EnergySolutions, Inc.
Form 10-K
March 31, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

Or
.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-33830
EnergySolutions, Inc.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware<br>(State or Other Jurisdiction of Incorporation or Organization) | 51-0653027<br>(I.R.S. Employer Identification Number) |
| 423 West 300 South, Suite 200<br>Salt Lake City, Utah<br>(Address of principal executive offices) | 84101<br>(Zip Code) |

Registrant’s telephone number, including area code: (801) 649-2000
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ý
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ý No o
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| Large accelerated filer o | Accelerated filer o | Non-accelerated filer ý | Smaller reporting company o |
|---|---|---|---|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ý

As of March 31, 2014, there were 100 shares of the registrant's common stock outstanding all of which were owned by Rockwell Holdco, Inc. the registrant's parent holding company. The registrant's common stock is not publicly traded.

ENERGYSOLUTIONS, INC.
ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended December 31, 2013


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GLOSSARY OF DEFINED TERMS

The following defined terms are used throughout this Annual Report on Form 10-K.

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| ABR | Alternate Base Rate |
| AEA | Atomic Energy Act of 1954, as amended |
| ARO | Asset Retirement Obligation |
| ARRA | American Recovery and Reinvestment Act |
| ASX | Autosampling Pneumatic Transfer System |
| BNGA | BNG America, LLC |
| CERCLA | Comprehensive Environmental Response, Compensation and Liability Act of 1980 |
| CSR | Comprehensive Spending Review |
| D&D | Decontamination and Decommissioning |
| DOD | U.S. Department of Defense |
| DOE | U.S. Department of Energy |
| ECP | Energy Capital Partners |
| EPA | U.S. Environmental Protection Agency |
| ETTP | East Tennessee Technology Park |
| ERA | Energy Reorganization Act of 1974 |
| ESEU | EnergySolutions EU Limited |
| ESPS | EnergySolutions Performance Strategies |
| HBPP | Humboldt Bay Power Plant |
| HSWA | Hazardous and Solid Waste Amendments of 1984 |
| ISFSI | Independent Spent Fuel Storage Installations |
| LANL | Los Alamos National Laboratory |
| LIBOR | London Interbank Offer Rate |
| LLRW | Low-Level Radioactive Waste |
| LP&D | Logistics, Processing and Disposal |
| M&O | Management and Operation |
| MLLW | Mixed Low-Level Waste |
| MODP | Magnox Optimized Decommissioning Program |
| NDA | U.K. Nuclear Decommissioning Authority |
| NDT | Nuclear Decommissioning Trust |
| NORM | Naturally Occurring Radioactive Material |
| NNPP | Navy Nuclear Propulsion Program |
| NNS | Newport News Shipbuilding |
| NSSF | Nuclear Support Services Facility |
| NRC | Nuclear Regulatory Commission |
| NWPA | Nuclear Waste Policy Act of 1982 |
| NYSE | New York Stock Exchange |
| ONR | Office of Nuclear Regulation |
| ORNL | Oak Ridge National Laboratory |
| OSHA | Occupational Safety and Health Administration |
| OSSC | On-site Shield and Storage Containers |
| RCRA | Resource Conservation and Recovery Act of 1976 |
| REA | Request for Equitable Adjustment |
| RFP | Request for Proposal |
| RSA 1993 | Radioactive Substances Act 1993 |
| SAFSTOR | Safe Storage (nuclear plant in retirement) |

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| SEC | U.S. Securities and Exchange Commission |
| SEPA | Scottish Environment Protection Agency |

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|---|---|
| SGLA | Steam Generator Lower Assemblies |
| SONGS | San Onofre Nuclear Generation Station |
| SRS | Savannah River Site |
| TDEC | Tennessee Department of Environment and Conservation |
| TEPCO | Tokyo Electric Power Company |
| THOR | Thermal Organic Reduction |
| TSCA | Toxic Substances Control Act |
| WCS | Waste Control Specialists LLC |
| WRPS | Washington River Protection Solutions LLC |
| Y-12 | Y-12 National Security Complex |

This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. Many of the forward-looking statements are located in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predic and similar terms. Forward-looking statements are not guarantees of future performance and the Company’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsection entitled “Risk Factors” under Part I, Item 1A of this Form 10-K. We undertake no obligation to revise or update any forward-looking statements for any reason, except as required by law.

References herein to “EnergySolutions,” the “Company,” “we,” “us” or “our” refer to EnergySolutions, Inc. and its consolidate subsidiaries unless the context otherwise requires.

PART I

Item 1. Business

Overview

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

We derive almost 100% of our revenue from the provision of nuclear services, and we believe that virtually every company or organization in the United States ("U.S.") that holds a nuclear license uses our services or facilities, directly or indirectly. Our government customers include the U.S. Department of Energy ("DOE"), U.S. Department of Defense ("DOD") and United Kingdom ("U.K.") Nuclear Decommissioning Authority ("NDA"). Our commercial customers include many of the largest owners and operators of nuclear power plants in the U.S., including 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 that own and/or operate 84 of the 104 operating nuclear reactors in the U.S. Under these life-of-plant contracts, we have typically agreed to process and dispose of substantially all Class A LLRW and mixed low-level waste ("MLLW") generated by our customers' 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 with research reactors, industrial facilities, and other commercial facilities.

We operate strategic facilities designed for the safe processing and disposal of radioactive materials, including a facility in Clive, Utah, four facilities in Tennessee, two facilities in Barnwell, South Carolina and one facility in Brampton, Ontario Canada. According to the U.S. Government Accountability Office, our facility in Clive, Utah is the largest privately owned Class A LLRW disposal site in the U.S. and currently handles over 95% of all commercial Class A LLRW disposal volume in the country. We estimate that Class A LLRW accounts for more than 90% of the volume but less than 1% of the radioactivity of all radioactive by-products. We also manage ten sites in the U.K. with 22 reactors for the NDA, of which 1 is currently operating and producing electricity and 21 are in various stages of decommissioning. We have a comprehensive portfolio of nuclear processing technology and know-how, supported by approximately 167 patents that we own or are licensed to use. As of December 31, 2013, we had more than 4,950 employees, including more than 810 scientists and engineers and 280 radiation and safety professionals. Approximately 2,600 of our employees are located at the ten sites we manage in the U.K. We also manage approximately 200 employees at various DOE sites. We have also received multiple awards for our safety record.

Our Segments

EnergySolutions is a solution-oriented company that helps its customers solve the complex challenges posed by the management and use of hazardous and nuclear materials. We provide a broad range of nuclear services to government and commercial customers through four major operating groups: Projects; Products; Logistics, Processing and Disposal ("LP&D") and International. When a project involves the provision of specialized on-site nuclear services as well as processing and disposal services and depending on the type of customer, our Projects and Products groups coordinate with our LP&D group to provide those specialized services. We actively seek to minimize contract risk across the groups and, in 2013, approximately 92% of our revenue was derived from cost-reimbursable or unit-rate contracts.

Projects Group

Our Projects Group provides a wide range of services in the following markets:

Government

We derive revenue from U.S. government customers for the management and operation ("M&O") of DOE facilities and the clean-up of sites and facilities under the federal government's control that are contaminated by hazardous or radioactive materials. The services we provide to our government customers include the on-site characterization, processing, sorting, segregation, packaging, transportation, management and disposal of classified and unclassified solid and liquid transuranic, LLRW, MLLW and other special wastes. Our licensed technologies are used for the processing of high-level radioactive waste, and as a result, we participate as part of consortia that manage the nation's high-level radioactive waste inventories at a number of government sites. Our government projects are divided into four regional organizations (Northwest, Eastern, Southeast and Southwest) and three national organizations (Navy Decommissioning Programs, Engineered Systems and Technology Projects and Management Consulting).

Our government projects include the development of processes, 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 revenue from the provision of D&D, processing and disposal services to the DOD, including the environmental restoration of contaminated federal sites, the decontamination of classified equipment, and the decontamination and recycling of materials for re-use in nuclear applications. We also manage site operations of federal facilities as part of a number of our contracts.

Our government projects involve providing customized waste management solutions, D&D of high hazard nuclear facilities, environmental remediation of federal sites contaminated by hazardous and radiological waste, and the deployment of our engineering and technology-based expertise to meet these kinds of challenges throughout the federal government. Our primary emphasis to date has been for the clean-up of sites at major DOE facilities, such as the Hanford site in Richland, Washington; Oak Ridge National Laboratory in Oak Ridge, Tennessee; Savannah River Site near Aiken, South Carolina; Idaho National Lab in Idaho Falls, Idaho and Los Alamos National Laboratory in Los Alamos, New Mexico. Our contract role for government customers is either under Tier 1 or Tier 2 subcontract arrangements. Under a Tier 1 contract, we typically provide services as an integrated member of a prime contract team either as a joint venture owner or as an integrated team subcontractor. Where we act as part of a Tier 1 team under a prime contract with the DOE, our employees often work alongside with and manage dedicated employees at the site who are employed by the Tier 1 contractor for the duration of the prime contract and who are covered by local benefit packages. Under a Tier 2 subcontract arrangement, we provide services to Tier 1 contractors on a subcontracted basis. Our government customers have in the past and may in the future account for a significant portion of our revenue. We assumed voting control over two joint ventures at the request of the DOE during 2007 and 2008, respectively. Consolidation of these joint ventures added $38.9 million to our Government projects revenue in 2011. In March 2011, we completed construction activities at one of our consolidated joint ventures and in December 2011 we acquired 100% ownership of the other one. While in the past our primary focus was on the DOE, we began to target additional government markets that have work scopes that align with our core competencies.

Our government projects are highly customized to our customers' specific needs and the technical challenges posed at those customers' sites. The following are examples of our Government projects 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. In 1989, the DOE, the U.S. Environmental Protection Agency ("EPA"), and the Washington State Department of Ecology signed the Tri-Party Agreement, which established milestones for the clean-up of the Hanford site. Currently, the DOE is shifting a portion of the use of the site from inactive storage to waste characterization, treatment, storage and disposal operations. Massive plants are being designed and built either to vitrify the waste at the Hanford site or to contain it in blocks of concrete grout. About 300 contaminated buildings are slated for clean up, and a radioactive waste packaging program is expected to continue until the Hanford site clean-up is complete.

On May 29, 2008, we won the contract for the management of all high-level waste systems at Hanford as part of the Washington River Protection Solutions LLC ("WRPS") team. WRPS has the responsibility to safely manage approximately 53 million gallons of radioactive and chemical waste until it can be prepared for disposal. This is one

of the largest and most complex environmental cleanup projects undertaken by the DOE. The waste, stored in 177 underground tanks near the center of the Hanford site, will be vitrified into glass logs in a treatment plant that is currently under construction. WRPS will also be responsible for safely storing the treated waste until permanent disposal facilities become available. Under separate agreements,

we also provide management and technical services as a subcontractor to other prime contractors at the Hanford site. For example, our technology for the vitrification of high-level waste has been licensed to the DOE, and it has been selected as the baseline technology for the project. We designed the vitrification system for the high-level waste treatment plant, and we continue to provide engineering, research, and testing services to the DOE for their work at the site.

We also provide environmental services to the Hanford Site for the investigation and characterization of contaminants in the soils beneath the radioactive waste storage tanks and other waste storage facilities on the Hanford Site. Specialized equipment and tooling developed by EnergySolutions is being deployed to obtain this environmental data, which is used to support the development of cleanup and interim waste site stabilization strategies.

Oak Ridge Operations — The DOE has three separate and distinctive operations within the city of Oak Ridge, Tennessee. These are the Y-12 National Security Complex ("Y-12"), the East Tennessee Technology Park ("ETTP"), and the Oak Ridge National Laboratory ("ORNL"). ORNL, one of the DOE's largest science and energy laboratories, was established in 1943 as a part of the Manhattan Project, and has been managed since April 2000 by a partnership of the University of Tennessee and Battelle Memorial Institute.

We have provided on-going technical and management support to ORNL since 1987. Our wholly owned subsidiary Isotek Systems, LLC is responsible for the management and disposition of the site's highly radioactive uranium 233 stockpile. Other project work at ORNL includes the operation of the wastewater treatment plant at the site as well as project work including sampling, characterization, abatement, segregation, packaging, transportation, D&D and disposal of hazardous materials. We are also responsible for sorting, segregating and volume reduction of LLRW at ORNL.

We provide similar waste management, D&D, and environmental remediation services to Y-12 and ETTP through Tier 2 project subcontracts.

Savannah River Site Operations — Established in 1950 by the Atomic Energy Commission, the DOE's Savannah River Site ("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 certain U.S. defense programs. Due to changes in the national security strategy of the U.S., 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 have supported the management and disposition of hazardous and radioactive solid waste and high-level liquids waste at SRS since 1996. Highly radioactive liquid waste is generated at SRS as by-products from the processing of nuclear materials for national defense, research and medical programs. The waste, totaling about 36 million gallons, is currently stored in 49 underground carbon steel waste tanks grouped into two "tank farms" at SRS.

We are part of a team that has been contracted by the DOE for the design, construction, commissioning and operation of a new waste processing facility at SRS. The facility will be a pre-treatment plant to remove cesium from the highly radioactive waste stored in the tank farms. Our role on the team includes the performance of nuclear safety analysis for the facility, commissioning, testing, start-up and one year operation of the facility.

On December 8, 2008, the DOE awarded the SRS contract to manage liquid waste to Savannah River Remediation, LLC, under which we are a pre-selected Tier 2 subcontractor. Under this contract, we provide technology support to the SRS vitrification facility. Since the contract award, our licensed vitrification technology has been applied to the SRS melters, which has significantly expanded their capacity. We also support Savannah River Nuclear Solutions, the M&O contractor for the site as a Tier 2 subcontractor in the disposition of hazardous radiological waste streams.

Idaho National Laboratory — Established in the late 1950s, the Idaho National Laboratory occupies 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. The Idaho National Laboratory 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. This contract was recompeted and a team including EnergySolutions was awarded this contract in the third quarter of 2011.

As a resource partner with Battelle Energy Alliance, EnergySolutions is responsible for the safe and efficient disposition of radioactive, hazardous, industrial and mixed waste generated at the Idaho National Laboratory.

Atlas Mill Tailings Cleanup — In June 2007, the DOE awarded us a contract to clean up the Atlas mill tailings that lie alongside the Colorado River near Moab, Utah. The site encompasses approximately 435 acres, of which approximately 130

acres contain uranium mill tailings (16 million tons). This contract included the design and construction of the disposal cell, design and construction of the transportation system and shipment and disposal of 2.5 million tons of tailings. In 2009, this project received American Recovery and Reinvestment Act ("ARRA") funding to transport and dispose of an additional 2 million tons of tailings material. The contract was largely completed in December 2011.

Los Alamos National Laboratory — The Los Alamos National Laboratory ("LANL") occupies approximately 40 square miles located in northern New Mexico. LANL is the research facility of the National Nuclear Security Administration and birthplace of the atomic bomb. It is managed by Los Alamos National Security LLC. Since its inception in 1943, the primary mission of LANL has been focused on high-level science and technology essential to national defense and global security. Many of the activities and operations at LANL have produced solids, liquids and gases that contain radioactive and non-radioactive hazardous materials. Such activities include conducting research and development programs in basic and applied chemistry, biology and physics; fabricating and testing explosives; cleaning chemically contaminated equipment; and working with radioactive materials. Since environmental management work began in 1989 at LANL, the number of legacy sites there requiring further cleanup has been reduced by approximately 60 percent through active remediation, or by confirming that no action is needed.

Since 1990, EnergySolutions has been providing hazardous and radioactive waste management solutions and environmental restoration services to LANL. In September 2009, we were awarded contracts to install and operate two transuranic waste processing lines at LANL. In 2012, this was expanded to three processing lines with a fourth that came on line in February 2013. These processing lines are critical to meeting the transuranic waste disposition goals set in the Framework Agreement between DOE and the Governor of New Mexico. To date, EnergySolutions has processed more than 1,200 cubic meters of legacy transuranic waste with 1,500 cubic meters remaining to meet the Governor's goal.

In addition, the EnergySolutions Southwest Operations based in Los Alamos provides hazardous and radioactive waste management support throughout the Southwestern U.S. Major projects include two contracts for lead mine cleanup for the EPA in Kansas and Missouri. These contracts were awarded in 2012 with approximately five more similar projects to be bid in the same area over the next two years. These contracts were executed throughout 2013 with phase 1 of one project being completed during the year.

Navy Decommissioning Programs — Our Navy Decommissioning Programs focus on the U.S. Navy Nuclear Propulsion Program ("NNPP"). NNPP operates four federal shipyards (Portsmouth, New Hampshire; Norfolk, Virginia; Puget Sound, Washington and Pearl Harbor, Hawaii), and subcontracts the operation of two private shipyards in Newport News, Virginia and Groton, Connecticut. There are also three Navy laboratories: Knolls Atomic Power Laboratory in New York, Bettis Atomic Power Laboratory in Pennsylvania and the Naval Reactors Facility in Idaho. We have received, processed, and disposed waste from these facilities since 1994. These sites have been of particular importance to our metal recycling programs at our facilities in Tennessee, with NNPP's continued commitment to green technologies.

We began providing our first D&D services for NNPP at the Portsmouth shipyard in 2006. This task developed NNPP's confidence in the Company and led to various D&D operations at other federal shipyards. We have performed D&D projects, involving removal of dockside structures, at the Portsmouth and Pearl Harbor shipyards for four years. In 2011, we executed a Memorandum of Agreement with Newport News Shipbuilding ("NNS") to pursue business opportunities in optimization of shipyard waste management. A demonstration project was performed at Newport News Shipyard that consisted of a combined NNS and ES team to perform the characterization, removal, packaging and final disposition of ten unused facilities. The demonstration project was a success and yielded improved schedule performance and cost savings for the shipyard. Based on this success, we have continued to evaluate additional projects to pursue, with an emphasis on exporting the waste management practice to other NNPP facilities and preparing for the decommissioning of the USS Enterprise scheduled to begin in 2014.

Engineered Systems and Technology Projects — 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. In addition, we design equipment, components and integrated turn-key systems, train customer personnel, and perform a broad range of engineering consultation services. As part of the acquisition of BNG America, LLC ("BNGA"), we obtained the rights in the U.S., Canada and Mexico to the full suite of spent nuclear fuel recycling technologies of British Nuclear Fuels Limited, including intellectual properties. We also employ many of the employees who designed, constructed, commissioned and operated the existing spent fuel recycling facilities in the U.K.

Our Engineered Systems and Technology Projects Group's expertise in radioactive waste immobilization through vitrification is an important 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 that 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 radioactive waste and LLRW waste vitrification processes at the DOE's Hanford Waste Treatment Plant. We have 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. The engineered systems and technology group has also been awarded a contract to ensure that the planned mixing processes during pretreatment will work as designed.

Our Engineered Systems and Technology Projects Group manages complex engineering, procurement, construction and integration projects by combining our technologies, expertise in the implementation of nuclear quality assurance programs and engineering and project management team experience. The following are examples of project integration work we have undertaken in recent years:

Autosampling Pneumatic Transfer System — Waste Treatment Plant, Hanford, Washington — The Autosampling Pneumatic Transfer System ("ASX") is an integrated process and control system for the waste treatment plant project in Hanford, Washington. The ASX system collects waste and process effluent samples from vessels and equipment of the pretreatment facility, low-activity waste facility and high level waste facility and pneumatically sends the samples to the analytical laboratory for testing confirmation. Our project scope was to design, supply, test and provide technical services for the installation, commissioning and training for ten shielded autosamplers and associated equipment. This project was completed in 2010.

M3 Pulse Jet Mixer Mixing Stand — Waste Treatment Plant, Hanford Washington — We are currently contracted to design, build, fabricate, install, commission, operate and report test results for the waste treatment and immobilization plant M3 PJM mixing test stand in Hanford, Washington. This test is designed to compare computational fluid dynamics analytical data for pulse jet mixing in the WTP Tanks FEP-17 and HLP-22 with scaled results using a four foot diameter instrumented test vessel. We expect to complete work on this project in mid 2014.

Management Consulting — EnergySolutions Performance Strategies ("ESPS") provides management consulting, with 125 consultants supporting our Projects Group. ESPS delivers high impact individuals in specialty disciplines: nuclear safety, quality assurance, training and performance assurance. Performance assurance, the dominant discipline within ESPS, is staffed by retired Navy engineers and adds substantial value to our own projects and our customers' operations.

Commercial

We provide a broad range of on-site services to our commercial customers, including nuclear power and utility companies, fuel fabrication and related nuclear fuel cycle companies, pharmaceutical companies, research laboratories, universities, industrial facilities and other entities that generate radioactive and hazardous materials or are involved in the nuclear services industry. We also provide D&D, large component removal and disposition, radioactive material characterization and management, emergency response, site remediation and restoration, license termination, stakeholder and regulatory interface, liquid and solid waste management and other nuclear and hazardous services.

Decontamination and Decommissioning — We have been providing D&D services to our customers for over 30 years. This includes D&D of commercial nuclear power plants, test reactor facilities, nuclear research laboratories, fuel cycle/fabrication facilities and industrial facilities that used nuclear materials in their processes.

Site Remediation and Restoration — We provide site characterization, remediation and release survey services to clients who have radioactively contaminated sites, including facilities that are currently licensed at the federal and state level by the NRC or NRC-Agreement States. We also provide remediation services at legacy facilities where non-radioactive material possession license currently exists, or where licenses were previously terminated but residual contamination remains above current regulatory guidelines.

On-Site Waste Management Services — We provide a variety of client-site waste management services to prepare waste streams for more efficient on-site storage and/or compliant packaging and transport to an authorized disposal facility. Engineered processing at client sites includes size reduction by means of shearing or cutting, compaction, solidification and dewatering.

Emergency Response — We employ more than 220 trained nuclear safety professionals who can be deployed rapidly throughout the U.S. 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 other radiological events at non-nuclear facilities.

Examples of key commercial projects include:

Pacific Gas & Electric (PG&E) — Humboldt Bay Decommissioning Projects — In 2012, we were awarded new projects for nuclear decommissioning support at the Humboldt Bay Power Plant ("HBPP") in Eureka, California. This work consists of three projects. The first project which includes engineering and planning work is scheduled to be completed in 2013, and involves removal, segmenting and disposition of the HBPP Unit 3 reactor vessel internals. The second project, which began in 2011, was completed during 2012 and involved the removal of greater than Class C waste that is stored in the spent fuel pool, shipping the waste to our Barnwell processing facility for removal of organics by de-ashing and return to HBPP for eventual storage on their ISFSI. The third project, which began in 2011, was planning for the removal of four liquid radioactive waste hold-up tanks and associated piping. The project also entails the removal of approximately 100 cubic feet of resin/sludge from one of the tanks and processing and de-watering. The project was completed in 2013.

Whittaker Corporation Site Remediation Projects — In 2013, we continued work at the Whittaker Corporation legacy sites in California. At the Whittaker Bermite site in Santa Clarita, California, we were contracted to complete the remediation of a former firing range contaminated with depleted uranium fragments. The scope of services included site clearing, unexploded ordnance clearance and removal, site characterization, excavation, disposal of contaminated soil, final status surveys and backfilling and grading the site. Waste was transported to and disposed of at our Clive, Utah disposal facility. We expect to complete work on this project in mid 2014.

Nuclear Reactor Decommissioning

Our nuclear reactor decommissioning program provides D&D services to owners and operators of shut-down nuclear plants. Under this program, we acquire title to substantially all of a customer’s buildings, facilities and equipment of its non-operating nuclear facilities. As the owner of the facility and associated permits, licenses and other assets, we are eligible to acquire a license from the NRC to decommission the plant and to acquire the rights to the customer’s decommissioning trust fund associated with the facility (if applicable). Because of our technology, expertise and assets, this unique structure facilitates the decommissioning of the plant ahead of the schedule that the customer would otherwise expect to achieve.

