HOLTEC HIGHLIGHTS

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

COMPLETING ITS FIRST YEAR AS A HOLTEC PROJECT, CHERNOBYL'S DRY STORAGE IMPLEMENTATION ENTERS THE CRUCIAL "DEMO" PHASE

The Chernobyl dry storage project, begun in the early fall of 2007 (see Holtec Highlights Issue 22.07) has chalked up some impressive milestones in its first year of existence. Among the notable accomplishments thus far are design and confirmatory analyses to establish design adequacy of (world's first ever) "Double Wall" storage canister and the successful fabrication of a full-size canister with its fuel basket at the Holtec Manufacturing Division (HMD). A customized Forced Gas Dehydration (FGD) system, over three times larger than the FGD used at U.S. plants, has also been designed, qualified, and manufactured. As required by the Ukrainian regulations, both the Double Wall storage canister and the FGD will be subjected to a battery of tests to verify their efficacy and support the licensing approval process. The attached photos show portions of the experimental setup being erected at HMD by Holtec's engineers in collaboration with the Nuclear Engineering Department of the Pennsylvania State University. The experiments are scheduled to begin shortly and last for about five weeks. Personnel from SNRCU (Ukraine's regulator), the Chernobyl NPP, and EBRD officials in London have been invited to witness the tests, as are the company's other stakeholders. The Holtec User's Group will hold its winter meeting (in November) at HMD where the testing of the system will be underway. The experimental simulation of the system, being carried out under the aegis of the EBRD and the Chernobyl plant, is the largest such demonstration in the world.

The test data will be compiled to fulfill a major pre-requisite for licensing of Holtec's technology for Chernobyl, which envisages the use of the existing NUHOMS modules as the storage system by cutting the long, slender RBMK fuel assemblies of conjugated design into two fuel bundles inside a Processing Facility. The design modification of the existing Processing Facility and its hot cell is being carried out by Holtec's subcontractor BNG of Würzburg, Germany. The civil design of the installation (referred to as ISF-2) is being carried out by Kiep of Kiev, under a subcontract from Holtec. Holtec's Chernobyl project is employing roughly 200 personnel in three countries (U.S., Ukraine, and Germany) at the present time with sharp increases expected next year when manufacturing is scheduled to commence.

The Chernobyl dry storage project was turned over to Holtec in August 2007. The project involves the processing and storage of nearly 22,000 spent fuel assemblies from the (undamaged) shutdown Chernobyl Units 1, 2, and 3. The FGD system will be used for drying the assemblies loaded in over 225 of Holtec's double walled canisters, which will be transferred into the existing NUHOMS modules. The storage of Chernobyl's failed fuel (too decapitated and disfigured to be handled by normal means) is being managed under a smaller separate contract directly between Holtec and the State Specialized Enterprise Chernobyl NPP.

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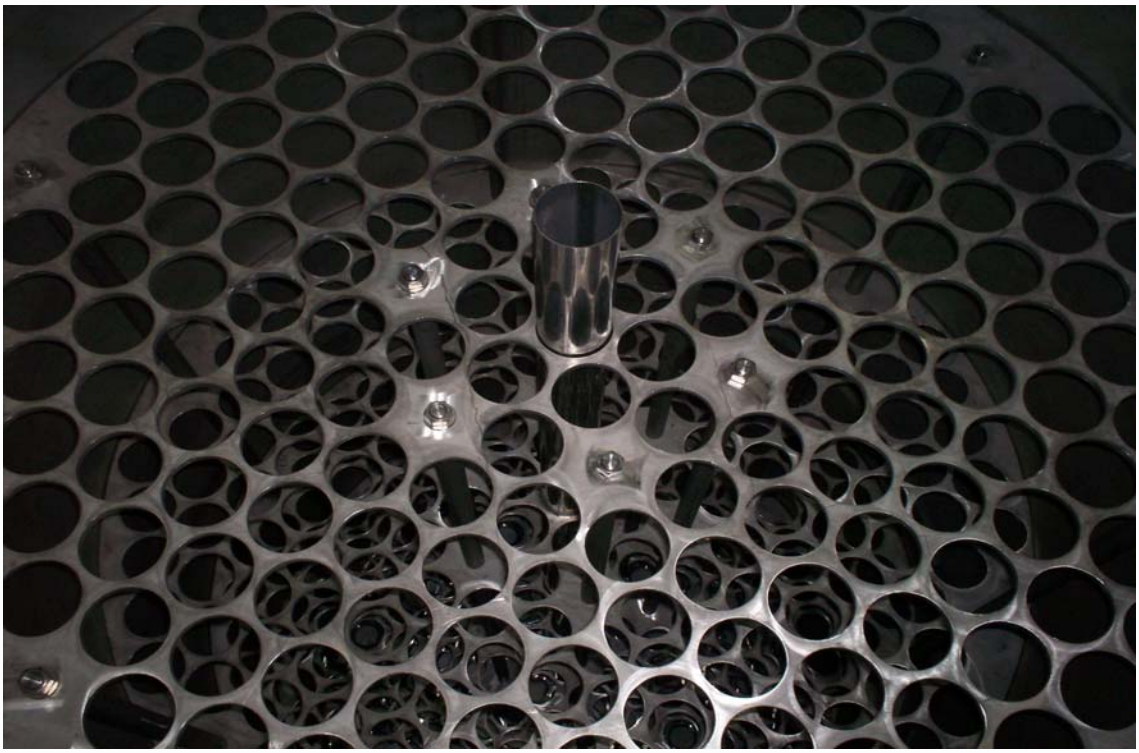
Holtec FGD Prototype System for Chernobyl Dry Storage Project



Overhead View of Double Wall Canister/Basket Assembly

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