

MHI to Seek Design Certification from NRC and Commence Marketing of US-APWR Type Nuclear Power Generation Facility

Tokyo, Japan, July 3, 2006 - (JCN Newswire) - Mitsubishi Heavy Industries, Ltd. (MHI; TSE: 7011) has started procedures to submit an application to the U.S. Nuclear Regulatory Commission (NRC) for Design Certification of the US-APWR, the company's 1,700 MW class advanced pressurized water reactor currently under development for launch in the U.S. market. In conjunction with that move, the company has also newly established MHI Nuclear Energy Systems Inc. (MNES), a wholly owned subsidiary, in Washington, D.C. The new business arm commenced operations this month with an initial staff of 12.

MHI is developing the US-APWR based on technologies the company developed for a 1,538 MW APWR planned for use at the Tsuruga Power Station Units 3 and 4 of the Japan Atomic Power Company. A variety of modifications are being added in reflection of the demands of U.S. customers for enhanced performance; improvements include the world's highest level of thermal efficiency (39%), a 20% reduction in plant building volume, and greater economy by increasing the power generation capacity to the 1,700 MW class. The US-APWR will be introduced to the U.S. market as a brand-new plant conforming to the third-generation (GIII) concept*.

MHI looks to receive Design Certification of the US-APWR from NRC by the end of 2011; a preliminary hearing will be conducted later this month, and the formal application will be submitted in early 2008. In parallel with this process, MHI will simultaneously conduct marketing activities for the US-APWR to electricity providers in the U.S.

MNES will undertake the local activities necessary for obtaining NRC Design Certification. It will also serve as a comprehensive business base for MHI's nuclear power business in the U.S., taking orders for new plants and handling business to supply large-size replacement components for existing nuclear power plants - an area in which MHI enjoys a greater than 40% share of U.S. market.

In recognition of the need to prevent global warming and cope with surging oil prices, the importance of nuclear power generation has been increasing in the U.S. The U.S. nuclear power market has enormous potential as tens of new plants are expected to be built by 2030. Demand for major replacement components is also rising to enable extended operation of existing plants. MHI, boasting an abundant track record in exports of replacement components, now aims to further expand its nuclear power business in the U.S. market by redoubling its commitment to that market.

* The third-generation (GIII) concept: The first generation was the prototype reactor in its early stage. The second generation are popular commercial reactors used at most nuclear power plants currently in operation. The third generation are improved light-water reactors offering enhanced safety and economy.

Outline of MHI Nuclear Energy Systems Inc. (MNES)

Office location:	Washington, D.C.
President:	Hiroshi Inoue (concurrently serving as MHI Executive Officer & Senior Vice President of Nuclear Energy Systems Headquarters)
Business startup:	July 2006
Capitalization:	US\$1 million
Employees:	12 (6 Japanese and 6 Americans)
Business:	Local activities relating to application for NRC Design; Certification of the US-APWR; Activities to attract orders for the US-APWR from U.S. electricity providers; Activities to attract orders for large-scale replacement components: replacement reactor vessel closure heads, steam generators, etc.; Local PR and sales promotion activities for MHI's nuclear business.