In September 2010, we entered into an arrangement, through our subsidiary ZionSolutions, LLC ("ZionSolutions") with Exelon Generation Company ("Exelon") to dismantle Exelon's Zion nuclear facility located in Zion, Illinois ("Zion Station"), which ceased operation in 1998. Upon closing, Exelon transferred to ZionSolutions substantially all of the assets (other than land) associated with Zion Station, including all assets held in its nuclear decommissioning trust fund. In consideration for Exelon's transfer of those assets, ZionSolutions agreed to assume decommissioning and other liabilities associated with Zion Station. ZionSolutions also took possession and control of the land associated with Zion Station pursuant to a lease agreement executed at the closing. ZionSolutions is under contract to complete the required decommissioning work according to an established schedule and to construct a dry cask storage facility on the land for the spent nuclear fuel currently held in spent fuel pools at the Zion Station. Exelon retains ownership of the land and the spent nuclear fuel and associated operational responsibilities following completion of the Zion Station D&D project. The NRC approved the transfer of the facility operating licenses and conforming license amendments from Exelon to ZionSolutions (the "License Transfer"). At the conclusion of the project any remaining plant facilities and associated amended licenses are returned to Exelon and the lease terminates.

During the course of the project, some major scope activities to be completed include transferring over 2,000 spent fuel assemblies to storage on an ISFSI pad, removing major components such as the reactor vessel, steam generators, pressurizers, turbines, generators, main power transformers and other large components, demolishing and removing all buildings and structures with the exception of the ISFSI pad, transporting and disposing of radioactive and hazardous waste and remediation of the site to unrestricted release criteria as specified by the NRC.

By the end of 2013, we had accomplished or initiated a number of key activities related to our obligations to complete the identified scope of work. Some of our milestones on the project include completing design and construction of the

heavy haul path and the ISFSI pad, continued fabrication of transport storage canisters, beginning the segmenting of unit 2 reactor vessel internals and completing all licensing, preparatory and readiness activities to enable the commencement of spent fuel loading and transfer of spent fuel casks to the ISFSI pad.

Products Group

Our Products Group provides expertise, technology, systems and equipment used to process millions of gallons per year of radioactively contaminated liquids generated by operating nuclear plants in the U.S. and internationally. We have

proprietary and patented systems and technologies that support our clients' needs to safely manage their radioactive plant liquid and effluent discharges.

Our Products Group provides engineered equipment to a variety of customers including domestic nuclear power stations, international nuclear power stations, U.S. Navy, U.S. Navy shipbuilders and DOE contractors. The Products Group is composed of highly experienced project managers most of whom are graduate engineers. These project managers are well equipped to evaluate customer requirements and direct the design of processing systems, handling equipment, specialty containers and liners and transport equipment to safely and efficiently handle the customer's radioactive waste from point of origin through storage and final disposal. They are also knowledgeable in all aspects of design, fabrication management and overall project management.

Spent Fuel Pool Services — We have more than 30 years of experience managing and processing irradiated hardware and other high activity materials found in spent fuel pools at both boiling water and pressurized water reactors. Our fuel pool services include underwater irradiated hardware volume reduction, component transfer and container loading, cask transportation, fuel pool vacuuming, pool-to-pad transfers and waste characterization. Our fuel pool personnel are specially trained to handle the planning, on-site processing, packaging, transportation, on-site storage and disposal of various fuel pool components. We have completed more than 100 fuel pool projects and our customers have included nearly every nuclear power and utility company in the U.S. and the Tokyo Electric Power Company ("TEPCO") in Japan. 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 ("ISFSIs").

Liquid Waste Processing Group — Our radioactive liquids processing services incorporate a number of technologies, including advanced ion exchange and membrane-based systems, to reduce radioactive secondary waste generation, reduce radioactive liquid discharge, improve water chemistry and enable the recycling of wastewater for reuse by utilities. We are currently providing full-time on-site services for the removal of radioactive and chemical contaminants from wastewater at over 20 nuclear power plants across the country. We also provide dewatering services of radioactive particulate wastes. The dewatered waste resulting from our dewatering technology is compatible with our approved disposal containers and with disposal criteria at our Clive, Utah and Barnwell, South Carolina disposal facilities. We currently provide dewatering services at more than 30 nuclear power plants in the U.S. In addition to long term on-site service contracts, we also provide radioactive liquids processing and dewatering services on a demand basis for nuclear facilities in the U.S., the U.K. and Mexico. In 2012, we were awarded and completed substantial work related to a contract for equipment utilizing our water treatment technology for the removal of a complex spectrum of high concentration radionuclides from contaminated water in Fukushima, Japan.

The Products Group's primary focus is on liquid waste process equipment design and fabrication including:

- Ion exchange systems
- Reverse osmosis systems
- Specialty ultra filtration systems
- Advanced injection methodology for polymer and coagulants treatments
- Dewatering systems utilizing self-engaging fillheads (SEDS, SERDS)
- Solidification and encapsulation systems utilizing cement or polymers
- Container remote grappling equipment
- Container remote capping equipment
- Liquid drying systems
- Carbon steel pressure vessels
- Stainless steel pressure vessels
- High integrity container and liners utilized as waste containers including but not limited to:
- High Integrity Containers
- High Integrity Container Overpacks
- Standard steel containers
- Specialty containers including but not limited to:
- NRC Licensed Type B transportation casks and cask inserts

Type A transportation casks
- Specification 7A and IP-II containers
- Specialty transport, storage and disposal liners

On-site concrete shield and storage containers and lifting hardware including:
- Class B and C waste storage vaults
- Radvaults and OSSCs
- Process shields

Our Products Group also operates and manages the Nuclear Support Services Facility ("NSSF") and liner operations at our Barnwell, South Carolina disposal facility. The NSSF maintains a radioactive materials license to permit receipt of contaminated equipment and subsequent maintenance and, or repair of this equipment at the NSSF hot shop. The Liner operations team assembles and delivers waste processing containers to EnergySolutions' clients. Examples of work performed by this group include:

- Ginna Nuclear Power Station—Self-engaging dewatering system
- Grand Gulf Nuclear Station—Design and fabrication of a cross-flow filtration system
- Indian Pont Nuclear Power Station—Advanced liquid processing system
- Norfolk Naval Shipyard—Specialty containers for processing liquid waste streams from submarines
- Portsmouth Naval Shipyard—Specialty containers for processing liquid waste streams from submarines
- Huntington-Ingalls Newport News—Specialty containers for processing liquid waste streams from aircraft carriers and submarines
- Electric Boat—Specialty containers for processing liquid waste from submarines
- Savannah River Nuclear Solutions—Specialty containers for processing liquid waste streams
- Humboldt Bay Nuclear Station—Specialty containers for processing various waste streams
- EnergySolutions Asia—Technical fabrication support for Yangjiang and Haiyang liquid waste processing equipment and technical support to Toshiba in development of a proposal of engineered equipment for processing liquid waste at the Fukushima nuclear station
- Argonne National Laboratory—Design, licensing and fabrication of a shielded container for shipment of gamma and neutron emitting sources within EnergySolutions' NRC licensed 10-160B transport cask
- Sandia National Laboratory—Design, licensing and fabrication of a shielded container for shipment of gamma sources within EnergySolutions' NRC licensed 10-160B transport cask
- Spallation Neutron Source Facility (ORNL)—Specialty containers for shipment and disposal of proton beam targets and shield equipment
- Zion Station—Concrete storage containers (Radvaults), specialty liners and support equipment for temporary storage and transport of decommissioning waste
- Waste Control Specialists LLC—specialty liners and support equipment for waste disposal

The following are examples of major contracts awarded to our Products Group in recent years:

In January 2010, we were selected to design and supply a liquid waste processing system for two new reactors at Yangjiang in Guangdong Province, China. The contract has an option for providing the same system for two additional reactors to be built at the same site. The new reactors are being constructed by the China Nuclear Power Engineering Company and China Nuclear Power Design Company, which are subsidiaries of China Guangdong Nuclear Power Holding Corporation. In August 2010, a consortium between EnergySolutions and Yuanda Environmental Engineering Company was selected to provide waste management systems for up to eight new reactors being developed by China Power Investment Corporation. The contract scope includes the design, equipping and commissioning of the Site Radioactive Treatment Facility for the treatment and storage of liquid, wet-solid and solid waste radioactive streams.

In February 2012, we were awarded a four year contract to design and supply waste management systems for the United Arab Emirates nuclear energy program. The Korea Electric Power Corporation leads a consortium building four reactors for the Emirates Nuclear Energy Corporation. We supply liquid waste processing equipment, including ion exchange and reverse osmosis systems, which serve to significantly reduce levels of contamination and waste.

In March 2012, we were selected by Toshiba to assist in the cleanup of the large volume of contaminated water at the damaged Fukushima Daiichi nuclear power plant in Japan. Toshiba has been selected as a preferred bidder for the work by TEPCO, the owner of the plant. We support Toshiba in the design and installation of a large water treatment system, as well as the treatment and packaging of secondary wastes resulting from the decontamination process. We also supply the containers and materials necessary to support the operation of the technology, including the ion exchange media used in the water clean-up system and our own proprietary High Integrity Containers for secondary waste collection and long-term storage.

LP&D Group

We provide a broad range of logistics, processing and disposal services and we own and operate strategic facilities for the safe processing and disposal of radioactive materials. Our facilities include our LLRW disposal facility in Clive, Utah, three processing facilities in Tennessee, one processing facility in South Carolina, one separate disposal facility in Barnwell, South Carolina, that we operate pursuant to a long-term lease with the state of South Carolina, and one processing and storage facility in Brampton, Ontario Canada. 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 U.S. uses our facilities either 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 U.S. Through our Hittman Transport Services, Inc. ("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. In 2009, we added to our existing rail infrastructure and service by acquiring the assets of Heritage Railroad Corporation a short line railroad that serves the Heritage Center Industrial Park in Oak Ridge, Tennessee and is in close proximity to our Bear Creek, Tennessee facility. Through this asset acquisition, we ensured future rail service from Bear Creek to Clive, Utah. Our specialized shipping casks are engineered containers for the safe transport of radioactive material. We also have expertise in transporting very large and contaminated reactor components from commercial power plants to processing or disposal sites. These components include reactor pressure vessels, steam generators, turbine rotors and casings 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 (naturally occurring radioactive material), such as waste from radium processes and from mining activities;
- PCB Radioactive and PCB Mixed Waste, such as PCB Capacitors (large and small), transformers, bulk product, remediation waste, etc;
- dry active waste, consisting of protective clothing, resins, filters, evaporator bottoms and hot metal debris;
- liquid waste, which is similar to LLRW, but in liquid form; and
- waste defined as "byproduct materials" under section 11e(2) of the AEA, consisting of dirt generated by mining and milling operations.

The LLRW that we dispose of at our Clive, Utah disposal facility comes primarily from the clean-up activities 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. We treat and dispose of only Class A LLRW, MLLW and 11e(2) materials at our Clive, Utah disposal facility. However, we are able to dispose of Class A, as well as Class B and C waste from customers located in the Atlantic Compact States of South Carolina, New Jersey and Connecticut at the state owned Barnwell, South Carolina facility that we operate.

Our MLLW treatment facility at Clive, Utah disposal facility uses several treatment technologies to reduce the toxicity of 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 processes.

Our MLLW treatment facility at the Bear Creek Facility, Oak Ridge, Tennessee uses several treatment technologies for Class B and C Wastes to reduce the toxicity of waste materials prior to their disposal at non-EnergySolutions disposal sites primarily owned by the U.S. Government. These technologies include stabilization, amalgamation, reduction, oxidation, deactivation, chemical fixation, neutralization, debris spray washing, macro-encapsulation and micro-encapsulation processes.

Many of our LP&D projects complement the services we provide in our Projects Group. 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. 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 these plants are shut down. We have signed life-of-plant contracts with nuclear power and utility companies that own and/or operate 84 of the 104 operating nuclear reactors in the U.S. Some of the customers with whom we have entered into life-of-plant contracts include Dominion Resources, Inc., Duke Energy Corporation, Entergy Corporation, Exelon Corporation, Florida Power & Light Company and Progress Energy.

Large Component Removal and Disposition — An important service provided to our commercial nuclear power plant customers 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 components are replaced either to provide increased operational capacity or as part of planned plant maintenance. For example, in late 2008 and 2009, we worked on a contract to remove eight retired steam generators from Duke

Energy's McGuire Nuclear Station in Huntersville, North Carolina. This contract provided us with the experience to propose and win a three year project with Exelon to upgrade several of its nuclear power plants in the mid-west and to dispose of four steam generators from Edison International's San Onofre Nuclear Plant in California. The scope of work includes the removal, packaging and transport of large components for disposal during time-critical outage periods. The first phase of that project was successfully completed in 2010, followed by two steam generators that were received and disposed of at our Clive, Utah disposal facility in 2011, and the remaining two were received for disposal in 2012. Additionally, in 2013, we received a steam generator from Prairie Island Nuclear Plant in Minnesota. Our expertise, personnel and strategic assets enable us to prepare large components for transport via public highway, waterway, rail, or combinations thereof to ensure the highest degree of 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. Transportation, processing and disposal of these large components are typically handled through our LP&D Group.

Los Alamos National Laboratory — The DOE is currently in the process of a phased cleanup and D&D program at the LANL site and surrounding lands. Under a continuing series of contracts in place since June 2005, we have repackaged LANL transuranic legacy waste to meet the requirements for its disposal at the Waste Isolation Pilot Plant in New Mexico. Revenue from these services is recognized in our Projects Group segment. We are also a major subcontractor for the transport and disposal of LLRW, MLLW and other contaminated materials from LANL.

Other Department of Energy Environmental Management Sites — The DOE's Office of Environmental Management has ongoing work at several major sites including Portsmouth in Ohio, Paducah in Kentucky and the ETTP in Tennessee. As part of cleanup efforts at these and other DOE sites EnergySolutions provides treatment and disposal services.

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 Class A 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 volume reduction, metal recycling and specialized processing. These processed materials may then be disposed of at our Clive, Utah and Barnwell, South Carolina facilities. In addition to processing 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 U.S. for the removal of radioactive materials.

Exelon Nuclear—Multiple Plant EPU Outage Support. During 2012, we completed the last of six turbine retrofit outages under our contract with Exelon for the removal and disposal of turbine casings, rotors and miscellaneous waste from the Quad Cities, Peach Bottom and Dresden reactor sites. In 2012, almost 5 million pounds of waste were transported to our Clive, Utah disposal facility during these outages. This brought the contract total to over 11 million pounds of waste transported to the Clive, Utah facility. Work on this contract began in late 2009 and was completed at the end of 2012 with Exelon's scheduled plant outages.

San Onofre Nuclear Generating Station ("SONGS")—Licensing and Disposal of Steam Generator Lower Assemblies (SGLA). In 2012, we continued our engineering and licensing support of SONGS resulting in their receipt of a special permit from the U.S. Department of Transportation allowing the transportation of their old SGLA. The last two of the four SGLA were successfully transported from SONGS to our Clive, Utah disposal facility in 2012.

International

Our International operations derive revenue primarily through contracts with the NDA in the U.K. for the operation and management of its ten Magnox nuclear power plant sites. Under these contracts, we are responsible for the operation, defueling and decommissioning of those sites. One site currently generates electricity and the nine other sites are in varying stages of defueling and decommissioning. We have extended our international business into other European, Asian and Canadian markets. We primarily offer to our international customers our technologies and expertise in nuclear waste processing solutions, clean-up of old reactors and design of innovative waste systems for new units. We also provide waste management and technology-based services. Some of our recent developments in International markets include:

During 2013, we completed our business development efforts in preparing to bid for the award of the next phase of the NDA Magnox M&O contract, which is expected to be for an initial period of seven years. We have prequalified in partnership with Bechtel and submitted our bid in late 2013. We expect the NDA to announce the results of the rebid competition in March 2014.

During the contract year ending March 31, 2014, we expect to receive funding from the NDA in the amount of approximately £662.0 million for our Magnox operations, or $948.3 million based on the annual average sterling pound exchange rate for the year ended December 31, 2013. Notable achievements during the 2013/14 contract year to date include the emptying of FED Vaults at Bradwell, the completion of bulk asbestos removal at Chapelcross, further extension of reactor operation at Wylfa through to December 2015 and maintaining the momentum built up across the Magnox decommissioning program in line with the Magnox Optimized Decommissioning Program ("MODP"). In addition, we have delivered a further £70.0 million or $109.5 million of lifetime savings into the MODP through a series of additional baseline change controls reflecting a more efficient approach to delivering the Care and Maintenance requirements at all sites.

Our Processing and Disposal Facilities

Clive Facility

Our Clive facility is located in Tooele County, Utah, approximately 75 miles west of Salt Lake City and approximately 35 miles away from the nearest population center (Grantsville, Utah). 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 was 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.

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 where we maintain more than seven miles of track. This direct rail access and our gondola railcar rollover system provide a cost-effective method for unloading up to 100,000 cubic feet of radioactive materials per day. We maintain a fleet of 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 other existing commercial LLRW disposal sites which are state owned, our Clive facility, property, buildings and equipment are owned by EnergySolutions. Over the years, the facility has been adapted to meet the changing needs of customers. Our Clive facility has the unique distinction of having two gondola railcar unloading facilities, a large industrial scale shredder and high pressure water cleaning and decontamination facilities.

Disposal Cells

Our Clive facility uses an above-ground, engineered disposal design, also known as a secure landfill that uses a near-surface engineered embankment design for our disposal cells. Using standard heavy construction equipment, radioactive materials are 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 hazardous materials from the environment. The liner, consisting 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 from the environment. Cover construction begins as areas of the cell are filled to capacity. The process of continual building, filling and capping of the cells ensures long-term cell stability and minimizes the work that would be required upon 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 the containment of hazardous waste.

Disposal Capacity

We believe that we have sufficient capacity for approximately 30 years of operations at our Clive facility based on our estimate of future disposal volumes, our ability to optimize disposal capacity through volume reduction and compaction techniques, and the license amendment to convert volume capacity originally intended for 11e(2) materials to Class A LLRW that was approved in November 2012. 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 Item 1A. Risk Factors—"We operate in a politically sensitive environment, and public perception of nuclear power and radioactive materials can affect our business" and "Our business depends on the continued operation of our Clive, Utah disposal facility."

Tennessee Facilities

We own and operate facilities at four locations in Tennessee where we process and transfer radioactive materials generally to our Clive, Utah disposal facility. These facilities are all operated in an integrated fashion to maximize the breadth of options available to our customers.

Our Bear Creek facility in Oak Ridge, Tennessee includes a licensed commercial LLRW processing facility which has the only commercially licensed radioactive metals recycling furnace and the largest LLRW incinerators in the U.S. It receives waste primarily 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 Bear Creek facility is also the base for our Hittman trucking operations, containers maintenance operations and shipping container fleet for transport of radioactive materials.

On March 4, 2014 we acquired Studsvik, Inc.’s Tennessee processing facilities. These facilities deliver waste treatment services to nuclear power producers and suppliers to the nuclear power industry in the U.S. The services include treatment of low and intermediate level waste in a facility in Erwin, Tennessee, and treatment of low level waste, metallic material and large components from nuclear power plants in a facility in Memphis, Tennessee. In addition, we acquired Studsvik, Inc.’s rights to use its patented Thermal Organic Reduction technology ('THOR"), in the commercial North America market and China. The THOR technology is a technique for stabilizing and reducing the volume of complex types of waste, such as ion-exchange resins.

Our Gallaher Road facility in Kingston, Tennessee is located adjacent to Oak Ridge, Tennessee and provides services for the assay and processing of low activity and potentially contaminated materials.

Our Memphis, Tennessee facility's riverside location allows for access by barge as well as truck and rail. This facility is specifically designed to handle large components such as steam generators, turbine rotors, heat exchangers, large tanks and similar components. From our Memphis facility, disassembled components can be shipped to our other facilities for ultimate disposition. We also lease space to various nuclear service vendors at this facility who support commercial nuclear power generation outage activities.

In addition to our three Tennessee processing facilities, we also own a facility in Oak Ridge, Tennessee that provides metals manufacturing, processing, casting and rolling, fabrication and other capabilities to our customers. We believe it 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 jet aircraft.

We also operate a transload facility located in the Heritage Center Industrial Park in Oak Ridge, Tennessee. The 12 acre transload yard serves as a logistics center connecting our Hittman truck and rail operations.

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. 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. On July 1, 2008, the state of South Carolina restricted the Barnwell disposal site to receive only Class A, B and C LLRW from customers located in the three Atlantic Compact States—South Carolina, New Jersey and Connecticut. We have continued to operate the Barnwell site for the Atlantic Compact States on a cost-reimbursable basis under our long-term lease.

We also operate a processing facility adjacent to the Barnwell disposal facility to support the preparation of materials for disposal at various disposal locations, including equipment decontamination and parts retrieval and recycling. The facility also provides specialty processing services.

Ontario, Canada Facility

Our operations in Canada include radioactive waste management, radiation health physics consulting, sealed source services, storage of containers and engineering services. In November 2012, we opened our new EnergySolutions Walker Operations facility in Brampton, Ontario. This new facility enables EnergySolutions to provide licensed space for storage, support to Canada Deuterium Uranium refurbishment projects, decommissioning projects and waste management services. Controlled radiation areas have been established for dedicated equipment inspection and refurbishment and special waste processing systems are being established. The waste management services and operations are licensed by the Canadian Nuclear Safety Commission under a Waste Nuclear Substance License that

was renewed in 2012 for 10 years. Our major customers in Canada include Atomic Energy of Canada Limited, nuclear power plants and supporting industries.

Research and Development

We have not incurred material costs for company-sponsored research and development activities.

Patents and Other Intellectual Property Rights

As of December 31, 2013, we owned or licensed the right to use approximately 77 patents in the U.S. We also own or license the rights to use approximately 65 foreign counterparts. These licenses cover the fields of radioactive material management, storage, treatment, separation, spent nuclear fuel recycling and transport. We have approximately 13 registered trademarks in the U.S. Our patents expire between 2014 and 2030. 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.

Collectively, our intellectual property is important to us; however, there is no single patent or trademark that is in itself material to us at the present time. Moreover, we do not believe that the termination of intellectual property rights expected to occur over the next several years, either individually or in the aggregate, will materially adversely affect our business, financial condition or results of operations. See Item 1A. Risk Factors—"We rely on intellectual property laws, trade secrets and confidentiality agreements to protect our intellectual property. Our failure to protect our intellectual property rights could adversely affect our future performance and growth."

Contracts

Our work is performed under a variety of contract types including cost-reimbursable contracts, unit-rate contracts and fixed-price contracts, some 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. The majority of the government work in our Projects Group and International operations is performed on a cost-reimbursable basis awarded through either a competitive proposal process or negotiation. With the relatively fluid nature of the scope of the government work we perform, 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 the proposal and negotiation processes but are accepted only when the scope of the work is clearly defined. Our commercial D&D projects are generally fixed-price contracts or time and material based contracts and almost all of our contracts within the LP&D operations are unit-rate.

The following table sets forth the percentages of revenue represented by these types of contracts for the year ended December 31, 2013:

| | % of Revenue | |
|---|---|---|
| Cost-reimbursable | 77 | % |
| Unit-rate | 16 | % |
| Fixed-price | 7 | % |

Cost-Reimbursable Contracts

Most of the government contracts in our Projects and International Groups 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 take several forms; it 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 involve several bidders or offerers. Many of these contracts are multi-year indefinite delivery and indefinite quantity agreements. These contracts provide estimates of a maximum amount the governmental agency expects to spend. Our program management and technical staffs work closely with our customers to define the scope and amount of work required. Although these contracts do not initially provide us with any guaranteed amount of work, as projects are defined, the work may be awarded to us via task release without having to further compete for the work. Government contracts typically have annual funding limitations and are subject to public sector budgeting constraints. Government contracts may be terminated at the discretion of the government agency for convenience with payment of compensation only for work performed and commitments made at the time of termination. In the event of termination, we would typically receive an allowance for profit or fee on the work we performed.

Our government cost-reimbursable contracts are subject to oversight audits by government representatives, to profit cost controls and, limitations 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 requirements as well as local economic development initiatives. For example, government contracts may require the contractor to submit a small business subcontracting plan or make another type of commitment to use a small business in the project to be

awarded. Intentional failure to comply with such regulations and requirements could lead to suspension, termination for cause and possibly debarment from future government contracting or subcontracting efforts for a period of time. Among the causes for debarment are violations of various statutes, including those related to employment practices, the accuracy of records and the recording of costs.

Unit-Price Contracts

Almost all of the contracts entered into by our LP&D Group, 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 the number of units of work performed. Variations in unit-rate contracts include the same type of variations as fixed-price contracts. We are normally awarded unit-rate contracts on the basis of a total estimated price that is the sum of the product of the specified units and unit prices.

