# Financial Summary
# FY2012

**April 25, 2013**

**Tohoku Electric Power Co., Inc.**

Tohoku Electric Power

# Contents

## FY2012 Financial Results



## Reference

# FY2012 Financial Results

Tohoku Electric Power

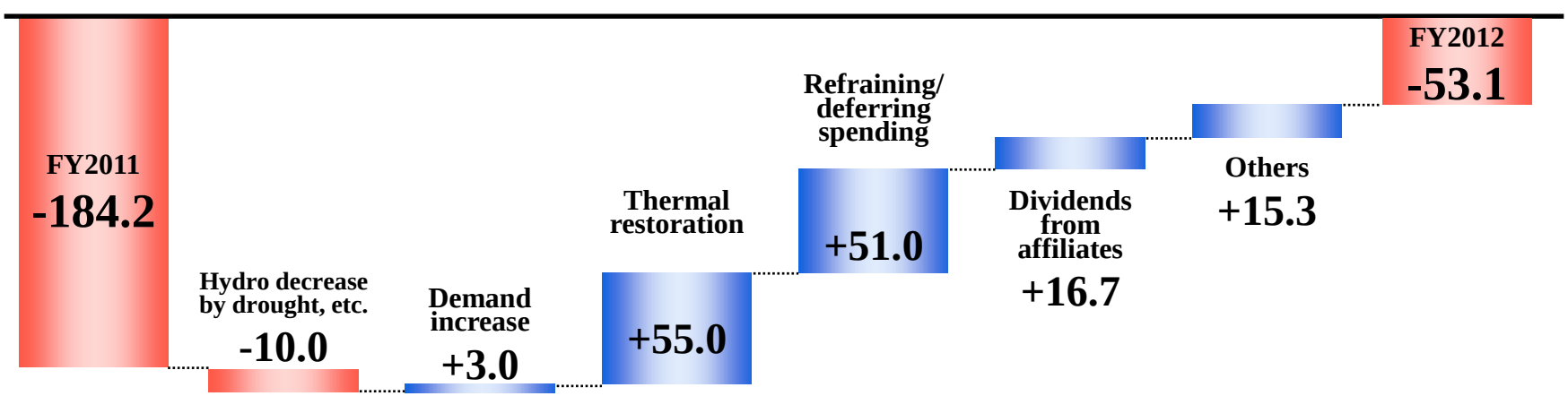
# Summary of Financial Results



(billions of yen)

| | | FY2012 (A) | FY2011 (B) | Comparison | | Consolidated/Non-consolidated of FY2012 | |
|---|---|---|---|---|---|---|---|
| | | | | (A) - (B) | (A) / (B) | Comparison | Ratio |
| Consolidated | Operating Revenues | 1,792.6 | 1,684.9 | 107.7 | 106.4% | 200.7 | 1.13 times |
| | Operating Loss | ( 55.9 ) | ( 142.0 ) | 86.1 | — | ( 10.5 ) | — |
| | Ordinary Loss | ( 93.2 ) | ( 176.4 ) | 83.2 | — | ( 40.0 ) | — |
| | Net Loss | ( 103.6 ) | ( 231.9 ) | 128.2 | — | ( 44.5 ) | — |
| Non-Consolidated | Operating Revenues | 1,591.9 | 1,472.2 | 119.6 | 108.1% | | |
| | Operating Loss | ( 45.3 ) | ( 160.1 ) | 114.7 | — | | |
| | Ordinary Loss | ( 53.1 ) | ( 184.2 ) | 131.0 | — | | |
| | Net Loss | ( 59.1 ) | ( 210.2 ) | 151.0 | — | | |

■ Year-on-year comparison of non-consolidated ordinary loss (decrease of 131.0 billions of yen)



