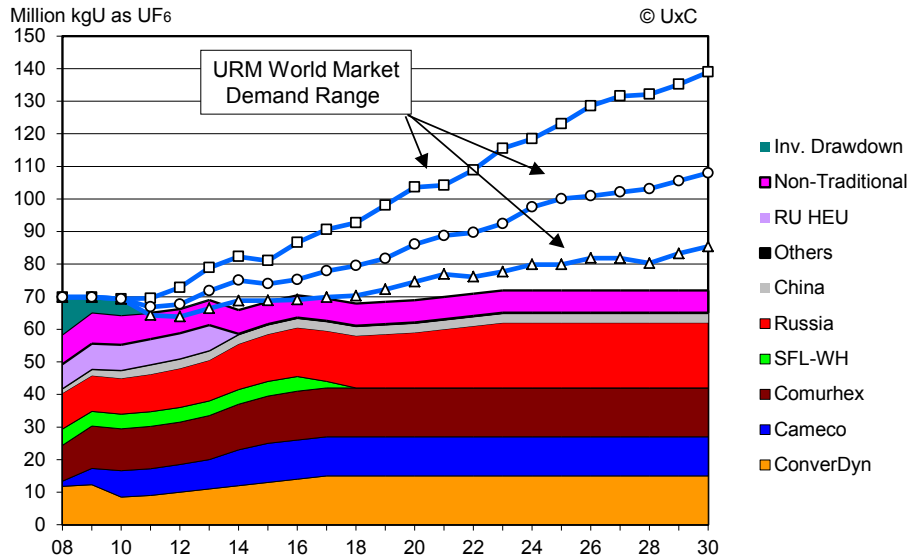




Conversion: Back from the Brink?

Critical Link from U to SWU

From 2003 to 2005, spot conversion prices increased 150% in the wake of the Metropolis plant shutdown, a strike at Port Hope, TENEX's termination of the HEU feed contract with GNSS, and the announced shutdown of the Springfield plant. Since then, North American plants came back online, TENEX supplied replacement contracts, and Cameco and entered into an agreement to extend Springfield's output for ten years. Demand for conversion also fell as utilities opted for lower tails assays in an environment with substantially higher feed prices. Does this mean we are out of the woods?



A current base case supply and demand scenario for the world conversion market, 2008-2030.



Fuel managers need to understand the picture for global conversion supply and demand

Recent CMO Essays Include:

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- Update on UF₆ Transportation Issues
- Growing Regional Conversion Imbalance

Not exactly. The market is expected to be vulnerable over the next decade as inventories have been worked down to low levels following recent supply disruptions. More recently, however, additional problems continue to appear in the conversion market, such as an extended outage at Port Hope and a labor dispute at Metropolis. HF, transportation packaging, and various other production costs have increased. Additionally, new investment must be made in conversion capacity given the loss of secondary UF₆ supplies from the end of the Russian HEU Deal. Thus, the market is clearly in a transition phase, with important implications for buyers and sellers alike.

Conversion Market Analysis

UxC's *Conversion Market Outlook* (CMO) report addresses all of these events and provides a thorough supply-demand analysis and price forecast for

conversion services. In addition to market analysis, contracting review, and price forecasts, the annual report also includes a topical essay. Also included with the CMO report package are monthly updates via email to UxC's proprietary leading conversion spot price indicator system for one year, and a mid-year market update report.

The CMO report is available as a single report or as part of a larger package. Please contact Eric Webb for pricing details at eric.webb@uxc.com or via phone at +1-770-642-7745. Additional information about this report and associated services that accompany a subscription can be found on our public website at:

http://www.uxc.com/products/rpt_cmo.aspx

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