Our life-of-plant contracts generally 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 those plants are shut down. 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 fixed-price contracts, the price is not subject to any adjustment by reason of our cost experience or our performance under the contract. Our Zion Station project is considered a fixed price contract. Under this contract type, we are the beneficiary of any cost savings but are typically unable to recover performance cost overruns. 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 sales and marketing efforts principally through our business development groups, which are dedicated to serving existing customers or pursuing new opportunities in each of our segments.

The market for our Projects, Products and International operations is the management and clean-up of radioactive materials. Within this market, there are two different types of contracts. The first is Tier 1 contracts in which a federal agency outsources the M&O of a federal project for the purpose of executing a site mission, managing a site clean-up or a combination of both. The second type is Tier 2 subcontracts, which are project-driven contracts. For these contracts, we generally act as a subcontractor to a Tier 1 contractor. Each of these opportunities requires unique business development and sales approaches.

The federal procurement process is an objective and highly-structured process governed by federal acquisition regulations. We typically pursue Tier 1 opportunities for nuclear services at a number of DOE sites and we generally bid on Tier 1 contracts as a member of a consortium. The sales cycle for these contracts begins at least one year and in many instances two years before the release of a request for proposal ("RFP"). Tier 2 opportunities are discrete project-based opportunities to act as a subcontractor to Tier 1 contractors or as a smaller contractor to federal agencies. The sales cycle for Tier 2 opportunities can be six months or less. We generally pursue contracts that are decided on a "best-value" basis in which the decision-makers consider a combination of technical and cost factors. Factors include the technical approach to managing and performing the project, key project personnel, experience performing similar projects, past performance and customer references. Cost factors are generally weighed to include cost structures as they would be applied to a specific project.

Our sales teams actively market our integrated services and technical expertise to nuclear power and utility customers. For example, one of our commercial sales teams was instrumental in developing and marketing the concept of life-of-plant contracts with our commercial power and utility customers and has also been involved in developing our reactor decommissioning program to serve the owners and operators of shut-down nuclear reactors

In our LP&D Group, we maintain dedicated sales teams at our Clive, Bear Creek and Barnwell facilities to market to and serve customers who require logistics, transportation, processing and disposal services for radioactive materials. Our LP&D sales team's 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 any of our facilities and managing the transportation process.

Our business development and technical teams approach bidding opportunities in the U.K. in a similar manner as they do for bids for contract opportunities in the U.S. In addition, our international business development team works closely with key nuclear power operators to pursue a variety of opportunities.

Safety

We devote significant resources to ensuring the safety of the public, our employees and the environment. In the U.S., we have built a safety record that is critical to our reputation throughout all our markets, particularly with DOE and other federal agency contractor services. Our 2013 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 ("OSHA") recordable and lost time incidence rates of 0.33 and 0.04, respectively, versus industry averages of 4.4 and 1.6, respectively. None of our safety incidents have involved radioactive contamination.

We 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, Utah disposal facility, is less than 60 millirem annually, which is only 1.0% of the federal government's allowable annual guideline of 5,000 millirem.

In 2013, 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 applicable rules and regulations.

We 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 work procedures and radiation safety. In addition to extensive training, we employ more than 280 safety professionals and technicians who are responsible for protecting our workers, the public and the environment. Where necessary, we also employ a round-the-clock security staff to prevent unauthorized access to our sites. Two of our facilities in the U.S. are recognized by OSHA as Voluntary Protection Program Star Sites.

In the U.K., every Magnox site is accredited under the ISO 14001 system, an internationally accepted specification for environmental management systems, as well as Occupational Health and Safety Management Systems specification 18001, which establishes standards for occupational health and safety. Our Magnox operations have also won numerous awards for health and safety. See Item 1A. Risk Factors—"Our failure to maintain our safety record could have an adverse effect on our business" and "We may incur regulatory fines or lose our NDA contract fees if a significant accident were to occur at the power generating facilities."

Insurance

Like all companies in the nuclear industry, we derive 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 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 a primary layer insurance pool and a secondary layer insurance pool both funded by the nuclear industry, each reactor has coverage for approximately $12.6 billion in claims that covers activities at the reactor site and the transportation of radioactive materials to or from the site. The Price-Anderson Act limits liability for an incident to $12.6 billion, unless the federal government decides to provide additional funding. Activities conducted under a contract with the DOE are covered by an $11.9 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:

| | Limit |
|---|---|
| General (All)—Supplier's and Transporter's | $100 million |
| Barnwell, South Carolina facility | 100 million |
| Zion, Illinois—Zion Station | 100 million |
| Oak Ridge, Tennessee—Bear Creek facility | 50 million |
| International Supplier's and Transporter's | 25 million |
| Memphis, Tennessee facility | 10 million |
| Oak Ridge, Tennessee—Manufacturing Sciences Corporation facility | 5 million |
| Oak Ridge, Tennessee | 5 million |
| Brampton, Ontario Canada - Walker Drive facility | 5 million |

Our Clive, Utah facility maintains a pollution legal liability policy which, in addition to typical pollution liability coverage, includes coverage for bodily injury, property damage and clean-up costs associated with LLRW and material at the site.

Competition

We compete with international, national and regional services firms who provide nuclear services for government and commercial customers. We believe that 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.

Competitors to our Projects, Products and International Groups include international and national engineering and construction firms such as Bechtel Group, Inc., CH2M Hill, Fluor Corporation, Jacobs Engineering Group Inc., URS Corporation, AMEC plc and AREVA. Many of our competitors have greater financial and other resources than we do, which may give them a competitive advantage. In addition, we also face competition from smaller firms. Our major U.S. government customer, the DOE, has substantially increased small business set-aside programs for prime contracts. Because we are not a small business, we have responded by teaming in certain circumstances as a subcontractor with small businesses responding to requests for proposals as a prime contractor on selected procurements. To some degree, we also face competition from nuclear utilities, since many elect to self-perform the decommissioning of their plants. Other competitors in the commercial market include a number of companies who have the capability to provide similar services, which include large component removal, facility decontamination, site remediation, radiological consulting services, staff augmentation, fuel pool services, cask services and liquid waste processing. We believe that we have a competitive advantage due to our wider range of in-house services and larger staff resources. However, we often face stiff price competition on bids where other companies are willing to accept lower margins or have lower indirect cost structures.

The LP&D Group faces competition in providing 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 or processing, incineration and other thermal treatment methods. Competition in this area is based primarily on price, safety record, regulatory and permit restrictions, technical performance, dependability and environmental integrity.

At this time, we have the only commercial disposal outlet for MLLW and we operate two of the four commercial LLRW disposal sites in the U.S., through our Clive, Utah and Barnwell, South Carolina disposal facilities. There is a state owned commercial LLRW facility located in Richland, Washington that does not accept radioactive materials from outside the Northwest Interstate Compact on Low Level Radioactive Waste Management (the "Northwest Compact"). In addition, Waste Control Specialists LLC ("WCS") operates a commercial LLRW facility in Andrews County, Texas. WCS received a license to receive LLRW at its disposal facility from the Texas Commission on Environmental Quality and announced receipt of its first shipment in April of 2012. It is possible that other commercial sites may be licensed for the disposal of radioactive waste.

With respect to Class A waste, we also compete with processors who reduce waste volumes through treatment (compaction, sorting and incineration). With respect to large components, we compete with processors that have the abilities to cut, scrap and partially decontaminate these components. In both instances, much of the waste generated has usually been transported to our Clive, Utah disposal facility. Another option available to utilities and to industrial sites is to store their waste on-site.

Employees

As of December 31, 2013, we had more than 4,950 employees, including approximately 810 scientists and engineers and 280 radiation and safety professionals. 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. Approximately 140 of our U.S. employees and 2,600 of our U.K. employees are represented by labor unions. In addition to our own employees, we also manage, approximately 200 DOE employees through various Tier 1 arrangements at those sites, a portion of which belong to unions.

Approximately 3,100 of our employees are located at the ten Magnox sites we manage in the U.K. A full organizational review of our Magnox sites was undertaken in conjunction with an optimized decommissioning planning exercise for all ten sites, which reduced support and overhead costs, increased funding for accelerated decommissioning work at two sites and base-lined an optimized generation, defueling and decommissioning program for Magnox. The Magnox MODP has been approved by the NDA and forms part of the NDA funding settlement which in turn is part of the U.K. government's Comprehensive Spending Review ("CSR").

During the CSR period to 2015, the MODP includes approximately twelve changes of organization across the ten Magnox sites, generation to defueling to decommissioning, as a result of these changes and the drive to reduce support and overhead costs, there will be significant manpower reductions, expected to be approximately 600 staff, during the CSR period to 2015 followed by a further reduction in manpower of 1,000 in the period from 2016 to 2020. The initial restructuring across Magnox with reduced support and overheads, generated reductions of approximately 300 staff over twelve months followed by further reductions as sites went from generation to defueling or from defueling to decommissioning.

The termination plan and employee termination benefits to be paid to these employees are in accordance with the existing employee and the trade union agreements and were pre-approved by the NDA. All employee termination benefit costs are treated as part of the normal Magnox cost base and will be reimbursed by the NDA. The total termination benefit cost included within the MODP over the CSR period to 2015 is estimated to be approximately £200.0 million, or approximately $320.0 million, and is expected to be paid by the NDA over a four year period.

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 Atomic Energy Act of 1954 ("AEA"), the Resource Conservation and Recovery Act of 1976 ("RCRA"), the Energy Reorganization Act of 1974 ("ERA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Hazardous Materials Transportation Act, the Uranium Mill Tailings Radiation Control Act of 1978, the Low-Level Radioactive Waste Policy Act, the Low-Level Radioactive Waste Policy Amendments Act, the Nuclear Waste Policy Act of 1982 ("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 Atomic Energy and Radiation Control Act, the South Carolina Radioactive Waste Transportation and Disposal Act, the Tennessee Solid Waste Disposal Act, the Clean Water Act, the Clean Air Act ("Clean Air Act"), the Toxic Substances Control Act ("TSCA"), the Federal Insecticide, Fungicide and Rodenticide Act, the Oil Pollution Act of 1990 and the Occupational Safety and Health Act of 1970; each as from time to time amended.

The AEA and the ERA authorize the NRC to regulate the receipt, possession, use and transfer of commercial 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 the 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 ("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 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 U.S. (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 federal government may delegate Clean Water Act authority to the states.

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. States can assume control over portions of the federal Clean Air Act authority through EPA approval of "state implementation plans."

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 ("ISFSI"). ZionSolutions has successfully licensed and constructed an ISFSI as part of the agreement to dismantle Exelon's Zion Station plant. Although we are not involved with the processing or disposal of high-level radioactive waste at our facilities, we do provide technical and operations support services to the DOE and nuclear utilities for the management of such high-level waste at client sites.

Applicable U.K. Statutes

Through our U.K. subsidiaries, we are subject to extensive and changing laws and regulations in the U.K. 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 ("RSA 1993") (applicable in Scotland and Northern Ireland only), the Environment Act 1995, the Nuclear Industries Security Regulations 2003, the Energy Act 2004 and the Electricity Act 1989 and the Ionising Radiations Regulations 1999 and the Environmental Permitting Regulations 2010.

The Nuclear Installations Act 1965 governs the construction and operation of nuclear installations, including fuel cycle facilities, in the U.K. The Health and Safety at Work Act 1974 regulates workplace health, safety and welfare within the U.K.

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 ("SEPA"). Under the Environment Act 1995, these agencies enforce environmental protection legislation including the RSA 1993.

Nuclear Industries Security Regulations 2003 - The Office of Nuclear Regulation (“ONR”) Civil Nuclear Security conducts its regulatory activities, approving security arrangements within the industry and enforcing compliance under the authority of these regulations.

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

The Ionising Radiations Regulations 1999 provides a framework for the general radiation protection of workers and the public from work activities involving ionising radiation.

The Environmental Permitting Regulations 2010 (which repeal the Radioactive Substances Act 1993 in England and Wales only) applies to the use of radioactive substances on premises.

The U.S. Regulatory Environment

The state of Utah regulates our operations at our Clive facility. Our Utah licenses include our Clive facility's primary radioactive material license (UT2300249) and our 11e(2) material license (UT2300478), both of which are currently in timely renewal, which allow 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 and the Division of Solid and Hazardous Waste regulate our ability to receive LLRW, NORM/NARM (naturally-occurring/accelerator-produced radioactive material), 11e(2) material 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 Division of Radiation Control also requires us to provide surety bonds as 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 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 South Carolina Department of Health and Environmental Control 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 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.

The Tennessee Department of Environment and Conservation ("TDEC"), regulates our Tennessee operations through multiple groups, including the Division of Radiological Health, the Division of Solid Waste Management and the Division of Water Pollution Control. The TDEC has staff that continually oversees our facilities and also requires each facility to provide financial assurance for decommissioning. Several of our Tennessee licenses are currently in timely renewal.

When we engage in the transportation of hazardous or radioactive materials, we are subject to the requirements of the Hazardous Materials Transportation Act, as amended by the Hazardous Materials Transportation Uniform Safety Act of 1990. Pursuant to these statutes, the U.S. Department of Transportation regulates the transportation of hazardous materials in commerce. Our wholly owned subsidiary Hittman Transport Services, Inc., operates 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.

As described above, 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, importation of waste from foreign countries, decommissioning of power reactors and non-reactor decommissioning operations in non-Agreement States. We have multiple current Certificates of Compliance, 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 Certificates of Compliance 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 Certificates of Compliance.

To the extent we engage in the storage, processing, or disposal of MLLW, 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.

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. Our Bear Creek facility located near Oak Ridge, Tennessee, is permitted under RCRA by the TDEC as a hazardous waste treatment facility. 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.

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 best demonstrated available technology treatment standards. 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 exposes us to potential liability for clean-up of releases of hazardous wastes under RCRA.

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. The Clean Water Act and CERCLA also require companies to report releases to the environment of listed hazardous substances to the National Response Center and impose fines for failure to do so.

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 for compliance with environmental regulations. However, we could be required to remediate any adverse environmental conditions discovered or occurring in the future which may require material expenditures.

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.

The U.K. Regulatory Environment

Through our U.K. subsidiaries, we hold contracts and licenses to operate and decommission 22 reactors at 10 of the NDA sites in the U.K. One of these reactors is operating and 21 are in various stages of decommissioning. Approximately 3,400 employees in the U.K. operate these sites and are subject to the U.K. regulatory environment. We also have other operations in the U.K. that are also subject to this regulatory environment.

The ONR grants nuclear site licenses on behalf of the Health and Safety Executive. The ONR also ensures that nuclear installations comply with all statutory safety requirements. ONR 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 the SEPA in Scotland have extensive powers and statutory duties to improve and protect the environment across England, Wales and Scotland. The Nuclear Regulation Groups (North and South) of the Environmental Agency regularly inspect and regulate 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 Health and Safety Executive facilitate 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 reactors for the NDA at 10 of these sites. Accordingly, we serve as a prime contractor for the NDA.

Financial Information About Business Segments and Foreign and Domestic Operations

For financial information relating to (a) each of our business segments and (b) our foreign and domestic sales, transfers between geographic areas net income and identifiable assets, see Note 15 to our consolidated financial statements included within this Annual Report on Form 10-K.

Development of Our Business

The Company was initially formed as Envirocare of Utah, Inc. in 1987 to operate a disposal facility for mixed waste, uranium mill tailings and Class A LLRW in Clive, Utah. In January 2005, the Company converted to a limited liability company, Envirocare of Utah, LLC ("Envirocare"). Immediately thereafter, the sole member of Envirocare sold all of its

member interest to ENV Holdings LLC. In 2006, we changed our name from Envirocare to EnergySolutions, LLC. 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, Inc, in June 2006, Safeguard International Solutions, Ltd. (renamed EnergySolutions EU Services Limited) in December 2006, Parallax, Inc. (renamed EnergySolutions Performance Strategies) in January 2007, Reactor Sites Management Company in June 2007, NUKEM Corporation (renamed EnergySolutions Diversified Services, Inc.) in July 2007, and Monserco Canada in December 2007. The operations of these acquisitions are included in our results of operations from the date of acquisition.

On November 20, 2007, the date of the completion of our initial public offering, we completed our conversion to a corporate structure whereby EnergySolutions, LLC became a wholly owned subsidiary of EnergySolutions, Inc. EnergySolutions, Inc. is organized and existing under the General Corporation Law of the state of Delaware.

On July 30, 2008, we completed a secondary offering of 35 million shares of common stock offered by ENV Holdings, previously our majority shareholder, as selling shareholder. The underwriters of the offering subsequently exercised their over-allotment option and purchased 5.25 million additional shares of our common stock from ENV Holdings. Following completion of the offering, ENV Holdings owned approximately 16.7% of our outstanding shares of common stock. On February 13, 2009, ENV Holdings completed a distribution of all of our shares to its members on a pro rata basis for no consideration. As a result, ENV Holdings is no longer a beneficial owner, directly or indirectly, of any shares of our common stock.

On January 7, 2013, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Rockwell Holdco, Inc., a Delaware corporation (the "Parent" or "Rockwell") and Rockwell Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub") established as an acquisition vehicle for the purpose of acquiring the Company. The Merger Agreement was later amended on April 5, 2013. Pursuant to the terms of the Merger Agreement, as amended, on May 24, 2013, (the "Merger Date"), Merger Sub merged with and into the Company, with the Company surviving as a wholly-owned subsidiary of Parent (the "Merger"). Parent is 100% owned by Energy Capital Partners II, LP and its parallel funds ("Energy Capital" or "ECP") a private equity firm focused on investing in North America’s energy infrastructure.

On May 24, 2013, each issued and outstanding share of common stock of the Company (other than shares of Company common stock held in the treasury of the Company or owned by Parent, affiliates of Parent, Merger Sub, a subsidiary of the Company or by stockholders who had validly exercised and perfected their appraisal rights under Delaware law), was converted into the right to receive $4.15 in cash, without interest and subject to any required withholding of taxes. The Company's common stock ceased to be traded on the New York Stock Exchange after close of market on that date. The Company continues its operations as a privately-held company. The Company filed with the Securities and Exchange Commission (the "SEC"), or has had filed on its behalf, a Form 15 and Form 25 to deregister the Company's common stock under Sections 12(b) and (g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), respectively, which deregistration became effective 90 days after the filing of the applicable form. Further, the Company's reporting obligations under Section 15(d) of the Exchange Act on account of its common stock were suspended effective January 1, 2014, at which time the Company ceased filing periodic reports with the SEC on account of its common stock, but continues to have public reporting obligations with the SEC with respect to its 10.75% Senior Notes due 2018, as required by the indenture governing such Senior Notes.

Available Information

We file annual, quarterly and current reports and other information with the SEC. These materials can be inspected and copied at the SEC's Public Reference Room at 100 F Street, NE., Washington, D.C. 20549. Copies of these materials may also be obtained by mail at prescribed rates from the SEC's Public Reference Room at the above address. Information about the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of the SEC's Internet site is www.sec.gov.

We make available, free of charge, on our Internet website, located at www.energysolutions.com, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and any amendments to such reports, as soon as reasonably practicable following the electronic filing of such report with the SEC. Such reports can

be found under "SEC Filings" in the "Investor Relations" tab. In addition, we provide electronic or paper copies of our filings free of charge upon request. The information on our website is not a part of this Annual Report and is not incorporated into any of our filings made with the SEC.

Item 1A. Risk Factors.

You should carefully consider the following factors and other information contained in this Annual Report on Form 10-K before deciding to invest in our senior notes.

Amendments to the federal and state regulations that govern the classification of LLRW could negatively impact the Company's business.

Federal regulations require that low-level radioactive waste be classified as Class A, B, or C prior to disposal. LLRW disposal facilities may only receive LLRW that complies with criteria set by state regulators, according to the NRC's LLRW classification. The NRC is proposing to amend its LLRW classification regulations to require new and revised site-specific analyses and to permit the development of criteria for waste acceptance based on the results of these analyses, rather than on just the current generic classification system. Ultimately these amendments could impact what waste our Clive, Utah disposal facility is permitted to accept for disposal. Any temporary or permanent disruption or decrease in the waste streams coming to Clive for disposal could have a significant material impact on the Company's business. We expect the NRC to finalize these amendments in late 2015 or 2016.

Our licensed stewardship arrangement with Exelon exposes us to significant financial risks.

The transaction with Exelon is the first of its kind and, therefore, required extensive assurances. The Exelon transaction is expected to prove the license stewardship initiative as a viable model, such that other utility companies will not require as many layers of financial assurance. The transaction with Exelon establishes a series of financial consequences intended to ensure that the Zion Station decommissioning trust fund does not fall below projected completion costs (a "Deficiency"). Whenever there is a Deficiency, ZionSolutions must defer collection of invoices from the trust fund ("deferred receivables") until the Deficiency is resolved. EnergySolutions, LLC and EnergySolutions, Inc. guaranteed ZionSolutions' performance; in a Deficiency scenario, these guarantees would deplete Company assets before the $200.0 million letter of credit would fund remaining decommissioning activities, as described below. If the ZionSolutions' deferred receivables reach $50.0 million, EnergySolutions must defer receivables from ZionSolutions or EnergySolutions, LLC must extend a loan to ZionSolutions or contribute capital to ZionSolutions such that ZionSolutions' own deferred receivables do not exceed $50.0 million and ZionSolutions is able to pay vendors for materials and services within established terms of trade payables and otherwise meet current operating expenses when such expenses are incurred and become due and payable. Deferral of receivables may also be triggered (up to, but not greater than, $5 million per month) if ZionSolutions fails to achieve certain milestones, subject to force majeure or schedule extension conditions. With respect to any deferral of receivables, such receivables may be collected when the Deficiency is resolved or the milestone is achieved, as applicable. Also, additional rent under the lease with Exelon may be required if substantial completion of the D&D activities is not achieved within ten years, subject to certain schedule extension conditions. Such additional rents would be $200,000 per month for the first year of delay, $800,000 per month for the second year of delay, $1,250,000 per month for the third year of delay and $1,750,000 per month for the fourth year of delay and beyond. As discussed above, the Exelon transaction also includes financial assurances beyond the deferral of receivables and additional rents. These include a pledge of the ZionSolutions equity to Exelon, a $200.0 million letter of credit (the proceeds of which may only be used for decommissioning by Exelon to the extent that Exelon exercises its right to ZionSolutions under the pledge), and a disposal easement at our Clive facility. To the extent that any of these deficiencies or events of default occur, there will be a substantial impact to our operations and financial condition because we have the contractual obligation to fund the operations of ZionSolutions if costs exceed the value of the trust fund.

The performance of the Zion Station project is subject to various risks and uncertainties that are not entirely within our control and that could have a material adverse effect on this project's profitability.

The profitability or loss of the Zion Station project is a function of project cost management and NDT fund investment earnings performance. If future project costs increase and all other factors remain constant, the profitability of the project may decrease and potentially result in a loss to ZionSolutions and the Company. Similarly, if the NDT fund investment earnings are lower than current projections and all other factors remain constant, the profitability of the project may decrease (and eventually, the loss on the project will increase) as a result of lower available funding. Because there are over five years remaining on the project, there can be no assurance that our current estimates, assumptions and projections will prove accurate and all such forward looking statements, including our projection of

the project's profitability, could change materially. Our estimates, assumptions and projections are necessarily dependent upon future economic, market and other conditions over which we have no control. Accordingly, the expected profitability of the Zion Station project is uncertain. In the event actual project costs are higher than total realized NDT fund levels, we will realize no profit on the project and could incur a substantial loss that could have a material adverse effect on our business, financial condition and results of operations.

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

We operate in a highly regulated environment that requires us to obtain and comply with federal, 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. Renewal of existing permits could be denied or jeopardized for various reasons, 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; or
- 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 may be required to obtain additional or modify existing operating permits or approvals. Such changes may also cause us to incur additional expenses.

We operate in a politically sensitive environment and public perception of nuclear power and radioactive materials can affect our business.