# Electricity Sales



**Electricity Sold** **77,833 GWh**
**Year-on-Year Compared** **up 2,529 GWh (+3.4%)**

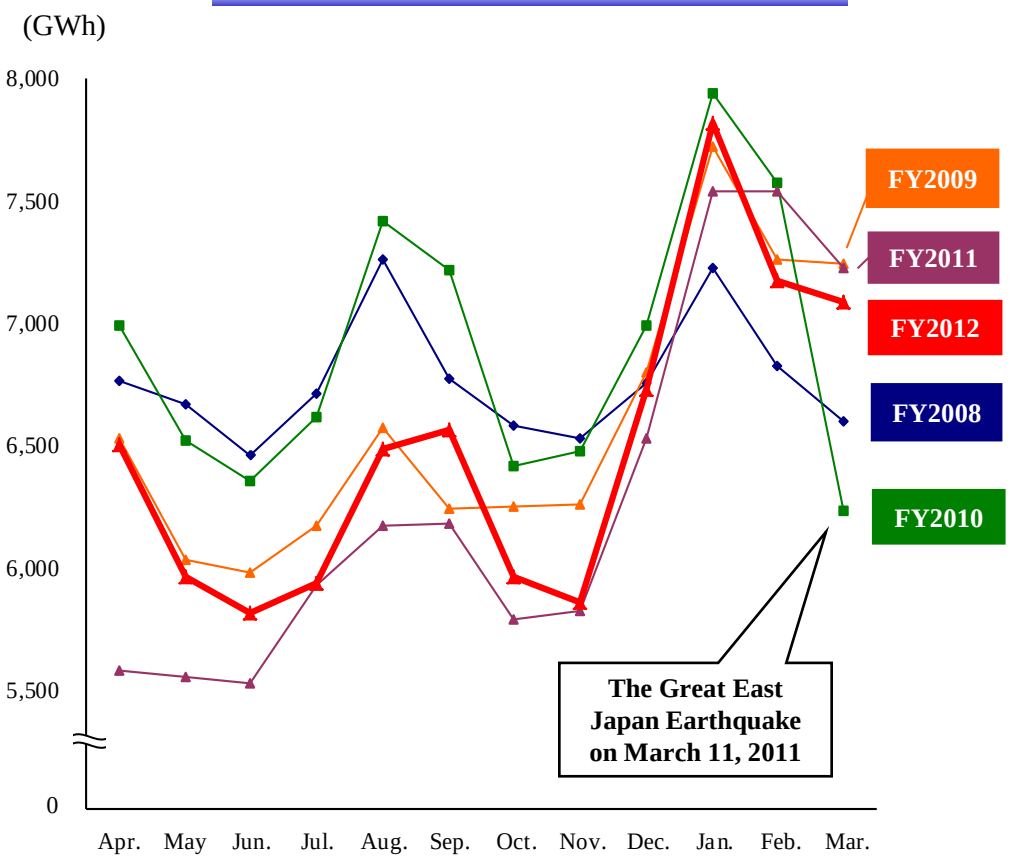
(GWh)

| Segment | | FY2012 (A) | FY2011 (B) | Comparison (A) – (B) | Comparison (A) / (B) |
|---|---|---|---|---|---|
| Regulated | Residential | 25,153 | 24,791 | 362 | 101.5% |
| | Commercial | 4,017 | 3,996 | 21 | 100.5% |
| | Sub-total | 29,170 | 28,787 | 383 | 101.3% |
| Deregulated | | 48,663 | 46,517 | 2,146 | 104.6% |
| Total | | 77,833 | 75,304 | 2,529 | 103.4% |

【 Sub Segment 】

| | | | | |
|---|---|---|---|---|
| Large Industry | 24,871 | 24,079 | 792 | 103.3% |

