

CONVERDYN *News Wire* – FEBRUARY 2004

An up-to-date information bulletin on the nuclear fuel cycle

Our Mission: We will be the premier provider of nuclear fuel cycle services with customer satisfaction as our primary focus – Unique, Innovative and Successful.

February 13, 2004

UPDATE ON METROPOLIS UF₆ OPERATIONS

Representatives from Honeywell Specialty Materials management and the Metropolis plant met with the senior staff of the Nuclear Regulatory Commission (NRC) on February 11, 2004 to provide a report on the plan to resume UF₆ production along with Honeywell's assessment of the December 22, 2003 UF₆ release. The meeting was open to the public.

Honeywell and the NRC agreed that while the December incident had no safety, environmental or public health impacts, and that UF₆ production should resume as soon as possible, future safe operations is of utmost concern. In this regard Honeywell presented a short term action plan that must be completed prior to re-start along with a long term plan to address other issues. Root cause analysis combined with Metropolis plant and corporate reviews as well as input from outside consultants identified the following seven areas as key to the short term plan: Emergency Response, Policies and Procedures, Training, Management of Change, Mechanical Integrity, Engineering Controls and Corrective Actions & Auditing.

While an actual start up date was not proposed, Honeywell anticipates that the start up process could begin as early as mid-March 2004 if all items are completed in a timely manner and the NRC determines that the plant is safe to start; however, this timing cannot be assured. A Readiness Assessment will be conducted with NRC oversight to ensure a smooth and safe start up of UF₆ operations.

ConverDyn continues to explore avenues such as delivery deferrals, purchase of conversion services and loans of UF₆ to try to minimize the impact of this shutdown on deliveries to customers and enrichers. ConverDyn greatly appreciates the cooperation extended by its customers and suppliers in dealing with this situation.

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In order to keep our customers, suppliers and friends current on important timely topics that require immediate communication – we send out the ConverDyn News Wire periodically. Comments and suggestions are welcomed as always