

EnergySolutions, Inc.  
Form S-1/A  
July 11, 2008

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As filed with the Securities and Exchange Commission on July 11, 2008

Registration No. 333-152158

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**Amendment No. 1**

to

**FORM S-1**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

***EnergySolutions, Inc.***

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**4955**  
(Primary Standard Industrial  
Classification Code Number)  
**423 West 300 South, Suite 200**  
**Salt Lake City, Utah 84101**  
**(801) 649-2000**

**51-0653027**  
(I.R.S. Employer  
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Val John Christensen, Esq.**  
**Executive Vice President, General Counsel and Secretary**

**EnergySolutions, Inc.**  
**423 West 300 South, Suite 200**  
**Salt Lake City, Utah 84101**  
**(801) 649-2000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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(212) 474-1000

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.**

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The information in this prospectus is not complete and may be changed. The selling stockholder may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 11, 2008

35,000,000 Shares

## EnergySolutions, Inc.

### Common Stock

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

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

Our common stock is listed on the New York Stock Exchange under the symbol "ES." On July 10, 2008, the last reported sales price of our common stock on the NYSE was \$21.77 per share.

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

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Stockholder
	<hr/>	<hr/>	<hr/>
Per Share	\$	\$	\$
Total	\$	\$	\$
	Delivery of the common stock in book-entry form only will be made on or about , 2008.		

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

**Credit Suisse**

**JPMorgan**

**Morgan Stanley**

**UBS Investment Bank**

**Banc of America Securities LLC**

**Citi**

**D.A. Davidson & Co.  
Lazard Capital Markets**

**Piper Jaffray**

**Friedman Billings Ramsey  
Wedbush Morgan Securities**

The date of this prospectus is , 2008.







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

"EnergySolutions," "Envirocare of Utah," "BNG America," "Duratek," "Reactor Sites Management Company," "Magnox Electric," "Safeguard," "Parallax," "NUKEM Corporation," "Monserco" and their respective logos are our trademarks. Solely for convenience, we refer to our trademarks in this prospectus without the and ® symbols, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our trademarks. Other service marks, trademarks and trade names referred to in this prospectus are the property of their respective owners.

## PROSPECTUS SUMMARY

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

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

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

### Our Company

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

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

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



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

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

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

### **The Nuclear Services Industry**

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

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

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

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

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

### **Our Competitive Strengths**

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

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

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

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

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

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

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

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

### Our Business Strategy

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

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

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

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

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

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

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

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

### **The Selling Stockholder**

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

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

### **Risks Affecting Our Business**

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

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

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

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

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

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

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

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

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

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

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

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

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

### Corporate Information

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

**The Offering**

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

Unless otherwise indicated, all information contained in this prospectus:

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

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

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

**Summary Historical and Unaudited Pro Forma Financial Information**

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

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

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

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



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

- (1) Our results of operations for 2006 include the results of BNGA, Duratek, Inc. and Safeguard from the dates of their acquisitions in February 2006, June 2006 and December 2006, respectively.
- (2) Our results of operations for 2007 include the results of Parallax, RSMC, NUKEM and Monserco from the dates of their acquisitions in January 2007, June 2007, July 2007 and December 2007, respectively.
- (3) Our results of operations for the three months ended March 31, 2008 include the results of operations of RSMC, NUKEM and Monserco, all of which were acquired after the first quarter of 2007; therefore, our results of operations for the comparable period in 2007 did not include these acquisitions. In addition, the gross profit for RSMC is typically higher in the first quarter of the year than we expect it to be in other quarters due to the recognition of efficiency fees under our contract with the NDA.
- (4) Historical net income (loss) per share is not presented for the year ended December 31, 2006 or the three months ended March 31, 2007 because we were structured as a limited liability company, had only one member and there were no ownership interests that were convertible into common stock or

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a common stock equivalent.