## Changes in Demand



# Large Industry Sector

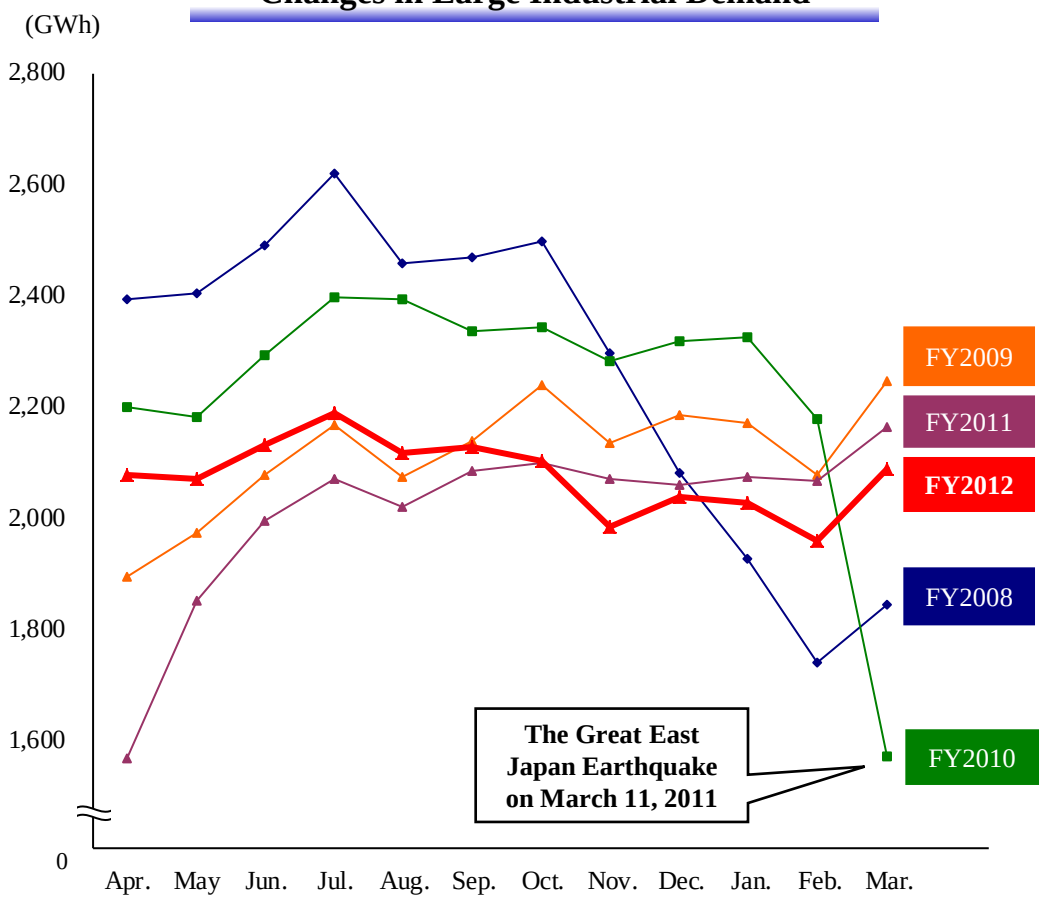


**Large Industrial Demand** **24,871 GWh**
**Year-on-Year Compared** **up 792 GWh (+3.3%)**

(GWh)

| | FY2012 (A) | FY2011 (B) | Comparison | |
|---|---|---|---|---|
| | | | (A) – (B) | (A) / (B) |
| Food Products | 1,514 | 1,427 | 87 | 106.1% |
| Paper/Pulp | 802 | 754 | 48 | 106.4% |
| Chemicals | 1,928 | 2,000 | (72) | 96.4% |
| Ceramics | 845 | 676 | 169 | 125.1% |
| Steel | 2,943 | 2,326 | 617 | 126.5% |
| Nonferrous Metals | 3,519 | 3,503 | 16 | 100.5% |
| Machinery and Equipment Manufacturing | 7,170 | 7,455 | (285) | 96.2% |
| Others | 6,150 | 5,938 | 212 | 103.6% |
| Total | 24,871 | 24,079 | 792 | 103.3% |

## Changes in Large Industrial Demand



# Electricity Generated and Purchased



(GWh)

| | | FY2012 (A) | FY2011 (B) | Comparison | |
|---|---|---|---|---|---|
| | | | | (A) - (B) | (A) / (B) |
| Electricity Generated and Purchased | Own Generated power | 59,658 | 58,546 | 1,112 | 101.9% |
| | Hydro | 5,957 | 6,427 | ( 470 ) | 92.7% |
| | Thermal | 52,757 | 51,081 | 1,676 | 103.3% |
| | Nuclear | – | – | – | – |
| | Renewable | 944 | 1,038 | ( 94 ) | 91.0% |
| | Purchased Power | 26,598 | 20,334 | 6,264 | 130.8% |
| | Power Interchanges (Transmitted) | ( 8,709 ) | ( 6,965 ) | ( 1,744 ) | 125.0% |
| | Power Interchanges (Received) | 7,628 | 10,989 | ( 3,361 ) | 69.4% |
| | Used at Pumped Storage | ( 69 ) | ( 327 ) | 258 | 21.2% |
| | Total, Generated and Purchased | 85,106 | 82,577 | 2,529 | 103.1% |

# Major Factors, Sensitivity to Major Factors (Non-consolidated)



| | | FY2012 (A) | FY2011 (B) | Comparison (A) - (B) |
|---|---|---|---|---|
| Major Factors | Crude Oil CIF Price ($/bbl.) | 113.9 | 114.2 | (0.3) |
| | Exchange Rate (¥/$) | 83 | 79 | 4 |
| | Hydro Power Flow Rate (%) | 89.4 | 96.6 | (7.2) |
| | Nuclear Power Capacity Factor (%) | 0.0 | 0.0 | - |

(billions of yen)

| | | FY2012 (A) | FY2011 (B) | Comparison (A) - (B) |
|---|---|---|---|---|
| Sensitivity to Major Factors | Crude Oil CIF Price (per $1/bbl.) | 3.6 | 3.3 | 0.3 |
| | Exchange Rate (per ¥1/$) | 6.0 | 5.9 | 0.1 |
| | Hydro Power Flow Rate (per 1%) | 0.9 | 1.0 | (0.1) |
| | Nuclear Power Capacity Factor (per 1%) | 2.7 | 2.7 | - |

