight and oversized nuclear components, such as reactor pressure vessels, steam generators, reactor heads, pressurizers, turbine rotors, reactor coolant pumps and feed water heaters. These components often weigh more than 20,000 pounds and generally require special transportation arrangements, including formal engineering reviews. The transportation, processing and disposal of these large components is often handled through our LP&D segment. In addition, the NRC is reviewing a proposal to permit operators of nuclear reactors to access decommissioning funds for disposal of large components that have been retired from use in nuclear reactors. We believe the adoption of this proposal would be a significant opportunity for us to expand our business in our Commercial Services and LP&D segments.

Radioactive Liquids Processing. Our on-site radioactive liquids processing technology-based services incorporate a number of patented technologies, including technically advanced ion exchange and membrane-based systems to reduce liquid waste generation, reduce radioactive discharge, improve water chemistry and enable the recycling of wastewater. Our acquisition of NUKEM in July 2007 enhanced our capabilities for processing radioactive liquids. We believe that we process more contaminated power plant floor drain and equipment drain radioactive wastewater than any other U.S. company more than 70 million gallons per year. We are currently providing on-site services for removing radioactive and chemical contaminants from wastewater at 19 nuclear power plants. We have developed and provide a make-up water system that can achieve nuclear plant water quality standards by reducing organic carbon and removing ionic impurities and dissolved solids. Our membrane-based technologies are capable of producing effluent water that meets stringent chemical criteria. We also provide dewatering of radioactive particulate wastes. The waste generated by our technology is compatible with our disposal containers and with disposal criteria at our Clive facility. We currently provide dewatering services at 26 nuclear power plants.

Spent Fuel Services. We have more than 20 years of experience working with irradiated hardware and materials in spent fuel pools used in boiling water reactors and pressurized water reactors. Our range of fuel pool services includes underwater transfer and container loading, cask

transportation, fuel pool vacuuming, pool-to-pool transfers and waste characterization. Our fuel pool personnel are specially trained to handle the planning, on-site processing, packaging, transportation and disposal of various fuel pool components, and we have completed more than 50 fuel pool projects for nearly every nuclear power and utility company in the United States. We also provide full service support of spent fuel storage activities, including cask design and procurement, cask loading and related activities, as well as design and construction oversight for on-site independent spent fuel storage installations.

Emergency Response. We employ more than 200 trained radiation protection specialists who can be deployed rapidly throughout the United States to respond to a variety of radioactive contamination events. We also maintain procedures, equipment and mobile radioactive material licenses that can be used for radiological emergency response events. We have responded to a variety of emergency situations, including spills and radiological events at non-nuclear facilities.

Logistics, Processing and Disposal (LP&D)

We provide a broad range of logistics, processing and disposal services and own and operate strategic facilities for the safe processing and disposal of radioactive materials. Our processing and disposal facilities include our disposal facility in Clive, Utah, which is the largest privately-owned LLRW disposal site in the United States, three processing facilities in Tennessee and separate processing and disposal facilities in Barnwell, South Carolina. We operate the Barnwell disposal facility pursuant to a long-term lease with South Carolina. We also own a facility in Tennessee that we believe is the only commercial facility in the world with the ability to cast, flat-roll and machine casks and other products from depleted uranium. We believe that virtually every company or organization that holds a nuclear license in the United States uses our facilities, directly or indirectly.

Our transportation and logistics services encompass all aspects of transporting radioactive materials, including obtaining all required local and federal licenses and permits, loading and bracing shipments, conducting vehicle radiation surveys and providing transportation assistance to other companies throughout the United States. Through our Hittman Transportation, Inc., or Hittman, subsidiary, we own and operate a dedicated fleet of tractors, trailers and shipping containers for transporting radioactive materials and contaminated equipment for processing and disposal.

Our fleet of specialized shipping casks are specially engineered containers for the safe transport of radioactive material. We also have expertise in transporting very large, contaminated reactor components from a commercial power plant to a processing or disposal site. These components include reactor pressure vessels, steam generators and other smaller components. Transportation modes include barge, rail and truck transport.

We have the capability to store, treat and dispose of several types of radioactive materials, including the following:

LLRW generated from contaminated soil and debris at clean-up sites, such as ion exchange resins and filter materials used to clean water at nuclear plants, medical waste, activated metals, manufacturing materials and medical and technological research materials;

MLLW, such as radioactive and hazardous materials, including lead-lined glove boxes, lead-shielded plates and radioactivity-contaminated electric arc furnace dust;

NORM, such as waste from radium processes, accelerators and mining;

dry active waste, consisting of resins, filters, evaporator bottoms and hot metal debris;

liquid waste, which is similar to LLRW, but in liquid form; and

11e(2) waste consisting of dirt generated by mining and milling operations.

The LLRW that we dispose of at our Clive facility primarily derives from the clean-up of contaminated sites (including DOE facilities, nuclear power plants, Superfund sites and industrial sites) and from the routine operations of utilities, industrial sites and hospitals. Although we only treat and dispose of Class A LLRW, MLLW and 11e(2) materials at our Clive facility and do not plan to seek authorization to take Class B and C wastes at that site, we are currently able to meet customer demand to dispose of Class B and C waste at the state-owned Barnwell, South Carolina facility that we operate. However, on July 1, 2008, as currently contemplated under South Carolina law, the State of South Carolina will close the Barnwell disposal site to customers outside of the Atlantic Compact States of South Carolina, New Jersey and Connecticut.

Our MLLW treatment facility in Clive uses several treatment technologies to reduce the toxicity of the waste materials prior to their disposal. These technologies include thermal desorption, stabilization, amalgamation, reduction/oxidation, deactivation, chemical fixation, neutralization, debris spray washing, macro-encapsulation and micro-encapsulation.

Many of our LP&D projects complement our services in our Federal and Commercial Services segments. The following are examples of LP&D services that we have performed in recent years:

Life-of-Plant Contracts

Our life-of-plant contracts integrate our LP&D services into a tailored solution for our commercial customers' needs, and we believe that these contracts will represent a significant source of future revenues for our LP&D segment. Life-of-plant contracts provide our customers with LLRW and MLLW processing and disposal services for the remaining lives of their nuclear power plants, as well as D&D waste disposal services when the plants are shut down. We have signed life-of-plant contracts with commercial customers representing 82 of the 104 operating nuclear reactors in the United States. Some of the customers with whom we have entered into life-of-plant contracts include Dominion Resources, Inc., Duke Energy Corporation, Exelon Corporation, Florida Power & Light Company and Progress Energy.

Rocky Flats Closure Project

The Rocky Flats Environmental Technology Site is a DOE environmental clean-up site located approximately 16 miles northwest of downtown Denver. Historically, Rocky Flats made components for nuclear weapons using various radioactive and hazardous materials, including plutonium, uranium and beryllium. Nearly 40 years of nuclear weapons production left behind a legacy of contaminated facilities, soils and ground water. In 1995, the Rocky Flats site was designated by the EPA as a Superfund clean-up site.

In 1995, the DOE entered into a contract with Kaiser-Hill Company, LLC to manage the clean-up and closure of the Rocky Flats site. Kaiser-Hill was responsible for assigning and integrating tasks among various subcontractors. We were the major subcontractor to Kaiser-Hill for the transportation and disposal of LLRW, MLLW and other contaminated materials at our Clive facility. The clean-up of Rocky Flats was declared complete in October 2005.