(5)

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

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

EBITDA does not reflect our interest expense;

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

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

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

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

The following is a reconciliation of net income to EBITDA:

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

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

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

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

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

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

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## RISK FACTORS

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

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

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

failure to provide adequate financial assurance for decommissioning or closure;

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

local community, political or other opposition;

executive action; and

legislative action.

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

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

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

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

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

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

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

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

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

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

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

the seasonality of our contracts, the spending cycle of our government customers and the spending patterns of our commercial customers;

the number and significance of projects commenced and completed during a quarter;

uncertainty in timing for receiving government contract awards;

our contract with the NDA, under which we generally recognize most efficiency fees in the first calendar quarter of each year;

the adoption of a proposed NRC rule change allowing the use of decommissioning funds to dispose of large components;

unanticipated changes in contract performance, particularly with contracts that have funding limits;

the timing of resolutions of change orders, requests for equitable adjustments and other contract adjustments;

decisions by customers to terminate our contracts;

delays incurred in connection with a project;

seasonal variations in shipments of radioactive materials;

weather conditions that delay work at project sites;

the timing of expenses incurred in connection with acquisitions or other corporate initiatives;

staff levels and utilization rates;

changes in the prices of services offered by our competitors; and

general economic or political conditions.

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

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

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

recessions in foreign economies and the impact on our costs of doing business in those countries;

difficulties in staffing and managing foreign operations;

unexpected changes in regulatory requirements;

foreign currency fluctuations;

the adoption of new, and the expansion of existing, trade restrictions;



acts of war and terrorism;

the ability to finance efficiently our foreign operations;

social, political and economic instability;

increases in taxes;

limitations on the ability to repatriate foreign earnings; and

natural disasters or other crises.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

accidents, terrorism, natural disasters or other incidents occurring at nuclear facilities or involving shipments of nuclear materials;

disruptions in the nuclear fuel cycle, such as insufficient uranium supply or conversion;

the financial condition and strategy of the owners and operators of nuclear reactors;

civic opposition to or changes in government policies regarding nuclear operations; or

a reduction in demand for nuclear generating capacity.

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

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

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

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

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

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

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

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

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

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

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

owners and operators of shut-down nuclear reactors have the option of maintaining their reactors in SAFSTOR or monitored storage, allowing their decommissioning trust funds to grow and eventually pursue a D&D program in the future;

uncertainty regarding the appropriate tax and regulatory treatment of aspects of our license stewardship initiative may prevent owners and operators of nuclear power plants from entering into these kinds of arrangements with us;

if a plant's decommissioning trust fund has decreased or failed to grow, the fund may not be large enough to make license stewardship economically feasible;

we may fail to obtain the necessary approvals and licenses from the NRC and the applicable state public utility commission on terms we find acceptable;

these contracts may require us to post letters of credit or surety bonds that we may be unable to obtain on reasonable terms, or at all;

as the owner of the reactor assets and the holder of the NRC license, we may be subject to unforeseen environmental liabilities, including fines for non-compliance with environmental requirements and costs associated with the clean-up of unanticipated contamination; and

if we underestimate the costs or timing of D&D activities at a particular site, the project may not be profitable for us.

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

***We are subject to liability under environmental laws and regulations.***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

potential disruption of our ongoing business and distraction of management;

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

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

hiring additional management and other critical personnel; and



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

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

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

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

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

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

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

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

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

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

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

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

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

we must use a substantial portion of our cash flow from operations to pay interest on our debt, which reduces the funds available to us for other purposes;

our ability to obtain additional debt financing in the future for working capital, capital expenditures, acquisitions or general corporate purposes may be limited;

our flexibility in reacting to changes in the industry may be limited and we could be more vulnerable to adverse changes in our business or economic conditions in general; and

we may be at a competitive disadvantage to competitors that have less debt.