Tohoku Electric Power

# Comparison Statements of Revenue & Expense (Non-consolidated)



(billions of yen)

| | | FY2012 (A) | FY2011 (B) | Comparison (A) - (B) | Comparison (A) / (B) | Items |
|---|---|---|---|---|---|---|
| Revenues | Residential | 554.5 | 534.6 | 19.8 | 103.7% | Increase in electric sales volume: 43.2<br>Rise in electricity rate: 26.1 |
| | Commercial | 807.6 | 758.0 | 49.6 | 106.5% | |
| | Sub Total | 1,362.1 | 1,292.7 | 69.4 | 105.4% | |
| | Sales of Power to Other Utilities | 167.9 | 136.5 | 31.3 | 123.0% | Thermal power interchanges: 17.6 |
| | Other Revenues | 100.1 | 61.3 | 38.7 | 163.2% | Dividends income: 16.8<br>Grants on the act of renewable energy: 14.0 |
| | [Operating Revenues] | [ 1,591.9 ] | [ 1,472.2 ] | [ 119.6 ] | [ 108.1% ] | |
| | Total Revenues | 1,630.2 | 1,490.6 | 139.5 | 109.4% | |
| Expenses | Personnel | 131.8 | 161.1 | ( 29.2 ) | 81.8% | Miscellaneous allowance: (11.2)<br>Retirement allowance: (7.5) |
| | Fuel | 555.0 | 512.4 | 42.5 | 108.3% | Exchange losses: 23.6,<br>Increase in electricity generated: 10.5, Rise in CIF: 8.4 |
| | Maintenance | 119.1 | 134.3 | ( 15.2 ) | 88.7% | Nuclear power: (13.2) |
| | Depreciation | 212.7 | 214.1 | ( 1.4 ) | 99.3% | |
| | Power Purchased from Other utilities | 113.1 | 145.3 | ( 32.1 ) | 77.8% | Power interchanges: (41.6) |
| | Power Purchased from Other companies | 266.2 | 223.6 | 42.6 | 119.0% | Soma Kyodo Power: 27.8, Joban Joint Power: 14.2 |
| | Interest | 40.1 | 38.0 | 2.1 | 105.5% | |
| | Taxes, etc. | 81.1 | 76.4 | 4.6 | 106.1% | |
| | Nuclear Power Back-end Cost | 6.4 | 6.8 | ( 0.3 ) | 94.7% | |
| | Other Expenses | 157.5 | 162.5 | ( 4.9 ) | 96.9% | |
| | Total Expenses | 1,683.4 | 1,674.9 | 8.5 | 100.5% | |
| [Operating Loss] | | [ ( 45.3 ) ] | [ ( 160.1 ) ] | [ 114.7 ] | [ — ] | |
| Ordinary Loss | | ( 53.1 ) | ( 184.2 ) | 131.0 | — | |
| Extraordinary Loss | | 34.4 | 102.1 | ( 67.7 ) | 33.7% | The Great East Japan Earthquake: (65.4)<br>Heavy rainfall in Niigata and Fukushima: (17.3)<br>Loss on discontinuance of Namie-Odaka nuclear power plant construction: 18.2 |
| Net Loss | | ( 59.1 ) | ( 210.2 ) | 151.0 | — | |

# Balance Sheets (Non-consolidated)



(billions of yen)

| | Mar. 31, 2013 (A) | Mar. 31, 2012 (B) | Comparison (A) - (B) | Items |
|---|---|---|---|---|
| Total Assets | 3,996.5 | 3,875.0 | 121.5 | |
| Fixed Assets | 3,529.5 | 3,478.3 | 51.2 | Internal combustion power plant: 60.8 |
| Current Assets | 466.9 | 396.7 | 70.2 | Short-term investments: 57.0 |
| Liabilities | 3,577.1 | 3,398.1 | 179.0 | |
| Net Assets | 419.3 | 476.9 | ( 57.5 ) | |

| | | | | |
|---|---|---|---|---|
| Interest-Bearing Liabilities | 2,631.3 | 2,396.8 | 234.5 | Loans: 258.5<br>CP: (24.0) |

# Statements of Income, Balance Sheets (Consolidated)



(billions of yen)

| Statements of Income | FY2012 (A) | FY2011 (B) | Comparison (A) - (B) | Items |
|---|---|---|---|---|
| Operating Revenues | 1,792.6 | 1,684.9 | 107.7 | Electric power: 120.7, Other: (12.9) |
| Operating Expenses | 1,848.5 | 1,826.9 | 21.6 | Electric power: 18.8, Other: 2.7 |
| Operating Loss | ( 55.9 ) | ( 142.0 ) | 86.1 | |
| Ordinary Loss | ( 93.2 ) | ( 176.4 ) | 83.2 | |
| Extraordinary Loss | 38.6 | 105.3 | ( 66.6 ) | The Great East Japan Earthquake: (67.2)<br>Heavy rainfall in Niigata and Fukushima: (17.3)<br>Loss on discontinuance of Namie-Odaka nuclear power plant construction: 17.9 |
| Net Loss | ( 103.6 ) | ( 231.9 ) | 128.2 | |

