

HOLTEC HIGHLIGHTS

(A Summary Report to Our Clients, Suppliers, and Company Personnel)

ENERGOATOM AND HOLTEC FORMALIZE THE CONTRACT TO BUILD A CENTRAL STORAGE FACILITY IN UKRAINE

Holtec International is pleased to announce the signing of a contract with Ukraine's government owned nuclear utility, "ENERGOATOM", to establish a state-of-the-art central storage facility for the used nuclear fuel produced by the country's VVER reactors. The contract was signed on December 26 in Kiev in a ceremony attended by the U.S. Ambassador to Ukraine The Honorable John Herbst, Ukraine's Fuel and Energy Minister The Honorable Ivan Plachkov, Energoatom's President Yuriy Nedashovsky, and Holtec's President Dr. Kris Singh. The central storage facility is intended to eliminate the need for Ukraine to ship the fuel discharged from its VVER reactors at South Ukraine, Rovno, and Khmelnytsky sites over long distances for storage on Russian territory at a cost of over \$100 million per year. The contract value is approximately \$150 Million of which 90% will be financed by Holtec International. This project represents the largest investment in Ukraine's nuclear sector by a U.S. company and the largest contract executed by a U.S. company with Ukraine's government since the success of the "Orange Revolution" a year ago.

Holtec's workscope involves design, licensing, construction, commissioning of the facility, and the supply of the requisite number of used nuclear fuel transport and storage systems. The project will bring twenty-first century nuclear technology to Ukraine that will ensure the safe domestic storage of its nuclear fuel in unbreachable containers. The project will also provide long-term employment for scores of Ukrainian professionals as well as the country's craftsmen in the manufacturing sector.

The central storage facility will utilize the same storage overpacks that are being used in the United States and have been certified by the Atomic Safety Licensing Board of the U.S. government. These overpacks are capable of preventing any release of radiation if subjected to adverse events such as a crashing aircraft. The same overpacks are also being used to decommission the José Cabrera nuclear plant (Zorita) in Spain.

A successful commissioning of the facility by Holtec, scheduled for 2008, would give Ukraine, which generates over half of its electricity from nuclear plants and operates the third largest nuclear program in Europe, complete control of the backend of its reactors' fuel cycle. The storage facility is being designed for a minimum service life of 100 years. An ancillary benefit of the central storage in Ukraine is the cessation of the long haul (thousands of kilometers) of used fuel over Russia's territory in casks that do not utilize a welded canister for confinement. Responding to questions from the media after the contract signing, Holtec's President pledged to maximize the participation of local companies in the project. Minister Plachkov promised to provide maximum help to

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qualified local Ukrainian companies in securing a role in the project. President Yuriy Nedashkovsky, who signed the contract for Energoatom, echoed Ambassador Herbst's summation that the project is "good for both Ukraine and Holtec."

Established in 1996 by Ukraine's Cabinet of Ministers, The State Enterprise National Nuclear Energy Generating Company "ENERGOATOM" is responsible for operating 15 nuclear power plants at four sites in Ukraine. In addition, Enerogatom is engaged in the construction of new power plants, the purchase of fresh (new) nuclear fuel, establishing the national infrastructure of used fuel and radioactive waste management, the physical protection of facilities, and continued operational safety improvements in the nuclear sector.

Holtec International, headquartered in the United States, is an energy technology company providing equipment and engineering services to the nuclear, non-nuclear, and resource recovery segments of the energy generation industry worldwide. Used fuel storage equipment designed and installed by Holtec is in use in over 80 nuclear plants in the U.S., Mexico, Korea, Taiwan, Brazil, Spain, and the U.K. Thirty-four plants have established long-term contracts with Holtec to store used fuel in Holtec's dry storage systems.

A pre-eminent supplier of heat exchange equipment for the energy industry, Holtec maintains a modern manufacturing facility authorized to manufacture and certify nuclear components to all of the ASME Code classes. Steam surface condensers, feedwater heaters, air cooled condensers and nuclear power plant heat exchangers, pressure vessels, and weldments are among the types of capital equipment produced at Holtec's manufacturing facility located in Pittsburgh, Pennsylvania.

In Europe, Spain's Zorita plant is a current user of Holtec's dry storage technology. Holtec has also been recently invited by the Chernobyl Nuclear Power Plant organization to provide processing technology to place used fuel from Chernobyl's three idled reactors in long-term storage under the aegis of the European Bank for Reconstruction and Development.

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