

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name **2** Issuer's employer identification number (EIN)

Centrus Energy Corp. **52-2107911**

3 Name of contact for additional information **4** Telephone No. of contact **5** Email address of contact

Don Hatcher **(301) 564-3460**

6 Number and street (or P.O. box if mail is not delivered to street address) of contact **7** City, town, or post office, state, and Zip code of contact

6901 Rockledge Drive, Suite 800 **Bethesda, MD 20817**

8 Date of action **9** Classification and description

February 14, 2017 **SEE ATTACHED**

10 CUSIP number **11** Serial number(s) **12** Ticker symbol **13** Account number(s)

SEE ATTACHED **LEU**

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **SEE ATTACHED STATEMENT**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **SEE ATTACHED STATEMENT**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **SEE ATTACHED STATEMENT**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED STATEMENT

18 Can any resulting loss be recognized? ▶ SEE ATTACHED STATEMENT

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE ADJUSTMENTS TO BASIS WOULD BE TAKEN INTO ACCOUNT IN THE TAX YEAR OF THE HOLDER DURING WHICH THE TRANSACTION DATE OCCURRED (I.E., FEBRUARY 14, 2017).

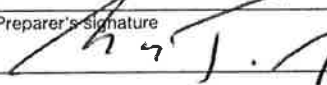
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 3/30/17

Print your name ▶ Stephen S. Greene Title ▶ SVP, CFO and Treasurer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
<u>Stephen Tarrant</u>		<u>3/23/17</u>		<u>P00645933</u>
Firm's name ▶	Firm's address ▶		Firm's EIN ▶	Phone no.

Centrus Energy Corp.
FEIN: 52-2107911
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any note holder's specific circumstances. Note holders are urged to consult their own tax advisors regarding U.S. tax consequences of the transaction described herein and the impact to tax basis resulting from the transaction.

Centrus Energy Corp.
FEIN: 52-2107911
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

Form 8937, Part I, Lines 9 and 10

<u>Debt Instruments Exchanged</u>	<u>CUSIP</u>
\$240.4 Million 8% PIK Toggle Notes due 2019/2024 (“Outstanding Notes”)	15643UAA2
\$74.3 Million 8.25% Senior Secured Notes due 2027 (“New Notes”)	15643UAB0

Form 8937, Part II, Line 14

On February 14, 2017 (the “Transaction Date”), Centrus Energy Corp. (the “Company”) announced via a press release (the “Press Release”) the settlement and completion of its previously announced private exchange offer to exchange any and all of the Company’s 8.0% PIK toggle notes due 2019/2024 (*i.e.*, the Outstanding Notes) for the consideration described below. On the Transaction Date, approximately 87.4% of the holders of the Outstanding Notes exchanged their interests in the Outstanding Notes for the following forms of consideration, in aggregate (the “Exchange”):¹

- \$74.3 million aggregate principal amount of 8.25% senior secured notes due 2027 (*i.e.*, New Notes);
- \$104.6 million liquidation amount of 7.5% cumulative redeemable preferred stock in the Company (the “Preferred Stock”); and
- \$27.6 million cash.

For each \$1,000 principal amount of Outstanding Notes tendered, eligible holders received (a) \$362.36 principal amount of New Notes, (b) \$509.75 liquidation preference of Preferred Stock, and (c) \$127.89 in cash. For each \$1,000 principal amount of Outstanding Notes validly tendered on or prior to the Early Tender Date, holders received an additional cash payment of \$7.50.

For more information related to the Exchange, please see the Form 8-K filed with the Securities and Exchange Commission on February 15, 2017, which can be found at the following address:

¹ All capitalized terms not otherwise defined in this disclosure have the same meaning as those defined terms in the Press Release.

Form 8937, Part II, Line 15

Effect on Basis to U.S. Holders

As a result of the Exchange, each holder of the Outstanding Notes that participated in the Exchange by surrendering their interest in the Outstanding Notes received New Notes, Preferred Stock, and cash as described above. A “U.S. Holder” means a beneficial owner of the Outstanding Notes, that is: (a) an individual citizen or resident of the United States for U.S. federal income tax purposes; (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (d) a trust (i) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

Effect on Basis to U.S. Holders if the Exchange Constitutes a Reorganization

The U.S. Federal income tax consequences of the Exchange will depend, in part, on the extent to which the Outstanding Notes surrendered and the New Notes issued constitute “securities” for U.S. federal income tax purposes. If the Outstanding Notes are securities, the receipt of New Notes and Preferred Stock by holders of Outstanding Notes may qualify as a recapitalization for U.S. federal income tax purposes, which is a type of reorganization described in Section 368(a) of the Internal Revenue Code (the “Code”), so long as either the New Notes constitute securities or the Preferred Stock does not constitute nonqualified preferred stock (“NQPS”) within the meaning of Section 351(g) of the Code. Treatment as a recapitalization generally serves to defer the recognition of any gain or loss by the holder of the instrument. A U.S. Holder of a note that received consideration in exchange for such note as part of a reorganization generally would not recognize gain or loss unless the holder also received cash or other non-qualifying property in the exchange. In such a case, the holder generally would recognize gain (but not loss) on the exchange, up to an amount equal to the lesser of gain realized on the exchange or the fair market value (“FMV”) of the other non-qualifying property received (including cash). In addition, notwithstanding that the exchange is otherwise part of a tax-free reorganization, a U.S. Holder will recognize interest income to the extent of any exchange consideration allocable to accrued but unpaid interest not previously included in income.

