

EnergySolutions, Inc.
Form DEFA14A
March 19, 2013

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

EnergySolutions, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 18, 2013**

EnergySolutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-33830
(Commission File Number)

51-0653027
(I.R.S. Employer
Identification No.)

423 West 300 South
Suite 200
Salt Lake City, Utah

(Address of Principal Executive Offices)

84101
(Zip Code)

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(801) 649-2000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2b)

 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4c)
-

Item 2.02 Results of Operations and Financial Condition.

On March 18, 2013, EnergySolutions, Inc. (the Company) issued a press release announcing its financial results for the quarter and fiscal year ended December 31, 2012. A copy of the release is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

Additional Information About the Merger and Where You Can Find It

This communication may be deemed to be solicitation material in respect of the proposed merger transaction (the Merger) between the Company and affiliates of Energy Capital Partners II, LP (Energy Capital Partners). In connection with the Merger, the Company has filed a proxy statement with the Securities and Exchange Commission (the SEC) on March 15, 2013. Additionally, the Company will file other relevant materials with the SEC in connection with the Merger pursuant to the terms of an Agreement and Plan of Merger by and among the Company, Rockwell Holdco, Inc. (Parent), and Rockwell Acquisition Corp. (Merger Sub), a wholly owned subsidiary of Parent. The materials filed or to be filed by the Company with the SEC may be obtained free of charge at the SEC's web site at www.sec.gov. Investors and security holders of the Company are urged to read the proxy statement and the other relevant materials when they become available before making any voting or investment decision with respect to the Merger because they contain or will contain important information about the Merger and the parties to the Merger.

The Company, Energy Capital Partners, and their respective directors, executive officers and other members of their management and employees, under SEC rules, may be deemed to be participants in the solicitation of proxies of the Company stockholders in connection with the Merger. Investors and security holders may obtain more detailed information regarding the names, affiliations and interests of certain of the Company's executive officers and directors in the solicitation by reading the proxy statement in connection with the Merger. Information concerning the interests of the Company's participants in the solicitation, which may, in some cases, be different than those of the Company's stockholders generally, is set forth in the proxy statement relating to the Merger.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press Release of EnergySolutions, Inc. dated March 18, 2013. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: March 19, 2013

ENERGYSOLUTIONS, INC.

| | |
|--------|------------------|
| By: | /s/ Russ Workman |
| Name: | Russ Workman |
| Title: | General Counsel |

Exhibit Index

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press Release of EnergySolutions, Inc. dated March 18, 2013. |

EnergySolutions Announces Fourth Quarter and Fiscal

Year End 2012 Results

SALT LAKE CITY, UT (MARKET WIRE) March 18, 2012 EnergySolutions, Inc. (NYSE: ES - the Company), a leading provider of specialized, technology-based nuclear services to government and commercial customers, announced financial results for the Company's fourth quarter and fiscal year ended December 31, 2012.

Fiscal Year 2012 Summary

- Revenue of \$1,807.5 million
- Net income attributable to EnergySolutions of \$4.0 million, or \$0.04 per share
- Adjusted EBITDA of \$135.0 million

Fourth Quarter 2012 Summary:

- Revenue of \$480.0 million
- Net loss attributable to EnergySolutions of \$10.8 million, or \$0.12 per share
- Adjusted EBITDA of \$40.9 million

Fiscal Year 2012 Results

Revenue for fiscal year 2012 was \$1,807.5 million, compared with \$1,815.5 million for fiscal year 2011. Gross profit for the year totaled \$170.7 million compared to gross profit of \$79.7 million for fiscal year 2011. Selling, general and administrative expenses were \$138.2 million in 2012

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compared to \$132.4 million in 2011, as a result of \$14.1 million in restructuring and other charges taken in 2012. The Company reported operating income in 2012 of \$39.9 million.

Net income attributable to EnergySolutions for 2012 was \$4.0 million, or \$0.04 per share, compared to a net loss of \$196.2 million, or \$2.21 per share, for 2011. Net income in 2012 included \$14.1 million in restructuring and other non-recurring charges. Adding back the \$14.1 million charge would have resulted in \$18.1 million in net income or \$0.24 per share. The net loss in 2011 included a \$174.0 million goodwill impairment, a \$94.9 million ARO adjustment, and a \$29.5 million tax valuation adjustment. Excluding the goodwill impairment, ARO charge, and deferred tax asset valuation allowance, net income would have been \$102.2 million, or \$1.15 earnings per share, for 2011.