We 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 and political representatives frequently oppose the operation of processing and disposal sites for radioactive materials such as our Barnwell, South Carolina, Oak Ridge, Tennessee and Clive, Utah disposal facilities. For example, public interest groups and the former governor of Utah 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. The Utah Board of Radiation Control has also placed a temporary moratorium on the disposal of depleted uranium at our Clive facility even though depleted uranium is Class A waste that has previously been disposed of at our Clive facility. In addition, the NRC has announced that it is undertaking a limited rulemaking to require the preparation of a site-specific analysis at sites that dispose of significant quantities of depleted uranium. Although preliminary NRC analyses indicate that facilities such as our Clive facility will continue to be suitable for the disposal of depleted uranium, the Utah Board of Radiation Control has approved its own rule that requires a performance assessment prior to disposal of significant quantities of depleted uranium at our Clive facility. This assessment has been completed and submitted for review and approval. The review and approval process or other restrictions could result in a delay or changes in how we dispose of depleted uranium at our Clive facility. Any regulatory, environmental or legislative efforts to limit or delay the operations at any of our facilities will adversely affect our business.

The April 2011 natural disaster in Japan, which resulted in the release of radioactive material from the Fukushima nuclear power plant following the nuclear disaster there, highlights how public reaction can have a significant political influence and cause changes in governmental policies. Opposition by third parties 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. 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. Adverse public reaction and the perceived risks associated with nuclear power and radioactive material could also lead to increased regulation which limits or prohibits the activities of our customers. Our customers might also be subject to more onerous operating requirements. Any of the foregoing conditions or unforeseen adverse conditions in the future could have a material adverse impact on our business.

In addition, we may seek to address public and political opposition to our business activities through voluntary limitations on our operations. These actions, however, divert time and resources away from our core business operations and strategies and may not achieve the results we desire. For example, as part of our response to public statements made by public interest groups and the former 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

former governor to withdraw a request for a license amendment to increase our overall capacity at our Clive facility.

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 significantly impact project schedules and cost. 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 may result 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 federal, 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 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. There can be no assurance that our existing liability insurance is adequate, 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 at any of our facilities, if successful and of sufficient magnitude, could have a material adverse effect on our results of operations and financial condition.

Our business depends on the continued operation of and adequate capacity at, our Clive, Utah disposal 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 Class A LLRW in the U.S. 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. 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.

In December 2009, the governor of Utah announced he had reached an agreement with the DOE not to ship any additional depleted uranium from the Savannah River site to the Clive facility until a site-specific performance assessment of the Clive facility could be completed. These and other actions by states or the federal government may affect the operation, capacity, expansion or extension of the Clive facility. The Northwest Compact, which consists of Alaska, Hawaii, Idaho, Montana, Oregon, Utah, Washington and Wyoming was created pursuant to a federal statute that enable states to enter into interstate compacts for the purpose of managing LLRW. The Northwest Compact has asserted that it has authority over our Clive, Utah facility and on November 9, 2010, the U.S. Tenth Circuit Court of Appeals ruled that the Northwest Compact is statutorily and constitutionally permitted to exercise exclusionary authority over the Clive facility. Any of the foregoing actions may hinder, delay or stop shipments to the facility, which could impair our ability to execute disposal projects and significantly reduce future revenue.

We believe that the Clive facility has sufficient capacity for approximately 30 years of operations based on our estimate of future disposal volumes, our ability to optimize disposal capacity utilization and the license amendment to convert volume capacity originally intended for 11e(2) waste to Class A LLRW that was approved in November 2012. If future disposal volumes increase beyond our expectations or if our other assumptions prove to be incorrect, then the remaining capacity at the Clive facility would be utilized 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.

We may fail to win re-bids in the U.K. for the Magnox decommissioning contracts currently held by our subsidiary EnergySolutions EU Limited.

The NDA contracts (the "Magnox Contracts") held by EnergySolutions EU Limited through its subsidiary Magnox Limited have been extended and are scheduled to expire August 31, 2014 and can be extended for an additional six months at the option of the NDA. For the contract year ended March 31, 2014, we expect to recognize revenue of approximately $1.2 billion from these contracts. The competition of these contracts commenced in July 2012. We competed for the re-bid of the Magnox Contracts by teaming with one partner which reduced our ownership percentage of the re-bid opportunity. On March 31, 2014, the NDA announced that our team was not selected as the preferred bidder to manage the Magnox sites. We and our teaming partner have not decided whether to protest the results of the re-bid process. Our failure to win the re-bid will have a significant negative impact on our results of operations. We also have goodwill and other intangible assets associated with our international business unit that we will evaluate for possible impairment.

Our international operations involve risks that could have a material negative impact on our results of operations. For the year ended December 31, 2013, we derived 68.9% and 36.1% of our revenue and segment operating income from our operations outside of North America. For the year ended December 31, 2012, we derived 68.2% and 35.3% of our revenue and segment operating income from our operations outside of North America. Our business depends 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 revenue and operating income. In addition to risks applicable to our business generally, our international operations are subject to a variety of heightened or distinct risks, including:

- recessions or inflationary trends in foreign economies and the impact on government funding and our costs of doing business in those countries;
- the expansion of our business and operations in China, including challenges related to protecting our intellectual property and political risks;
- difficulties in staffing and managing foreign operations;
- 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;
- high initial entry costs associated with new markets;
- the possibility of greater than expected operating costs;
- social, political and economic instability;
- increases in taxes;
- limitations on the ability to repatriate foreign earnings; and
- natural disasters or other crises.

The loss of one or a few customers or a particular strategic asset 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 revenue in any one year or over a period of several consecutive years. For example, the NDA accounts for most of our revenue in the International segment. For the years ended December 31, 2013, 2012 and 2011, respectively, 64.9%, 63.8% and 61.0%, of our total consolidated revenue was generated from contracts funded by the NDA. In addition, from time to time we typically have 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 years ended December 31, 2013, 2012 and 2011, 12.1%, 11.0% and 15.3%, respectively, of

our total consolidated revenue was from contracts funded by the DOE. Our business strategy and profitability rely on our ownership of unique disposal facilities. A significant amount of our revenue is derived from large one-time projects.

The termination or expiration of a significant contract, the loss of a significant customer, the loss of a strategic asset or the lack of new project awards could have a materially adverse effect on our business. In addition, customers generally contract with us for specific projects and as projects are completed we may lose customers from year to year. For these reasons, we may be particularly sensitive to significant fluctuations in our revenue, liquidity and profitability. Our inability to replace this business could have an adverse effect on our operations and financial condition.

We have substantial debt, which could harm our financial condition, business and growth prospects.

As of December 31, 2013, we had outstanding debt balances of $440.0 million under our senior secured credit facility and $300.0 million under our senior notes. 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 and other fees 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;
- we may be unable to renew, replace or repay long-term debt as it becomes due, particularly in light of the tightening of lending standards as a result of the economic downturn;
- we may not be able to renew or replace our long-term debt at terms that are acceptable to us;
- 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 or more favorable interest rates.

Borrowings under our senior secured credit facility bear interest at variable rates. As of December 31, 2013, the interest rate of our term loan was 7.25% and the revolving credit facility was 6.75%. Assuming that the term loan interest rate and principal balance remain constant during the following years, our interest payment obligations related to the term loan obligations would be approximately $31.9 million for each of the next five years. Based on the amount of variable rate debt outstanding and the interest rate at December 31, 2013, a hypothetical 1% increase in interest rates would increase our annual interest expense by approximately $4.4 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.

Outstanding balances under our senior notes due 2018 bear interest at a 10.75% fixed interest rate. At this rate and assuming an outstanding balance of $300.0 million as of December 31, 2013, our annual debt service obligations would be $32.3 million. Based on the amount of outstanding debt and its fixed interest rate we must use a substantial portion of our cash flow from operations to redeem all or a portion of our senior notes and to pay interest and other fees associated with our senior notes, which could reduce the funds available to us for other purposes and could significantly increase our debt.

Letters of credit, surety bonds and other financial assurances 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 or to provide other financial assurances to support contractual obligations to customers as well as other obligations. These letter 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 regarding the decommissioning of Zion Station, we delivered a $200.0 million letter of credit to Exelon relating to our present and future obligations. Under our contract with Exelon and our NRC license, the letter of credit must remain in place for the duration of the Zion Station project, which we expect will occur no earlier than 2020. The letter of credit is collateralized by $200.0 million in restricted cash, which we initially obtained in 2010 through borrowings on our senior secured credit facility. Although there are provisions for step downs in the amount of the letter of credit toward the end of the Zion Station project, any release of our obligation to maintain this letter of credit is at Exelon’s discretion, and we do not expect that Exelon will release us from this obligation. Exelon may

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cause the letter of credit to be drawn upon to fund a backup trust upon the occurrence of one of the following conditions (i) our failure to maintain the required letter of credit from a qualified financial institution, (ii) our bankruptcy or the bankruptcy of ZionSolutions, (iii) the cessation by ZionSolutions to provide all or substantially all decommissioning services for a period of longer than one year, (iv) our failure to make a payment pursuant to our guarantee of ZionSolutions' obligations, or (v) ZionSolutions' failure to use diligent efforts to perform services according to the agreed upon schedule. If we exhaust our resources and ability to complete the D&D activities, and in the event of a material default under a credit support agreement we entered into with Exelon in connection with the Zion project, Exelon may exercise its rights to take possession of ZionSolutions. At that point, through its ownership of ZionSolutions, Exelon, and not the Company, would then be entitled to draw on the funds associated with the $200.0 million letter of credit. Under the terms of our financing arrangements, we obtained restricted cash and took on the liability for the letter of credit. In addition to providing this letter of credit, we also provided a guarantee as primary obligor to the full and prompt payment and performance by ZionSolutions of all its obligations under the various agreements with Exelon and pledged 100% of our interests in ZionSolutions to Exelon. We also granted an irrevocable easement of disposal capacity of 7.5 million cubic feet at our Clive disposal facility and purchased the insurance coverage required of a licensee under the NRC's regulations.

If a letter of credit, bond or other financial assurance 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. Moreover, due to events that affect the insurance and bonding and credit markets generally, letters of credit, bonding and other financial assurances 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, bonds or other financial assurances will continue to be available to us on reasonable terms. Our inability to obtain adequate letters of credit, bonds and other assurances, as a result, to bid on new work could have a material adverse effect on our business, financial condition and results of operations.

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

The agreements governing the senior secured credit facility 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 and acquisitions;
- 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;
- enter into guarantees for, and investments into, certain subsidiaries and joint ventures;
- make capital expenditures; and
- transfer or sell assets.

The agreements governing our senior secured credit facility contain financial covenants which we may not meet with our future financial results.

Our senior secured credit facility contains financial covenants requiring us to maintain specified maximum leverage and minimum cash interest coverage ratios. The results of our future operations may not allow us to meet these covenants, or may require that we take action to reduce our debt or to act in a manner contrary to our business objectives.

Our failure to comply with obligations under our senior secured credit facility, including satisfaction of the financial ratios, would result in an event of default under the facilities. A default, if not cured or waived, would prohibit us from obtaining further loans under our senior secured credit facility and permit the lenders thereunder to accelerate payment of their loans and not renew the letters of credit which support our bonding obligations. If we are not current in our bonding

obligations, we may be in breach of our contracts with our customers, which generally require bonding. In addition, we would be unable to bid or be awarded new contracts that required bonding. If our debt is accelerated, we currently would not have funds available to pay the accelerated debt and may not have the ability to refinance the accelerated debt on terms favorable to us or at all particularly in light of the tightening of lending standards as a result of the ongoing financial crisis. If we could not repay or refinance the accelerated debt, we would 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 senior notes.

We may not be able to generate or borrow enough cash to service our debt, which could result in bankruptcy or otherwise impair our ability to maintain sufficient liquidity to continue our operations.

We rely primarily on our ability to generate cash from operations to service our debt. If we do not generate sufficient cash flows we may need to seek additional financing. If we are unable to obtain financing on terms that are acceptable to us, we could be forced to sell our assets or those of our subsidiaries to make up for any shortfall in our payment obligations under unfavorable circumstances. Our senior secured credit facility limits our ability to sell assets and also restricts our use of the proceeds from any such sale. If we default on our debt obligations, our lenders could require immediate repayment of our entire outstanding debt. If our lenders require immediate repayment on the entire principal amount, we will not be able to repay them in full, and our inability to meet our debt obligations could result in bankruptcy or otherwise impair our ability to maintain sufficient liquidity to continue our operations.

Our quarterly operating results may fluctuate significantly.

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 large size and irregular timing of payments under our international contracts;
- 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 and fourth calendar quarters of each year;
- 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;
- the timing of expenses incurred in connection with acquisitions or other corporate initiatives;
- staff levels and utilization rates;
- competitive factors in our industry; and
- general economic or political conditions.

Fluctuations in quarterly results, lower than anticipated revenue or our failure to meet published analyst forecasts, could negatively impact the price of our senior notes.

Our life-of-plant contracts may not remain in effect through a nuclear power plant's decontamination and decommissioning or may subject us to additional liabilities.

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. These contracts are also meant to provide waste disposal revenue streams when the plants are shut down. However, 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 such as the development of a new disposal facility within the plants compact region;
- 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 revenue and profits. In addition, life-of-plant contracts may expose us to liability in the event that any government action limits our ability to accept radioactive materials by capping the capacity of one or more of our disposal facilities or taking other actions that prevent us from disposing of LLRW and MLLW at our facilities or substantially increase the cost of doing so.

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

We must be successful in winning new business from our government and commercial customers to replace revenue from completed projects and to sustain growth. Our business and operating results can be significantly influenced by the size and timing of a single material contract.

Large government contracts become available for bidding on an infrequent basis. Our business strategy includes bidding on such contracts as the prime contractor, part of a joint venture or other team arrangement competing for a prime contract and as a first tier or lower subcontractor. We expect to bid on a significant portion of the approximately $30 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 new prime contracts, either as a prime contractor or as part of a joint venture or other team arrangement, we will be competing directly against a number of large national and regional nuclear services firms, which may compete individually or as part of a joint venture or team, that may possess or develop superior technologies and/or have greater financial, management and marketing resources. Many of these companies, joint ventures and teams, also have long-established customer relationships and reputations. As a result, we may not be successful in being awarded the prime contract as the lead prime contractor or as part of a joint venture or other team arrangement for any of these contracts.

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

Our safety record is critical to our reputation. Many of our government and commercial customers require that we maintain certain specified safety record guidelines to be eligible to bid for contracts. Furthermore, contract terms may provide for automatic termination in the event that our safety record fails to adhere to agreed-upon guidelines. 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.

We may incur regulatory fines or lose our NDA contract fees if a significant accident were to occur at the power generating facilities.

Under the Magnox Contracts, we manage 22 nuclear reactors, 1 of which is currently operating, for the NDA. The management and operation of such facilities subjects us to various risks including potential harmful effects on the environment and human health resulting from the storage, handling and disposal of radioactive materials and limitations on the amounts of types of insurance commercially available to cover potential losses.

We are required to meet licensing and safety related requirements imposed by the NDA and other regulatory agencies in the U.K. In the event of non-compliance, the NDA or other regulatory agencies may increase regulatory oversight, impose fines and/or shut down a facility, depending upon the assessment of the severity of the situation. Revised security and safety

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requirements promulgated by regulatory agencies could necessitate capital expenditures, as well as proportionate assessments against us to cover third party losses.

If a nuclear incident were to occur at one of the nuclear facilities operated by us, there could be environmental, health and public safety consequences. A nuclear incident could lead to the termination of our position as the operator of that facility and/or other nuclear facilities and potentially impact other segments of our business.

The elimination or any modification of the Price Anderson Act's indemnification authority, which is applicable to certain of our operations, could harm our business.

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, provides for 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 contractor 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 incur substantial losses, 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, we may not be able to obtain commercially adequate insurance on a cost effective basis, or at all and our business could be adversely affected if the owners and operators of new facilities elect not to retain our services.

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:

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

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 harm 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 and industry conditions. During economic downturns, the ability of private and government entities to make expenditures on nuclear services is likely to be curtailed. Our Commercial Services customers have reduced their spending on nuclear services during the recent economic downturn and despite the recent recovery in equity markets, they have not increased their spending to levels prior to the downturn. In particular, our operations depend, in part, upon government funding and especially upon funding levels at the NDA and DOE. Significant changes in the level of government funding (for example, the annual budget of the NDA or DOE) or specifically mandated levels for individual programs that are important to our business could have an unfavorable impact on our business, financial

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position, results of operations and cash flows. For example, although the Magnox Contract funding for the 2013/2014 contract year increased over the 2012/2013 contract year, the NDA may reduce Magnox funding allocations in the future as the NDA directs funds to meet the funding requirements of other “high hazard” sites that are perceived to pose a greater degree of risk.

If Congress does not pass annual appropriations bills in a timely fashion, it may delay spending on new government contracts. Any reduction in the level of government funding, particularly at the DOE, may result in, among other things, a reduction in the cleanup and waste handling projects put out for bid by the government or the curtailment of existing government waste disposal programs, either of which may result in a reduction in the number of contract award opportunities available to us, a reduction of waste shipment and disposal activities from DOE sites and an increase in our costs of obtaining a contract award or providing services under the contract.

The current state of the financial markets could also exert pressure on our customers and could limit their ability to secure working capital. This may impact their liquidity and their ability to make timely payments of their invoices to us. The inability of our customers to make timely payments of our invoices may negatively impact our operating results and cash flows.

As a government contractor, we are subject to extensive regulation and contractual and other requirements relating to the formation, administration and performance of contracts and our failure to comply with applicable regulations and requirements 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 agencies such as the U.S. Defense Contract Audit Agency, the DOE, higher-tier contractors and other auditors as designated by our government customers. 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 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. Some of our projects receive funding under the ARRA or similar federal and state programs designed to provide financial assistance to create jobs, improve energy efficiency, encourage the development of renewable energy and meet critical infrastructure needs. The receipt of these funds subjects us to additional regulatory oversight and reporting requirements, which impose additional administrative burdens and costs on our business. Failure to comply with applicable regulations, requirements or statutes could disqualify us from receiving recovery funding, result in the termination or suspension of our existing government contracts, impose fines or other penalties on us, or result in our suspension or debarment from government contracting. 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 revenue and profits. Furthermore, as a result of our government contracting or the receipt of recovery funding, claims for civil or criminal fraud may be brought by the government for violations of these regulations, requirements or statutes.

We cannot assure that government audits will not result in the disallowance of significant incurred costs in the future. We may also be subject to qui tam litigation brought by private individuals on behalf of the government under the Federal Civil False Claims Act. If qui tam litigation resulted in a finding of contract violations against our company, the result could be the imposition of civil and criminal penalties or sanctions including treble damages, contract termination, forfeiture of profit, and/or suspension of payment, suspension of our eligibility as a government contractor, debarment and harm to our reputation. Any contract terminations, suspensions or debarment could reduce our profits and revenues significantly.

Our global operations require importing and exporting goods and technology across international borders.

We are subject to U.S. and foreign international trade laws. To the extent that we export products, technical data and services outside the U.S., we are subject to U.S. laws and regulations governing international trade and exports, including but not limited to the International Traffic in Arms Regulations, the Export Administration Regulations and trade sanctions against embargoed countries, which are administered by the Office of Foreign Assets Control within the U.S. Department of the Treasury. The violation of such laws could subject us to civil or criminal penalties, including substantial monetary fines, or other adverse actions including denial of import or export privileges and could damage our reputation and therefore, our ability to do business.

Our commercial customers may decide to store radioactive materials on-site rather than contract with us to transport, process and dispose of their radioactive materials.

Our LP&D segment's results of operations may be affected by the decisions of our commercial customers to store radioactive materials on-site, rather than contract with us to transport, process and dispose of their radioactive materials. 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 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, among other reasons, 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. The NRC has rejected our proposal to undertake an amendment of current NRC rules to permit operators of nuclear reactors to access decommissioning funds for transportation and disposal of retired large components of currently operating nuclear power plants. We will continue to work with the NRC to request, on a case-by-case basis, that operators of these nuclear reactors be permitted to access decommissioning funds for transportation and disposal of retired large components. The NRC's refusal to grant such requests could have an adverse impact on the prospects for our Commercial Services and LP&D segments.

We may not be successful in entering into new license stewardship arrangements or facility-wide D&D contracts with owners and operators of shut-down nuclear plants.

We continue to market our license stewardship solution to the owners and operators of shut-down nuclear reactors in SAFSTOR or monitored storage. We also continue to market our D&D management experience and expertise to win conventional facility-wide D&D contracts with owners and operators of shut-down nuclear reactors. Although we believe we offer an attractive alternative to deferring decommissioning and related risks to the reactor owner, the following factors may adversely affect our efforts:

- owners and operators of shut-down nuclear reactors have the option of maintaining their reactors in SAFSTOR or monitored storage, allowing their decommissioning trust fund to grow and eventually pursue a D&D program in the future;
- uncertainty regarding the appropriate tax and regulatory treatment 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 or facility-wide D&D contracts 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, or at all;
- 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.

Whether under our license stewardship arrangements or facility-wide D&D contracts, we would assume the D&D obligations of owners of shut-down nuclear facilities. We anticipate the costs of this process will be paid exclusively from the decommissioning trust fund of the related facility. We would commit to undertake a particular arrangement only if we believed the decommissioning trust fund would be sufficient to fund the D&D activities including a reasonable profit. However, if the investment of the trust fund is not appropriately managed to achieve a targeted return, or such funds are adversely affected by market conditions or investment returns, there may not be sufficient funds in the trust fund to complete the obligations we have assumed. Moreover, the costs of D&D could exceed the amounts in the trust fund and we may not be able to draw from other sources of funds, including funds from our other operations, to meet the costs of the project. Any of these outcomes would expose us to significant financial risk.

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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, including accidents involving the release of such materials.

Our operations involve managing radioactive and hazardous materials, including handling, transportation and disposal. Failure to properly manage these materials could pose a health risk to humans 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 insurance (or the insurance of our customers) 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 to comply with specific requirements in our financing agreements and in other 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 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 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 and likely requiring the expenditure of additional marketing costs and related expenses to retain market share. If we are unable to meet these competitive challenges, we could lose market share and experience an overall reduction in our profits.

Competitors have requested regulatory relief from the NRC to dispose of extremely low-level commercial Class A waste in non-licensed facilities such as specialized landfills. These developments present additional competitive risks that could adversely affect our business, particularly as it relates to the revenue and gross profits from the operation of our Clive, Utah disposal facility.

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 regulatory, economic or other changes that may occur during the contract period. If we have underestimated the costs of our fixed price contracts, we may experience losses on such contracts and, in certain circumstances, those losses could be material.

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 or within a specified budget. For example, in connection with our reactor decommissioning program, 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. Sometimes, we also guarantee that a project, when completed, will achieve certain performance standards. If we fail to complete the project as scheduled or budgeted, 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 revenue is recognized using the proportional performance method of accounting. Generally, the proportional performance accounting practices we use result in recognizing contract revenue 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 revenue 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. For example, during 2012, due to changes in future cost estimates to complete our Salt Waste project we recorded a reversal of previously recorded incentive fee in the amount of $5.6 million.

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

We may pursue selective acquisitions of other nuclear services businesses, both domestic and international, that we expect will enhance our existing portfolio of services and strengthen our relationships with our government and commercial customers. 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 acquisitions include:

- failure to complete anticipated acquisitions or achieve the expected benefits from completed acquisitions;
- 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 senior secured credit facility and other credit arrangements and by our financial resources, including available cash and borrowing capacity. Given the tight debt markets, we may be unable to make acquisitions. 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 operations personnel and management, 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 in the U.S. since the mid-1970s, there have 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. Also, the Company has continued to realign senior management to reflect ongoing changes in business opportunities, priorities and strategies. As part of the realignment, several of our executive officers and members of senior management are no longer with the Company. We face increasing competition and expense to attract and retain other qualified personnel. Loss of key personnel or failure to attract qualified management and other personnel could have an adverse effect on our ability to operate our business and execute our business strategy.

