

**Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on September 16, 2005**

There are three topics I would like to comment on today. The first is the follow-up of the Environmental Action Plan by the Japanese Electric Utility Industry, the second is the International Electricity Summit, and the third is our support to the disaster-affected areas of the United States that were recently struck by a hurricane.

I will begin with the Environmental Action Plan by the Japanese Utility Industry, which deals with electric power industry policies and plans aimed at addressing issues such as global warming and the development of a sustainable, recycling-based society. The plan is a part of the "Keidanren Voluntary Action Plan on the Environment"(June 1997) proposed by the Nippon Keidanren (Japan Business Federation), and in the context of the government's Kyoto Protocol Target Achievement Plan (approved by the Cabinet in April 2005), it outlines power industry efforts to address the fact that electric power generation accounts for a significant proportion of energy-related CO₂ emissions.

A follow-up assessment of the plan is made every year to review what has been achieved, and to consider developments at home and abroad. The current review is the eighth to be carried out, and I would like to report briefly on our findings.

In fiscal 2004, CO₂ emission intensity (CO₂ emission per kilowatt hour of end use) fell by 3.4% to 0.421kg-CO₂ /KWh. This result was largely due to the fact that we were able to restart nuclear power plants that had been shut down for some time, thereby increasing nuclear power generation by 3.4 points (25.7% to 29.1%) and reducing thermal power generation by 3.4 points (63.4% to 60%).

As we have already announced, our target for fiscal 2010 is to reduce our CO₂ emission intensity by 20% from fiscal 1990 levels (to 0.34kg-CO₂ /KWh).

Although this is a challenging goal, we, as the electric power industry, intend to do everything we can to achieve it.

On the supply side, we will ensure safety and restore public trust so that we can promote nuclear power and increase its capacity factor. In addition, we will work to improve thermal efficiency at our thermal power generation facilities.

On the demand side, we will continue to develop and encourage customers to use energy-saving appliances and office equipment to help curb electricity use.

In particular, our Eco-Cute (a hot water heaters that uses a with CO₂refrigerant heat pumps) offer exceptional energy savings that we believe will significantly reduce private sector CO₂ emissions. If we achieve the installed base target of 5.2 million units called for in the Kyoto Protocol Target Achievement Plan, we expect that CO₂ emissions in the residential sector will fall by 2% (approximately 4 million tons of CO₂).

Internationally, we are working to take full advantage of Kyoto mechanisms.

I would now like to report on our efforts to create a more sustainable, recycling-based society by reducing and recycling waste materials.

Up until now, we have addressed the issue of waste management by evaluating the volume of material that requires final disposal. Now, however, we have adopted a system under which we evaluate the percentage of waste material recycled, and have set a target of over 90% recycling by fiscal 2010.

As of fiscal 2004 we have already achieved a high recycling rate of 92%.

I will now move on to the topic of the two-day International Electricity Summit that will begin on October 3 in Sapporo, Hokkaido.

The meeting is held to give executive representatives of the Federation of Electric Power Companies of Japan, Europe's Union of the Electricity Industry (EURELECTRIC), and the United States' Edison Electric Institute (EEI) an opportunity to freely exchange opinions on the business environment and other issues that affect the electric power industry. Held approximately every 18 months, it is hosted in rotation by each of the participating organizations. The upcoming meeting will be our eighth so far. We are expecting top management personnel from electric power companies around the world, including 23

participants from Europe and the U.S., as well as 14 participants from Japan, including the presidents of the nation's 10 electric power companies.

The three main topics scheduled for discussion at the meeting are electric power industry reforms, energy policy, and industry responses to global warming. A representative of each organization will make a presentation on one of the topics, and a free exchange of opinions and discussions will be held afterward.

Recently, rising fossil fuel prices and rapidly growing energy demand in Asia have attracted global attention. But there are a multitude of other issues that also need to be addressed, including how the electric power industry can assure energy security and a stable power supply, how we can cope with global warming and other environmental problems, and how we should position the vital role of nuclear energy.

As the nation's electric power suppliers, we look forward to this opportunity to discuss the management issues we face with the top management of other power utilities from around the world.

Finally, I would like to comment on the support we have extended to areas that were severely damaged by hurricane Katrina, which struck the southern part of the U.S. late last month.

According to the U.S. Department of Energy (DOE), a maximum of about one million customers were without power in each of the two states of Louisiana and Mississippi, and an additional 870,000 were without power in Alabama. Although restoration efforts are underway, approximately 340,000 customers, most of which are in areas of New Orleans that are still flooded, are still without power (as of 2PM EDT, September 15).

In addition to feeling concern about the lasting effect of hurricane damage on rising crude oil prices and the world economy, we utilized our long-standing relationship with the U.S. Edison Electric Institute to get a grasp of the situation in the immediate aftermath of Katrina, and shared that information with our member companies. Each of the companies expressed a desire to assist their counterparts in the U.S., so in addition to providing humanitarian aid through the Nippon Keidanren, we have decided to contribute approximately 350,000 dollars

to a specially created fund to support local electric power company personnel involved in the restoration of power to the affected areas. We sincerely hope that it will be of assistance in bringing much-needed electricity to those in the disaster area.