In the case of the Exchange, if: (i) each of the Outstanding Notes and New Notes constitute securities for U.S. federal income tax purposes; (ii) the Preferred Stock is not NQPS; and (iii) the Exchange qualifies as a reorganization, a U.S. Holder of Outstanding Notes surrendered in the Exchange should generally recognize gain (but not loss), only to the extent of the lesser of gain realized or the cash received in the Exchange. However, if either (i) the New Notes do not constitute securities, or (ii) the Preferred Stock is NQPS, then a holder's receipt of New Notes or Preferred Stock may constitute the receipt of non-qualified property and additional gain may be recognized. If both (i) and (ii) above are true, the Exchange would not qualify as a reorganization and would be fully taxable to a U.S. Holder (see below).

A U.S. Holder's tax basis in stock and/or securities received in exchange for a security (apart from any portion thereof allocable to interest) in the case where the exchange is a reorganization under Section 368(a) of the Code generally will equal such holder's adjusted tax basis in the stock or securities surrendered, less the amount of cash and the FMV of any other non-qualifying property received, plus the amount of gain or interest income recognized by the holder. Additionally, the holding period in such stock and/or securities received (apart from any portion thereof allocable to interest) should include the holding period in the stock or securities surrendered, except to the extent of any consideration received in respect of accrued but unpaid interest. A U.S. Holder's tax basis in other property received generally will be such property's FMV as of the Effective Date, and the holder's holding period for such other property generally will begin on the date after the day of receipt.

If the Exchange constitutes a Section 368(a) reorganization, a U.S. Holder's tax basis in New Notes and Preferred Stock received, assuming the New Notes constitute securities and the Preferred Stock is not NQPS, should be equal to such U.S. Holder's tax basis in the Outstanding Notes surrendered, decreased by the amount of cash and non-qualifying property received, and increased by the amount of gain recognized on the Exchange. If either the New Notes do not constitute securities or the Preferred Stock is NQPS, such property received will generally be treated as non-qualifying property and not as stock or securities received in a tax-free reorganization. A U.S. Holder's tax basis in other property received generally will be such property's FMV as of the Transaction Date, and the holder's holding period for such other property generally will begin on the date after the day of receipt.

Effect on Basis to U.S. Holders if Exchange Does Not Constitute a Reorganization

If the Outstanding Notes are not securities for U.S. federal income tax purposes, the receipt of New Notes, Preferred Stock, and cash by U.S. Holders of Outstanding Notes will be a fully taxable transaction and such holder will generally recognize gain or loss in an amount equal to the difference, if any, between (i) the aggregate FMV of New Notes, Preferred Stock, and cash

received in the Exchange, and (ii) the U.S. Holder's adjusted tax basis in the Outstanding Notes surrendered.

A U.S. Holder's tax basis in the property received in a taxable exchange generally will be equal to the FMV of such property. A U.S. Holder's holding period in the property would begin on the day after the day of receipt.

All U.S. Holders that participated in the Exchange should consult their individual tax advisors, based on their particular circumstances, to determine the tax consequences of the Exchange to them.

Form 8937, Part II, Line 16

To the extent that the Outstanding Notes exchanged constituted a security for U.S. federal income tax purposes and the Exchange constituted a reorganization pursuant to Section 368(a) of the Code, a U.S. Holder's aggregate tax basis in the New Notes received, to the extent the New Notes also constitute securities, and in the Preferred Stock received, to the extent the Preferred Stock is not NQPS, in respect of its Outstanding Notes will generally equal such U.S. Holder's aggregate tax basis in its Outstanding Notes surrendered at the time of the Exchange, increased by any gain recognized and decreased by any cash or non-qualifying property received. Section 358 of the Code, and the regulations thereunder, require allocation of the adjusted basis in proportion to the relative FMV of the property received as of the Transaction Date. Accordingly, the relative tax basis allocated to the New Notes and Preferred Stock received in the Exchange, to the extent both the New Notes and Preferred Stock constitute stock and/or securities, should be based on the relative FMV of the New Notes and Preferred Stock received. The adjusted basis allocated to the Preferred Stock is then divided by the number of shares received to determine the per-share basis in the Preferred Stock.

Fair Market Value:

Based on a determination of the value of consideration issued in the Exchange on February 14, 2017, Company management asserts that the FMV of the New Notes as of the Transaction Date was 94% of par value and the FMV of the Preferred Stock was \$52.13 per share.

The tax basis of any non-qualifying property received by U.S. Holders in the Exchange (*e.g.*, cash, New Notes that do not constitute securities, or Preferred Stock that is NQPS) would equal the FMV of the non-qualifying property received.

To the extent the Outstanding Notes did not constitute a security and the Exchange does not qualify as a reorganization, the tax basis of any consideration received by a U.S. Holder of the Outstanding Notes under the Exchange would equal its FMV.

All U.S. Holders that participated in the Exchange should consult their individual tax advisors, based on their particular circumstances, to determine the tax consequences of the Exchange to them.

Form 8937, Part II Line 17

If the Outstanding Notes are securities:

354(a)
356
358
368(a)(1)(E)
1223

If the Outstanding Notes are not securities:

1001
1012

Form 8937, Part II Line 18

The Exchange generally should not result in a recognizable loss to U.S. Holders of Outstanding Notes to the extent the Outstanding Notes constitute securities for U.S. federal tax purposes, either the New Notes constitute securities or the Preferred Stock is not NQPS, and the Exchange qualifies as a tax-free reorganization pursuant to Section 368(a) of the Code. To the extent Outstanding Notes do not constitute securities, the Exchange would result in a recognizable loss to a holder to the extent the tax basis in their Outstanding Notes surrendered exceeds the FMV of the cash and other consideration received in exchange therefor. Holders of the Outstanding Notes should consult their individual tax advisors to determine the tax consequences of the Exchange to them.