EBITDA and Adjusted EBITDA for 2012 were \$142.7 million and \$135.0 million, respectively, compared to \$62.5 million and \$145.6 million, respectively, for 2011.

Fourth Quarter 2012 Results

Revenue for the fourth quarter of 2012 increased to \$480.0 million, compared with \$468.5 million recorded in the fourth quarter of 2011. The Company reported a gross profit of \$57.0 million for the fourth quarter of 2012, compared with a loss for the fourth quarter of 2011 of \$39.4 million, which included the \$94.9 million ARO charge discussed above. Selling, general and administrative expenses increased to \$38.6 million, from \$36.2 million in the fourth quarter of 2011, primarily as a result of approximately \$6 million of restructuring charges. The Company reported income from operations for the quarter ended December 31, 2012 of \$18.4 million, compared to a loss from operations of \$248.5 million for the same quarter last year.

Net loss attributable to EnergySolutions for the fourth quarter of 2012 was \$10.8 million, or \$0.12 per share, compared with a net loss attributable to EnergySolutions of \$202.8 million, or \$2.28 per share, for the fourth quarter of 2011.

EBITDA and Adjusted EBITDA for the fourth quarter of 2012 were \$41.0 million and \$40.9 million, respectively, compared with an EBITDA loss of \$39.1 million and Adjusted EBITDA of \$43.3 million for the fourth quarter of 2011.

Reconciliations of GAAP to non-GAAP financial measures are provided in the attached Table 4.

Business Segments Fourth Quarter 2012

The results of the Company's two business groups are presented in Table 5 in the accompanying financial tables.

Global Commercial Group

Global Commercial Group revenue for the fourth quarter of 2012 totaled \$441.4 million, compared with \$411.6 million in the fourth quarter of 2011. The \$29.8 million increase in revenue was due primarily to growth from Commercial Services and from International activities as discussed below.

Global Commercial Group reported income from operations in the fourth quarter of 2012 of \$42.2 million compared with a loss from operations of \$59.7 million for the fourth quarter of 2011, which included the ARO adjustment of \$94.9 million.

Commercial Services

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Revenue from Commercial Services operations in our Global Commercial Group for the fourth quarter of 2012 totaled \$53.4 million, compared with \$59.3 million for the fourth quarter of 2011. Gross profit for Commercial Services in the fourth quarter of 2012 was \$14.4 million compared with a loss of \$88.7 million in the fourth quarter of 2011.

Logistics, Processing and Disposal

Revenue from the Logistics, Processing and Disposal (LP&D) operations in our Global Commercial Group for the fourth quarter of 2012 totaled \$67.0 million, compared to \$65.7 million recorded in the fourth quarter of 2011. Gross profit for the fourth quarter of 2012 totaled \$21.3 million, compared with \$22.2 million for the fourth quarter of 2011. Gross margin declined to 31.8% for the fourth quarter of 2012, compared with 33.8% for the fourth quarter of 2011. The decrease in gross margin was attributable primarily to higher processing costs in the fourth quarter of 2012.

International

Revenue from the International operations in our Global Commercial Group for the fourth quarter of 2012 totaled \$321.0 million, compared to \$286.7 million recorded for the fourth quarter of 2011. The \$34.3 million increase in revenue was due primarily to the acceleration of decommissioning activities under our Magnox contract in the U.K. and to increased design and construction activities in our operations in Asia. Gross profit for the fourth quarter of 2012 totaled \$17.9 million, compared with \$18.7 million for the fourth quarter of 2011. Gross margin declined to 5.6% for the fourth quarter of 2012, compared with 6.5% for the fourth quarter of 2011. Foreign currency fluctuations increased revenue and cost of revenue by \$5.8 million and \$5.4 million, respectively, during the quarter.

Government Group

Government Group revenue for the fourth quarter of 2012 totaled \$38.6 million, compared with \$56.9 million in the fourth quarter of 2011. The decrease in revenue was due primarily to the completion of our Moab project in May 2012, as well as to the Company's Salt Waste project that reversed fee revenue previously recorded and had lower than expected fee earned during 2012.