(billions of yen)

| Balance Sheets | Mar. 31, 2013 (A) | Mar. 31, 2012 (B) | Comparison (A) - (B) | Items |
|---|---|---|---|---|
| Total Assets | 4,284.3 | 4,196.8 | 87.5 | |
| Fixed Assets | 3,645.1 | 3,608.0 | 37.1 | Internal combustion power plant: 60.8<br>Construction and retirement in progress: (27.7) |
| Current Assets | 639.2 | 588.7 | 50.4 | Short-term investments: 65.6 |
| Liabilities | 3,761.6 | 3,566.9 | 194.6 | |
| Net Assets | 522.7 | 629.8 | ( 107.1 ) | |
| Interest-Bearing Liabilities | 2,714.5 | 2,446.9 | 267.6 | Loans: 291.6, CP: (24.0) |

# Extraordinary Loss (Consolidated)



(billions of yen)

| | FY2012 (A) | FY2011 (B) | Comparison (A) - (B) |
|---|---|---|---|
| The Great East Japan Earthquake | 15.2 | 82.5 | ( 67.2 ) |
| The Heavy rainfall in Niigata and Fukushima | 1.1 | 18.5 | ( 17.3 ) |
| Impairment loss on fixed assets | 4.3 | 4.2 | 0.1 |
| Loss on discontinuance of Namie-Odaka nuclear power plant construction | 17.9 | - | 17.9 |
| Total | 38.6 | 105.3 | ( 66.6 ) |

# Statements of Cash Flows (Consolidated)



(billions of yen)

| | FY2012 (A) | FY2011 (B) | Comparison (A) - (B) | Items |
|---|---|---|---|---|
| Cash Flow from Operating Activities | 46.6 | ( 61.3 ) | 107.9 | Loss before income taxes and minority interests: 149.5<br>Reversal of reserve for loss on disaster: (22.0) |
| Cash Flow from Investing Activities | ( 236.7 ) | ( 278.4 ) | 41.7 | |
| Cash Flow from Financing Activities | 262.6 | 382.2 | ( 119.5 ) | Loans: (194.4) [Proceeds: (243.9), Repayment: 49.5]<br>Bonds: 58.6 [Proceeds: 59.7 , Redemption: (1.1)]<br>C P : 8.0 [Proceeds: 21.0, Redemption: (13.0)] |
| Net Cash Flow | 72.8 | 42.3 | 30.4 | |
| Free Cash Flow | ( 152.8 ) | ( 305.6 ) | 152.7 | |

Note;

Our definition of the free cash flow =(Cash flow from operating activities) + (Cash flow from investing activities) – (Interest and dividend income) – (Interest expense)

# Segment Information (Consolidated)



(billions of yen)

| | FY2012 (A) | FY2011 (B) | Comparison (A) - (B) |
|---|---|---|---|
| Sales [1] | 1,792.6 | 1,684.9 | 107.7 |
| Electric Power | 1,578.3 | 1,457.6 | 120.6 |
| | 1,575.7 | 1,455.0 | 120.7 |
| Construction | 233.9 | 286.4 | (52.5) |
| | 122.1 | 135.5 | (13.4) |
| Gas | 41.3 | 49.2 | (7.8) |
| | 34.6 | 40.6 | (5.9) |
| IT | 35.7 | 43.5 | (7.7) |
| | 19.0 | 17.4 | 1.6 |
| Others | 113.7 | 117.5 | (3.8) |
| | 41.0 | 36.2 | 4.8 |
| Segment income (loss) [Operating income (loss)] | (55.9) | (142.0 ) | 86.1 |
| Electric Power | (45.4) | ( 159.4 ) | 114.0 |
| Construction | (8.3) | 9.5 | (17.9) |
| Gas | 1.2 | 2.3 | (1.1) |
| IT | 0.6 | 4.5 | (3.8) |
| Others | (5.0) | 1.7 | (6.7) |

1) Lower is net sales to outside customers.

## 【Major Consolidated Subsidiaries】 2)

(billions of yen)

| | FY2012 | | Year-on-year | |
|---|---|---|---|---|
| | Sales | Operating income (loss) | Sales | Operating income (loss) |
| **[ Electric Power ]** | | | | |
| Tousei Kougyo Co., Inc. | 2.7 | 0.1 | 0.0 | (0.0) |
| Sakata Kyodo Power Co., Ltd. | 38.4 | (0.0) | (0.2) | (0.0) |
| **[ Construction ]** | | | | |
| Yurtec Corp. | 155.3 | (4.3) | (33.8) | (9.4) |
| Tohoku Electric Engineering & Construction Co., Inc. | 60.8 | (4.2) | (13.1) | (7.2) |
| **[ Gas ]** | | | | |
| Nihonkai LNG Co., Ltd. | 15.1 | 0.4 | (2.0) | (1.1) |
| **[ IT ]** | | | | |
| Tohoku Intelligent Telecommunication Co., Inc. | 21.4 | 2.5 | (1.3) | (1.4) |
| Tohoku Information Systems Co., Inc. | 14.4 | (2.0) | (6.9) | (2.4) |
| **[ Others ]** | | | | |
| Kitanihon Electric cable Co., Ltd. | 23.5 | (2.3) | (3.2) | (2.0) |

