

Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on March 23, 2007

Today I would like to report on the Trust Restoration Committee meeting that was held prior to this press conference.

As you know, we electric power companies have been thoroughly inspecting our generating facility records for past instances of data falsification as directed by the Minister of Economy, Trade and Industry on November 30th 2006. As a result of those efforts, new instances have been discovered at each company since the press conference held on the 23rd of last month.

In addition, on the 15th of this month, inspections at Hokuriku Power Company brought to light a serious incident that had occurred in the past and then been covered up. In that incident, a state of criticality had temporarily been reached after three control rods slipped out of place during a periodic inspection.

Furthermore, and as we have already announced, an investigation of incidents in which control rods slipped out of place has revealed seven such incidents so far, including some at Tokyo Electric Power Company facilities.

In particular, we are taking the incident at the Fukushima Daiichi No. 3 reactor reported yesterday very seriously because it seems highly probable that a state of criticality may have been reached.

Because it is an incident that occurred some 30 years ago, only a limited number of records still remain, but we intend to interview involved parties, and investigate as thoroughly as possible to strictly ensure that such incidents never occur again.

These incidents and related instances of data falsification have worried local residents and the general public, and seriously damaged trust in the electric power industry. As chairman of the FEPC, I take these matters very seriously, and would like to again apologize deeply for their occurrence.

Ever since the problem at Tokyo Electric Power Company in 2002, we have shared common awareness of the issues and instituted a series of measures in the field of safety management, quality assurance and compliance to ensure that such mistakes would not be repeated.

For example, in addition to improving and strengthening safety management and quality assurance systems, we established an office of compliance, and have sought to share and disclose information via strengthened public relations activities using our website and other means. And since the accident at Kansai Electric Power Company's Mihama No. 3 reactor we have strengthened inter-company information sharing and implemented third-party reviews of maintenance operations.

Even so, the recent investigations have revealed incidents that rightfully should have been brought to light and addressed in 2002, including serious incidents that remained unreported and covered up.

This has caused us to reflect, and once again made us strongly aware of how difficult it is – even when various rules and measures have been implemented – to ensure that such rules and measures permeate to every person at every level of an organization.

Each electric power company is planning to announce a final report or recurrence prevention measures by the 30th of this month. But in view of the circumstances that have come to light, we decided to hold a meeting of the Trust Restoration Committee in advance of that date to reach a consensus on the weak points of past efforts and what needs to be done in the areas of safety management, quality assurance and compliance.

The committee is made up of the presidents of the 10 electric power companies, the Japan Atomic Power Company, the Electric Power Development Co., Ltd., and Japan Nuclear Fuel Ltd. It was established to enable the presidents to exchange opinions, discuss shared issues, and work together to restore trust in the electric power industry that had been lost due to the problem at Tokyo Electric Power Company in 2002. Today's meeting was the first to be held since the committee met two and a half years ago, in September 2004, to discuss measures to be taken in the wake of the Mihama No. 3 reactor accident.

In light of the inspections conducted so far, committee members exchanged opinions about areas that are still lacking and what should be strengthened, and discussed shared issues and how to move forward.

In the discussions, the following were identified as necessary measures to move forward:

- 1) Due to the importance of managerial and administrative awareness and leadership in ensuring strict adherence to regulations, rules, and compliance guidelines, rigorous training and education programs will be implemented, especially for managers and administrators.
- 2) Rules and systems regarding information disclosure and transparency will be strengthened to a level that makes the question of disclosing or not disclosing information a non-discretionary issue.
- 3) Information-sharing and lateral communication will be strengthened not only within each company, but also between electric power companies, manufacturers, and other cooperating companies.

It was agreed that further discussions be held on specific ways to implement these measures.

In addition, it was also unanimously agreed that there is a need to make even greater management efforts to foster a corporate environment and corporate culture in which data falsification will never occur by promoting open communication at every level, vertically and horizontally, to ensure that various rules and systems permeate every organizational level.

To this end, specific proposals will be aggressively developed by the Trust Restoration Committee and others beginning next month, after each of the companies submits its final report.