Large Components

An important service provided to commercial nuclear power plants is the disposition of overweight and oversized nuclear components, such as reactor pressure vessels, steam generators, reactor heads, pressurizers, turbine rotors, reactor coolant pumps and feed water heaters. As operational nuclear power plants age, their equipment and components are replaced either to provide increased operational capacity or as part of plant maintenance. For example, in 2004 we handled the transportation, processing and disposal of four steam generators from American Electric Power/Indiana Michigan Power's Donald C. Cook nuclear plant located in Southwest Michigan on the shores of Lake Michigan.

Our successful completion of this project enabled us to procure a subsequent contract with this customer to package, transport and dispose of two reactor pressure vessel heads from this plant in 2006 and 2007. The preparation of these large components for transportation, processing and disposal is often handled through our Commercial Services segment.

Paducah Project

The Paducah Gaseous Diffusion Plant in Paducah, Kentucky was constructed in the mid-1950s as part of a U.S. government program to produce highly enriched uranium to fuel military reactors and produce nuclear weapons and is currently the only operating uranium enrichment facility in the United States. Owned by the DOE and operated through a lease with the U.S. Enrichment Corporation, today the plant produces low-enriched uranium fuel for commercial nuclear power plants in the United States and around the world. In December 2005, the DOE announced a contract award to Paducah Remediation Services, LLC, or PRS, for environmental remediation and waste management activities at the plant. We are the major subcontractor to PRS. Under the DOE contract, PRS's responsibilities include groundwater and soil remedial actions, removing legacy waste, D&D services, operating on-site waste storage facilities and surveillance and maintenance activities. Revenues from these services are recognized in our Federal Services segment. We are also responsible for all on-site waste management and off-site waste disposition activities through contract completion, which is expected to occur in September 2009. We have transported and disposed of LLRW, MLLW and other contaminated materials from the Paducah site at our Clive facility. Revenues from these services are recognized in our LP&D segment.

U.S. Navy Contracts

We are the principal service provider to the U.S. Navy for the disposition of radiological materials under the Naval Nuclear Propulsion Program. Through a series of long-term contracts, we process and dispose of LLRW and MLLW generated by the U.S. Navy's nuclear operations worldwide.

Several of our facilities provide services to the U.S. Navy, including our Clive, Utah, Barnwell, South Carolina and Oak Ridge and Memphis, Tennessee facilities. These services include the specialized processing of classified materials so that it is impossible to identify what the materials were prior to processing. The materials may then be disposed of at our Clive and Barnwell facilities. In addition to processing classified and unclassified liquid and solid radioactive materials, we also provide transportation and logistics services to the U.S. Navy, as well as on-site support at Naval bases around the United States for the removal of radioactive materials. Revenues from these services are recognized in our LP&D segment.

International

As a result of our acquisition of RSMC in June 2007, we began reporting the results of our operations outside North America in a new International segment in the second quarter of 2007. The revenues we receive from the NDA for the operation and management of its 10 Magnox sites currently constitute the predominant portion of our International segment revenues. The NDA intends to divide these sites into two Site License Companies, or SLCs Magnox South and Magnox North although presently they operate as two regions within one SLC, Magnox Electric. Effective April 1, 2007, the NDA has entered into separate contracts with Magnox Electric for each region. Under these contracts, we are responsible for the operation, defuelling and decommissioning of 10 nuclear power sites. Two of these stations currently generate electricity and eight other stations are now in varying stages of decommissioning. It is anticipated that the process of rebidding the consolidated NDA contracts will commence within the next two or three years. During the contract year ended March 31, 2008, RSMC recognized revenues of $1.1 billion from these contracts.

In addition, through our acquisition of Safeguard, we have positioned ourselves as a leading provider in the United Kingdom of turn-key services for the disposal of radioactive materials from non-nuclear power generating facilities such as hospitals, research facilities and other manufacturing and industrial facilities. As part of our business strategy to expand our international operations, we also are pursuing other opportunities in Europe, Asia and North America. For example, we are currently in discussions with Sogin SpA, the Italian state-owned utility company, to provide D&D and radioactive materials management services in support of the clean-up of Sogin's nuclear facilities. With respect to Sogin, we are experiencing both local and national expressions of opposition to the importation of foreign waste to our Clive facility. See "Legal Proceedings."

Results of our operations for services provided to our customers in Canada and Mexico are included in our Commercial Services or LP&D segments.

Our Processing and Disposal Facilities

Clive Facility

Our Clive facility is located in Tooele County, Utah, approximately 75 miles west of Salt Lake City. The DOE and the State of Utah investigated 29 sites to identify the safest permanent disposal location for radioactive materials before settling on what is now our Clive disposal site. The location had been originally selected and used by the DOE as a disposal site for uranium tailings due to its remote location, low precipitation, naturally poor groundwater quality and relatively impermeable clay soils. Tooele County has designated the area around the facility as a hazardous industrial district, which restricts the future use of land in the area to heavy industrial processes and to industries dealing with hazardous wastes. Our Clive facility is located 35 miles away from the nearest residence.

The State of Utah authorizes our Clive facility to dispose of Class A LLRW, NORM, 11e(2) materials and MLLW. The facility's location enables it to receive radioactive materials year-round via bulk truck, containerized truck, enclosed truck, bulk rail, rail boxcars and rail intermodals. We are served by the Union Pacific Railroad at our private siding and maintain more than seven miles of track and three locomotives for rail cars to be unloaded, decontaminated and released. This direct rail access and our gondola railcar rollover system provides a cost-effective method of unloading up to 100,000 cubic feet of radioactive materials per day. We maintain a fleet of approximately 300 high capacity gondola railcars under long-term operating leases, as well as custom-designed flat cars and other multi-model containers to facilitate the safe transport of radioactive materials to our Clive facility. We also maintain an all-weather paved asphalt road to the site from Interstate 80 to facilitate truck shipment.

Unlike the two other existing commercial LLRW disposal sites, which are owned by states, we own the site at Clive and also own the buildings and the processing equipment. We have made numerous improvements to the Clive site in the past several years. We purchased a debris shredder, which significantly increases the efficiency of disposal for larger objects at the site. In addition, we made upgrades to the railcar rollover and power system, and we added new decontamination facilities. These changes already have begun to result in significant operating cost efficiencies and enhanced safety.

Disposal Cells

Our Clive facility uses an above-ground, engineered disposal design, also known as a secure landfill. We use a near-surface engineered embankment design for our disposal cells. Using standard heavy construction equipment, radioactive material is placed in 24-inch thick layers and then compacted in a continuous "cut and cover" process that provides for long-term disposal with minimal active maintenance. The system relies on natural, durable materials to ensure performance over time. Each cell has a 24-inch liner system designed to assist in isolating the material from the environment. A cell bottom liner of compacted low-permeability clay covers a foundation of compacted indigenous clay and

soils. The cell embankment top slopes are covered with a compacted two-foot to seven-foot thick clay cover, a rock drainage layer, and a two-foot thick rock erosion barrier to ensure long-term protection of the environment. Cover construction begins as areas of the cell are filled to capacity. The process of continual building, filling and capping of cells ensures long-term cell stability and minimizes work that would be required at site closure. In addition to the standard liner and cover used in the LLRW and 11e(2) materials cells, the MLLW cell has a triple-synthetic-liner system with a synthetic cover barrier. The mixed waste liner system includes leachate collection and leak detection systems required for containment of hazardous waste.