Income from operations for the Government Group in the fourth quarter of 2012 totaled \$0.7 million, compared with \$5.5 million for the fourth quarter of 2011. Operating margins decreased to 1.9% for the fourth quarter of 2012, compared to 9.7% for the fourth quarter of 2011 due primarily to reduced revenue and earnings from the Salt Waste and Moab projects.

Equity in income from unconsolidated joint ventures was \$0.0 million for the fourth quarter of 2012, compared with \$1.1 million for the fourth quarter of 2011. The decrease was due primarily to a timing difference in recognition of income related to our Hanford tank operating contract.

Outlook

The Company announced on January 7, 2013 that the Board of Directors had accepted a \$3.75 per share offer from Energy Capital Partners. A shareholder vote to approve the transaction is scheduled for April 26, 2013. No additional outlook for 2013 has been given pending the shareholder vote. EnergySolutions will not hold a teleconference or webcast in connection with this earnings release.

Cautionary Statement Regarding Forward-Looking Statements

Statements in this earnings release regarding future financial and operating results and any other statements about the Company's future expectations, estimates, projections, beliefs or prospects expressed by management, the expected date of closing of the merger and the potential benefits of the merger, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect the current analysis of existing information and are subject to various risks and uncertainties. As a result, caution must be exercised in relying on forward-looking statements. Due to known and unknown risks, our actual results may differ materially from our expectations or projections. These forward-looking statements are based upon current assumptions and are subject to various risks and uncertainties. There are a number of

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important factors that could cause actual results or events to differ materially from those indicated or anticipated by such forward-looking statements, including, but not limited to: (a) the future potential for additional cost increases related to the Zion project, (b) the adverse impact of current or future financial conditions on the value of NDT funds and future investment earnings performance, (c) uncertainty regarding our assumptions related to the Zion project estimated profit margin, including the projected annual rate of return for NDT fund investment earnings over the remaining life of the project, (d) uncertain and weak economic, market and other conditions domestically and internationally, including decreased credit availability for our customers and the decisions of individual customers to retain cash and reduce credit market exposure, (e) decreased tax revenue combined with

increased demands on government funding allocations reducing funds available for existing or proposed government projects that we have been awarded or on which we would bid, (f) current regulatory initiatives, that could negatively impact our market opportunities, including regulatory initiatives to limit the importation of nuclear waste into the U.S. and the disposal and storage of depleted uranium, (g) uncertainty regarding the pound sterling currency translation impact on our business, (h) adverse public reaction that could lead to increased regulation or limitations on our activities, (i) uncertainty regarding the impact on our business of increased regulatory scrutiny of the nuclear waste industry in the U.S. and internationally, (j) decisions by our customers to reduce, delay or halt their spending on nuclear services, (k) decisions by our commercial customers to store radioactive materials on-site rather than dispose of radioactive materials at one of our facilities, (l) continued competitive pressures in our markets, (m) the outcome of any legal proceedings that have been, or will be, instituted against the Company related to the merger agreement, (n) the inability to complete the merger due to the failure to obtain stockholder approval for the merger or the failure to satisfy other conditions to completion of the merger, including the receipt of all regulatory approvals related to the merger, (o) the failure to obtain the necessary financing arrangements set forth in the debt and equity commitment letters delivered pursuant to the merger agreement, (p) risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger, (q) the impact of the substantial indebtedness to be incurred to finance the consummation of the merger, (r) the effects of local and national economic, credit and capital market conditions on the economy in general, and other risks and uncertainties described herein, as well as those risks and uncertainties discussed from time to time in our other reports and other public filings with the Securities and Exchange Commission (the "SEC").

Additional information on potential factors that could affect our results and other risks and uncertainties are set forth in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2011, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, and our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 to be filed on or about the day of this release. Our SEC filings are available publicly on the SEC's website at www.sec.gov, on EnergySolutions' website at www.energysolutions.com or upon request from Energy Solutions' Investor Relations Department at ir@energysolutions.com. We disclaim any obligation to update the forward-looking statements, whether as a result of new information, future events or otherwise.

About EnergySolutions, Inc.