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

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

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

incur or guarantee additional debt;

declare or pay dividends to holders of our common stock;

make investments;

incur or permit to exist liens;

enter into transactions with affiliates;

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

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

make capital expenditures; and

transfer or sell assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

prepare and distribute periodic public reports and other shareholder communications in compliance with our obligations under the federal securities laws and NYSE rules;

create or expand the roles and duties of our board of directors and committees of the board;

institute more comprehensive financial reporting and disclosure compliance functions;

involve and retain to a greater degree outside counsel and accountants in the activities listed above;

enhance our investor relations function; and

establish new internal policies, including those relating to disclosure controls and procedures.

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

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

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

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

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

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

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

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

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

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

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

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

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

market conditions in the broader stock market in general;

actual or anticipated fluctuations in our quarterly financial and operating results;

introduction of new services or announcements of significant contracts, acquisitions or capital commitments by us or our competitors;

legislative, regulatory or political developments;

issuance of new or changed securities analysts' reports or recommendations;

additions or departures of key personnel;

availability of capital;

market reactions to our financial guidance and operational results;

litigation and government investigations;

future sales of our common stock;

investor perceptions of us and the nuclear services industry as a whole; and

economic conditions.

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

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

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

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



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

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

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

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

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

our ability to issue preferred stock with terms that the board of directors may determine, without stockholder approval;

advance notice requirements for stockholder proposals and nominations;

the absence of cumulative voting in the election of directors; and

limitations on convening stockholder meetings.

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

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

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

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

restrictions in our credit facilities on our ability to declare or pay dividends to holders of our equity interests;

lack of availability of cash to pay dividends due to changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;

unexpected or increased operating or other expenses or changes in the timing thereof;

restrictions under Delaware law or other applicable law on the amount of dividends that we may pay;

a decision by our board of directors to modify or revoke its policy to pay dividends; and

the other risks described under "Risk Factors."

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



**FORWARD-LOOKING STATEMENTS**

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

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

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

**USE OF PROCEEDS**

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

**PRICE RANGE OF COMMON STOCK AND DIVIDENDS**

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

	<u>High</u>	<u>Low</u>	<u>Dividends declared (per share)</u>
<b>2007</b>			
Fourth Quarter (beginning November 15, 2007)	\$ 28.45	\$ 21.82	
<b>2008</b>			
First Quarter	\$ 27.85	\$ 16.90	\$ 0.025
Second Quarter	27.42	20.68	\$ 0.025
Third Quarter (through July 10, 2008)	22.92	19.93	

**DIVIDEND POLICY**

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

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

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

## CAPITALIZATION

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

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

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

(1)

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

**UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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

our acquisition of RSMC and the incurrence of debt to finance that acquisition;

our corporate reorganization in connection with our initial public offering in November 2007;

our sale of 11,850,000 shares of common stock in our initial public offering and the application of the net proceeds therefrom to repay debt;

the elimination of the advisory fees that we have paid to the Sponsors under advisory services agreements that were terminated in connection with our initial public offering;

the elimination of excess performance bonus payments made to certain of our senior employees pursuant to provisions in their employment agreements, which provisions terminated in connection with our initial public offering; and

the increased non-cash compensation expense that we would have incurred as a result of granting options at the time of our initial public offering.

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

any of our other acquisitions since January 1, 2007, including Parallax, NUKEM and Monserco, except to the extent that the acquired companies' results of operations are included in our historical financial statements because these acquisitions do not meet the significance thresholds set forth by the rules of the SEC; and

the increased selling, general and administrative expenses associated with being a public company with listed equity for the entire period.