Disposal Capacity

We believe that we have sufficient capacity for more than 30 years of operations at our Clive facility based on our estimate of lower future disposal volumes than experienced in recent years, our ability to optimize disposal capacity through reduction and compaction technologies and our assumption that we will obtain a license amendment to convert a disposal cell originally intended for 11e(2) waste to Class A LLRW. The license amendment would increase our capacity for Class A LLRW disposal by 99 million cubic feet to approximately 154 million cubic feet of available capacity. If we are unable to obtain the license amendment, our projected capacity to dispose of Class A LLRW would be materially reduced. If future disposal volumes increase beyond our expectations or if our other assumptions prove to be incorrect, then the remaining capacity at Clive would be exhausted more quickly than projected. See "Risk Factors We and our customers operate in a politically sensitive environment, and the public perception of nuclear power and radioactive materials can affect our customers and us" and "Risk Factors Our business depends on the continued operation of our Clive, Utah facility."

Tennessee Facilities

We operate facilities at three locations in Tennessee where we process and transfer radioactive materials generally en route to our Clive facility. The facilities are operated in an integrated fashion to maximize the breadth of options available to us and to our customers.

Our Bear Creek facility includes a licensed commercial LLRW processing facility. It primarily receives waste from nuclear utilities, government agencies, industrial facilities, laboratories and hospitals. Our Bear Creek facility also manages classified nuclear waste, which is specially processed to obscure any classified information.

Our Gallaher Road facility in Kingston, Tennessee is located adjacent to Oak Ridge, Tennessee and provides specialty waste processing and transportation logistical services. The Gallaher Road facility also is the base for our Hittman trucking operations and maintains our fleet of tractors, trailers and shipping containers for transporting radioactive materials.

Our Memphis facility's riverside location allows for access by barge as well as truck and rail. The facility is specifically designed to handle large components such as steam generators, turbine rotors, heat exchangers, large tanks and similar components. From Memphis, disassembled components can be shipped to our other facilities for ultimate disposition.

In addition to the three Tennessee processing facilities, we own a facility in Oak Ridge, Tennessee that provides metals manufacturing, processing, casting and rolling, fabrication and other services to our customers and we believe is the only commercial facility in the world with the ability to cast, flat-roll and machine products from depleted uranium. Material processed at this facility can be found in a variety of products, including electronics, medical isotope shipping containers, nuclear accelerators, nuclear fuel storage casks and fighter jets.

South Carolina Facilities

We operate a LLRW disposal facility in Barnwell, South Carolina pursuant to a long-term lease and an operating agreement with the state of South Carolina that expires on April 5, 2075. Barnwell is the only commercial facility in the United States that is permitted to accept all classes of commercially generated LLRW. This facility provides disposal services for large components not suitable for volume reduction and for ion exchange resins and other radioactive materials that are generated by nuclear power plants, hospitals, research laboratories and industrial facilities. The State of South Carolina has indicated that essentially all remaining disposal capacity at Barnwell prior to July 1, 2008 for Classes A, B and C waste has already been sold. As planned, on July 1, 2008, the State of South Carolina closed our Barnwell disposal site to customers outside the Atlantic Compact States of Connecticut, New Jersey and South Carolina. We will continue to operate the Barnwell site following its closure to customers from outside the Atlantic Compact States on a cost-reimbursable basis under our long-term lease.

We also operate a facility adjacent to the Barnwell disposal facility to support the DOD in preparing materials for disposal, including military equipment decontamination and parts retrieval and recycling. The facility also provides specialty processing services.

Engineering and Technologies

Engineering Services

We employ highly trained personnel with technical and engineering experience in critical areas of the nuclear services industry. Our technical capabilities include engineering (chemical, process, mechanical, nuclear, civil and structural), radiological safety, chemistry, environmental, safety and other disciplines that are critical to the provision of technology-based nuclear services.

We provide on-site engineering services to support the deployment of radioactive, hazardous and mixed waste treatment, transportation and disposal technologies. We design equipment, components and integrated turnkey systems, train customer personnel and perform a broad range of engineering consultation services. We also have significant experience designing and licensing storage and transport cask systems and can provide complete "pool-to-pad" services to customers implementing dry cask storage systems at their facilities. Our engineering staff has successfully developed and licensed numerous storage and transport cask systems, including specialized containers for various Type A, Type B and fissile material contents. Our FuelSolutions cask system technology, for example, provides an integrated means for both storage and transportation of spent nuclear fuel. We have designed packages for transport (via trailer, rail and barge) and storage applications, including spent fuel baskets, wood and polyurethane foam impact limiters, and auxiliary components such as cask tie-downs, lifting gear and personnel barriers.

As part of the BNGA acquisition, we obtained the rights in the United States, Canada and Mexico to BNFL's intellectual property, including its spent nuclear fuel recycling technology and expertise. We also employ many of the employees who designed, constructed, commissioned and operated the existing spent fuel recycling facilities in the United Kingdom.

We believe that our vitrification technology and expertise gives us a competitive advantage. Vitrification is a technique in which waste mixes with glass-forming chemicals to form molten glass that solidifies and immobilizes the embedded waste. It is an established means for the disposal and long-term storage of nuclear and other hazardous wastes that produces a non-leaching, durable material that effectively traps waste and can be stored for relatively long periods without concern for air or groundwater contamination. Our patented system is the baseline technology for the high-level waste and low-active waste vitrification processes at the DOE's Hanford Waste Treatment Plant. We designed, constructed and operated nonradioactive, nonhazardous pilot melters to test design concepts for the full scale units that will vitrify millions of gallons of highly radioactive tank waste at the Hanford site.

Processing and Treatment Technologies

We believe that, in addition to our disposal capabilities, we offer the most diverse capabilities in the United States for handling, treating and processing radioactive materials prior to ultimate disposal. Depending on the nature of a particular radioactive waste stream, we employ the following proprietary waste processing and treatment technologies to optimize the disposal capacity of our facilities:

Compaction. Our UltraCompactor at our Bear Creek facility is available for compacting LLRW with the force of 10 million pounds.

Encapsulation. Encapsulation significantly reduces the leachability of toxic materials. In a process known as macro-encapsulation, we encapsulate elemental toxic metals or hazardous debris in a jacket of inert inorganic material. Micro-encapsulation involves the encapsulation of material arriving in dry powder or ash form in a low density plastic.

Incineration. Incineration offers volume reduction potentially exceeding 200 times and is a cost-effective treatment for many dry radioactive materials. At our Bear Creek facility, we own and operate one of only two licensed commercial incinerators in North America for radioactive materials.

Metal Melting and Decontamination. Our metals processing program at our Bear Creek facility employs decontamination, melting and survey technologies to dispose of radioactively contaminated metals. After decontamination, we survey the metal to verify its radioactivity and determine its handling requirements. If we cannot decontaminate the metal, we may utilize our metal melting technology. Our melting technology and capabilities are used to obscure classified DOD components prior to disposal.

Solidification. Our cement-based solidification processes use high-volume proprietary cement formulations to stabilize liquid and aqueous LLRW materials in a variety of container sizes.

Steam Reforming. Steam reforming destroys liquid or solid waste organics through high-temperature reaction with superheated steam, leaving behind a dry, non-hazardous, mineral-like solid residue. We use steam reforming to process tough organic materials that exhibit high radioactivity levels, as well as medical, municipal, agricultural and industrial materials.

Thermal Desorption. Our Clive facility uses Vacuum-Assisted Thermal Desorption, or VTD, a separation technology that separates organic materials with differing boiling points. Thermal desorption offers an alternative to full-scale incineration and allows for significant reduction in material volume.

