

Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman

January 24, 2014

Thank you for taking the time to be here today.

Today, I would like to say a few words on the following two topics: our goals and challenges for 2014 and the discussions on the energy policy.

1. Goals and challenges for 2014

First, I would like to say a few words on the goals and challenges for this year. Looking back, some bright signs began to appear in 2013, such as the gradual recovery of the Japanese economy thanks to Abenomics and the selection of Tokyo to host the 2020 Olympic Games.

Further, at the end of last year, the government pledged that it would take the initiative and new measures to accelerate the recovery of Fukushima. We hope that the recovery will make progress, and we will continue to make an industry-wide effort to tackle the contaminated water issue.

Regarding the situation of electric power, none of the nuclear power plants in the country have been restarted yet since they were shut down, even though 16 plants of seven electric utilities have applied for the compliance review.

As a result, the supply and demand for electricity remains tight, and the worsening finances caused by the rising burden of thermal fuel costs forced seven power companies to raise their electricity tariffs or apply to do so. Once again, I sincerely apologize to everyone for the inconvenience caused by restricting electricity consumption, and for the great burden caused by the rise in electricity tariffs.

While the situation remains tough with many problems to be dealt with, we are eager to put our business back on track this year and will work toward this goal. We will respond sincerely to the reviews by the Nuclear Regulation Authority so that decisions can be made promptly, and will continue to make utmost efforts to regain the trust of the hosting communities and the people of Japan, so that the nuclear power plants can be restarted as soon as possible.

The prolonged shutdown of nuclear power plants will have serious impacts on the economy and society of Japan, including an outflow of national wealth, decline in industrial competitiveness, and increase in greenhouse gas emissions. We believe that it is essential to continue to use nuclear power in order to fulfill our most important mission of “providing high quality electricity to

customers in a stable manner as inexpensively as possible”, and will continue to work to further improve safety.

2014 is a crucial year for us. The power companies will work together in tackling the issues and also compete in a friendly manner, while earnestly listening to the voices of the public.

2. Discussions on the energy policy

Next, I would like to say a few words on the discussions on the energy policy. The Basic Energy Policy is due to be decided officially by the government, taking public comments into consideration. In that sense, 2014 is a crucial year in which the direction of the medium- to long-term energy policy of the country will be decided.

The Basic Policy Subcommittee, from the perspective of the “S+3E” policy, highlighted the importance of building a well-balanced supply system that does not depend excessively on a particular power or fuel source. Accordingly, it was clearly stated that “nuclear power will continue to be a fundamental base source of electricity” which “will be secured in necessary quantities”, and further, that the nuclear fuel cycle will be “steadily promoted”. The announcement of these policies is very significant.

We hope that these policies will be incorporated in the Basic Energy Plan, and that important policies, such as the effective utilization of existing plants that have been proven to be safe, including those that are older than forty years, rebuilding existing plants and constructing new ones, and the nuclear fuel cycle business will be steadily promoted.

The electric power companies are determined to contribute to the national energy policy mainly through the use of nuclear power, strictly premised on safety.

The discussions on the reforms of the electric power system are also very important. Currently, a wide range of topics are being reviewed in detail. The electric power companies will continue to contribute to the detailed reviews in line with the goal of the reforms, which is to ensure a stable supply of electricity inexpensively, to create an electric power system that truly benefits the users.

In order for the reforms to be effective, it is most essential to resolve the present tough supply-demand situation and to stabilize the supply and demand of electricity. This requires steadily restarting the nuclear power plants that have been proven to be safe.

It is also important to align the nuclear policy with the reforms in terms of both its contents and schedule. Specifically, it is necessary to improve the business environment by taking measures, for example, to limit risks that are specific to nuclear power in an increasingly competitive environment and to help ensure that investments can be recouped.

The legislation for the full deregulation of the electricity retail market, which is the second phase of the reforms, is due to be discussed in the current ordinary Diet session. We hope that whether these issues have been resolved will be fully considered in proceeding with the reforms for full deregulation.

This is all for today. Thank you for your kind attention.