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

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

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

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





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

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

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

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

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

- (a) Reflects RSMC's results of operations derived from RSMC's unaudited income statement for the pre-acquisition period from January 1, 2007 through June 26, 2007, as translated from pounds sterling into U.S. dollars using a conversion rate of £1=\$1.96997, which is the average of the daily exchange rates for the period from January 1, 2007 through June 26, 2007. Historical amounts shown for RSMC for the pre-acquisition period from January 1, 2007 through June 26, 2007 include \$8.0 million of corporate overhead allocated to RSMC from its former parent. We do not expect that these allocated expenses will recur in subsequent periods.
- (b) Reflects costs incurred by RSMC before the acquisition that were directly related to the acquisition, including restructuring of pension arrangements and a transaction bonus paid to employees of \$15.2 million and \$12.7 million, respectively. In order to enable RSMC to be sold on a stand-alone basis, pension arrangements that previously operated across the BNFL

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

- (c) Reflects the impact of the non-cash amortization of identifiable intangible assets that we acquired in connection with our acquisition of RSMC.
- (d) Reflects the impact of interest and amortization of deferred financing costs on debt assumed under our credit facilities to finance the RSMC acquisition at an assumed rate of 9.42%, which is the average of the interest rates during the period from June 26, 2007 through June 30, 2007. A  $\frac{1}{8}\%$  increase (decrease) in the interest rate would increase (decrease) interest expense by approximately \$250,000 per year.
- (e) Reflects the income tax effect of pro forma adjustments at an assumed effective U.K. tax rate of 30%.
- (f) Prior to our initial public offering on November 20, 2007, we conducted the majority of our operations as a limited liability company. Under applicable regulations, taxable income is passed through to the individual members of the limited liability company. In connection with the reorganization completed in connection with our initial public offering, we became a "C" corporation and therefore fully subject to income taxes. Accordingly, this adjustment is made to eliminate expense that was recorded upon becoming a "C" corporation to record previously unrecognized net deferred income tax liabilities of approximately \$9.9 million and to reflect the tax benefit for our domestic operations at an assumed effective rate of 38% as if we had been fully taxable for the entire year. The net deferred income tax liabilities primarily reflect the excess of our book basis over the tax basis of certain of our assets.
- (g) Reflects the elimination of \$2.5 million in fees paid to the Sponsors during 2007 for providing financial advisory services with respect to potential acquisitions, dispositions, recapitalizations, restructurings and other similar transactions, as well as providing financial oversight and monitoring services, under advisory services agreements with each of the Sponsors. These agreements were terminated in connection with our initial public offering.
- (h) Reflects the elimination of the excess performance bonus payments made to certain of our current and former senior employees pursuant to provisions in their employment agreements. These provisions were terminated in connection with our initial public offering.
- (i) Reflects the incremental non-cash compensation expense we would have incurred for options to purchase an aggregate of 5,727,560 shares and 6,522 restricted shares that we granted in connection with our initial public offering if they had been outstanding for the full year. We recognize compensation expense for share-based compensation awards based upon the fair value of the awards in accordance with Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* (FAS 123(R)). Under the measurement principles of FAS 123(R), we estimate that we will recognize compensation expense related to the issuance of these awards of \$9.1 million, \$9.1 million, \$9.1 million and \$8.0 million in 2008, 2009, 2010 and 2011, respectively. Our estimate of fair value for the stock options was made using the Black-Scholes model based upon the initial offering and exercise price of \$23.00 per share, volatility of 35%, risk-free interest rate of 3.9% per year, expected life of 3.75 years, dividend rate of 0.5% and a forfeiture rate of 10%. We determined the volatility rate by reference to volatility rates used by certain of our public industry peers. We determined the expected life by using the short-cut method, as permitted by FAS 123(R).
- (j) Reflects the impact of the repayment of \$260.2 million of debt under our credit facilities with the net proceeds of our initial public offering:

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

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



**SELECTED HISTORICAL FINANCIAL INFORMATION**

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

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

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

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

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

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- (3) Our results of operations for 2007 include the results of Parallax, RSMC, NUKEM and Monserco from the dates of their acquisitions in January 2007, June 2007, July 2007 and December 2007, respectively.
- (4) Our results of operations for the three months ended March 31, 2008 include the results of RSMC, NUKEM and Monserco, all of which were acquired after the first quarter of 2007; therefore, our results of operations for the comparable period in 2007 did not include these acquisitions. In addition, the gross profit for RSMC is typically higher in the first quarter of the year than we expect it to be in other quarters due to the recognition of efficiency fees under our contract with the NDA.
- (5) Historical net income (loss) per share is not presented for the year ended December 31, 2006, the eleven months ended December 31, 2005, the one month ended January 31, 2005 or the three months ended March 31, 2007 because we had only one member or shareholder and there were no ownership interests that were convertible into common stock or common stock equivalents.
- (6) Represents the non-cash amortization of intangible assets such as permits, technology, customer relationships and non-compete agreements acquired through the acquisition of our predecessor by the Sponsors in 2005 and our acquisitions of BNGA and Duratek in 2006 and RSMC in 2007. Portions of this non-cash amortization expense are included in both cost of revenues and selling, general and administrative expenses. Our amortization costs related to intangible assets increased from 2005 to 2006 as a result of our acquisitions of BNGA and Duratek and increased again in 2007 as a result of our acquisition of RSMC.
- (7) We completed several significant capital improvements in 2005 and 2006, including the installation of a new metal shredder, rail handling loop and rotary dump at our Clive facility. Most of our capital expenditures of approximately \$13.3 million in 2007 related primarily to maintenance at our facilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Capital Expenditures."
- (8) Consists of current assets, less current liabilities.

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

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

**Overview**

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

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

**Components of Revenues and Expenses**

***Revenues and Costs of Revenues***

***Federal Services segment***

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



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

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

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

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

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

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

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

*Commercial Services segment*

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

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

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

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

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

*LP&D segment*

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

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

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

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

#### *International segment*

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

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

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

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

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

***Selling, General and Administrative Expenses***

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

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

***Interest Expense***

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

***Other Income, Net***

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

**Outlook**

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

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

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

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

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

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

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

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

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

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

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

### History

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

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

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

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

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

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

### Results of Operations

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

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

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EnergySolutions

Predecessor						
One Month Ended January 31, 2005	Eleven Months Ended December 31, 2005	Pro Forma Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007	Three Months Ended March 31, 2007 (unaudited)	Three Months Ended March 31, 2008 (unaudited)

(in thousands of dollars)

Revenues:

Federal Services Segment	\$	\$	\$	\$ 79,941	\$ 151,355	\$ 34,927	\$ 44,587
Commercial Services Segment				54,137	137,378	25,341	30,595
LP&D Segment	21,914	348,192	370,106	293,025	262,801	53,883	54,115
International Segment					541,079		372,456
Total revenues	21,914	348,192	370,106	427,103	1,092,613	114,151	501,753

Cost of revenues:

Federal Services Segment				55,121	108,972	26,255	36,471
Commercial Services Segment				39,579	109,566	20,520	19,015
LP&D Segment	7,382	134,350	141,732	141,167	156,291	36,582	35,087
International Segment					523,510		338,197
Total cost of revenues	7,382	134,350	141,732	235,867	898,339	83,357	428,770

Gross profit:

Federal Services Segment				24,820	42,383	8,672	8,116
Commercial Services Segment				14,558	27,812	4,821	11,580
LP&D Segment	14,532	213,842	228,374	151,858	106,510	17,301	19,028
International Segment					17,569		34,259
Total gross profit	14,532	213,842	228,374	191,236	194,274	30,794	72,983

Segment selling, general and administrative expenses:

Federal Services Segment				4,186	11,306	2,452	1,768
Commercial Services Segment				7,466	7,730	4,760	1,936
LP&D Segment				7,607	8,519	2,197	2,704
International Segment					14,639		4,154
Total segment selling, general and administrative expenses				19,259	42,194	9,409	10,562

Segment operating income:

Federal Services Segment				20,634	31,077	6,220	6,348
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