Research and Development

We conduct research and development that is critical to the development of technologies used in the nuclear services industry, especially those used as part of our services to manage radioactive waste from DOE facilities. Our research and development efforts are funded either directly or through partnership with government, commercial or academic entities. We contract or subcontract with the Vitreous State Laboratory of the Catholic University of America, located in Washington, D.C., to provide research and development services for us under fixed-price and cost-reimbursable contracts. Typically, these contracts are funded by our customers and involve the stabilization or vitrification of radioactive materials. We have an agreement with some of the Catholic University professors to exclusively license a number of patents related to vitrification and ion exchange technologies, which they own.

We also have relationships with the University of Nevada, Las Vegas and the University of Washington to provide technology-based research capabilities in support of some of the projects and technical initiatives that we are working on.

The majority of our research and development costs are funded by our customers. Our non-reimbursed research and development expenses included in our results of operations are immaterial.

Patents and Other Intellectual Property Rights

We own or license approximately 60 patents for use in North America. We also have the right to use in the United States, Canada and Mexico approximately 115 patents from BNFL that came with the acquisition of BNGA. These licenses cover the fields of radioactive material management, storage, treatment, separation, spent nuclear fuel recycling and transport. Our patent portfolio also includes areas such as biotechnology, lasers, containers and D&D. We also own non-patent intellectual property that essentially consists of research, design, safety, construction, operations and know-how. Our patents expire between 2008 and 2027. We do not believe that our business, results of operations or financial condition will be adversely affected by any of the patent expirations over the next several years.

Contracts

Our work is performed under cost-reimbursable contracts, unit-rate contracts and fixed-price contracts, each of which may be modified by incentive and penalty provisions.

Each of our contracts may contain components of more than one of the contract types discussed below. During the term of a project, the contract or components of the contract may be renegotiated to a different contract type. Most of our government work in our Federal Services and International segments is typically performed on a cost-reimbursable basis awarded through a competitive bidding process. We believe this type of contract reduces our exposure to unanticipated and unrecoverable cost overruns. Fixed-price contracts, on the other hand, are generally obtained by direct negotiation rather than by competitive bid. Our commercial D&D projects are generally fixed-price contracts. Almost all of the contracts entered into by our LP&D segment are unit-rate contracts.

The following table sets forth the percentages of revenues represented by these types of contracts during the year ended December 31, 2007:

	% of revenues
Cost-reimbursable	65%
Unit-rate	26%
Fixed-price	9%

Cost-Reimbursable Contracts

Most of the government contracts in our Federal Services and International segments are cost-reimbursable contracts. Under a cost-reimbursable contract, we are reimbursed for allowable or otherwise defined costs incurred plus an amount of profit. The profit element may be in the form of a simple mark-up applied to the labor costs incurred or it may be in the form of a fee, or a combination of a mark-up and a fee. The fee element can also take several forms. The fee may be a fixed amount as specified in the contract; it may be an amount based on the percentage of the estimated costs; or it may be an incentive fee based on targets, milestones, cost savings or other performance factors defined in the contract.

Our government contracts are typically awarded through competitive bidding or negotiations and may have involved several bidders or offerors. Many of these contracts are multi-year Indefinite Delivery Order agreements. These programs provide estimates of a maximum amount the agency

expects to spend. Our program management and technical staffs work closely with the customer to define the scope and amount of work required. Although these contracts do not initially provide us with any specific amount of work, as projects are defined, the work may be awarded to us without further competitive bidding. Government contracts also typically have annual funding limitations and are limited by public sector budgeting constraints. Government contracts may be terminated at the discretion of the government agency with payment of compensation only for work performed and commitments made at the time of termination. In the event of termination, we generally receive some allowance for profit on the work performed.

Our government contracts generally are subject to oversight audits by government representatives, to profit and cost controls and limitations and to provisions permitting modification or termination, in whole or in part, at the government's convenience. Government contracts are subject to specific procurement regulations and a variety of socioeconomic and other requirements. Failure to comply with such regulations and requirements could lead to suspension or debarment, for cause, from future government contracting or subcontracting for a period of time. Among the causes for debarment are violations of various statutes, including those related to employment practices, the protection of the environment, the accuracy of records and the recording of costs.

Unit-Rate Contracts

Almost all of the contracts entered into by our LP&D segment, including our life-of-plant contracts, are unit-rate contracts. Under a unit-rate contract, we are paid a specified amount for every unit of work performed. A unit-rate contract is essentially a fixed-price contract with the only variable being units of work performed. Variations in unit-rate contracts include the same type of variations as fixed-price contracts. We are normally awarded these contracts on the basis of a total price that is the sum of the product of the specified units and unit prices.

Our life-of-plant contracts provide our customers with LLRW and MLLW processing and disposal services for the remaining lives of their nuclear power plants, as well as D&D waste disposal services when the plants are shut down. As a result, the contracts expedite individual project contract negotiations with customers through means other than the formal bidding process. Life-of-plant contracts typically contain a standardized set of purchasing terms and pre-negotiated pricing provisions and often provide for periodic price adjustments.

Fixed-Price Contracts

Under a fixed-price contract, the price is not subject to any adjustment by reason of our cost experience or our performance under the contract. As a result, we benefit from costs savings while generally being unable to recover any cost overruns on these contracts. However, these contract prices may be adjusted for changes in scope of work, new or changing laws and regulations and other negotiated events.

Sales and Marketing Strategy

We conduct our marketing efforts principally through sales forces dedicated to servicing existing or pursuing new opportunities in each of our segments.

The current target market for our Federal Services segment involves site M&O and clean-up of radioactive materials in two target segments. The first is for Tier 1 contracts. These are large prime contracts for the M&O of federal facilities. The second segment is Tier 2 contracts, which are project-driven contracts. For these, we generally act as a subcontractor to an M&O-type contractor. Each of these opportunities requires a unique business development and sales approach. We have entered into and will continue to enter into joint venture or teaming arrangements with competitors with respect to bidding on large, complex government contracts.

Federal customers generally procure nuclear services through highly structured processes. Tier 1 opportunities involve contracts for the operation of a federal site, which is typically a DOE site. We generally pursue these contracts as a member of a consortium. The sales cycle for these contracts begins at least one year and generally two years before the release of a RFP. Tier 2 opportunities are discrete project-based opportunities to act as a subcontractor to Tier 1 contractors. The sales cycle for Tier 2 opportunities can be six months or less.

We generally pursue procurements that are decided on a "best-value" basis, in which the decision-makers consider a combination of technical and cost factors, as well as project management experience. Factors include the technical approach to managing and performing the project, key project personnel, experience performing similar projects and past performance, which includes customer references. Cost factors are generally weighed to include cost structure as it would be applied in a specific project.

In our Commercial Services segment, our sales team actively markets our integrated services and technical expertise to nuclear power and utility customers. For example, our commercial sales team was instrumental in developing and marketing the concept of life-of-plant contracts with commercial power and utility customers and has also been involved in developing our license stewardship initiative to serve the shut-down nuclear reactor D&D market. In our LP&D segment, we maintain dedicated sales forces at our Clive and Barnwell facilities to market to and serve customers that require logistics, transportation and disposal of radioactive materials. Our LP&D sales team members' duties include visiting customer sites, assisting customers in completing all required paperwork and obtaining necessary licenses and permits for the transportation of radioactive materials to one of our facilities and managing the transportation process.

Our sales efforts in the International segment mirror our sales efforts in the United States. Our business development and technical teams approach bidding opportunities in the United Kingdom in a similar manner as for bids for opportunities in the United States. In addition, our international business development team works closely with key nuclear power operators to pursue commercial opportunities.