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An impairment charge could have a material adverse effect on our financial condition and results of operations.
We are required to test acquired goodwill for impairment on an annual basis. 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 complete our annual impairment reviews of goodwill in the second 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. Changes in our forecasts could cause book values of certain reporting units to exceed their fair values, which may result in goodwill impairment charges. 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.
As of December 31, 2013, we had $309.5 million of goodwill and $214.4 million of finite lived intangible assets, which collectively represented 21.8% of our total assets of $2.4 billion as of December 31, 2013.
Due to changes in management, decreased earnings guidance and a debt rating downgrade that occurred during the latter part of the second quarter of 2012, our stock price and corresponding market capitalization declined significantly. As a result management performed a comprehensive review of its financial forecasts and adjusted its estimates of future cash flows. These events prompted us to perform an interim goodwill impairment test as of both June 30, 2012 and September 30, 2012. Based on the first step of the analysis each of our reporting units' fair value exceeded their carrying value. However, as of September 30, 2012, the fair value of the International reporting unit exceeded its carrying value by less than 5% using a weighted average discount rate of 20% and a residual growth rate of 2.5%. The goodwill balance of our International reporting unit as of September 30, 2012 was $55.0 million. A hypothetical increase in the weighted average discount rate of 0.5% would decrease the calculated fair value as a percentage of book value for the International reporting unit by 1.6%. The calculated fair value of each of our other reporting units exceeded the reporting unit's book value by amounts greater than 5% of their book value. Although the fair value of each of the reporting units currently exceeds their carrying value, a deterioration of market conditions, an adverse change in regulatory requirements, reductions in government funding, failure to win new business or re-bids of current contracts could result in a future impairment loss.
We rely on intellectual property laws, trade secrets 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/or disposal of radioactive materials. Our intellectual property could be challenged, invalidated, circumvented or rendered unenforceable.
We also rely upon unpatented proprietary 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 expertise. Adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and expertise. Others may obtain knowledge of our trade secrets through independent development or other access by legal means. The failure of intellectual property laws or our confidentiality agreements to protect our processes, technology, trade secrets and proprietary expertise and methods could have an adverse effect on our business by

jeopardizing our rights to our 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, 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 have entered 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, reputational harm and reduced profit.

These 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. We cannot control the actions of our joint venture partners and as with most joint venture arrangements, differences in views among the joint venture participants may result in delayed decisions or disputes. We also typically have joint and several liabilities 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 project, financial and other controls. These joint ventures may not be subject to the same requirements regarding internal controls and financial reporting that we follow. As a result, problems may arise with respect to the joint ventures that could adversely affect our ability to respond to requests, meet contractual obligations or comply with internal control requirements to which we are otherwise subject.

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

We often 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 revenue 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.

We may not be successful in executing our business strategies.

We must be successful in executing long-term strategic plans and opportunities which include winning new business from our government and commercial customers and in diversifying our business into other areas that allow us to exploit our core competencies. If we are not successful in these endeavors, we may not achieve our financial goals.

If we or our independent registered public accounting firm identify 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.

We or our independent registered public accounting firm may, in the future, identify 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.

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If material weaknesses in our internal control over financial reporting are identified in the future, we may be unable to provide required financial information in a timely and reliable manner our management may not be able to report that our internal control over financial reporting is effective in accordance 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 senior notes may decline.

Our business could be negatively impacted by security threats, including physical and cyber security threats.

We face various security threats, including cyber threats, threats to the physical security of our facilities and infrastructure, and threats from terrorist acts, as well as the potential for business disruptions associated with these threats. Although we utilize a combination of tailored and industry standard security measures and technology to monitor and mitigate these threats, we cannot guarantee that these measures and technology will be sufficient to prevent security threats from materializing.

We have been, and will likely continue to be, subject to cyber based attacks and other attempts to threaten our information technology systems, including attempts to gain unauthorized access to our proprietary or classified information and attacks from computer hackers, viruses, malicious code and other security problems. As a U.S. government contractor and our role within the nuclear industry, we may be prone to a greater number of those threats than companies in other industries. From time to time, we experience system interruptions and delays; however, prior cyber based attacks directed at us have not had a material adverse impact on our results of operations. Due to the evolving nature of these security threats, however, the impact of any future incident cannot be predicted.

The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect our internal operations, the services we provide to customers, the value of intellectual property, our future financial results, or our reputation.

Our operations are subject to taxation and regulation by federal, state, local and other governmental entities.

We have deferred tax assets for net operating loss carry forwards. We also currently benefit from research and development credits which reduce our overall tax rate. The expiration of the net operating loss carry forwards and inability to qualify for future tax credits or changes in governing rules and regulations could result in a material increase in our taxes and effective tax rate. We may not have the ability to pass on the effect of such increase to our customers and, as a result, we 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.

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, which consists of South Carolina, New Jersey and Connecticut. Although the Barnwell closure did not have a significant impact on our revenue or net income, political pressures to reduce or curtail other operations could have a material adverse effect on our results of operations.

We must successfully upgrade and maintain our information technology systems.

We rely on various information technology systems to manage our operations. We are currently implementing modifications and upgrades to our systems, including making changes to legacy systems, replacing legacy systems with successor systems with new functionality, consolidating duplicative systems and acquiring new systems. These types of activities subject us to inherent costs and risks associated with replacing and changing these systems, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. Our system implementations may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, the implementation of new technology systems may cause disruptions in our business operations and have an adverse effect on our business, cash flows and operations, if not anticipated and appropriately mitigated.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of December 31, 2013, we owned 11 properties, leased 36 properties and operated 1 property pursuant to a long-term lease with the state of South Carolina. We believe that our current facilities are sufficient for the operation of our business and that suitable additional space in various local markets is available to accommodate any reasonable foreseeable needs that may arise. The following table provides summary information of our owned and leased real property, exclusive of renewal options:

| Property | Segment | Use | Space | Lease Expiration |
|---|---|---|---|---|
| Owned | | | | |
| Barnwell, South Carolina | LP&D | Materials processing and packing | 1,627 acres | N/A |
| Barnwell, South Carolina | LP&D | Materials processing and packing | 71 acres | N/A |
| Clive, Utah | LP&D | Treatment and disposal facility | 1,557 acres | N/A |
| Columbia, South Carolina | LP&D | Cask 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—Manufacturing Sciences Corporation | LP&D | Metals manufacturing and fabrication | 15 acres | N/A |
| Oak Ridge, Tennessee—Bear Creek | LP&D | Waste processing operations | 45 acres | N/A |
| Oak Ridge, Tennessee—Shaw property | LP&D | Waste processing operations | 33 acres | N/A |
| Oak Ridge, Tennessee—K-792 Rail yard | LP&D | Rail facility | 12 acres | N/A |
| Antonito, Colorado—Transload property | LP&D | Rail facility | 19 acres | N/A |
| Leased | | | | |
| Aiken, South Carolina | Projects | General office space | 11,431 sq ft. | 4/17/2016 |
| Albuquerque, New Mexico | Projects | General office space | 6,000 sq ft. | 10/31/2014 |
| Barnwell, SC | LP&D | Warehouse | 10,000 sq ft. | 5/31/2014 |
| Beijing, China | Products | General office space | 150 sq ft. | 8/14/2014 |
| Brampton, Ontario | LP&D | General office space | 129,720 sq ft. | 10/31/2021 |
| Brossard, Québec | LP&D | General office space | 1,500 sq ft. | 8/30/2015 |
| Campbell, California | Projects and Products | General office space | 3,032 sq ft. | 1/31/2016 |
| Columbia, Maryland | Projects and Products | General office space | 18,946 sq ft. | 8/31/2020 |
| Columbia, South Carolina | Products | General office space | 27,627 sq ft. | 6/30/2022 |
| Cumbria—Loweswater Pavilion, United Kingdom | International | General office space | 4,560 sq ft. | 3/17/2016 |
| Cumbria—Unit 2, United Kingdom | International | General office space | 942 sq ft. | 1/30/2015 |
| Cumbria—Units 5 & 6, United Kingdom | International | General office space | 1,921 sq ft. | 9/25/2014 |
| Cumbria—Unit 7, United Kingdom | International | General office space | 950 sq ft. | 6/2/2016 |
| Danbury, Connecticut | Products | General office space | 6,704 sq ft. | 11/30/2014 |
| Deep River, Ontario | Projects | General office space | 1,050 sq ft. | 10/31/2014 |
| Elkhorn, WI | Products | General office space | 216 sq ft. | 1/31/2014 |

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|---|---|---|---|---|
| Englewood, Colorado | Projects | General office space | 4,389 sq ft. | 2/1/2018 |
| Idaho Falls, Idaho | Projects | General office space | 5,376 sq ft. | 4/30/2015 |
| Knoxville, Tennessee | All | Data center space | 60 sq ft. | 3/17/2015 |
| Los Alamos, New Mexico | Projects | General office space | 6,471 sq ft. | 3/1/2015 |
| Los Alamos, New Mexico | Projects | General office space | 1,480 sq ft. | 1/31/2015 |
| McLean, Virginia | LP&D | General office space | 120 sq ft. | 8/31/2014 |
| Mississauga, Ontario | Projects | General office space | 5,789 sq ft. | 7/31/2016 |
| Oak Ridge, Tennessee—Commerce Park | Projects and Products | General office space | 31,251 sq ft. | 3/31/2015 |
| Oak Ridge, Tennessee—Portal 10 | LP&D | Transload Area | 3 acres | 8/2/2014 |
| Oak Ridge, Tennessee—Scarboro Road | Projects | General office space | 15,100 sq ft. | 7/31/2016 |
| Richland, Washington—Hertz | Projects | General office space | 6,200 sq. ft. | 9/30/2018 |
| Richland, Washington—Stevens Drive | Products | General office space | 32,300 sq ft. | 9/30/2018 |
| Richland, Washington—WSU | Projects | Research and office space | 13,132 sq ft. | 6/30/2014 |
| Salt Lake City, Utah | All | Corporate offices | 36,578 sq ft. | 12/31/2016 |
| Salt Lake City, Utah—Gateway | All | Corporate offices | 39,494 sq ft. | 12/31/2022 |
| Swindon, United Kingdom | International | General office space | 7,187 sq ft. | 10/13/2018 |

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|---|---|---|---|---|
| Tooele, Utah | LP&D | General office space | 1,230 sq ft. | 12/31/2014 |
| Washington, D.C. | Projects and Products | General office space | 5,035 sq ft. | 9/30/2017 |
| Washington, D.C. | All | General office space | 150 sq ft. | 4/30/2014 |
| Zion, Illinois—Zion Station Operating Rights | Products | D&D operations | 193 acres | 8/31/2020 |
| Barnwell, South Carolina | LP&D | Treatment and disposal facility | 235 acres | 4/5/2075 |

Item 3. Legal Proceedings

Various legal proceedings are pending against our subsidiaries and us. The resolution of outstanding claims and litigation is subject to inherent uncertainty, and it is reasonably possible that resolution of any of the outstanding claims or litigation matters could have a material adverse effect on us.

Pennington et al. v. ZionSolutions, LLC, et al.

On July 14, 2011, four individuals, each of whom are electric utility customers of Commonwealth Edison Company, the former owner of the Zion Station ("Com Ed"), filed a complaint in the U.S. District Court for the Northern District of Illinois, Eastern Division, against ZionSolutions and Bank of New York Mellon, the trustee of the Zion Station decommissioning trust ("NDT") fund.

The plaintiffs claim that payments from the NDT fund to ZionSolutions for decommissioning the Zion Station are in violation of Illinois state law, Illinois state law entitles the utility customers of Com Ed to payments (or credits) of a portion of the NDT fund and that Bank of New York Mellon was inappropriately appointed by ZionSolutions as trustee of the NDT fund. The plaintiffs seek to enjoin and recover payments from the NDT fund to ZionSolutions, that payments (or credits) of a portion of the NDT fund be made to utility customers of Com Ed, the appointment of a new trustee over the NDT fund, an accounting from Bank of New York Mellon of all assets and expenditures from the NDT fund and costs and attorneys fees. The plaintiffs also seek class action certification for their claims. On September 13, 2011, the defendants filed a motion to dismiss the plaintiffs' claims. On July 29, 2013, the U.S. District Court for the Northern District of Illinois, Eastern Division dismissed the entire lawsuit. The plaintiffs appealed to the United States Court of Appeals for the Seventh Circuit. The Seventh Circuit affirmed the dismissal on January 31, 2014 and denied the plaintiffs' motion for rehearing en banc on February 28, 2014.

Litigation Relating to the Merger with Energy Capital Partners

Following the Company's January 7, 2013 announcement that it had entered into a Merger Agreement providing for the acquisition of the Company, by Parent, an entity formed by Energy Capital Partners, ten purported class action lawsuits were brought against us, the members of our board of directors, Energy Capital Partners II, LLC, Parent and Merger Sub. Six lawsuits were filed in the Delaware Court of Chancery, captioned Printz v. Rogel, et al., C.A. No. 8302-VCG (Jan. 10, 2013); Bushansky v. EnergySolutions, Inc., et al., C.A. No. 8210 (Jan. 11, 2013); Danahare v. EnergySolutions, Inc., et al., C.A. No. 8219 (Jan. 15, 2013); Graham v. EnergySolutions, Inc., et al. (Jan. 15, 2013), and Lebron v. EnergySolutions, Inc., et al., C.A. No. 8223 (Jan. 15, 2013); Louisiana Municipal Police Employees' Retirement System v. EnergySolutions, Inc., et al., C.A. No. 8350 (Feb. 22, 2013), (the "Delaware actions").

The other four lawsuits were filed in the Utah State District Court, Third Judicial District, Salt Lake County, and are titled Mohammed v. EnergySolutions, Inc., et al., No. 130400388 (Jan. 10, 2013); Luck v. EnergySolutions, Inc., et al. No. 130900256 (Jan. 11, 2013); Braiker v. EnergySolutions, Inc., et al., No. 130900573 (Jan. 25, 2013); and Temmler v. EnergySolutions, Inc., et al., No. 130900684 (Jan 31, 2013), (the "Utah actions").

Without admitting any wrongdoing and to avoid the burden, expense and disruption of continued litigation, EnergySolutions, Inc., the members of our board of directors, Energy Capital Partners II, LLC, Parent and Merger Sub entered into a settlement agreement with the plaintiffs. The Delaware and Utah courts approved the settlement agreement and dismissed the Delaware actions and Utah actions, respectively.

EnergySolutions, Inc. vs. Kurion, Inc. et al.

On March 6, 2013, the Company filed a lawsuit against Kurion Inc. and John Raymont, Jr. and Mark Denton, two former EnergySolutions employees now employed by Kurion to enforce contractual and intellectual property rights related to EnergySolutions' waste treatment and vitrification technologies. The lawsuit was initially filed in the Third Judicial District Court in and for Salt Lake City, Utah. The Utah action was dismissed on personal jurisdiction grounds. EnergySolutions filed

lawsuits to enforce the same contractual and intellectual property rights related to EnergySolutions' waste treatment and vitrification technologies in the Supreme Court of the State of New York, County of New York, on November 22, 2013 and in the State of South Carolina Court of Common Pleas County of Richland on November 22, 2013. The Company seeks monetary and punitive damages, and asks the court to enjoin further sales of all Kurion products and services that utilize or derive from the confidential and proprietary technology misappropriated from EnergySolutions. Kurion filed a claim against EnergySolutions in the Superior Court of the State of California County of Orange Central Justice Center on October 21, 2013, alleging breach of contract and asking the court for costs, reasonable attorneys' fees and unspecified damages. The lawsuits remain in initial procedural motions regarding the jurisdiction of the various courts over the subject matter and parties.

We believe the legal claims alleged against the Company in the complaints described above are without merit and we intend to vigorously defend these actions to the extent not yet resolved.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market information

Our common stock began trading on the NYSE under the symbol "ES" on November 15, 2007. The following table sets forth the highest and lowest sales prices of our common stock as reported in the Consolidated Transactions Reporting System for each full quarterly period within the two most recent fiscal years:

| | Highest | Lowest |
|---|---|---|
| 2013 | | |
| First Quarter | $3.96 | $3.10 |
| Second Quarter | $4.15 | $3.70 |
| | | |
| 2012 | | |
| First Quarter | $5.43 | $3.14 |
| Second Quarter | $4.95 | $1.43 |
| Third Quarter | $2.98 | $1.53 |
| Fourth Quarter | $3.63 | $2.45 |

On May 24, 2013, each issued and outstanding share of common stock of the Company (other than shares of Company common stock held in the treasury of the Company or owned by Parent, affiliates of Parent, Merger Sub, a subsidiary of the Company or by stockholders who had validly exercised and perfected their appraisal rights under Delaware law), was converted into the right to receive $4.15 in cash, without interest and subject to any required withholding of taxes. The Company's common stock ceased to be traded on the New York Stock Exchange after close of market on that date.

The Company continues its operations as a privately-held company. The Company's reporting obligations under Section 15(d) of the Exchange Act on account of its common stock were suspended effective January 1, 2014. We no longer file periodic reports with the SEC on account of our common stock, but continue to have public reporting obligations with the SEC with respect to our 10.75% Senior Notes due 2018, as required by the indenture governing such Senior Notes.

We have not paid dividends since the third quarter of 2010. Dividend payments to shareholders, among other payments, are included under the definition of restricted payments in our senior secured credit facility. Our credit facility allows for restricted payments not to exceed $10.0 million during any period of four consecutive fiscal quarters and an additional basket for restricted payments not to exceed 30% of the cumulative available excess cash flow at any time, with such restricted payments permanently reducing the 30% basket.

Securities Authorized for Issuance under Equity Compensation Plans

See Part III, Item 12 of this report for disclosure relating to our equity compensation plans.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. Selected Financial Data

The following table presents selected financial data derived from the audited consolidated financial statements of EnergySolutions, Inc. The financial data as of December 31, 2011, 2010 and 2009 and for the years ended December 31, 2010 and 2009 have been derived from audited consolidated financial statements that are not included within this Annual Report on Form 10-K. This selected financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Annual Report on Form 10-K which includes a discussion of factors that materially affect the comparability of the information presented and in conjunction with consolidated financial statements and related notes included in Item 15 of this

Annual Report on Form 10-K.

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| | (in thousands of dollars, except for per share data) | | | | |
| Statement of operations data: | | | | | |
| Revenue | $1,804,398 | $1,807,505 | $1,815,514 | $1,752,042 | $1,623,893 |
| Cost of revenue[1][5] | (1,606,958) | (1,645,487) | (1,640,966) | (1,548,080) | (1,408,232) |
| Asset retirement obligation cost estimate adjustments[1][2] | — | 8,708 | (94,860) | (4,786) | — |
| Selling, general and administrative expenses[3] | (132,384) | (122,814) | (132,386) | (133,184) | (125,319) |
| Acquisition related expenses[4] | (32,577) | — | — | — | — |
| Restructuring costs[3][5] | (5,500) | (15,397) | — | — | — |
| Impairment of goodwill[6] | — | — | (174,000) | (35,000) | — |
| Equity in income of unconsolidated joint ventures | 4,465 | 7,392 | 11,103 | 13,120 | 7,573 |
| Income (loss) from operations[2][5][6] | 31,444 | 39,907 | (215,595) | 44,112 | 97,915 |
| Net income (loss) attributable to EnergySolutions[5][6][7] | (54,653) | 3,982 | (196,181) | (22,001) | 50,832 |
| Net income (loss) per share data: | | | | | |
| Basic | N/A | $0.04 | $(2.21) | $(0.25) | $0.58 |
| Diluted | N/A | 0.04 | (2.21) | (0.25) | 0.57 |
| Cash dividends declared per common share | N/A | $— | $— | $0.075 | $0.10 |
| Number of shares used in per share calculations (in thousands): | | | | | |
| Basic | N/A | 89,640 | 88,819 | 88,538 | 88,318 |
| Diluted | N/A | 89,640 | 88,819 | 88,538 | 88,436 |
| Other data: | | | | | |
| Amortization of intangible assets[8] | $25,808 | $25,907 | $26,032 | $25,686 | $25,271 |
| Capital expenditures[9] | 15,199 | 20,345 | 23,734 | 17,034 | 24,389 |
| Balance sheet data: | | | | | |
| Working capital[10] | $11,763 | $149,755 | $144,227 | $153,615 | $120,238 |
| Cash and cash equivalents | 84,213 | 134,191 | 77,213 | 60,192 | 15,913 |
| Total assets | 2,420,543 | 2,655,462 | 3,015,933 | 3,425,499 | 1,511,175 |
| Total debt[11] | 731,814 | 815,169 | 812,734 | 840,160 | 524,111 |

(1) Together, cost of revenue and asset retirement obligation ("ARO") cost adjustments represent total cost of revenue as reported in the accompanying consolidated statements of operations and comprehensive income (loss).

(2) ARO cost estimate adjustments recorded for the Zion Station project, for which no corresponding revenue was recognized during those years. For further discussion see Note 12, "Facility and Equipment Decontamination and Decommissioning," to our "Consolidated Financial Statements" included under Item 15 of this annual report.

(3) Together, selling, general and administrative expenses ("SG&A"), acquisition related expenses and restructuring costs represent total SG&A as reported in the accompanying consolidated statements of operations and comprehensive income (loss).

(4)

Merger Transaction costs related to the May 24, 2013 acquisition of EnergySolutions by Rockwell.

(5) Includes restructuring costs such as employee termination benefits, asset write downs and facility closing costs incurred to reduce our future operating costs and improve profitability within the U.S. operations.

(6) For the year ended December 31, 2011 we recorded a $174.0 million non-cash goodwill impairment charge of which $35.0 million is related to the Projects and $139.0 million is related to LP&D. For the year ended December 31, 2010, we recorded a $35.0 million non-cash goodwill impairment charge attributable to our Projects.

(7) Includes a $2.4 million donation of an engineering research facility to Washington State University and a $5.0 million legal accrual related to pending settlements on certain legal matters both recorded during the year ended December 31, 2012.

(8) Represents the non-cash amortization of intangible assets such as permits, technology, and customer relationships and non-compete agreements acquired through our business acquisitions during 2005, 2006 and 2007. Portions of this non-cash amortization expense are included in both cost of revenue and selling, general and administrative expenses.

(9) For further discussion see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures," included under Item 7 of this annual report.

(10) Consists of current assets less current liabilities.

(11) Includes approximately $310.6 million, $310.3 million and $310.3 million, as of December 31, 2012, 2011 and 2010, respectively, of borrowings under the senior secured credit facility held in a restricted cash account as collateral for the Company's reimbursement obligations with respect to letters of credit. For further discussion see Note 10, "Long-Term Debt" to our "Consolidated Financial Statements" included under Item 15 of this annual report.

Item 7. 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 the consolidated financial statements and the related notes of EnergySolutions included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements, that are based on current expectations and related to future events and our future financial performance and 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 a broad range of nuclear services to government and commercial customers who rely on our expertise to address their needs throughout the lifecycle of their nuclear operations. Our broad range of nuclear services includes engineering, in-plant support services, spent nuclear fuel management, decontamination and decommissioning ("D&D") services, operation of nuclear reactors, logistics, transportation, processing and LLRW disposal. We derive almost 100% of our revenue from the provision of nuclear services. We operate facilities for the processing and disposal of radioactive materials, including our facility in Clive, Utah, four facilities in Tennessee, two facilities in Barnwell, South Carolina and one facility in Brampton, Ontario.

We have contracts with government and commercial customers. Our government customers are primarily individual offices, departments and administrations within the U.S. Department of Energy ("DOE"), U.S. Department of Defense ("DOD"), the Nuclear Decommissioning Authority ("NDA") in the United Kingdom ("U.K.") and state agencies. We provide services to our government customers such as the management and operation ("M&O"), and/or clean-up of facilities with radioactive materials. Our commercial customers include power and utility companies, pharmaceutical companies, research laboratories, manufacturing and industrial facilities, hospitals, universities and other commercial entities that are involved with nuclear materials. We provide a broad range of on-site services, including D&D services and comprehensive long-term stewardship D&D work for shut-down nuclear power plants and similar operations, to our commercial customers. We also provide a broad range of logistics, transportation, processing and disposal services, turn-key services and sub-contract services for the treatment, processing, storage and disposal of radioactive waste from nuclear sites and non-nuclear facilities such as hospitals, research facilities and other manufacturing and industrial facilities.

On January 7, 2013, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Rockwell Holdco, Inc., a Delaware corporation (the "Parent" or "Rockwell") and Rockwell Acquisition Corp., a Delaware

corporation and wholly owned subsidiary of Parent ("Merger Sub") established as an acquisition vehicle for the purpose of acquiring the Company. Parent and Merger Sub are affiliates of Energy Capital Partners II, LP and its parallel funds (together with its affiliates, "Energy Capital" or "ECP"), a private equity firm focused on investing in North America's energy infrastructure. The Merger Agreement was later amended on April 5, 2013. On May 24, 2013, each issued and outstanding share of common stock of the Company was converted into the right to receive $4.15 in cash, without interest and subject to any required withholding of taxes. The Company's common stock ceased to be traded on the New York Stock Exchange after close of market on that date. The Company continues its operations as a privately-held company. We refer to the May 24, 2013 acquisition of EnergySolutions by Rockwell as the "Merger Transaction".