EnergySolutions offers customers a full range of integrated services and solutions, including nuclear operations, characterization, decommissioning, decontamination, site closure, transportation, nuclear materials management, the safe, secure disposition of nuclear waste, and research and engineering services across the fuel cycle.

For more information, please contact:

Richard Putnam

EnergySolutions, Inc.

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-Financial Tables to follow-

Table 1

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(dollars in thousands, except per share amounts)

| | For the Quarter Ended December 31 | | For the Twelve Month Period Ended December 31 | |
|--|--------------------------------------|--------------|--|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (Unaudited) | | | |
| Revenue | \$ 480,035 | \$ 468,547 | \$ 1,807,505 | \$ 1,815,514 |
| Cost of revenue | (423,049) | (507,912) | (1,636,779) | (1,735,826) |
| Gross profit (loss) | 56,986 | (39,365) | 170,726 | 79,688 |
| Selling, general and administrative expenses | (38,550) | (36,229) | (138,211) | (132,386) |
| Impairment of goodwill | | (174,000) | | (174,000) |
| Equity in income of unconsolidated joint ventures | (30) | 1,108 | 7,392 | 11,103 |
| Income (loss) from operations | 18,406 | (248,486) | 39,907 | (215,595) |
| Interest expense | (18,389) | (18,564) | (71,211) | (73,414) |
| Other income, net | 7,099 | 23,137 | 53,192 | 58,215 |
| Income (loss) before income taxes and noncontrolling interests | 7,116 | (243,913) | 21,888 | (230,794) |
| Income tax (expense) benefit | (17,979) | 41,659 | (17,959) | 37,145 |
| Net income (loss) | (10,863) | (202,254) | 3,929 | (193,649) |
| Less: Net (income) loss attributable to noncontrolling interests | 18 | (512) | 53 | (2,532) |
| Net income (loss) attributable to EnergySolutions | \$ (10,845) | \$ (202,766) | \$ 3,982 | \$ (196,181) |
| Net income (loss) attributable to EnergySolutions per share: | | | | |
| Basic | \$ (0.12) | \$ (2.28) | \$ 0.04 | \$ (2.21) |
| Diluted | \$ (0.12) | \$ (2.28) | \$ 0.04 | \$ (2.21) |
| Number of shares used in per share calculations: | | | | |
| Basic | 90,253,245 | 88,948,098 | 89,639,539 | 88,818,971 |
| Diluted | 90,253,245 | 88,948,098 | 89,639,539 | 88,818,971 |

Table 2

ENERGYSOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

| | December 31, 2012 | December 31, 2011 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 134,191 | \$ 77,213 |
| Accounts receivable, net of allowance for doubtful accounts | 259,913 | 302,203 |
| Nuclear decommissioning trust fund investments | 152,507 | 174,270 |
| Other current assets | 247,924 | 281,822 |
| Total current assets | 794,535 | 835,508 |
| Property, plant & equipment, net | 119,258 | 126,609 |
| Goodwill | 308,608 | 306,358 |
| Other intangible assets, net | 238,037 | 260,879 |
| Nuclear decommissioning trust fund investments | 445,989 | 523,326 |
| Restricted cash and decontamination and decommissioning deposits | 316,754 | 332,918 |
| Deferred Costs | 360,185 | 465,577 |
| Other noncurrent assets | 72,096 | 164,758 |
| Total assets | \$ 2,655,462 | \$ 3,015,933 |
| LIABILITIES & STOCKHOLDERS EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 16,592 | \$ 140,951 |
| Accounts payable | 144,649 | 230,698 |
| Accrued expenses and other current liabilities | 193,546 | 1,101 |
| Deferred income taxes | 1,101 | 138,757 |
| Facility and equipment decontamination and decommissioning liabilities | 138,757 | 160,520 |
| Unearned revenue, current portion | 150,135 | 159,112 |
| Total current liabilities | 644,780 | 691,281 |
| Long-term debt, less current portion | 798,577 | 812,734 |
| Facility and equipment decontamination and decommissioning liabilities | 485,447 | 598,530 |
| Unearned revenue | 366,710 | 469,497 |
| Other noncurrent liabilities | 59,029 | 158,634 |
| Total liabilities | 2,354,543 | 2,730,676 |
| EnergySolutions stockholders equity | 300,419 | 284,546 |
| Noncontrolling interests | 500 | 711 |
| Total stockholders equity | 300,919 | 285,257 |
| Total liabilities and stockholders equity | \$ 2,655,462 | \$ 3,015,933 |