Safety

We devote significant resources to ensuring the safety of the public, our employees and the environment. In the United States, we have built a safety record that is critical to our reputation throughout our markets, particularly DOE contractor services. Our domestic safety incident record is substantially better than standards for other similar businesses according to the North American Industrial Classification System with total Occupational Safety and Health Administration, or OSHA, recordable and lost time incidence rates of 2.38 and 0.35, respectively, versus industry averages of 6.9 and 2.5, respectively. None of our safety incidents has involved radioactive contamination. We have received numerous safety achievement awards in recognition of our industry-leading safety record.

We also have traditionally met or exceeded the occupational and public radiation safety requirements for the U.S. nuclear services industry. The average employee radiation dose at our Clive site is approximately 38 millirem annually, which is 0.8% of the Federal government's allowable annual guideline of 5,000 millirem.

In 2007, we passed approximately 500 person-days of regulatory inspections by state regulators, the NRC, the DOE and the Nuclear Procurement Issues Committee. We submit routine reports to the applicable state and federal regulatory agencies demonstrating compliance with rules and regulations set forth in our licenses and permits.

We also have established an extensive safety education program for our employees. Before employees are permitted to work in restricted areas, they are required to complete a four-day training course on radiation theory, proper procedures and radiation safety. Each employee is required to participate in semi-annual refresher courses, and our employees completed over 15,000 cumulative

hours of safety training in 2007. In addition to extensive training, we employ more than 120 safety professionals and technicians who are responsible for protecting workers, the public and the environment. We also employ a round-the-clock security staff to prevent unauthorized access to our sites.

In addition, in the United Kingdom, every Magnox site is accredited under the ISO 14001 system, which is an internationally accepted specification for environmental management systems, as well as Occupational Health and Safety Management Systems 18001, which establishes standards for occupational health and safety. RSMC has also won numerous awards for health and safety.

Insurance

Like all companies in the nuclear industry, we derive a significant benefit from the provisions of the Price-Anderson Act, as amended. The Price-Anderson Act was enacted in 1957 to indemnify the nuclear industry against liability claims arising from nuclear incidents, while still ensuring compensation coverage for the general public. The Price-Anderson Act, as amended, establishes a no-fault insurance-type system for commercial reactors that indemnifies virtually any industry participant against third party liability resulting from a nuclear incident or evacuation at a commercial reactor site or involving shipments to or from a commercial reactor site. Through primary layer insurance and a secondary layer insurance pool collectively funded by the nuclear industry, each reactor has coverage for approximately $10.8 billion in claims that covers activities at the reactor site and the transportation of radioactive materials to or from the site. Price-Anderson limits liability for an incident to $10.8 billion, unless the Federal government decides to provide additional funding. Activities conducted under a contract with the DOE are covered by a $10 billion indemnity issued by the DOE. For activities at our facilities that are not covered by the Price-Anderson Act, we maintain nuclear liability insurance coverage issued by American Nuclear Insurers, as follows:

Facility		Limit
General (All) Supplier's and Transporter's	$	100 million
Barnwell, South Carolina facility	$	100 million
Oak Ridge, Tennessee Bear Creek facility	$	50 million
Kingston, Tennessee Gallaher Road facility	$	5 million
Oak Ridge, Tennessee facility	$	5 million
Memphis, Tennessee facility	$	10 million

We do not maintain third party nuclear liability coverage for our Clive, Utah facility, because we do not believe such coverage is warranted.

Competition

We compete with major national and regional services firms with nuclear services practices for government and commercial customers. The following are key competitive factors in these markets:

technical approach;

skilled managerial and technical personnel;

proprietary technologies and technology skill credentials;

quality of performance;

safety;

diversity of services; and

price.

Our competitors include national engineering and construction firms, including Bechtel Group, Inc., CH2M Hill, Fluor Corporation, Jacobs Engineering Group, URS Corporation, AMEC plc and AREVA. Some of our competitors have greater financial and other resources than we do, which can give them a competitive advantage. We also face competition from smaller local firms. Our major U.S. government customer, the DOE, has substantially increased small business set-asides for prime contracts. Because we are not a small business, we have responded by teaming in certain circumstances as a subcontractor to small businesses responding to requests for proposals as a prime contractor on selected procurements. We expect intense competition to continue for nuclear service contracts, challenging our ability to maintain strong growth rates and acceptable profit margins. If we are unable to meet these competitive challenges, we could lose market share and experience an overall reduction in our profits.

We also face competition to provide radioactive material transportation, processing and disposal services to our customers. Currently, the predominant radioactive material treatment and disposal methods include direct landfill disposal, on-site containment/processing and incineration or other thermal treatment methods. Our competitors may possess or develop alternate technologies that compete with our radioactive material processing technologies. Competition in this area is based primarily on cost, regulatory and permit restrictions, technical performance, dependability and environmental integrity.

Currently, we are the only commercial disposal outlet for MLLW and operate two of the three commercial LLRW disposal sites in the United States, through our Clive, Utah and Barnwell, South Carolina disposal facilities. The third facility is a state-owned facility located in Richland, Washington that is relatively small, does not accept radioactive materials from outside the Northwest Compact States and may eventually stop receiving materials from outside Washington State itself. Several other companies have tried to obtain site licensing and have failed. We are the only company to have received a license subsequent to the enactment of the Low-Level Radioactive Waste Policy Act.

With respect to bulk Class A waste, we compete with processors who reduce volumes through treatment (compaction, sorting and incineration). The situation is similar for large components with processors being able to cut, scrap and partially decontaminate the components. Eventually, in both instances, most of the waste ends up at our Clive site but in reduced volumes. The other option available for utilities and industrial sites is to store waste on-site. This is generally a temporary solution, especially if local communities become aware of such situations.

In the future, other commercial sites could be licensed for the disposal of radioactive waste. One such site could be the WCS site in Andrews County, Texas. WCS filed a license application in August 2004 for a LLRW disposal facility in Andrews County. In late 2007, the State of Texas issued a draft LLRW license to WCS. Under the terms of this draft license, WCS is prohibited from accepting more than 20% of the volume shipped to the WCS site from outside the Texas Interstate Compact on Low-Level Radioactive Waste Management, which includes Texas and Vermont. This license contained several contingencies that must be resolved prior to the issuance of the final license, including a requirement that the DOE assume all rights, title and interest in the land, buildings and waste located at the facility that would be used to dispose of waste received from federal government sites. We cannot predict whether WCS will successfully resolve the contingencies related to the draft LLRW license, or whether the State of Texas will issue a final license to WCS. In addition, WCS recently received a separate license to permanently dispose of 11e(2) materials at its facility.

Employees

As of June 30, 2008, we had more than 5,000 employees, including approximately 1,150 scientists and engineers and over 400 radiation and safety professionals. With the acquisition of RSMC in June 2007, approximately 3,000 of these employees are in the United Kingdom. These employees are associated with RSMC's contract with the NDA to operate the Magnox sites. Should RSMC no longer

be under contract with the NDA to operate the Magnox sites, these individuals will no longer be employed by RSMC through its subsidiary, Magnox Electric Limited, with the exception of approximately 70 employees who would continue to be employed by RSMC. The NDA reimburses us for the salaries and benefits of all RSMC employees. A significant portion of our workforce in the United Kingdom is unionized, and we have annual agreements that cover most of the RSMC employees, which are negotiated in conjunction with the NDA. A majority of our employees are skilled professionals, including nuclear scientists and engineers, hydrogeologists, engineers, project managers, health physics technicians, environmental engineers and field technicians. At the Hanford, Washington, Oak Ridge, Tennessee, and Paducah, Kentucky, DOE sites that we manage, approximately 180 of our employees are represented by labor unions. In addition to our own employees, we manage over 1,000 DOE site employees through various Tier 1 arrangements at DOE sites, a portion of whom belong to unions. Our labor relations with those employees represented by labor unions at Hanford are governed under a site stabilization agreement, which will expire when the D&D services at Hanford are complete. We have five separate collective bargaining agreements at Oak Ridge, three of which will expire on June 22, 2009, one of which will expire on February 1, 2010, and another of which will expire on April 1, 2011. Our collective bargaining agreement relating to the Paducah site will expire on July 31, 2010.

