

**Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on July 14, 2006**

There are two topics that I would like to comment on today. The first is the government's Basic Policies 2006, and the second is the Japan Atomic Industrial Forum's rebirth.

I would like to begin by stating the electric power industry's views and hopes concerning the Basic Policies 2006 that were approved by the Cabinet on the 7th of this month.

The Koizumi Cabinet reviews these Basic Policies annually, and this year marks the sixth such review since the policies were announced.

The latest review represents the culmination of the Koizumi Cabinet's structural reform efforts, and places priority on "the enhancement of growth and competitiveness, restoration of fiscal health, as well as on the realization of a society that is safe, reassuring, flexible and diverse in view of the next decade, the 'decade for new challenge.'"

With regard to the enhancement of growth and competitiveness, a new reference to "strategic implementation of resource and energy policies in line with Japan's New National Energy Strategy" has been added, clearly defining measures to conserve energy and promote nuclear power.

Energy demand has grown rapidly in recent years, particularly in China and other parts of Asia, and there is mounting pressure on global energy resources and growing controversy over the rights to energy resource development. The new Basic Policies reconfirm the importance of energy in supporting the nation's growth.

We evaluate these policies highly and sincerely hope specific resource and energy policies that consider national energy security from a long-term perspective, without being swayed by short-term economic and social trends, will be actively developed and implemented.

With regard to the realization of a society that is safe, reassuring, flexible and diverse, the new Basic Policies also state that measures to address global environmental issues will include efforts to reduce greenhouse gas emissions by

promoting nuclear energy, as well as through energy conservation and efforts to develop new energy sources.

As you know, nuclear power plants play an important role in the reduction of CO₂ emissions. As a method of achieving the reductions set forth in the Kyoto Protocol, the need to promote nuclear power use has been clearly stated in the main body of the Basic Policies for the first time. Given our involvement with nuclear power, we evaluate this fact highly.

As electric power suppliers, we will continue to promote nuclear power with safety and the restoration of public trust as prerequisites. We will also work to improve thermal generating efficiency, and pursue a wide range of efforts that include utilization of Kyoto mechanisms and promotion of Eco-Cute and other energy-conserving technologies in an all-out effort to address global environmental issues.

I would now like to turn to the subject of the Japan Atomic Industrial Forum's rebirth.

In April of this year, the Japan Atomic Industrial Forum, Inc. (JAIF) underwent a major restructuring for the first time in its 50-year history. Last month, Mr. Takashi Imai, honorary chairman of the Japan Business Federation (Nippon Keidanren), was elected chairman of the JAIF, marking the start of forum activities under new leadership. In addition, former Prime Minister Yasuhiro Nakasone, who was an early proponent of nuclear power, was elected honorary chairman.

In the United States, the Institute of Nuclear Power Operations (INPO) is charged with the task of improving nuclear power plant safety and reliability, while the Nuclear Energy Institute (NEI) addresses matters of nuclear policy. Together, these two nonprofit organizations actively work to promote nuclear power.

As a result of the role played by these organizations, safety and reliability have dramatically risen, and economic efficiency has been significantly improved with capacity utilization rates at a 90% level. In this respect, the INPO and NEI are considered key players in the U.S. nuclear renaissance.

The Japan Nuclear Technology Institute, which is modeled on the U.S. INPO, was established in April of last year to strengthen our technological resources and act as an independent third-party organization to review safety and quality compliance.

Now, with the JAIF's rebirth under new leadership, we have two private sector organizations to lead the nuclear power industry forward.

As electric power suppliers, we hope the JAIF will coordinate nuclear power industry activities and aggressively take the lead in formulating policy, responding to legislation, disseminating information, and maintaining a dialogue with the public that will enable us to maximize the potential of nuclear power, scientifically and practically administered in accordance with regulations.

As you have been informed, Chairman Imai has served as president and chairman of Nippon Steel Corporation, and as chairman of the Japan Business Federation, and is an ideal person to lead the JAIF in achieving its mission of communicating with society. We hope that he will apply the broad experience and balanced judgment he has honed in the business world to the task of leading the nuclear power industry forward.