Table 3

ENERGYSOLUTIONS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(dollars in thousands)

| | For the Twelve Month Period Ended December 31 | |
|--|--|------------------|
| | 2012 | 2011 |
| Cash Provided by Operating Activities | \$ 67,636 | \$ 75,540 |
| Investing Activities | | |
| Purchases of property, plant and equipment | (20,345) | (23,734) |
| Purchase and sale of investments in nuclear decommissioning trust fund | 3,949 | 4,496 |
| Purchases of intangible assets and noncontrolling interests | (763) | (610) |
| Acquisition of noncontrolling interests in subsidiaries | | (2,486) |
| Proceeds from sale of property, plant and equipment | 5,336 | 236 |
| Cash Used in Investing Activities | (11,823) | (22,098) |
| Financing Activities | | |
| Repayments of long-term debt | | (30,200) |
| Other items | 565 | (4,958) |
| Cash Used in Financing Activities | 565 | (35,158) |
| Effect of Exchange Rate on Cash | 600 | (1,263) |
| Increase (Decrease) in Cash and Cash Equivalents | \$ 56,978 | \$ 17,021 |
| Amortization of Intangible Assets | \$ 25,895 | \$ 26,032 |
| Depreciation | \$ 23,687 | \$ 22,343 |

Table 4

ENERGYSOLUTIONS, INC.**GAAP to Non-GAAP Reconciliation**

(dollars in thousands, except per share amounts)

| | For the Quarter Ended December 31 | | For the Twelve Month Period Ended December 31 | |
|---|--------------------------------------|--------------|--|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Reconciliation of net income (loss) attributable to EnergySolutions to EBITDA: | | | | |
| Net income (loss) attributable to EnergySolutions | \$ (10,845) | \$ (202,766) | \$ 3,982 | \$ (196,181) |
| Interest expense | 18,389 | 18,564 | 71,211 | 73,414 |
| Income tax expense (benefit) | 17,979 | (41,659) | 17,959 | (37,145) |
| Depreciation expense | 8,966 | 6,353 | 23,687 | 22,343 |
| Impairment of goodwill | | 174,000 | | 174,000 |
| Amortization of intangible assets | 6,497 | 6,406 | 25,895 | 26,032 |
| EBITDA | \$ 40,986 | \$ (39,102) | \$ 142,734 | \$ 62,463 |
| Accretion expense | 7,535 | 8,375 | 30,017 | 32,319 |
| Nuclear decommissioning trust fund earnings, net | (6,768) | (22,544) | (58,867) | (54,018) |
| Equity-based compensation | 1,803 | 1,733 | 6,975 | 9,975 |
| Restructuring and other non-recurring charges (benefits) | (2,704) | 94,860 | 14,104 | 94,860 |
| Adjusted EBITDA | \$ 40,852 | \$ 43,322 | \$ 134,963 | \$ 145,599 |

The Company defines EBITDA as net income (loss) attributable to EnergySolutions plus interest expense (including the effects of interest rate derivative agreements), income taxes, depreciation, impairment charges and amortization. The Company defines Adjusted EBITDA as EBITDA plus non-cash equity compensation expense and, non-cash accretion expense, plus or minus nuclear decommissioning trust fund gains or losses net of management fees. Beginning in 2011, we have included the changes in ARO cost estimates for the Zion Project as an adjustment to EBITDA to remove certain effects of ARO accounting from this measure. We have also included the corresponding Zion Project ARO cost estimate changes for 2010 for presentation purposes. The Company uses EBITDA and Adjusted EBITDA as key indicators of its operating performance and for planning and forecasting future business operations. EBITDA and Adjusted EBITDA, as presented in this release, are supplemental measures of the Company's performance that are not required by, or presented in accordance with, generally accepted accounting principles in the United States (GAAP). They are not measures of the Company's financial performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flow from operating activities as measures of the Company's liquidity.

The Company's measurement of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. The Company has included information concerning EBITDA and Adjusted EBITDA in this release because they are used by management to measure operating performance and because the Company believes that such information is often used by certain investors as measures of a company's historical performance and for modeling.