Properties

At June 30, 2008, we owned seven properties, leased 24 properties and operated one property pursuant to a long-term lease with the State of South Carolina. The following table provides summary information of our owned and leased real property, inclusive of renewal options:

Property	Segment	Use	Space	Lease Expiration
Owned				
Barnwell, South Carolina	LP&D	Materials processing and packing	1,719 acres	N/A
Clive, Utah	LP&D	Treatment and disposal facility	1,557 acres	N/A
Columbia, South Carolina	Commercial Services	Maintenance facility	16 acres	N/A
Kingston, Tennessee Gallaher Road	LP&D	Waste processing operations	79 acres	N/A
Memphis, Tennessee	LP&D	Waste processing operations	13 acres	N/A
Oak Ridge, Tennessee	LP&D	Metals manufacturing and fabrication	11 acres	N/A
Oak Ridge, Tennessee Bear Creek	LP&D	Waste processing operations	45 acres	N/A
Leased				
Aiken, South Carolina	Federal Services	General office space	1,625 sq ft.	1/31/2011
Albuquerque, New Mexico	Federal Services	General office space	6,000 sq ft.	10/31/2009
Brampton, Ontario	LP&D	General office space	14,202 sq ft.	2/28/2010
Brossard, Québec	LP&D	General office space	1,500 sq ft.	Monthly
Campbell, California	Federal Services and Commercial Services	General office space	5,570 sq ft.	12/31/2012
Columbia, South Carolina	Commercial Services	General office space	17,789 sq ft.	8/31/2013
Cumbria, United Kingdom	International	General office space	438 sq ft.	11/30/2008
Didcot Oxfordshire, United Kingdom	International	General office space	3,735 sq ft.	3/28/2010
Englewood, Colorado	Federal Services	Proposal center	10,683 sq ft.	9/30/2013

Germantown, Maryland	Federal Services	General office space	10,091 sq ft.	5/31/2009
Grand Junction, Colorado	Federal Services	General office space	550 sq ft.	2/28/2011
High Point, North Carolina	LP&D	General office space	288 sq ft.	Monthly
Idaho Falls, Idaho	Federal Services	General office space	7,035 sq ft.	4/30/2010
Laurel, Maryland	Federal Services and Commercial Services	General office space	41,364 sq ft.	12/31/2009
Los Alamos, New Mexico	Federal Services	General office space	6,471 sq ft.	3/31/2013
New Milford, Connecticut	Commercial Services	General office space	9,000 sq ft.	9/30/2009
Oak Ridge, Tennessee	Federal Services	General office space	4,127 sq ft.	3/30/2011
Oak Ridge, Tennessee	Commercial Services	General office space	10,571 sq ft.	6/30/2010
Oak Ridge, Tennessee Commerce Park	Federal Services and Commercial Services	General office space	23,891 sq ft.	3/31/2014
Richland, Washington	Federal Services and Commercial Services	General office space	38,500 sq ft.	9/30/2013
Salt Lake City, Utah	All	Corporate offices	36,578 sq ft.	12/31/2012
Wampum, Pennsylvania	Commercial Services	Alaron processing facility	2,125 sq ft.	Monthly
Washington, D.C.	Federal Services and Commercial Services	General office space	14,388 sq ft.	12/14/2009
Washington, D.C.	Federal Services and Commercial Services	General office space	5,035 sq ft.	9/30/2017
Operating Rights				
Barnwell, South Carolina	LP&D	Treatment and disposal facility	235 acres	4/5/2075

Legal Proceedings

We have engaged in discussions with Sogin, SpA, the Italian state-owned utility company, to provide D&D and radioactive materials management services in support of the clean-up of Sogin's nuclear facilities. Our pending license application with the NRC to import material from Italy, to process it at our facility in Tennessee and to dispose of a limited amount of the residual Class A material at our Clive facility in Utah has generated local and national expressions of opposition. We believe our license application is consistent with all applicable laws and regulations and with past practices. Moreover, the Italian material metals, paper and clothing is the same type of material that we handle every day from the domestic nuclear industry.

The NRC has issued numerous licenses over the past 10 years allowing the importation of LLRW to be processed and ultimately disposed at our Clive facility. Under these licenses, our Clive Facility has received Class A LLRW originating in Germany, Canada, France, Taiwan and the United Kingdom.

The States of Tennessee and Utah have confirmed to the NRC that the proposed Italian project is consistent with the licenses and permits issued by those states. However, the governor of the State of Utah announced on April 23, 2008, that he would send his representative to the May 8, 2008 meeting of the Northwest Compact, to vote against any proposal that would allow us to receive international waste at our Clive facility.

On May 5, 2008, we filed a declaratory judgment action in the U.S. District Court of Utah asking the court to declare that (i) the Northwest Compact does not have regulatory authority over our Clive facility, which is a private commercial facility rather than a regional facility created by the Northwest

Compact, (ii) the U.S. Constitution does not allow the Northwest Compact to discriminate between identical domestic and foreign materials handled at our Clive facility and (iii) any effort by the Northwest Compact to restrict our receipt of foreign LLRW is pre-empted by federal statutes and regulations.

At the Northwest Compact meeting on May 8, 2008, the representatives of the eight member states of the Northwest Compact unanimously adopted a clarifying resolution proposed by the Utah committee member, clarifying that the Northwest Compact has never adopted a resolution permitting us to receive international waste at our Clive facility. We continue to believe that the Northwest Compact does not have regulatory authority over our Clive facility, and that the U.S. Constitution and federal law do not permit the Northwest Compact, to prohibit us from receiving international waste at our Clive facility. We intend to vigorously prosecute this declaratory judgment action, but we do not believe we will be able to process and dispose of any radioactive materials contemplated by the Italian initiative during 2008.

In addition, on June 10, 2008, the State of Utah filed a timely petition with the NRC opposing issuance of our import and export licenses and requesting that the NRC conduct a hearing. Separately, on June 10, 2008, multiple organizations, most of which are from Tennessee, filed a petition that also opposes the licenses and requests that the NRC conduct a hearing in "Middle Tennessee." On July 10, 2008, we filed answers with the NRC opposing the petitions and hearing requests. The NRC is expected to decide whether or not to conduct a hearing in the near future.