We refer to the May 24, 2013 acquisition of EnergySolutions by Rockwell as the "Merger Transaction". The following events describe the transactions that occurred in connection with the Merger Transaction:

- Parent and EnergySolutions purchased and retired all of the Company's outstanding common stock as of the Merger Date and paid approximately $383.9 million in cash to the Company's stockholders. Of the total amount paid, EnergySolutions directly purchased 1.8 million shares for $7.3 million from cash on hand. The 1.8 million shares were issued as a result of accelerated vesting of previously issued restricted stock awards due to the change in control.

- Parent paid $10.9 million of Merger Transaction related costs on behalf of EnergySolutions. Payments made by Parent on the Company's behalf were accounted for as capital contributions. Of the $10.9 million transaction costs, approximately $3.1 million was capitalized as debt issuance costs and the remainder was expensed on the Merger Date and is included in the consolidated statements of operations and comprehensive income (loss) under selling, general and administrative ("SG&A") expenses.

- EnergySolutions incurred $32.6 million of Merger Transaction related expenses. These expenses were comprised primarily of employee incentive compensation and related payroll taxes of $21.0 million and professional fees of $11.6 million. These expenses were included in the consolidated statements of operations and comprehensive income (loss) under cost of revenue and SG&A expenses.

On October 11, 2013, we entered into Amendment No. 3 to the Credit Agreement (the "Third Loan Amendment"). The Third Loan Amendment extended the mandatory debt payment deadline on our collective senior debt to 270 days after the Third Loan Amendment's effective date of October 15, 2013, and increased the applicable margin for our senior secured term loan by 0.50% until we reduce the aggregate outstanding amount of senior secured term loan under the amended Credit Agreement and our 10.75% Senior Notes due 2018 to $675.0 million or less. In the event that the outstanding principal amount of our collective senior debt exceeded $675.0 million at the end 180 days from the Third Loan Amendment's effective
date, the applicable margin for our senior secured credit facility will be increased by an additional 0.25%. Upon the date that the aggregate outstanding amount of senior debt is $675.0 million or less, the applicable margin for our senior secured credit facility will be decreased by 0.50%, back to the interest rates prior to the effective date of the Third Loan Amendment. In connection with this Third Loan Amendment, we paid a consent fee to each lender equal to 0.25% of the sum of the outstanding term loan and revolving commitments of such lenders as of the effective date of the Third Loan Amendment, and we reimbursed the administrative agent for fees, charges and disbursements of counsel in connection with preparation of the Third Loan Amendment. We prepaid an additional $14.4 million of term loan debt on October 7, 2013 funded by ECP equity contributions to the Company. Subsequent to year end, we made additional principal payments totaling $87.0 million, with funds released from our restricted cash account, bringing our senior debt balance down to $653.0 million. As a result, we have met the requirements of the Third Loan Amendment and the interest rates on the senior secured term loan and revolving credit facility decreased to 6.75 and 6.25%, respectively.

During the fourth quarter of 2012, we announced a restructuring of our company, including a reduction in force. This restructuring was the first step on the path to achieve our strategic objectives to reduce the costs of delivering our products and services, to strengthen our balance sheet and to grow our business. This restructuring reduced our annual costs by approximately $35.0 million. We will reinvest part of the cost savings from this restructuring into strengthening our existing businesses as well as pursuing new growth opportunities. Greater efficiency is also expected to lead to greater cash flow and further reductions in our total debt.

We continue our work on the Magnox contract. The Magnox contract has been extended and is scheduled to expire on September 30, 2014. As expected, the NDA published a notice advising of its intention to launch the contract rebid process that is expected to be completed in late 2013. We are competing for the rebid of the Magnox contract by teaming with one other partner and expect to be notified by the NDA by the end of March 2014 regarding results of the competition.

The foregoing projections, expectations and estimates, together with all other forward-looking statements regarding the project, are based upon current assumptions and are subject to various risks and uncertainties. Our actual results

may differ materially from those anticipated in these forward-looking statements.

Our results of operations for year ended December 31, 2013 included $32.6 million of Merger Transaction related expenses. These expenses were comprised primarily of employee incentive compensation and related payroll taxes of $21.0 million and professional fees of $11.6 million.

Our results of operations for year ended December 31, 2012 included a favorable asset retirement obligation ("ARO") cost estimate adjustment of $8.7 million for the Zion Station project and a $15.4 million non-recurring restructuring charges related to the reorganization of our operations in the U.S. Also during 2012, the Company determined that it had a need to repatriate cash from certain foreign jurisdictions. Consequently, the Company changed its prior assertion regarding permanent reinvestment of foreign earnings for the related foreign entities. There was a dividend paid from U.K. operations to the U.S. of

approximately $31.6 million and the Company began recording deferred taxes related to all future foreign income or loss for these entities.

Our results of operations for the year ended December 31, 2011 include an ARO charge of $94.9 million related to the Zion schedule and cost update, a $174.0 million non-cash charge for the impairment of goodwill and a $29.5 million non-cash charge for a valuation allowance recorded against certain of our deferred tax assets. Excluding these charges, income from operations in 2011 would have been $53.3 million, net income would have been $104.8 million.

During the year ended December 31, 2011, as a result of the goodwill impairment charge and ARO cost estimate adjustment related to the Zion Station project, we recorded a valuation allowance against certain U.S. deferred tax assets. We provide valuation allowances against potential future benefits when, in the opinion of management, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax assets will not be realized. A significant piece of evidence considered was our cumulative pre-tax loss position. While we were profitable during the year ended December 31, 2012, the profit was not significant enough to eliminate the three-year cumulative pre-tax loss position. An additional factor is that, while the year ended December 31, 2012 reflected consolidated profits, we had a pre-tax book loss in the U.S. that perpetuated the three-year cumulative pre-tax loss position for the U.S. As a result of this position, as well as uncertainties related to our assessment of future taxable income in various jurisdictions, we determined that it is necessary to maintain the valuation allowance against U.S. deferred tax assets and certain U.K. deferred tax assets. A decrease in valuation allowance of $0.1 million was recorded that includes an increase against foreign deferred tax assets of $1.3 million and a reduction against U.S. deferred tax assets of $1.4 million resulting from the current year change in net deferred tax assets.

Components of Revenue and Expenses

Revenue and Cost of Revenue

Projects Group

We generate revenue in our Projects Group 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 Tier 2 subcontracts, we provide services to Tier 1 contractors on a subcontracted basis. 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.

Historically, the majority of our Projects Group revenue has been generated from either Tier 1 cost-reimbursable contracts with award (typically based on a percentage of cost) or incentive (typically success-based) fees, or Tier 2 subcontracts that are cost-reimbursable, fixed-price, unit-rate and time and material contracts. When we have provided services as an integrated member of a Tier 1 prime contract team, we have typically entered into contracts with the other members of the team in 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-sharing arrangement, we submit invoices to the customer for recovery of costs incurred in providing project services and we also submit to the customer the cost-recovery invoices of the other team members that have been submitted to us. Depending on the nature of the contract, we typically recognize as revenue the entire amount of our fee and cost reimbursement as lead prime contractor and record an expense for the portion of the fee and cost reimbursement that we pay to the other team members in proportion to their respective percentages of the fee-sharing arrangement and costs. As a result, when we act as lead prime contractor, we recognize higher revenue and may realize higher gross profits 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 a fee sharing arrangement. We include in revenue 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 Subcontract. Tier 2 subcontracts are typically discrete, project-driven transactions procured by Tier 1 contractors. The majority of Tier 2 subcontracts are fixed-price or cost-reimbursable contracts. We generally do not participate in fee-share arrangements as a Tier 2 subcontractor.

Revenue in our Projects Group can fluctuate significantly from period to period because of differences in the timing and size of contract awards in any given period, whether or not we are required to consolidate an entity under a joint venture

agreement and reflect its revenue within our financial statements, the completion or expiration of large contracts and delays in congressional appropriations for contracts we have been awarded.

We typically generate revenue in our Project Group 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 release of an RFP. An additional year or two may pass between the government's announcement of an RFP and its award of a contract and an additional several months may pass before we begin to recognize revenue in connection with contracts we are awarded.

Revenue in our Projects Group also depends 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 third party facilities, such as our Clive, Utah facility. Similarly, customers may defer entering into contracts for D&D services at nuclear plants that have been shut down until such time as they have additional dedicated funds to perform that work.

Cost of revenue in our Projects Group consists primarily of compensation and benefits to employees, outsourcing costs for subcontractor services, costs of goods purchased for use in projects and travel expenses. Cost of revenue also includes the accretion expense related to our Zion ARO, Zion ARO settlement gains or losses as work is performed on the Zion Station decommissioning project and any changes in cost estimates related to the Zion ARO.

Products Group

We generate revenue in our Products Group 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.

Revenue in our Products Group 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 and maintenance schedules. 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 revenue is typically higher during these periods due to the increased demand for our on-site services. Our revenue also fluctuates from period to period as our commercial power and utility customers start or terminate project operations. Revenue from emergency response operations and other clean-up activities may also cause fluctuations in our results due to the unanticipated nature of events that result in these projects.

Cost of revenue in our Products Group consists primarily of compensation and benefits to employees, outsourcing costs for subcontractor services, costs of goods purchased for use in projects and travel expenses.

LP&D Group

We generate revenue in our LP&D Group 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 Group 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 our customers through means other than formal bidding processes. For example, our life-of-plant contracts provide nuclear power and utility company customers with Class A LLRW and MLLW processing and disposal services for the remaining lives of their nuclear power plants, as well as D&D waste disposal services after those plants are shut down. These contracts generally provide that we will process and dispose of substantially all of the Class A 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 include periodic price adjustments. Although life-of-plant contracts may be terminated before decommissioning work is complete, we typically expect the duration of these contracts to be in excess of ten years.

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

Cost of revenue in our LP&D Group consists primarily of compensation and benefit expenses of employees, outsourcing costs for subcontractor services, such as rail transportation of 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 Group and we recognize the majority of our depreciation costs in this Group.

International Operations

We generate revenue from our International operations primarily through Tier 1 contracts with the NDA. As a Tier 1 contractor, we are reimbursed for allowable incurred costs. In addition, we receive a range of cost efficiency fees (a percentage of budgeted costs minus actual costs for work performed) and project delivery-based incentive fees. We typically recognize as revenue 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 incurred, including all labor, benefits, travel expenses and the costs of our subcontractors.

We recognize fees as revenue only when the amount to be received is fixed or determinable. Our contracts with the NDA allow for a portion of the fees we receive 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 on March 31, we receive monthly 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 performance review with the NDA at the end of the sixth month and ninth month periods 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 July, following the end of the contract year, we expect to finalize any earned but unpaid incentive and efficiency fees due from the NDA and to receive a corresponding final fee payment.

Our contracts with the NDA are based on an annual funding cycle and incentive plan. Consequently, revenue 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 revenue from our International operations consists primarily of compensation and benefits to employees, travel expenses, outsourcing costs for subcontractor services and costs of goods purchased for use in projects.

Selling, General and Administrative Expenses

Selling, general and administrative ("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, expenses associated with 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 expenses reflect costs specifically associated with each of our business groups, such as costs for segment leadership compensation and expenses, specific business development activities and other costs associated with a specific segment. Corporate SG&A expenses reflect 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's operations.

Interest Expense

Interest expense includes both cash and accrued interest expense, the amortization of deferred financing costs, debt commitment fees, debt discounts and interest paid on outstanding debt and letters of credit commissions and fees.

Other Income, Net

Other income, (expense) net includes realized and unrealized gains and losses from investments classified as trading securities, interest income, mark-to-market gains and losses on our derivative contracts and transactional foreign currency gains and losses. It also includes non-operating or infrequent charges triggered by unusual events.

Results of Operations

The following is a summary of our results of operations (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Revenue: | | | |
| Projects Group | $295,816 | $309,188 | $411,828 |
| Products Group | 84,242 | 125,816 | 49,990 |
| LP&D Group | 236,854 | 233,075 | 252,659 |
| International | 1,187,486 | 1,139,426 | 1,101,037 |
| Total revenue | 1,804,398 | 1,807,505 | 1,815,514 |
| Cost of revenue: | | | |
| Projects Group[3] | (258,813) | (278,070) | (473,099) |
| Products Group | (65,397) | (99,347) | (38,853) |
| LP&D Group | (149,873) | (170,555) | (174,969) |
| International | (1,132,875) | (1,088,807) | (1,048,905) |
| Total cost of revenue[1] | (1,606,958) | (1,636,779) | (1,735,826) |
| Gross profit: | | | |
| Projects Group[3] | 37,003 | 31,118 | (61,271) |
| Products Group | 18,845 | 26,469 | 11,137 |
| LP&D Group | 86,981 | 62,520 | 77,690 |
| International | 54,611 | 50,619 | 52,132 |
| Total gross profit | 197,440 | 170,726 | 79,688 |
| Selling, general and administrative expenses: | | | |
| Group SG&A[4] | (63,275) | (55,161) | (63,617) |
| Corporate SG&A[4] | (107,186) | (83,050) | (68,769) |
| Total segment selling, general and administrative expenses[1] | (170,461) | (138,211) | (132,386) |
| Impairment of Goodwill[5] | — | — | (174,000) |
| Equity in income of unconsolidated joint ventures[2] | 4,465 | 7,392 | 11,103 |
| Total income (loss) from operations | 31,444 | 39,907 | (215,595) |
| Interest expense | (76,774) | (71,211) | (73,414) |
| Other income (expense), net | (1,566) | 53,192 | 58,215 |
| Income (loss) before income taxes and noncontrolling interests | (46,896) | 21,888 | (230,794) |
| Income tax benefit (expense) | (7,769) | (17,959) | 37,145 |
| Net income (loss) | (54,665) | 3,929 | (193,649) |
| Less: Net loss (income) attributable to noncontrolling interests | 12 | 53 | (2,532) |
| Net income (loss) attributable to EnergySolutions | $(54,653) | $3,982 | $(196,181) |

(1) Depreciation, amortization and accretion expenses ("DA&A") are included in cost of revenue and SG&A expenses in the accompanying consolidated statements of operations and comprehensive income (loss). DA&A expenses included in cost of revenue for the years ended December 31, 2013, 2012 and 2011, were $47.9 million, $56.3 million and $58.3 million, respectively. DA&A expenses included in SG&A for years ended December 31, 2013, 2012 and 2011, were $20.9 million, $23.3 million and $22.4 million, respectively.

(2) For the years ended December 31, 2013, 2012 and 2011, we recorded $4.5 million, $7.392 million and $11.103 million, respectively, of income from our unconsolidated joint ventures of which $2.0 million, $0.3 million and $0.2 million, respectively, of losses are attributable to our LP&D Group and $6.5 million, $7.7 million and $11.3

million, respectively, of income is attributable to the Projects Group.

(3) For the years ended December 31, 2012 and 2011, we recorded an ARO cost estimate benefit of $8.7 million and an ARO cost estimate charge of $94.9 million, respectively, associated to our Zion Station project.

(4) Together, group and corporate SG&A expenses represent the Company's total SG&A expenses as reported in the accompanying consolidated statements of operations and comprehensive income (loss). As such, both amounts are needed to compute total consolidated statements of operations and comprehensive income (loss) for the years ended December 31, 2013, 2012 and 2011.

(5) For the year ended December 31, 2011, we recorded a $174.0 million non-cash goodwill impairment charge of which $35.0 million is related to our Projects Group and $139.0 million is related to our LP&D Group.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Projects Group

Revenue from our Projects Group decreased $13.4 million to $295.8 million for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to the overall reduction in federal spending throughout the year and the completion of certain commercial projects and government contracts with the DOE in 2012. These decreases were offset by increased waste management and disposition activities on certain government projects and increased technical testing and design activities on our large scale mixing projects. Gross profit increased $5.9 million and gross margin increased to 12.5% for the year ended December 31, 2013 from 10.1% for the year ended December 31, 2012 due primarily to a negative fee adjustment recorded in March 2012 related to our Salt Waste project. The federal government's budget sequestration is expected to continue through the end of fiscal year 2021. We believe the reductions in government spending and delays in award of new contracts will continue to negatively impact the financial results of our Projects Group.

Revenue and cost of revenue from our operations in the Southwest region increased $12.8 million and $11.5 million, respectively, for the year ended December 31, 2013 compared to the year ended December 31, 2012 due primarily to increased waste characterization, storage and management services at the DOE's Los Alamos National Laboratory site in New Mexico, and increased supporting remediation activities at the Oronogo mine site in Missouri. As a result, gross profit increased $1.3 million for the year ended December 31, 2013 compared to the same period in 2012.

Revenue from our operations supporting the construction of the Salt Waste Processing facility in Savannah River, South Carolina increased $6.5 million while cost of revenue decreased $0.4 million, for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to a $6.4 million fee adjustment recorded in 2012 resulting from costs to complete the contract exceeding the original total budgeted costs by the prime contractor. As a result, gross profit increased $6.9 million for the year ended December 31, 2013 compared to the same period in 2012.

Revenue and cost of revenue from our subsidiary EnergySolutions Performance Strategies, decreased $2.7 million and $1.4 million, respectively, for the year compared to the prior year due primarily to reductions in workforce and decreased nuclear safety and quality control activities on two large DOE projects. As a result, gross profit decreased $1.3 million for the year compared to the prior year.

Revenue related to the decommissioning of the Zion Station project decreased by $1.1 million for the year ended December 31, 2013, compared to the year ended December 31, 2012, due primarily to decreased activities related to the independent spent fuel storage installation. Cost of revenue increased $3.5 million due primarily to the fact that costs of revenue for the prior year included an $8.7 million favorable ARO cost estimate adjustment resulting from changes in the timing of some activities as well as a change in the cost escalation factor. No ARO cost estimate adjustment was recorded during 2013. As a result, gross profit decreased $4.6 million for the year ended December

31, 2013 compared to the same period in 2012.

Revenue and cost of revenue from our operations to clean up the DOE Atlas mill tailings site near Moab, Utah, decreased $10.0 million and $9.0 million, respectively, for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to completion of the project in April 2012. As a result, gross profit decreased $1.0 million for the year ended December 31, 2013 compared to the same period in 2012.

Revenue and cost of revenue from our liquids and gases staff augmentation project in Oak Ridge, Tennessee, decreased $3.0 million and $2.4 million, respectively, for the year ended December 31, 2013 compared to the year ended December 31,

2012, due primarily to completion of the project during the second quarter of 2012. As a result, gross profit decreased $0.6 million for the year ended December 31, 2013 compared to the same period in 2012.

Products Group

Revenue from our Projects Group decreased $41.6 million to $84.2 million for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to completion of a major media delivery on the Fukushima contract in Japan during 2012 offset by increased commissioning activities on the China contracts. Gross profit decreased $7.6 million and gross margin increased to 22.4% for the year ended December 31, 2013 from 21.0% for the year ended December 31, 2012 due primarily to increased demand for spent fuel pool systems.

Revenue and cost of revenue related to our spent fuel pool operations increased $4.4 million and $2.8 million, respectively, for the year ended December 31, 2013 compared to the year ended December 31, 2012 due primarily to increased demand for spent fuel pool systems during 2013. As a result, gross profit increased $1.6 million for the year ended December 31, 2013 compared to the same period in 2012.

Revenue and cost of revenue from our operations in Asia decreased $43.7 million and $36.2 million, respectively, for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to completion of a major delivery of media filters, containers and water treatment systems on the Fukushima contract during 2012. In addition, our reactor commissioning activities at the Yangjiang and Haiyang nuclear power plants in China are winding down and moving into the final equipment testing phase. As a result, gross profit decreased $7.5 million for the year ended December 31, 2013 compared to the same period in 2012.

Revenue and cost of revenue related to our liquid waste processing operations decreased $2.3 million and $0.5 million, respectively, for the year ended December 31, 2013 compared to the year ended December 31, 2012 due primarily to timing on delivery of liquid waste processing systems and decreases in labor costs resulting from cost savings initiatives implemented during the second half of 2012. As a result, gross profit decreased $1.8 million for the year ended December 31, 2013 compared to the same period in 2012.

LP&D Group

Revenue from our LP&D operations increased $3.8 million to $236.9 million for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to increased waste processing activities during 2013, offset by decreased logistics activity on major DOE contracts and decreased demand of fuel pool inserts at our Manufacturing Sciences Corporation subsidiary. Gross profit increased $24.5 million and gross margin increased to 36.7% for the year ended December 31, 2013 from 26.8% for the year ended December 31, 2012 due primarily to cost savings initiatives, which commenced during the second half of 2012.

Revenue related to our disposal facilities increased $2.4 million for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to increased waste shipments received at our Clive, Utah facility and at our Brampton, Ontario Canada facility. In contrast, cost of revenue decreased $11.4 million for the year ended December 31, 2013, primarily as a result of cost savings initiatives that included reductions in workforce and the optimization of processes. As a result, gross profit increased $13.8 million for the year ended December 31, 2013 compared to the same period in 2012.

Revenue and cost of revenue from our logistics operations decreased $3.1 million and $2.8 million, respectively, for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to decreased shipping activity on DOE contracts resulting from to the overall reduction in federal spending throughout the year. As a result, gross profit decreased $0.3 million for the year ended December 31, 2013 compared to the same period in

2012.

Revenue from our processing facilities decreased $0.8 million for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to completion of a major order of fuel pool inserts at our Manufacturing Sciences Corporation subsidiary during the third quarter of 2012. Cost of revenue decreased $10.5 million for the year ended December 31, 2013 due primarily from the realization of cost savings initiatives at our Bear Creek facility. As a result, gross profit increased $9.7 million for the year ended December 31, 2013 compared to the same period in 2012.

International

Revenue from our International operations increased $48.1 million to $1.2 billion for the year ended December 31, 2013 compared to the year ended December 31, 2012, due primarily to a timing difference in recognition of fees related to our

operations at the Magnox sites in the U.K. All costs are reimbursable from the NDA under the terms of the Magnox contracts. Gross profit increased $4.0 million and gross margin increased to 4.6% for the year ended December 31, 2013 from 4.4% for the year ended December 31, 2012 due primarily to better than expected fees recognized during the year. In addition, results from our operations in the U.K. were negatively impacted due to the overall decrease in pound sterling average exchange rates for the year ended December 31, 2013 compared to the same period in 2012.

Segment selling, general and administrative expenses

Segment SG&A expenses include expenses that are not directly associated with performing 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. Segment SG&A expenses increased $8.1 million, or 14.7%, to $63.3 million for the year ended December 31, 2013 compared to $55.2 million for the year ended December 31, 2012, due primarily to higher bidding and proposal costs and increased employee compensation expense resulting from the acceleration in vesting of equity-based awards due to the Merger Transaction. In addition, employee compensation expense for the year ended December 31, 2012 was lower due to a shortfall of 2012 performance targets. Segment SG&A expenses, as a percentage of revenue, increased 0.5% for the year ended December 31, 2013 compared to the same period in 2012.

Corporate selling, general and administrative expenses

Corporate SG&A expenses reflect costs associated with supporting our entire company including executive management and administrative functions such as accounting, treasury, legal, human resources, and information technology, as well as other costs required to support our company. Corporate SG&A expenses increased $24.1 million, to $107.2 million, for the year ended December 31, 2013, from $83.1 million for the year ended December 31, 2012 due primarily to recognition of expenses related to the Merger Transaction such as employee incentives, professional fees, consulting fees and equity-based and performance compensation. In addition, employee compensation expense for the year ended December 31, 2012 was lower due to a shortfall of 2012 performance targets. These increases were partially offset by a decrease in restructuring charges associated with the change in management that occurred during the second quarter of 2012.

Equity in income of unconsolidated joint ventures

Income from unconsolidated joint ventures decreased $2.9 million for the year ended December 31, 2013, compared to the year ended December 31, 2012, due primarily to a $1.2 million decrease from our proportional share of income coming from our Washington River Protection Solutions LLC joint venture at the Hanford site due to lower performance base incentive recognized during 2013 and a $1.7 million increase in losses recorded in connection with our SempraSafe LLC joint venture, due to delays on waste receipts.