2) Before elimination of inter-companies transaction

# Reference

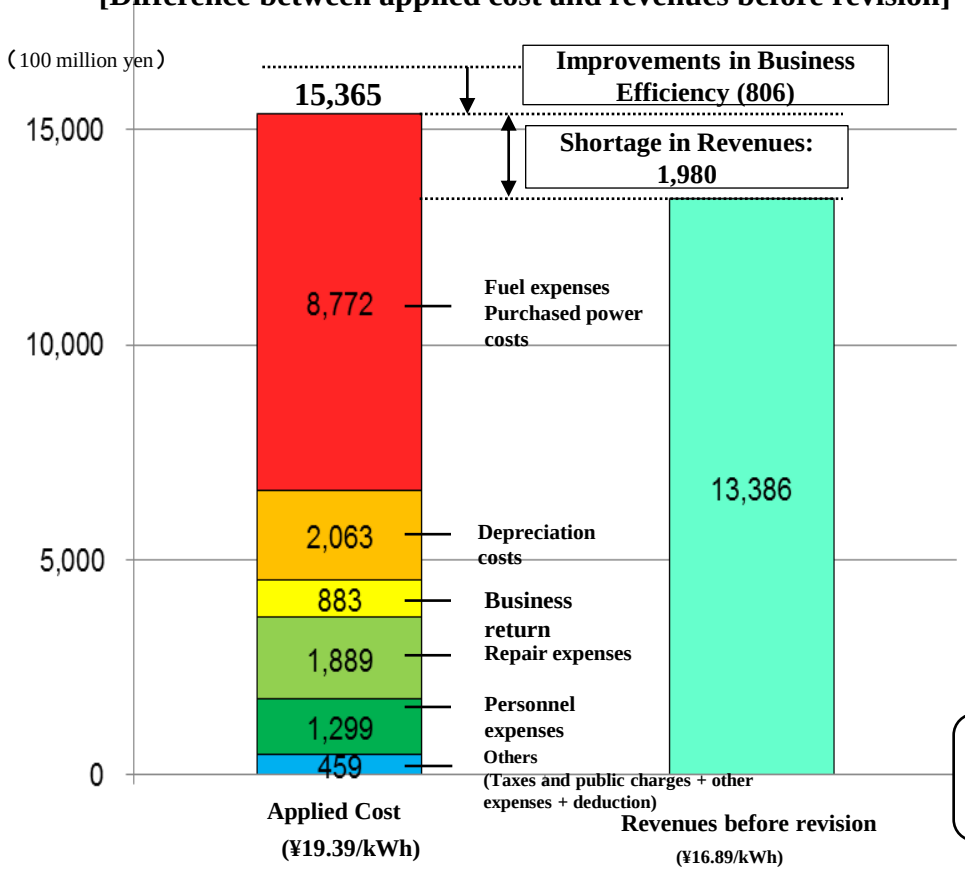
Tohoku Electric Power

# Outline of the Application for Electricity Price Increase



- Tohoku Electric Power Company filed an application for increasing the electricity price by 11.41% for the regulated sector from July 1, 2013. In addition, the company requested an increase of 17.74% in electricity price for the liberalized sector.
  The application is now under review by the Ministry of Economy, Trade and Industry (five briefings have been given to the Expert Committee to Review Electrical Charges).
- With the aim of restructuring the revenue base early, the company will steadily promote the "initiative for management efficiency," which is incorporated in the new electricity prices specified in the application.

## [Difference between applied cost and revenues before revision]




## [Major Factors for Computation of Costs]

| | | This Time (average from 2013 to 2015) (A) | Last Time (2008) (B) | Difference (A)−(B) |
|---|---|---|---|---|
| Electric Power Sold | (TWh) | 79.2 | 84.0 | (4.8) |
| Crude Oil (CIF) Prices | ($/b) | 114.4 | 93.0 | 21.4 |
| Currency Exchange Rates | (JPY/$) | 80.2 | 107.0 | (26.8) |
| Nuclear Power Capacity Factor | (%) | 8.1 | 70.0 | (61.9) |
| Business Return Rate | (%) | 3.0 | 3.0 | − |
| Employees Payable | (persons) | 12,685 | 12,322 | 363 |