Regulation

Applicable U.S. Statutes

We operate in a highly regulated industry, and are subject to extensive and changing laws and regulations administered by various federal, state and local governmental agencies, including those governing radioactive materials and environmental and health and safety matters. Some of the laws affecting us include, but are not limited to, the AEA, the Resource Conservation and Recovery Act of 1976, or RCRA, the Energy Reorganization Act of 1974, or ERA, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, the Hazardous Materials Transportation Act, the Uranium Mill Tailings Radiation Control Act, the Hazardous Waste Transportation Act, the Low-Level Radioactive Waste Policy Act, the Nuclear Waste Policy Act of 1982, or NWPA, the Utah Radiation Control Act, the Utah Air Conservation Act, the Utah Solid and Hazardous Waste Act, the Utah Water Quality Act, the Tennessee Radiological Health Service Act, the South Carolina Radiation Control Act, the South Carolina Radioactive Waste Transportation and Disposal Act, the Tennessee Solid Waste Disposal Act, the Federal Water Pollution Control Act, or the Clean Water Act, the Clean Air Act of 1970, as amended, or the Clean Air Act, the Toxic Substances Control Act of 1976, or TSCA, the Federal Insecticide, Fungicide and Rodenticide Act, the Oil Pollution Act of 1990 and the Occupational Safety and Health Act; each as from time to time amended.

The AEA and the ERA authorize the NRC to regulate the receipt, possession, use and transfer of radioactive materials, including "source material," "special nuclear material" and "by-product material." Pursuant to its authority under the AEA, the NRC has adopted regulations that address the management, treatment, and disposal of LLRW, and that require the licensing of LLRW disposal sites by NRC or states that have been delegated authority to regulate low-level radioactive material under Section 274 of the AEA. Nearly all of our nuclear related licenses are overseen by Agreement States (*i.e.*, a state to which the NRC has delegated some authority). Our primary regulators are government agencies of the States where our processing and disposal facilities are located, namely Utah, South Carolina and Tennessee.

RCRA, as amended by the Hazardous and Solid Waste Amendments of 1984, or HSWA, provides a comprehensive framework for the regulation of the generation, transportation, treatment, storage and

disposal of hazardous and solid waste. The intent of RCRA is to control hazardous and solid wastes from the time they are generated until they are properly recycled or treated and disposed. As applicable to our operations, RCRA prohibits improper hazardous waste disposal and imposes criminal and civil liability for failure to comply with its requirements. RCRA requires that hazardous waste generators, transporters and operators of hazardous waste treatment, storage, and disposal facilities meet strict standards set by government agencies. In certain circumstances, RCRA also requires operators of treatment, storage and disposal facilities to obtain and comply with RCRA permits. The Land Disposal Restrictions developed under the HSWA prohibit land disposal of specified wastes unless these wastes meet or are treated to meet Best Demonstrated Available Technology, or BDAT, treatment standards, unless certain exemptions apply. In the same way that the NRC may delegate authority under the AEA, the EPA may delegate some federal authority under RCRA to the states.

TSCA provides the EPA with the authority to regulate over 60,000 commercially produced chemical substances. The EPA may impose requirements involving manufacturing, record keeping, reporting, importing and exporting. TSCA also established a comprehensive regulatory program, analogous to the RCRA program for hazardous waste, for the management of polychlorinated biphenyls.

The Clean Water Act, regulates the discharge of pollutants into streams and other waters of the United States (as defined in the statute) from a variety of sources. If wastewater or runoff from our facilities or operations may be discharged into surface waters, the Clean Water Act requires us to apply for and obtain discharge permits, conduct sampling and monitoring and, under certain circumstances, reduce the quantity of pollutants in those discharges.

The Clean Air Act empowers the EPA and the states to establish and enforce ambient air quality standards and limits of emissions of pollutants from facilities. This has resulted in tight control over emissions from technologies like incineration, as well as dust emissions from locations such as waste disposal sites.

The processing, storage, and disposal of high-level radioactive waste (*e.g.*, spent nuclear fuel) are subject to the requirements of the NWPA, as amended by the NWPA Amendments. These statutes regulate the disposal of high-level radioactive waste by establishing procedures and schedules for the DOE to site geologic repositories for such waste, and such repositories are to be licensed by the NRC. The NRC has issued regulations that address the storage and disposal of high-level radioactive waste, including storage and transportation of such waste in dry casks and storage at Independent Spent Fuel Storage Installations.

Applicable U.K. Statutes

Through our subsidiary RSMC and our acquisition of Safeguard International Solutions Ltd, we are subject to extensive and changing laws and regulations in the United Kingdom. Some of the laws affecting us include, but are not limited to, the Nuclear Installations Act 1965, the Health and Safety at Work Act 1974, the Radioactive Substances Act 1993, or RSA 1993, the Environment Act 1995, the 2004 Energy Act and the Electricity Act 1989.

The Nuclear Installations Act 1965 governs the construction and operation of nuclear installations, including fuel cycle facilities, in the United Kingdom. The Health and Safety at Work Act 1974 governs Health Protection at those installations.

The RSA 1993 provides a comprehensive framework for the keeping and use of radioactive materials as well as accumulation and disposal of radioactive waste.

The Environment Act 1995 created the Environment Agency in England and Wales and the Scottish Environment Protection Agency, or SEPA. Under the Environment Act 1995, these agencies enforce environmental protection legislation including the RSA 1993.

The 2004 Energy Act established the NDA to ensure the decommissioning and clean-up of Britain's civil public sector nuclear sites including the sites operated by RSMC.

The U.S. Regulatory Environment

The State of Utah regulates our operations at our Clive disposal facility. Our Utah licenses include our Clive facility's primary radioactive materials license (UT2300249) and our 11e(2) by-product license (UT2300478), which is currently in timely renewal (which allows us to operate under the terms of our prior license until a new license is issued). Four different divisions of the Department of Environmental Quality regulate this facility with approximately 14 employees devoted to the facility. The Division of Radiation Control, or DRC, and the Division of Solid and Hazardous Waste regulate our ability to receive LLRW, NORM/NARM, 11e(2) and MLLW. Additionally, the Division of Water Quality and the Division of Air Quality also regulate the facility. The site is inspected daily to ensure strict compliance with all Utah regulations. The DRC also requires us to provide financial assurance for the decommissioning or "closure" of our Clive facility, including areas that are closed on an ongoing basis. The adequacy of the funding provided is reviewed annually to assure that adequate financial resources are set aside and maintained to fund any required on-site clean-up activities. Finally, we also maintain nine Tooele County, Utah Conditional Use Permits for the facility.

The South Carolina Department of Health and Environmental Control, or DHEC, regulates our South Carolina operations through multiple groups, including the Division of Waste Management, the Bureau of Air Quality, and the Bureau of Water. Our licensed operations in South Carolina include the Barnwell disposal facility (the license is currently in timely renewal), the Calibration Laboratory, the Nuclear Services Support Facility, the Barnwell Environmental and Dosimetry Lab and the Chem-Nuclear Systems, Service Operations Division. The DHEC has staff specifically devoted to the regulation of our facilities which continually inspects us and assures that we fully comply with all regulations. We lease the Barnwell site from the State of South Carolina and under the terms of the Atlantic Compact. As part of that lease and as part of its regulatory oversight, South Carolina requires us to contribute to a long-term care fund for the site and maintain decommissioning or closure assurance. Since July 1, 2008, the Barnwell facility only can accept waste generated in the Atlantic Compact States of Connecticut, New Jersey and South Carolina.

The Tennessee Department of Environment and Conservation, or TN DEC, regulates our Tennessee operations. Multiple groups within the TN DEC regulate our operations including the Division of Radiological Health, the Division of Solid Waste Management and the Division of Water Pollution Control. The TN DEC has staff that continually oversees our facilities and also requires each facility to provide decommissioning assurance. Several of our Tennessee licenses are currently in timely renewal.