Interest expense

Interest expense increased $5.6 million to $76.8 million for the year ended December 31, 2013 from $71.2 million for the year ended December 31, 2012, due primarily to acceleration of amortization of deferred financing fees and bond premiums incurred in connection with the issuance of our debt. The acceleration resulted from $87.0 million of debt principal prepayments made during 2013. In addition, the variable interest rate on the term loan increased 0.5% upon completion of the Merger on May 24, 2013 pursuant to the Second Loan Amendment and another 0.5% upon execution of Third Loan Amendment to the credit facility, which extended the mandatory debt prepayment deadline on our collective senior debt. The variable interest rate on our term loan was 7.25% and 6.25%, for the years ended December 31, 2013 and 2012, respectively, while our senior notes bear interest at a fixed annual rate of 10.75%.

For the year ended December 31, 2013, we also made cash interest payments totaling $70.9 million of which $32.3 million relates to the semi-annual payment of interest on the senior notes and $38.6 million relates to interest on the term loan, related senior secured revolving facility and other fronting fees.

Other income (expense), net

Other income (expense), net, decreased $54.8 million to $1.6 million expense for the year ended December 31, 2013 from $53.2 million income for the year ended December 31, 2012, due primarily to a significant increase in unrealized losses from investments in the NDT fund during 2013. The unrealized losses resulted from increases in fixed income yields across most classes of securities that decreased market values and, in the case of the NDT fund, unrealized capital gains. Interest and dividend income received from investments held at the NDT fund also decreased due primarily to a reduction in the NDT fund

balance resulting from withdrawals to cover D&D expenses related to the Zion Station project. For the year ended December 31, 2013, we also recorded $8.0 million of lead arranger banker fees associated with amendments to our senior secured credit facility and the successful completion of the Merger.

Income taxes

We recognized income tax expense of $7.8 million and $18.0 million for the year ended December 31, 2013 and 2012, respectively, for year-to-date effective rates of negative 16.6% and 81.8% respectively, based on an estimated annual effective tax rate method. The income tax expense arises from income for certain entities in the U.K. and for the Zion NDT fund. No benefits from losses in the U.S. and other entities in the U.K. are available to offset tax expense due to their respective full valuation allowance positions.

The 2013 effective tax rate differs from the statutory rate of 35% primarily as a result of the small amount of tax expense on U.K. and Zion NDT fund income relative to consolidated pretax book losses which include large losses in the U.S. and the U.K. for which no benefit is recorded due to their full valuation allowance positions. The year-to-date effective rate was also impacted by lower statutory tax rates for foreign jurisdictions and the NDT fund, the tax benefit of foreign research and development credits, and a benefit recorded for the effect of a statutory rate reduction in the U.K. enacted during the quarter.

The 2012 effective tax rate differs from the statutory rate of 35% primarily as a result of the amount of income tax expense relative to the amount of pretax book income, lower tax on income in foreign jurisdictions and the NDT fund, the tax benefit of foreign research and development credits, income tax expense due to the change in management's assertion with respect to unremitted foreign earnings, offset by foreign tax credits and further offset by the release of a domestic valuation allowance on net operating losses resulting from an increase in taxable income due to the partial change in the reinvestment assertion, and the reversal of certain unrecognized tax benefits.

During the year ended December 31, 2012, the Company recognized an income tax benefit of $1.1 million, due to the expiration of the statute of limitations to examine and challenge our tax positions by the taxing authorities in the jurisdictions in which we operate.

The Company made an election under Section 338(g) of the Internal Revenue Code to have the Merger Transaction treated as an asset acquisition (i.e., a taxable transaction). This election resulted in a step-up of the tax basis of certain assets of EnergySolutions, Inc. This increase in tax basis compared to book basis had the effect of significantly increasing the related deferred tax assets. As the U.S. has a full valuation allowance against its deferred tax assets, an additional result was a correlating increase in the valuation allowance compared to the prior year.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Projects Group

Revenue from our Projects Group decreased $102.6 million to $309.2 million for the year ended December 31, 2012 compared to the year ended December 31, 2011, due primarily to the decreased ARRA funding during 2012, the completion of certain large government contracts with the DOE and the reversal of $5.6 million incentive fee recorded in March 2012 related to the Salt Waste project. These decreases were offset by increased technical testing and design activities on a large scale mixing project. Cost of revenue decreased primarily due to lower project costs incurred during 2012 related to our decommissioning work at the Zion Station nuclear power plant and the $94.9 million cost adjustment recognized in 2011 related to the schedule of cost update review for that project, for which no corresponding revenue was recognized during 2011. As a result, gross profit increased by $92.4 million and gross margin increased to 10.1% for the year, compared to negative 14.9% for the prior year.

Revenue and cost of revenue related to the decommissioning of the Zion Station decreased $15.3 million and $117.7 million, respectively, for the year compared to the prior year primarily due to a delay in spending, lower subcontractor costs and lower accretion expense. The decrease in cost of revenue also included an $8.7 million

favorable ARO cost estimate adjustment resulting from changes in the timing of some activities as well as a change in the cost escalation factor compared to a $94.9 million unfavorable ARO cost estimate adjustment recorded during the prior year. Gross profit for the Zion Station project increased $102.4 million in 2012 compared to the prior year. Excluding the effects of ARO cost estimate adjustments in 2011 and 2012, gross profit for the Zion Station project decreased $1.4 million for the year compared to the prior year due to the lower revenue. Work during the period focused on spent fuel activities, including equipment procurement and ISFSI

construction, as well as D&D activities, including reactor vessel internals segmentation, asbestos removal and disposal and various other D&D tasks.

Revenue and cost of revenue related to our Engineering and Technology projects increased $15.6 million and $12.1 million, respectively, for the year compared to the prior year, due primarily to increased testing activities on a large scale mixing contract awarded in August 2011 as well as continued high level waste gas development testing for the Washington State Office of River Protection. As a result, gross profit increased $3.5 million for the year compared to the prior year.

Revenue and cost of revenue from activities performed on our Navy related projects increased $3.1 million and $2.1 million, respectively, for the year compared to the prior year, due primarily to the award of the Newport News shipyard decommissioning contract during 2012. As a result, gross profit increased $1.0 million for the year compared to the prior year.

Revenue and cost of revenue from our Isotek Systems subsidiary decreased $2.6 million and $3.6 million for the year compared to the prior year, due to the completion of heavy engineering design activity work during the first quarter of 2011. Gross profit increased $1.0 million for the year compared to the prior year due primarily to higher fees recognized for the year as a result of timing of fee recognition, higher fee rates and cost reduction efforts.

Revenue and cost of revenue from our Salt Waste Processing Facility contract decreased $9.7 million and $0.7 million, respectively, for the year compared to the prior year, due primarily to a $5.6 million reversal of incentive fee recorded in March 2012 resulting from expected costs to complete the contract exceeding the original total budgeted costs. As a result, gross profit decreased $9.0 million for the year compared to the prior year. The prime subcontractor on our Salt waste project, located at the Savannah River site, has informed the DOE of an estimated cost increase on the construction phase. The change in the budgeted project costs also reduced the potential incentive fee pool, which resulted in a corresponding reduction in the amount of incentive fee we had previously recognized. Such fee had been based on previously estimated costs and the estimated progress to date on the construction phase.

Revenue and cost of revenue generated by our contract with the DOE to clean up the Atlas mill tailings site near Moab, Utah decreased $50.4 million and $45.6 million, respectively, for the year compared to the prior year due to the completion of the contract during April 2012. As a result, gross profit decreased $4.8 million for the year compared to the prior year.

Revenue and cost of revenue from our Uranium Disposition Services, LLC joint venture decreased $23.7 million and $22.9 million, respectively, for the year compared to the prior year, due to the completion of the hot functional test phase in the first quarter of 2011. As a result, gross profit decreased $0.8 million for the year compared to the prior year.

Revenue and cost of revenue from supporting activities performed on the East Tennessee Technology Park closure plan increased $8.1 million and $8.3 million, respectively, for the year compared to the prior year, due primarily to commencement of on-site D&D activities during September 2011 which continued through all of 2012. As a result, gross profit decreased $0.2 million for the year compared to the prior year.

Revenue and cost of revenue related to our Liquids and Gases project decreased $9.0 million and $7.7 million, respectively, for the year compared to the prior year due to the completion of the contract during the second quarter of 2012. As a result, gross profit decreased $1.3 million for the year compared to the prior year.

Revenue and cost of revenue from our commercial projects decreased $7.9 million and $8.4 million, respectively, for the year compared to the prior year due primarily to the completion of work at Pearl Harbor and at GE's Hitachi's global nuclear fuel plant in Wilmington, North Carolina, during the fourth quarter of 2011. As a result, gross profit increased $0.5 million for the year compared to the prior year.

Products Group

Revenue and cost of revenue from our Products Group increased $75.8 million and $60.5 million, respectively, for the year ended December 31, 2012 compared to the year ended December 31, 2011, due primarily to the ramp up of operations in the Asia contracts and commencement of new projects during 2012. Gross profit increased $15.3 million for the year compared to the prior year while gross margin decreased to 21.0% compared to 22.3% for the prior year due primarily to timing of completion of milestones.

Revenue and cost of revenue from our operations in Asia increased $73.3 million and $55.5 million, respectively, for the year compared to the prior year, due to increased commissioning activities at the Yangjiang and Haiyang, China nuclear reactor sites and to the completion of a major delivery of media filters, containers and water treatment systems in Fukushima, Japan. As a result, gross profit increased $17.8 million for the year compared to the prior year.

Revenue and cost of revenue related to our Liquid Waste Processing operations increased $2.5 million and $5.0 million, respectively, for the year ended December 31, 2012 compared to the year ended December 31, 2011 due primarily from increased demand for liners and engineered liquid waste processing equipment during the year. Gross profit decreased $2.5 million for the year ended December 31, 2012 compared to the same period in 2011, due primarily to cost overruns on a major contract due to weather delays.

LP&D Group

Revenue and cost of revenue from our LP&D operations decreased $19.6 million and $4.4 million, respectively, for the year ended December 31, 2012, compared to the year ended December 31, 2011, due primarily to lower waste disposal volumes processed at our Clive, Utah, facility offset by increased waste processing activities at our Bear Creek facility and increased demand for transportation services. As a result, gross profit decreased by $15.2 million and gross margin decreased to 26.8% for the year, compared to 30.7% for the prior year. During 2012, the LP&D Group reduced its work force by approximately 120 employees which is expected to generate future costs savings.

Revenue and cost of revenue from our processing facilities increased $8.0 million and $2.5 million, respectively, for the year ended December 31, 2012 compared to the prior year, due primarily to a major order of fuel pool inserts from our Manufacturing Sciences Corporation subsidiary, increased fuel pool waste processing activities and the recognition of fees related to processing of materials on a large scale contract. As a result, gross profit increased $5.5 million for the year compared to the prior year.

Revenue and cost of revenue related to our logistics operations increased $4.1 million and $3.0 million, respectively, for the year compared to the prior year, due to higher utility shipments, increased cask rental and delivery as well as lower labor support, container cost and facility maintenance. As a result, gross profit increased $1.1 million for the year compared to the prior year.

Revenue and cost of revenue related to our disposal facilities decreased $31.8 million and $10.0 million, respectively, for the year compared to the prior year primarily due to lower volumes of waste receipts on DOE contracts due in part to a decrease in ARRA funding during 2012 and decreased decommissioning activities during the year. As a result, gross profit decreased $21.8 million for the year compared to the prior year.

International Group

Revenue and cost of revenue from our International operations increased $38.4 million and $39.9 million, respectively, for the year ended December 31, 2012, compared to the year ended December 31, 2011, primarily due to increased reimbursable contract cost base on our Magnox contract. Revenue was negatively impacted by $12.5 million while cost of revenue was positively impacted by $12.1 million as a result of fluctuations in pound sterling average exchange rates period over period. As a result, gross profit decreased $1.5 million for the year compared to the prior year and gross margin decreased to 4.4% for the year ended December 31, 2012 from 4.7% for the year ended December 31, 2011.

Group selling, general and administrative expenses

Group SG&A expenses include expenses that are not directly associated with performing services for our customers. These expenses consist primarily of compensation and related benefits for management and administrative personnel, expenses associated with preparing contract bids, office expenses, advisory fees, professional fees and strategic growth initiatives such as research and development and for administrative overhead. Group SG&A expenses decreased $8.4 million, or 13.2%, from $63.6 million for the year ended December 31, 2012 compared to the prior year, due primarily to lower incentive compensation expense and our ongoing effort to reduce SG&A expenses including reductions in overall workforce.

Corporate selling, general and administrative expenses

Corporate SG&A expenses reflect costs associated with supporting the entire Company, including executive management and administrative functions such as accounting, treasury, legal, human resources and information technology, as well as other costs required to support the Company. Corporate SG&A expenses increased $14.3 million, or 20.8%, to $83.1 million for the year ended December 31, 2012 from $68.8 million for the year ended December 31, 2011. This increase was due primarily to reorganization and transitional costs resulting from the execution of our restructuring plan during the year that involved the reduction of approximately 265 employees across

all of the Company's divisions. The increase was partially offset by decreased incentive compensation expense.

Equity in income of unconsolidated joint ventures

Income from unconsolidated joint ventures decreased $3.7 million, or 33.4%, to $7.4 million for the year ended December 31, 2012 from $11.1 million for the year ended December 31, 2011. The decrease was attributable primarily to a $1.7 million decrease in our proportional share of income from our LATA/Parallax Portsmouth, LLC joint venture and a $2.0 million decrease from our proportional share of income from our Washington River Protection Solutions LLC joint venture.

Interest expense

Interest expense decreased $2.2 million, or 3.0%, to $71.2 million for the year ended December 31, 2012 from $73.4 million for the year ended December 31, 2011. The decrease was due primarily to a decrease in our average outstanding borrowings for the year resulting from $30.2 million in voluntary principal debt payments made during the last quarter of 2011. The variable annual interest rate on our term loan was 6.25% as of both December 31, 2012 and December 31, 2011, while our senior notes bear interest at a fixed annual rate of 10.75%.

Other income (expense), net

Other income, net decreased $5.0 million to $53.2 million for the year ended December 31, 2012 compared with other income, net of $58.2 million for the year ended December 31, 2011, due primarily to a $5.5 million increase in investment income earned on our investments in the NDT fund, net of trust management fees, for the year, offset by a $2.4 million donation of an engineering research facility to Washington State University and the accrual of $5.0 million related to pending settlements on certain legal matters. In addition, during 2011, the U.S. Treasury refunded $3.1 million in interest earned on our federal income tax returns for the years 2004 and 2005.

Income taxes

For the year ended December 31, 2012 we recognized income tax expense of $18.0 million on our consolidated financial results based on an annual effective tax rate of 81.9%. For the year ended December 31, 2011 we recognized an income tax benefit of $37.1 million on our consolidated financial results based on an annual effective tax rate of 15.9%. During 2012, we recorded tax expense primarily as a result of tax expense for certain entities in the U.K. and on the Zion NDT fund realized earnings with no offsetting benefit for losses in the U.S. and certain other entities in the U.K. due to the valuation allowance positions for these entities. The amount of income tax expense was reduced by lower tax rates in foreign jurisdictions, a lower statutory rate at the NDT fund level, and research and development credits in the U.K. These reductions were offset by NDT fund earnings that were taxed at both the corporate and trust levels.

No benefit for a 2012 research and development credit in the U.S. was included due to the expiration of the statute. That statute has since been reinstated retroactively and the benefit for the 2012 and 2013 credits will be included in the first quarter of 2013. Also during 2012, the Company determined that it had a need to repatriate cash from certain foreign jurisdictions. Consequently, the Company changed its prior assertion regarding permanent reinvestment of foreign earnings for the related foreign entities. There was a dividend paid from U.K. operations to the U.S. of approximately $31.6 million and the Company will begin recording deferred taxes related to all future foreign income or loss for these entities.

During the year ended December 31, 2011, as a result of the goodwill impairment charge and the ARO cost estimate adjustment related to the Zion Station project, we recorded a valuation allowance against certain U.S. deferred tax assets. We provide valuation allowances against potential future benefits when, in the opinion of management, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax assets will not be realized. A significant piece of evidence considered was our cumulative pre-tax loss position. While we were profitable during the year ended December 31, 2012, the profit was not significant enough to eliminate the three-year cumulative pre-tax loss position. An additional factor is that, while the year ended December 31, 2012 reflected consolidated profits; we had a pre-tax book loss in the U.S. that perpetuated the three-year cumulative pre-tax loss position for the U.S. As a result of this position, as well as uncertainties related to our assessment of future taxable income in various jurisdictions, we determined that it is necessary to maintain the valuation allowance against U.S. deferred tax assets and certain UK deferred tax assets. A decrease in valuation allowance of $0.1 million was recorded that includes an increase against foreign deferred tax assets of $1.3 million and a reduction against U.S. deferred tax assets of $1.4 million resulting from the current year change in net deferred tax assets.

Liquidity and Capital Resources

We finance our operations primarily through cash provided by operations. Our cash flow from operations are primarily impacted by fluctuations in working capital caused by the timing of our billings to customers, collection terms of our contracts, stages of completion of our projects, execution of projects within their planned budgets, the timing of payments to vendors and subcontractors, the timing of payment of dividends from our unconsolidated joint ventures, the changes in income tax assets

and liabilities and unforeseen events. Additionally, certain projects receive advance payments from customers. A normal trend for these projects is to have higher cash balances during the initial phases of execution which then level out toward the end of the construction phase. As a result, our cash position is reduced as work is performed against customer advances, unless they are replaced by advances on other projects.
As of December 31, 2013, our principal sources of liquidity consisted of $84.2 million in existing cash and cash equivalents, of which $41.6 million was held in foreign jurisdictions, and $46.1 million of availability under the $105.0 million revolving portion of our senior secured credit facility, which is net of $58.9 million of outstanding letters of credit issued against it. Due to U.S. tax laws and foreign regulations, our ability to use our cash held in foreign jurisdictions to fund U.S. operations is limited.

We also had $287.4 million in accounts receivable and $86.0 million in costs and estimated earnings in excess of billings on uncompleted contracts to fund our operations. We review the collectability of these balances on a regular basis and determine if allowances for doubtful accounts are needed. As of December 31, 2013 our allowance for doubtful accounts represented 0.1% of the combined total of these accounts. We also monitor our Days Sales Outstanding ("DSO") periodically and use it as a metric of performance of our credit and collection function. We use DSO to monitor the average time, in days, that it takes us to convert our accounts receivable into cash. We calculate DSO by dividing the average accounts receivable for the applicable period into the amount of revenue recognized during the year and multiplying the result of that calculation by the number of days in that period. Our average DSO decreased to 55 days as of December 31, 2013 from 57 days as of December 31, 2012.

As of December 31, 2013 and December 31, 2012, approximately $289.7 million and $310.6 million, respectively, of the borrowings under the senior secured credit facility were held in a restricted cash account as collateral for the Company’s reimbursement obligations with respect to deposit letters of credit. During 2013, we were able to reduce the deposit letter of credit specified amount by approximately $21.0 million and the proceeds were immediately applied as a prepayment of our term loan as required by our senior secured credit facility. From time to time, we are allowed to permanently reduce the deposit letter of credit specified amount provided that our exposure with respect to the deposit letter of credit obligations is less than the balance in the restricted cash account. Increases in our bonding capacity could allow us to further reduce the deposit letter of credit specified amount, however the issuance of a bond is at the surety’s sole discretion and may not always be available to us on reasonable terms.

Certain trends or uncertainties could have a material impact on our liquidity. For example, if interest rates increase substantially, that could dramatically increase our cash interest expense; if we are required to increase either: i) the collateral on our existing surety bonds; or ii) our bonding requirements on current or future projects it could materially impact our available liquidity under the senior secured revolving credit facility; if the economy suddenly weakens or governments materially reduce future funding for nuclear remediation or D&D projects, these events could have a negative effect on our liquidity. Furthermore, we have the ability to hedge interest rate and foreign currency fluctuations and we actively monitor these markets in order to mitigate our exposure to these risks.

Our liquidity is also affected by external factors such as credit ratings. A downgrade in our credit ratings limits our ability to access credit at reasonable cost which can negatively impact our working capital availability. Our credit ratings are influenced by many factors including our operating and financial performance, asset quality, liquidity, asset and liability management, the current level of financial operating leverage, capital structure and management business strategy, among others.
On September 1, 2010, as part of the closing of the Zion Station transaction, the Company took over ownership of a dedicated NDT fund, which exists for the sole purpose of decommissioning the Zion Station nuclear power plant. To that extent, the funds available in the NDT fund are also considered a source of working capital for those operations. We expect that we will be reimbursed from the NDT fund for the work we perform to decommission the plant. However, in the event that we do not comply with the contractual requirements included in the agreements with Exelon, we may become subject to additional financial restrictions. These additional financial restrictions may take

the form of not being able to bill the NDT fund for work performed, funding the work on the project through our other cash flows, increasing the letter of credit amount established for this project, or having the letter of credit drawn down by Exelon. We had net cash outlays of approximately $161.6 million, $158.4 million and $161.5 million, for years ended December 31, 2013, 2012 and 2011, respectively, to fund the project execution activities related to this contract.

We had accumulated benefit obligations related to pension plans of $4.2 billion as of December 31, 2013. See Note 18 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a more detailed discussion. Approximately 98% of that obligation relates to the Magnox pension plan. The Magnox pension plan is funded by

contributions from employees and the NDA pursuant to a contractual arrangement. As a result, we are reimbursed for contributions made to the Magnox pension plan under the terms of these contracts. Thus, we have no potential net funding requirements relative to the accumulated benefit obligation of the Magnox pension plan. Our liquidity is not affected by these contributions as they are only made when we have received the funds from the NDA. We are required to fund the pension plan for our employees of ESEU Limited, a wholly owned subsidiary of EnergySolutions, Inc. The plan is currently funded by contributions from us and the employees of ESEU Limited. We believe we have sufficient resources to fund our operating and capital expenditures requirements, to pay our income taxes and to service our debt for at least the next twelve months.

Historical Cash Flows

| | For The Years Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Cash flows provided by operating activities | $26,140 | $67,636 | $75,540 |
| Cash flows (used in) investing activities | (10,715) | (11,823) | (22,098) |
| Cash flows provided by (used in) financing activities | (64,746) | 565 | (35,158) |

Our cash and cash equivalents for the year ended December 31, 2013 were sufficient to cover our operating expenses. We are actively engaged in managing our working capital to generate cash that will allow us to accelerate our plans to reduce debt and to fund the growth of our business. Our primary use of cash was to fund our working capital and capital expenditures, prepayments of term loan debt, to service our debt and to pay taxes.

Operating Activities

We finance our operations primarily through cash provided by operations. Our cash flow from operations is impacted by fluctuations in working capital caused by the timing of our billings to customers, collection terms of our contracts, stages of completion of our projects, execution of projects within their planned budgets, the timing of payments to vendors and subcontractors, the timing of dividend payments from our unconsolidated joint ventures, the changes in income tax assets and liabilities, and unforeseen events. Additionally, certain projects receive advance payments from customers. A normal trend for these projects is to have higher cash balances during the initial phases of execution, which then level out toward the end of the construction phase. As a result, our cash position is reduced as work is performed against customer advances, unless they are replaced by advances on other projects.

Cash used by operating activities was $26.1 million for the year ended December 31, 2013 compared to cash provided by operating activities of $67.6 million for the years ended December 31, 2012. Working capital decreased $138.0 million primarily from the payment of significant Merger Transaction costs which reduced our net income, lower cash distributions received from our non consolidated joint ventures during 2013, increases in accounts receivable, all resulting from normal execution of project activities and timing of payments and collections and not indicative of any significant liquidity issue, and the use of advance payments from customers as processing and disposal activities are completed. These decreases in working capital were partially offset by decreases in costs and estimated earnings in excess of billings on uncompleted contracts and increases in accounts payable and accrued expenses and other current liabilities. In addition, we received a large income tax refund from the U.S. Treasury related to our 2010 tax filings with the IRS.