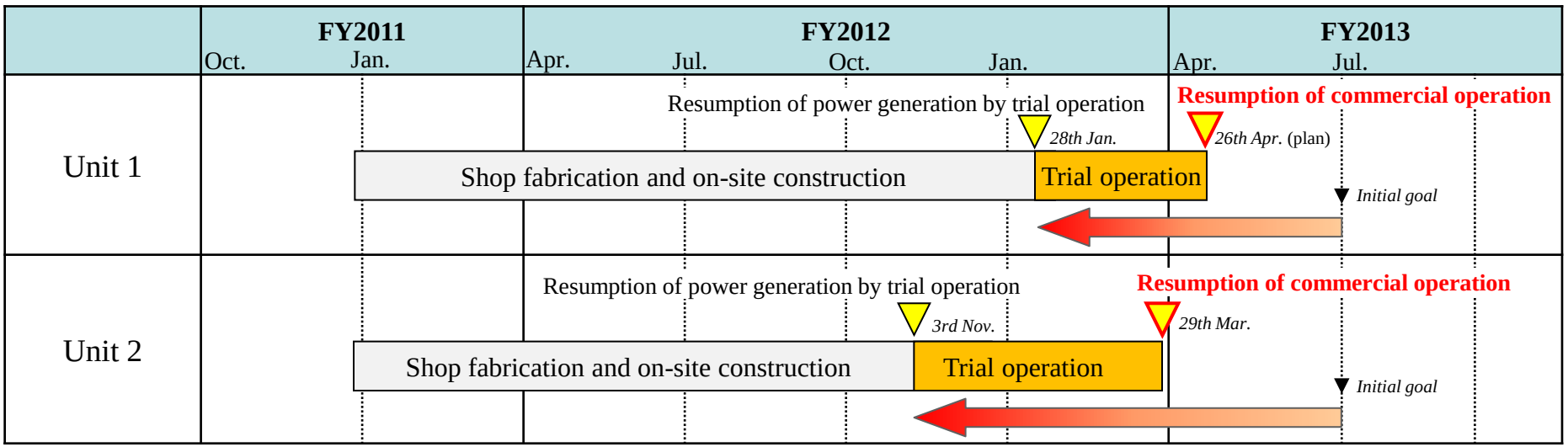
- Electric power sold does not include power consumed by Tohoku Electric Power.
- Crude oil (CIF) prices and currency exchange rates are actual foreign trade statistics in the latest three months (average from October 2012 to December 2012).
- Nuclear power capacity factor is limited to utilization by Tohoku Electric Power.

# Haramachi Thermal Power Station; Recovery from The Earthquake



- Haramachi Thermal Power Station (unit 1 and 2; 1,000MW each) restarted power generation much earlier than scheduled.
- With the resumption of the operation of Haramachi Thermal Power Station, the recovery of all the thermal power stations, which were damaged by the Great East Japan Earthquake, has been completed.

## Time line of the recovery of Haramachi Thermal Power Station




Immediately after the earthquake

After restoration

Ignition to the boiler


Attainment of rated output

Tohoku Electric Power

# Implementation Status of Key Safety Improvement Measures at Nuclear Power Plants



- Because of various safety and emergency measures, taken thus far, our nuclear power plants (NPPs) have achieved a safety level high enough to ensure that they will be free of any accidents similar to those experienced at Tokyo Electric Power Company's Fukushima Daiichi NPP. We will combine hardware/software-related measures to further enhance plant safety based on the characteristics and updated knowledge of each plant.
- Regarding new regulations, the Nuclear Regulation Authority of Japan has presented draft regulatory provisions that are currently undergoing public comments. Toward the enforcement in July 2013, the government will continue discussions based on public comments and other information. We will take appropriate responses while watching the government's moves.
- Current status at the Onagawa NPP
  - The plant is now undergoing equipment inspection and restoration works. Detailed evaluation and analysis regarding earthquake motion are underway.
  - Construction work for seismic margin improvement is being implemented on a voluntary basis.
- Current status at the Higashidori NPP
  - The periodic inspection to be conducted before reactor startup was completed by July 2011.
  - The plant is managed based on a long-term maintenance plan (special maintenance plan) and is now subject to measures for controlling deterioration and maintaining functionality.

| Key safety improvement measure | Onagawa NPP | Higashidori NPP |
|---|---|---|
| **Filter vent equipment for containment vessel** | **Equipment specifications and installation schedule are under review.**<br>[Studying appropriate responses while watching actions concerning new regulations] | **Equipment specifications and installation process are under preparation.**<br>[Studying appropriate responses while watching actions concerning new regulations] |
| **Emergency operations station** | **Already set up in new administration building (seismically isolated)**<br>(A backup command center has been installed near the main control room.)<br><br>[Studying appropriate responses while watching actions concerning new regulations] | **Already set up in administration building**<br>(A backup command center has been installed near the main control room.)<br>**Planning construction of a seismically isolated building for important equipment, with completion scheduled around FY 2016**<br>**(Specifications and construction process are under preparation.)**<br>[Studying appropriate responses while watching actions concerning new regulations] |
| **Tide embankment** | Ground height + 3 m (approx. 17 m above O.P.*)<br>**Construction of the main body was completed on April 26, 2012.** | Ground height + 2 m (approx. 15 m above T.P.*)<br>**Construction of the main body was completed on November 26, 2012.**<br>Height increase by 1 m (approx. 16 m above T.P.)<br>**To be completed in May 2013** |