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EBITDA and Adjusted EBITDA have limitations as analytical tools, and investors should not consider them in isolation, or as a substitute for analysis of the Company's operating results or cash flows as reported under GAAP. Some of these limitations are:

- They do not reflect the Company's cash flows, cash expenditures, or future requirements for capital expenditures or contractual commitments;
- They do not reflect changes in, or cash requirements for, the Company's working capital needs;
- They do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on the Company's debt;
- Although depreciation is a non-cash charge, the assets being depreciated will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;
- They are not adjusted for all non-cash income or expense items that are reflected in the Company's statements of cash flows; and
- Other companies in the Company's industry may calculate these measures differently than the Company does, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to the Company to invest in the growth of its business. The Company compensates for these limitations by relying primarily on its GAAP results and using EBITDA and Adjusted EBITDA only for supplemental purposes.

The Company defines Adjusted Gross Profit as gross profit plus accretion expense. The Company defines Adjusted Income from Operations as Adjusted Gross Profit less operating expenses. The Company uses Adjusted Gross Profit and Adjusted Income from Operations as indicators of its operating performance and for planning and forecasting future business operations. Adjusted Gross Profit and Adjusted Income from Operations, as presented in this release, are supplemental measures of the Company's performance that are not required by, or presented in accordance with, GAAP. They are not measures of the Company's financial performance under GAAP and should not be considered as alternatives to gross profit or any other performance measures derived in accordance with GAAP.

The Company defines net income attributable to EnergySolutions before the impact of amortization of intangible assets as net income attributable to EnergySolutions plus amortization expense of intangible assets, net of the related income tax expense. These non-GAAP measures may be useful to investors seeking to compare the Company's operating performance on a consistent basis from period to period that, when viewed with its GAAP results and the above reconciliation, management believes provides a more complete understanding of factors and trends affecting the Company's business than GAAP measures alone. These measures should not be considered as substitutes for net income attributable to EnergySolutions, as determined in accordance with GAAP, and you should not consider them in isolation or as a substitute for analyzing the Company's results as reported under GAAP.

Table 5

ENERGYSOLUTIONS, INC.**REPORTING SEGMENT INFORMATION (UNAUDITED)**

(dollars in thousands)

| | For the Quarter Ended December 31 | | For the Twelve Month Period Ended December 31 | |
|--|--------------------------------------|---------------------|--|---------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Revenue | | | | |
| Government Group | \$ 38,637 | \$ 56,933 | \$ 163,381 | \$ 242,418 |
| Global Commercial Group | | | | |
| Commercial Services | 53,395 | 59,268 | 182,505 | 200,670 |
| LP&D | 67,034 | 65,650 | 222,802 | 247,084 |
| International | 320,969 | 286,696 | 1,238,817 | 1,125,342 |
| Total Revenue | \$ 480,035 | \$ 468,547 | \$ 1,807,505 | \$ 1,815,514 |
| Gross Profit | | | | |
| Government Group | \$ 3,402 | \$ 8,434 | \$ 17,918 | \$ 25,189 |
| Global Commercial Group | | | | |
| Commercial Services | 14,400 | (88,660) | 25,874 | (78,962) |
| LP&D | 21,324 | 22,159 | 58,810 | 75,969 |
| International Operations | 17,860 | 18,702 | 68,124 | 57,492 |
| Total Gross Profit | \$ 56,986 | \$ (39,365) | \$ 170,726 | \$ 79,688 |
| Income from Operations | | | | |
| Government Group | \$ 694 | \$ 5,509 | \$ 6,420 | \$ 11,239 |
| Global Commercial Group | 42,218 | (59,679) | 109,145 | 4,832 |
| Group Operating Income | 42,912 | (54,170) | 115,565 | 16,071 |
| Corporate selling, general and administrative expenses | (24,476) | (21,424) | (83,050) | (68,769) |
| Impairment of goodwill | | (174,000) | | (174,000) |
| Equity in income of unconsolidated joint ventures | (30) | 1,108 | 7,392 | 11,103 |
| Total Income from Operations | \$ 18,406 | \$ (248,486) | \$ 39,907 | \$ (215,595) |

###