

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

Time flies, and already there are only two weeks left until the end of the year. Eight months have gone by since I was passed the baton by former Chairman Fuji last April, and I would like to take this opportunity to express my heartfelt thanks to all Energy Press Club members.

I would like to begin our final press conference of 2005 by briefly reviewing the events of the last year.

First, with respect to nuclear power, I believe it was a year in which significant progress was made.

Two new nuclear power plants began commercial operations this year: the Chubu Electric Power Company's Hamaoka Unit No. 5, which was brought online on January 18, and the Tohoku Electric Power Company's Higashidori Unit No. 1, which became the nation's 54th nuclear power plant when it was brought online on December 8. This is the first time in eight years, since the Kashiwazaki-Kariwa Unit No. 7 and the Genkai Unit No. 4 started up in 1997, that two new nuclear plants have started up in the same year.

In addition, the uranium tests that started late last year at the Rokkasho Reprocessing Plant have proceeded smoothly, and should be completed nearly according to plan. We have also received a report that active testing is to begin in February of next year, and with the understanding of Aomori Prefecture residents, as well as the prerequisite implementation of rigorous safety and quality control standards, we are looking forward to steady progress on that front, too.

There were also a number of developments in the area of pluthermal program, which makes use of the plutonium extracted during reprocessing. Kyushu Electric Power Company received approval for a license amendment for the nuclear reactor installation for the Genkai Unit No. 3 on September 7. Immediately following this, on the 12th and 13th of the month, Chugoku Electric Power Company and Chubu Electric Power Company announced plans for their Shimane Unit No. 2 and Hamaoka Unit No. 4, respectively. In addition,

applications submitted by Shikoku Electric Power Company and the Electric Power Development Co., Ltd. are currently being reviewed by the Atomic Energy Committee of Japan and other relevant authorities. (The application for the Ikata Unit No. 3 was filed on November 1, 2004.) So our pluthermal program are moving steadily forward, and as members of the electric power industry, we remain unshakeable in our resolve to seek public acceptance for implementation of pluthermal program at all FEPC member companies.

In April, Aomori Prefecture and Rokkasho Village authorities granted Japan Nuclear Fuel Limited site permission for an MOX fuel fabrication facility, and in October, Aomori Prefecture and Mutsu City authorities approved a site proposal by Tokyo Electric Power Company and the Japan Atomic Power Company for a spent fuel interim storage facility.

Looking overseas, prices for crude oil and other fossil fuels have risen sharply since 2004, and this, together with increased concern about CO2 emissions and the problem of global warming, is causing nuclear power to be viewed in a more favorable light.

As I reported previously, in October I attended the International Electricity Summit and the WANO (World Association of Nuclear Operators) General Meeting. Some participants at those meetings even spoke of a "nuclear power renaissance," reminding me once again that nuclear power generation is gaining momentum worldwide. In the United States, the Energy Policy Act of 2005 was passed in August has cleared the way for construction of new nuclear power plants, and just last month Prime Minister Blair of the UK made it clear that that new plants may be constructed in that country, as well. So the environment surrounding nuclear power is beginning to change significantly.

As I look back on these developments, I cannot help but feel that a fair wind is blowing for nuclear power. This seems particularly appropriate in a year that marks the 50th anniversary of nuclear power in Japan, and I feel that we must continue to make the most of these advantageous conditions.

The past year also marked a significant turning point in electricity market liberalization.

In April, the market for high-voltage electricity contracts of 50 kW and above was liberalized, bringing roughly two-thirds of all electricity sales (by volume) within the scope of liberalization. In addition, the final elements of electricity market reform were put in place the same month when the Japan Electric Power Exchange, a new wholesale electricity exchange, and the Electric Power System Council of Japan, an independent third-party organization to monitor exchange activities, began operations.

Trading volume on the Electric Power Exchange has increased, albeit gradually, since the exchange opened, and I have heard that the volume of daily contracts reached a record 7.57 million kWh on December 14. I believe this gradual increase in exchange utilization indicates that it is serving a useful function, and that business operators are beginning to make use of the new system.

Competition continues to intensify, however. To cite Tokyo Electric Power Company as an example, as of December 1, demand lost to new entrants totaled approximately 1,100 customers, or approximately 2.2 million kW. Of this total, approximately 200 customers accounting for 50,000 kW were lost as a result of liberalization of the under-500 kW high-voltage market in April, clearly indicating the increased level of competition we are experiencing in the high-voltage sector.

At Tokyo Electric Power Company, we took action early to counter the effects of this severe business environment. Aided by lower interest rates, we began in 1993 to accelerate our efforts to improve management efficiency by reducing capital investment and maintenance expenditures, and we implemented five rate reductions that have effectively cut electricity rates by approximately 25%. We are planning to implement another rate reduction next April, and will do our utmost to ensure maximum benefit to our customers.

In Europe and the U.S., electricity market liberalization has provided customers with a wider range of choices, but in some cases it has also resulted in higher prices. Here in Japan, we believe that electric power companies continue to have an important role to play in assuring power supply stability and environmental compatibility, so that customers can benefit within the context of a "Japanese Liberalization Model" that is in keeping with the principles of current

structural reforms. To this end, we will continue to do our utmost to ensure that customers can truly appreciate the benefits to be gained.

In closing, let me thank you again for your support during the past year.