When we engage in the transportation of hazardous/radioactive materials, we are subject to the requirements of the Hazardous Materials Transportation Act, as amended by the Hazardous Materials Transportation Uniform Safety Act. Pursuant to these statutes, the United States Department of Transportation regulates the transportation of hazardous materials in commerce. Our wholly-owned subsidiary, Hittman, is our primary shipping operation. Shippers and carriers of radioactive materials must comply with both the general requirements for hazardous materials transportation and with specific requirements for the transportation of radioactive materials. Many states also regulate our shipping business including California, Colorado, Florida, Georgia, Idaho, Massachusetts, New Jersey, New York, Oregon and Pennsylvania.

We are also regulated by the federal government including by the NRC and EPA. The NRC regulates us regarding the certification of casks used to transport waste and regarding operations in non-Agreement States. We have multiple current Certificates of Compliance, or CoCs, which allow us to manufacture and sell radioactive material packages for the storage and transportation of radioactive material, including dry casks for spent nuclear fuel. These CoCs permit the use of these packages by

third parties as well as for our own transportation needs. The NRC requires us to maintain a Quality Assurance program associated with these CoCs. Furthermore, the NRC regulates several nuclear materials licenses which facilitate our work at worksites other than those located in South Carolina, Tennessee or Utah. These licenses do not have any decommissioning requirements.

To the extent we engage in the storage, processing, or disposal of mixed waste, the radioactive components of the mixed waste are subject to NRC regulations promulgated under the AEA. The EPA, under RCRA, regulates the hazardous components of the waste. To the extent that these regulations have been delegated to the states, the states may also regulate mixed waste.

Under RCRA, wastes are classified as hazardous either because they are specifically listed as hazardous or because they display certain hazardous characteristics. Under current regulations, waste residues derived from listed hazardous wastes are considered hazardous wastes unless they are delisted through a formal rulemaking process that may last a few months to several years. For this reason, waste residue that is generated by the treatment of listed hazardous wastes, including waste treated with our vitrification technologies, may be considered a hazardous waste without regard to the fact that this waste residue may be environmentally benign. Full RCRA regulation would apply to the subsequent management of this waste residue, including the prohibition against land disposal without treatment in compliance with BDAT. In some cases, there is no current technology to treat mixed wastes, although EPA policy places these wastes on a low enforcement priority. Our ownership and operation of treatment facilities also exposes us to potential liability for clean-up of releases of hazardous wastes under RCRA.

Operators of hazardous waste treatment, storage and disposal facilities are required to obtain RCRA Part-B permits from the EPA or from states authorized to implement the RCRA program. We have developed procedures to ensure compliance with RCRA permit provisions at our Bear Creek facility, including procedures for ensuring appropriate waste acceptance and scheduling, waste tracking, manifesting and reporting and employee training.

CERCLA effectively imposes strict, joint and several retroactive liabilities upon owners or operators of facilities where a release of hazardous substances occurred, the parties who generated the hazardous substances released at the facilities and parties who arranged for the transportation of hazardous substances to these facilities.

Because we own and operate vitrification, storage, incineration and metal processing facilities, we are exposed to potential liability under CERCLA for releases of hazardous substances into the environment at those sites. If we use off-site storage or disposal facilities for final disposition of the glass and other residues from our vitrification, incineration and other treatment processes, or other hazardous substances relating to our operations, we may be subject to clean-up liability under CERCLA, and we could incur liability as a generator of these materials or by virtue of having arranged for their transportation and disposal to such facilities. We have designed our processes to minimize the potential for release of hazardous substances into the environment. In addition, we have developed plans to manage and minimize the risk of CERCLA or RCRA liability by training operators, using operational controls and structuring our relationships with the entities responsible for the handling of waste materials and by-products.

Certain of our facilities are required to maintain permits under the Clean Water Act, the Clean Air Act and corresponding state statutes. The necessity to obtain such permits depends upon the facility's location and the expected emissions from the facility. A state may require additional state licenses or approvals. Further, many of the federal regulatory authorities described in this section have been delegated to state agencies; accordingly, we hold the required licenses, permits and other approvals from numerous states.

We believe that our treatment systems effectively trap particulates and prevent hazardous emissions from being released into the air, the release of which would violate the Clean Air Act.

However, our compliance with the Clean Air Act may require additional emission controls and restrictions on materials stored, used and incinerated at existing or proposed facilities in the future.

Many of the government agencies overseeing our operations require us to regularly monitor the impacts of our operations on the environment, and to periodically report the results of such monitoring. The costs associated with required monitoring activities have not been, and are not expected to be, material. In complying with existing environmental regulations in past years, we have not incurred material capital expenditures. We do not expect to incur material capital expenditures in future periods. However, we could be required to remediate any adverse environmental conditions discovered in the future.

OSHA provides for the establishment of standards governing workplace safety and health requirements, including setting permissible exposure levels for hazardous chemicals that may be present in mixed wastes. We must follow OSHA standards, including the preparation of material safety data sheets, hazardous response training and process safety management, as well as various record-keeping disclosure and procedural requirements. The NRC also has set regulatory standards for worker protection and public exposure to radioactive materials or wastes that we adhere to. See " Safety."

The Northwest Compact has asserted authority over our Clive facility and restrictions over our ability to import foreign LLRW for disposal at the facility. We have filed for a declaratory judgment action in the U.S. District Court in Utah seeking an order that the Northwest Compact does not have jurisdictional or regulatory authority over our Clive facility and that the Northwest Compact may not discriminate between domestic and foreign materials. See " Legal Proceedings."

The U.K. Regulatory Environment

Through our subsidiary RSMC, we hold the contracts and licenses to operate and decommission 22 reactors at 10 sites in the United Kingdom. Four of these reactors are operating and 18 are in various stages of decommissioning. Approximately 3,000 employees in the United Kingdom operate these sites and are subject to the U.K. regulatory environment. Through our acquisition of Safeguard International Solutions Ltd., we also have other operations in the United Kingdom that are also subject to this regulatory environment.

The Health and Safety Executive, or HSE, is responsible for licensing nuclear installations. The HM Nuclear Installations Inspectorate, or NII, which is part of the Nuclear Directorate of the HSE, ensures that nuclear installations comply with all statutory safety requirements. The NII staff regularly inspects our facilities to confirm that the relevant licensing requirements are met throughout the life of the facility, including decommissioning.

The Environment Agency in England and Wales and SEPA in Scotland have extensive powers and statutory duties to improve and protect the environment across England, Wales and Scotland. The Environmental Protection Directorate of the Environmental Agency regularly inspects and regulates our facilities in England and Wales to confirm compliance with regulations regarding radioactive substances, integrated pollution control, waste regulation and water quality. SEPA fulfills a similar function in Scotland. Memoranda of Understanding between the Environment Agency/SEPA and the HSE facilitate effective coordination between the multiple agencies regarding overlapping functions.

Under the Energy Act 2004, the NDA was given responsibility for the operation, clean-up and decommissioning of 20 civic public sector nuclear sites, including reactor facilities used for the storage, disposal or treatment of hazardous material. We are operating or decommissioning 22 of the reactors for the NDA at these sites. Accordingly, we serve as a prime contractor for the NDA.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the names and ages of our directors, executive officers and a director nominee. The descriptions below include each such person's service as a board member of us and our predecessors.

Name	Age	Position
R Steve Creamer	56	Chairman and Chief Executive Officer
Alan E. Goldberg	53	Director
Robert D. Lindsay	53	Director
Lance L. Hirt	40	Director
Andrew S. Weinberg	34	Director
Robert J.S. Roriston	48	Director
Jordan W. Clements	51	Director
J.I. Everest, II	51	