Cash flows from operating activities for the year ended December 31, 2012, compared to the year ended December 31, 2011, decreased by $7.9 million. Working capital increased $6.4 million due primarily to collections from customers on accounts receivable and progress payments on costs and estimated earnings in excess of billings on uncompleted contracts resulting completion of major milestones on certain performance based contracts, offset by the decrease in accrued project and contract costs due to completion of work on certain major contracts, timing of payments to vendors and subcontractors, the use of advance payments from customers as projects moved towards

completion.

Investing Activities

We used $10.7 million of cash in investing activities for the year ended December 31, 2013 compared to $11.8 million for the years ended December 31, 2012. The decrease year over year resulted primarily from lower capital expenditures offset by higher investment fees paid in connection with the management of the NDT fund. Investing activities in 2011 included $2.5 million related to the acquisition of the noncontrolling interest of our Isotek Systems LLC consolidated joint venture.

Capital expenditures of $15.2 million, $20.3 million and $23.7 million, for the years ended December 31, 2013, 2012 and 2011, respectively, primarily related to the purchases of transportation equipment to support our operations in our disposal facilities, facility improvements, office buildouts, purchase of machinery and equipment required for the completion of the Atlas mill tailings contract, as well as investment in information technology. Proceeds from disposal of property, plant and equipment of $5.3 million in 2012 were primarily related to the disposition of assets related to the cleanup of the Atlas mill tailings site near Moab, Utah, which was completed in April 2012. We anticipate the sources of funds for our anticipated capital expenditures will come from cash flows provided by our operating activities or through capital lease arrangements.

We hold investments in marketable debt and equity securities through a NDT fund. We actively invest in a variety of financial instruments to provide our target returns on the NDT fund assets which are used to satisfy current and future decommissioning costs associated with the Zion Station Project. For the years ended December 31, 2013, 2012 and 2011, proceeds from sales of investments in the NDT fund exceeded purchases by $4.4 million, $3.9 million and $4.5 million, respectively. These excess proceeds were used to pay for trustee and trust management fees. Investment management fees fluctuate depending upon trading activity within the NDT fund. Investment income and realized earnings on the NDT fund are a source of working capital for the decommissioning work we perform at the Zion Station.

Financing Activities

We used $64.7 million of cash in financing activities for the year ended December 31, 2013 compared to $0.6 million for the years ended December 31, 2012. The increase resulted primarily from uses of cash to prepay $87.0 million of term loan debt, repurchase common stock vested as a result of the Merger Transaction and to pay debt financing fees paid to the lenders in connection with amendments made to our senior secured credit facility. During the third quarter of 2013, we also released $21.0 million from our restricted cash account used as collateral for deposit letter of credit obligations.

Net cash inflows from our financing activities for the year ended December 31, 2012 resulted from the issuance of common stock to an executive pursuant to his employment arrangement, offset by repayments of capital lease obligations and repurchases of our common stock to pay for taxes due upon the vesting of restricted stock awards.

Net cash outflows from our financing activities for the year ended December 31, 2011 resulted from re-payments of long term debt of $30.2 million and payment of capital lease obligations of $0.7 million. We also made distributions of income to our noncontrolling interest partners of $4.2 million during that year.

Effect of Exchange Rate Changes on Cash

Unrealized translation gains and losses resulting from changes in functional currency exchange rates are reflected in the cumulative translation component of accumulated other comprehensive loss. During 2013 and 2012, most major foreign currencies strengthened against the U.S. dollar. As a result, the Company had unrealized translation gains of $0.5 million and $1.5 million, respectively, related to cash held by foreign subsidiaries. The cash held in foreign currencies will primarily be used for project-related expenditures in those currencies, and therefore the Company’s exposure to realized exchange gains and losses is generally mitigated.

Senior Secured Credit Facility and Senior Notes

On August 13, 2010, the Company entered into a senior secured credit facility with JPMorgan Chase Bank, N.A., as the administrative agent and collateral agent, consisting of a senior secured term loan in an aggregate principal amount of $560.0 million at a discount rate of 2.5% and a senior secured revolving credit facility with availability of $105.0 million, of which $58.9 million was used to fund letters of credit issued as of December 31, 2013. Borrowings of $289.7 million and $310.6 million, respectively, were held in a restricted cash account as collateral for the Company’s reimbursement obligations with respect to deposit letters of credit as of December 31, 2013 and December 31, 2012.

Borrowings under the senior secured credit facility bear interest at a rate equal to: (a) Adjusted LIBOR plus 5.00% (subject to a LIBOR floor of 1.75%), or ABR plus 4.00% in the case of the senior secured term loan; (b) Adjusted LIBOR plus 4.50% (subject to a LIBOR floor of 1.75%), or ABR plus 3.50% in the case of the senior secured revolving credit facility, and (c) a per annum fee equal to the spread over Adjusted LIBOR under the senior secured revolving credit facility, along with a fronting fee and issuance and administration fees in the case of revolving letters of credit.

On February 15, 2013, we entered into Amendment No. 2 to the Credit Agreement and Consent and Waiver (the "Second Loan Amendment"). The Second Loan Amendment became effective on May 24, 2013 upon the consummation of the Merger. Pursuant to the Second Loan Amendment, the lenders and the administrative agent consented to i) a waiver of the change of control provisions and certain other covenants and provisions under the senior secured credit facility; ii) any

repayment of our 10.75% Senior Notes due 2018, provided that any payments are funded from equity contributions made to us by ECP or its affiliates; iii) an extension to the maturity date of our senior secured revolving credit facility, subject to certain conditions and acceptance by the extending revolving lenders; and iv) 1% prepayment premium if any senior secured term loan is refinanced prior to the date that is one year following the execution date of the Second Loan Amendment. On May 24, 2013, upon the closing of the Merger and pursuant the Second Loan Amendment, the interest rate on our senior secured term loan was increased by 0.50%.

On October 11, 2013, we entered into Amendment No. 3 to the Credit Agreement (the "Third Loan Amendment"). The Third Loan Amendment extended the mandatory debt prepayment deadline on our collective senior debt to 270 days after the Third Loan Amendment's effective date of October 15, 2013, and increased the applicable margin for our senior secured term loan and revolving credit facility by 0.50% until we reduce the aggregate outstanding amount of senior secured term loan under the amended senior secured credit facility and our 10.75% Senior Notes due 2018 to $675.0 million or less. In the event that the outstanding principal amount of our collective senior debt exceeds $675.0 million at the end of 180 days from the Third Loan Amendment's effective date, the applicable margin for our senior secured credit facility will be increased by an additional 0.25%. Upon the date that the aggregate outstanding amount of senior debt is $675.0 million or less, the applicable margin for our senior secured credit facility will be decreased by 0.50%, back to the interest rates prior to the effective date of the Third Loan Amendment. As of December 31, 2013, the aggregate outstanding principal amount of our senior debt was $740.0 million. As such, as of December 31, 2013, we had a mandatory principal repayment of $65.0 million due by July 15, 2014. Subsequent to year end, we made additional principal payments totaling $87.0 million, with funds released from our restricted cash account, bringing our senior debt balance down to $653.0 million. As a result, we have met the requirements of the Third Loan Amendment and the interest rates on the senior secured term loan and revolving credit facility decreased to 6.75% and 6.25%, respectively.

During 2013, we paid to our lenders $7.6 million in consent fees in connection with the execution of amendments to our senior secured credit facility, all of which were capitalized and are included in other noncurrent assets within the consolidated balance sheet as of December 31, 2013. Parent contributed $3.1 million to fund the payment of these consent fees. We also paid $8.0 million of lead arranger banker fees, all of which were included in other income (expense), net, within the consolidated statement of operations and comprehensive income (loss) for the year ended December 31, 2013. Parent contributed $4.3 million to fund the payment of these lead arranger banker fees.

The senior secured term loan amortizes in equal quarterly installments payable on the last day of each calendar quarter with the balance being payable on August 13, 2016. In addition to the scheduled repayments, we are required to prepay borrowings under the senior secured term loan with (1) 100% of the net cash proceeds received from non-ordinary course asset sales or other dispositions, or as a result of a casualty or condemnation, subject to reinvestment provisions and other customary adjustments, (2) 100% of the net proceeds received from the issuance of debt obligations other than certain permitted debt obligations, (3) 50% of excess cash flow (as defined in the senior secured credit facility), if the leverage ratio is equal to or greater than 3.0 to 1.0, or 25% of excess cash flow if the leverage ratio is less than 3.0 to 1.0 but greater than 1.0 to 1.0, reduced by the aggregate amount of optional and mandatory prepayments made on the senior secured term loan during the fourth quarter of the applicable fiscal year. If the leverage ratio is equal to or less than 1.0 to 1.0, we are not required to prepay the senior secured term loan. The excess cash flow calculations (as defined in the senior secured credit facility), are prepared annually as of the last day of each fiscal year. Prepayments of term loan resulting from the excess cash flow calculations are due annually five days after the date that the Annual Report on Form 10-K for such fiscal year is filed with the SEC. Each optional and mandatory prepayment is applied first, in direct order of maturities, to the next four scheduled principal repayment installments of the senior secured term loan and second, to the other principal repayment installments of senior secured term loan on a pro rata basis. All mandatory quarterly term loan prepayment requirements have been satisfied.

During 2013, we made principal repayments totaling $87.0 million of which $14.4 million was funded by ECP through equity contributions to the Company and $16.6 million was related to the mandatory principal repayment based on our excess cash flow for the year ended December 31, 2012. We did not have a mandatory principal repayment based on our excess cash flow due for the year ended December 31, 2013. We made no principal debt payments during 2012. For the year ended December 31, 2011, we made principal repayments totaling $30.2 million of which $26.0 million were optional. Each optional prepayment is applied first, in direct order of maturities, to the next four scheduled principal repayment installments of the senior secured term loan and second, to the other principal repayment installments of senior secured term loans on a pro rata basis.

Scheduled annual principal payments of our outstanding long-term debt for the years subsequent to December 31, 2013 are as follows (in thousands):

| | |
|---|---|
| 2014 | $65,000 |
| 2015 | — |
| 2016 | 375,000 |
| 2017 | — |
| 2018 | 300,000 |
| Outstanding long-term debt | 740,000 |
| Less: unamortized discounts | (8,186) |
| Long-term debt net of discounts | $731,814 |

The senior secured credit facility requires the Company to maintain a leverage ratio (based upon the ratio of indebtedness for money borrowed to consolidated adjusted EBITDA, as defined in the senior secured credit facility) and an interest coverage ratio (based upon the ratio of consolidated adjusted EBITDA to consolidated cash interest expense), both of which are calculated quarterly. Failure to comply with these financial ratio covenants would result in an event of default under the senior secured credit facility and, absent a waiver or an amendment from the lenders, preclude us from making further borrowings under the senior secured credit facility and permit the lenders to accelerate repayment of all outstanding borrowings under the senior secured credit facility. Based on the formulas set forth in the senior secured credit facility, we are required to maintain a maximum total leverage ratio of 4.0 for the quarter ending December 31, 2013, which is reduced by 0.25 on an annual basis through the maturity date. We are required to maintain a minimum cash interest coverage ratio of 2.00 from the quarter ended December 31, 2013 through the quarter ended September 30, 2014 and 2.25 through the maturity date. As of December 31, 2013, our total leverage and cash interest coverage ratios were 3.17 and 2.25, respectively.

The senior secured credit facility also contains 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 senior secured credit facility, we are permitted maximum annual capital expenditures of $40.0 million for 2013 and each year thereafter, plus for each year the lesser of (1) a one year carryforward of the unused amount from the previous fiscal year and (2) 50% of the amount permitted for capital expenditures in the previous fiscal year. The senior secured credit facility contains events of default for non-payment of principal and interest when due, a cross-default provision with respect to other material 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 senior secured credit facility. Capital expenditures for the year ended December 31, 2013 were $15.2 million. As of December 31, 2013, we were in compliance with all of the covenants under our senior secured credit facility.

The obligations under the senior secured credit facility are secured by a lien on substantially all of the assets of the Company and each of the Company’s domestic subsidiary guarantors, including a pledge of equity interests with the exception of the equity interests in our ZionSolutions subsidiary, which includes investments in the NDT fund of approximately $442.9 million as of December 31, 2013, and other special purpose subsidiaries, whose organizational documentation prohibits or limits such pledge.

On August 13, 2010, we completed a $300.0 million private offering of 10.75% senior notes at a discount rate of 1.3%. The senior notes are governed by an indenture among EnergySolutions and Wells Fargo Bank, National Association, as trustee. Interest on the senior notes is payable semiannually in arrears on February 15 and August 15 of each year beginning on February 15, 2011. The senior notes rank in equal right of payment to all existing and future senior debt and senior in right of payment to all future subordinated debt. In May 2011, we filed a registration statement under the Securities Act, pursuant to a registration rights agreement entered into in connection with the senior notes offering. The SEC declared the registration statement relating to the exchange offer effective on May 27, 2011, and the exchange of the registered senior notes for the unregistered senior notes was consummated on May 31, 2011. We did not receive any proceeds from the exchange offer transaction.

At any time prior to August 15, 2014, we are entitled to redeem all or a portion of the senior notes at a redemption price equal to 100% of the principal amount of the senior notes plus an applicable make-whole premium, as of, and accrued and unpaid interest to, the redemption date. In addition, on or after August 15, 2014, we may redeem all or a portion of the senior notes at the following redemption prices during the 12-month period commencing on August 15 of the years set forth below, plus accrued and unpaid interest to the redemption date.

| Period | Redemption Price | |
|---|---|---|
| 2014 | 105.375 | % |
| 2015 | 102.688 | % |
| 2016 and thereafter | 100.000 | % |

The senior notes are guaranteed on a senior unsecured basis by all of our domestic restricted subsidiaries that guarantee the senior secured credit facility. The senior notes and related guarantees are effectively subordinated to our secured obligations, including the senior secured credit facility and related guarantees, to the extent of the value of assets securing such debt. The senior notes are structurally subordinated to all liabilities of each of our subsidiaries that do not guarantee the senior notes. If a change of control of the Company occurs, each holder will have the right to require that we purchase all or a portion of such holder’s senior notes at a purchase price of 101% of the principal amount, plus accrued and unpaid interest to the date of the purchase.

The indenture contains, among other things, certain covenants limiting our ability and the ability of one restricted subsidiary to incur or guarantee additional indebtedness, pay dividends or make other restricted payments, make certain investments, create or incur liens, sell assets and subsidiary stock, transfer all or substantially all of our assets, or enter into a merger or consolidation transactions, and enter into transactions with affiliates. Our credit facility allows for restricted payments not to exceed $10.0 million during any period of four consecutive fiscal quarters and an additional basket for restricted payments not to exceed 30% of the cumulative available excess cash flow at any time, with such restricted payments permanently reducing the 30% basket.

Each subsidiary co-issuer and guarantor of our senior notes is exempt from reporting under the Exchange Act, pursuant to Rule 12h-5 under the Exchange Act, as the subsidiary co-issuer and each of the subsidiary guarantors is 100% owned by us, and the obligations of the co-issuer and the guarantees of our subsidiary guarantors are full and unconditional and joint and several. There are no significant restrictions on our ability or any subsidiary guarantor to obtain funds from its subsidiaries.

For the years ended December 31, 2013, 2012 and 2011, we made cash interest payments totaling $70.3 million and $71.5 million, and $73.9 million respectively, related to our outstanding debt obligations as of those dates.

Exelon Agreement

In September 2010, we entered into an arrangement, through our subsidiary ZionSolutions, LLC, with Exelon to dismantle the Zion Station nuclear power plant which ceased operation in 1998. Upon closing, Exelon transferred to ZionSolutions substantially all of the assets (other than land) associated with the Zion Station, including all assets held in its NDT. In consideration for Exelon’s transfer of those assets, ZionSolutions agreed to assume decommissioning and other liabilities associated with Zion Station. ZionSolutions also took possession and control of the land associated with Zion Station pursuant to a lease agreement executed at the closing. ZionSolutions is under contract to complete the required decommissioning work according to an established schedule, and to construct a dry cask storage facility on the land for the spent nuclear fuel currently held in spent fuel pools at the Zion Station. Exelon retains ownership of the land and the spent nuclear fuel and associated operational responsibilities following completion of the Zion Station D&D project. The Nuclear Regulatory Commission ("NRC") approved the transfer of the facility operating licenses and conforming license amendments from Exelon to ZionSolutions.

To satisfy the conditions of the arrangement between ZionSolutions and Exelon, and to fulfill the requirements of the NRC to approve the license transfer, we (i) secured a $200 million letter of credit facility, (ii) granted an irrevocable easement of disposal capacity of 7.5 million cubic feet at our Clive disposal facility and (iii) purchased the insurance

coverages required of a licensee under the NRC's regulations.

We provided a guarantee as primary obligor to the full and prompt payment and performance by ZionSolutions of all its obligations under the various agreements with Exelon. As such, we pledged 100% of our interests in ZionSolutions to Exelon. In addition, we were required to obtain a $200 million letter of credit facility to further support the D&D activities at the Zion Station, which is held by ZionSolutions. If we exhaust our resources and ability to complete the D&D activities, and in the event of a material default (as defined within the Credit Support Agreement), Exelon may exercise its rights to take possession of ZionSolutions. At that point, through their ownership of ZionSolutions, Exelon (not the Company) is then entitled to draw on the funds associated with the letter of credit. Under the terms of our financing arrangements, we obtained restricted cash and took on the liability for the letter of credit facility.

Contractual Obligations and Other Commitments

As of December 31, 2013, our contractual obligations and other commitments were as follows (in thousands):

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | 2014 | 2015 - 2016 | 2017 - 2018 | 2019 and beyond |
| Term loan obligations | $440,000 | $65,000 | $375,000 | $— | $— |
| 10.75% Senior Notes[1] | 300,000 | — | — | 300,000 | — |
| Interest on debt obligations[2] | 211,876 | 57,563 | 89,813 | 64,500 | — |
| Capital lease obligations[3] | 3,536 | 1,040 | 1,924 | 572 | — |
| Operating lease obligations[4] | 44,237 | 13,449 | 14,083 | 7,305 | 9,400 |
| Compensation-related obligations[5] | 15,754 | 6,006 | 8,915 | — | 833 |
| Other contractual obligations[6] | 5,000 | 2,500 | 2,500 | — | — |
| Other long term liabilities[7] | 5,199 | 1,618 | 320 | 320 | 2,941 |
| Total | $1,025,602 | $147,176 | $492,555 | $372,697 | $13,174 |

(1) We have no minimum principal payments obligations relating to our senior notes prior to their maturity in 2018.

(2) Interest calculated on outstanding borrowings and the timing of payments indicated in the above table. Our term loan bears interest at a variable interest rate Adjusted LIBOR plus 4.50%, or ABR plus 3.50%. At December 31, 2013, the variable interest rate on our term loan was 7.25%. During the first quarter of 2014 the variable interest rate on our term loan decreased to 6.75%. Interest on debt obligation calculations assumes that this rate remains constant during the following years.

(3) Includes principal and interest future minimum capital lease payments.

(4) Operating leases are primarily for machinery and equipment used in connection with long-term contracts, real property and other personal property.

(5) Consists of deferred executive compensation, phantom stock incentive plan payable in cash and employee retention agreements. Phantom stock incentives payments to certain executives assumes no termination and one-third paid at close of the Merger Transaction with remaining two-thirds paid one-third after one year with remainder after two years.

(6) Relates to naming rights liabilities.

(7) Includes a $1.6 million liability related to the demolition permit to perform activities at the Zion Station, $1.4 million in reclamation liabilities related to the restoration of waste land, $0.9 million of long term rate reserves and $0.5 million in an advance from the State of South Carolina.

Off Balance Sheet Arrangements

As of December 31, 2013, we had routine operating leases, primarily related to real estate and rail equipment, and investments in joint ventures.

As of December 31, 2013, we had an outstanding variable rate term loan of $440.0 million. Under our senior secured credit facility, we are required to maintain one or more hedge agreements bearing interest at a fixed rate in the aggregate notional amount if no less than 50% of the outstanding principal amounts of our long term debt net of restricted cash. We were not required to enter into new hedge agreements because the outstanding balances under our senior notes bear interest at a fixed rate of 10.75% and totaled $300.0 million as of December 31, 2013, which is 66.6% of our outstanding debt, net of $289.7 million in restricted cash collateralizing deposit letters of credit.

From time to time, we are required to post standby letters of credit and surety bonds to support certain contractual obligations to our customers, self-insurance programs, closure and post-closure financial assurance, as well as other obligations. As of December 31, 2013, we had $286.5 million in deposit letters of credit issued against cash collateral from our senior secured term loan and $58.9 million of letters of credit issued against our revolving credit facility. As of December 31, 2013, we had $60.5 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, surety bonds and insurance policies. As of December 31, 2013 the closure and post-closure requirements for our facilities were $142.5 million.

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 U.S. 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.

Accounting for the Exelon Transaction

In December 2007, we entered into certain agreements with Exelon to dismantle the Zion Station, including a planning contract under which we were engaged to perform certain preparatory services, with payment contingent upon closing of an asset sale agreement. Although we entered into this contract in December 2007, we postponed the closing of the transaction due to the financial crisis affecting the stock markets at the time and as a result all costs associated with the execution of the planning phase were also deferred. The transaction closed on September 1, 2010. After closing, we recognized the costs and the related revenue associated with the planning contract in our consolidated statements of operations and comprehensive income (loss), with $5.1 million in revenue representing the related gross profit amount being deferred over the period of D&D work.

On the date of the closing of the asset sale agreement, the NDT fund investments of approximately $801.4 million previously held by Exelon for the purpose of decommissioning the Zion Station nuclear power plant were transferred to us and the use of those funds and any investments returns arising therein, remains restricted solely to that purpose. As part of this transaction, we have assumed Exelon's cost basis in the investments, for tax purposes, which included an unrealized gain of approximately $171.7 million at the closing date which resulted in a deferred tax liability of approximately $34.3 million. The investments are classified as trading securities and as such, the investment gains and losses are recorded in the statement of operations and comprehensive income (loss) as other income (expense), net. To the extent that the NDT fund assets exceed the costs to perform the D&D work, we have a contractual obligation to return any excess funds to Exelon. Throughout the period over which we perform the D&D work, we will assess whether such a contingent liability exists using the measurement thresholds under ASC 450-20.

As the NDT fund assets that were transferred to us represent a prepayment of fees to perform the D&D work, we also recorded deferred revenue, including deferred revenue associated with the planning contract, of $772.2 million. Revenue recognition throughout the life of the project is based on the proportional performance method using a cost-to-cost approach.

In conjunction with the acquisition of the shut down nuclear power plant, we became responsible for and assumed the ARO for the plant and we established and initially measured an ARO in accordance with ASC 410-20. Subsequent measurement of the ARO will follow ASC 410-20 accounting guidance, including the recognition of accretion expense, reassessment of the remaining liability using our estimated costs to complete the D&D work plus a profit margin and recognition of the ARO gain as the obligation is settled. Accretion expense and the ARO gain will be recorded within cost of revenue because, through this arrangement, we are providing D&D services to a customer. Any change to the ARO as a result of cost estimate changes will also be recorded to cost of revenue in the consolidated statements of operations and comprehensive income (loss) in the period identified. We also recorded deferred costs to reflect the costs incurred to acquire the future revenue stream. The deferred cost balance was initially recorded at $767.1 million, which is the same value as the initial ARO and will be amortized into cost of revenue in the same manner as deferred revenue, using the proportional performance method.

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 is fixed or determinable; and
- collection from our customer is reasonably assured.

Projects, Products and International Contracts

Our services are provided under cost-reimbursable plus 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 Federal Acquisition Regulations ("FAR"), Cost Accounting Standards ("CAS") or contractual provisions. If our costs exceed the contract ceiling or are not allowable under the provisions of the contract, FAR, 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 revenue 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 revenue irrespective of the actual costs we incur. For fixed-price contracts, our revenue 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 revenue are recognized using the proportional performance method of accounting as units are completed based on contractual unit rates.

Accounting for revenue 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 revenue. A cost-to-cost approach accurately reflects our obligations and performance on these contracts, as well as meeting our 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, 2013, 2012, and 2011, revenue calculated using a cost-to-cost approach, including Zion Station project revenues, were $149.3 million, $163.5 million and $175.0 million, respectively.

Revisions to revenue, cost and profit estimates, or measurements of th