* O.P. : Datum level for construction work at Onagawa NPP (0.74 m below T.P.)
* T.P. : Mean sea level of Tokyo Bay

Tohoku Electric Power

# Assessment regarding Seismic Activity of the Faults under the Higashidori NPP Premises



- We assessed the faults under the Higashidori NPP premises and have determined that they are "not active."
- Based on the opinions given at the "Experts' Meeting on the Investigation of the Fault Fracture Zone under the Higashidori NPP Premises" held by the Nuclear Regulation Authority, we are conducting additional geological investigations to affirm the seismic inactivity of the faults. (Results of the investigations will be summarized in December 2013.)
- The Nuclear Regulation Authority will be requested to check the data and findings obtained through geological investigations and to carry out macroscopic technical validation based on the data. (On April 18, we submitted our opinion on the draft of evaluation document.)

| | Our view | Experts' view | Outline of additional geological investigations |
|---|---|---|---|
| **Condition of faults under the plant premises** | ○ Since faults under the premises do not reach **deep underground**, they cannot trigger earthquakes.<br>○ The deep area of the faults is "**consolidated to become rock**," showing no trace of activity for the past 100,000 years or more.<br>○ The cracks, previously identified as strike-slip faults, did not show any characteristic patterns for **strike-slip** faults in the horizontal-excavation-surface investigation. We have therefore determined that the faults were not caused by a **strike slip**. | ○ **Deeper-underground investigation** should be carried out to confirm whether or not the faults can trigger earthquakes.<br>○ Since sufficient data is not available regarding **consolidation** of the deep underground zone under the plant premises, more extensive investigations should be conducted.<br>○ A falling of the gravel bed is observed in part of the faults, indicating the possibility that the faults have resumed to become active as a result of a **strike slip**. | ● Confirmation of **deep-underground** geological structure*<br>● Boring survey of extensive area under the plant premises to confirm **consolidated condition** of the deep area of the faults<br>● Confirmation of **strike-slip** possibility by investigating the horizontal excavation surface and by collecting and analyzing samples from the fault fracture zone |
| **Relationship between tectonic topography and faults** | ○ **Tectonic topography** that indicates fault activity can hardly be recognized in aerial photographs.<br>○ According to existing data obtained, for example, from trench surveys, faults are not always observed in the **tectonic topography**. | ○ **Tectonic topography** that indicates fault activity can be recognized in the plant premises.<br>○ Notable **tectonic topography** is not formed when the fault activity is low. | ● Confirmation of the relationship between **tectonic topography** and faults<br>● Recompilation of existing data, and implementation of boring survey and trench survey where the relationship between tectonic topography and faults is not identified |
| **Factors causing quaternary sediment deformation** | ○ Small-scale slips and warps observed locally in the relatively new geological layer, which is 80,000 to 120,000 years old, are very likely to have been formed as a result of **expansion and contraction (swelling)** of deteriorated bedrock. | ○ The explanation based on the "**swelling**" theory is not sufficient.<br>○ No data of other similar cases are available. | ● Analysis of rock samples to obtain data supportive of the "**swelling**" theory, and reinvestigations to identify other possible factors causing the quaternary sediment deformation<br>● Literature research to study similar cases (Colorado, USA) |

* The confirmation will be based on a "study of the geological structure on the Pacific Ocean side of the Shimokita Peninsula" conducted jointly by Tohoku Electric Power Company, Japan Nuclear Fuel Ltd., and Recyclable-Fuel Storage Company.

# Plan for Development of Power Sources



| Facilities | Location / Name | Output (MW) | Start of construction | Start of operation |
|---|---|---|---|---|
| Hydro electric | Tsugaru | 8.5 | Aug. 2010 | May 2016 |
| | Iino | 0.23 | Apr. 2013 | Feb. 2014 |
| | Dai-ni Yabukami | 4.5 | Jul. 2013 | Mar. 2016 |
| Thermal | Hachinohe No.5 | 274 => 394<br>Upgrade to combined cycle | Apr. 2012 | Aug. 2014 |
| | | 394 => 416<br>Fuel shift<br>(Light oil => LNG) | Oct. 2013 | Jul. 2015 |
| | Shin-Sendai No.3 series | 980 | Nov. 2011 | Jul. 2016 (Half)<br>Jul. 2017 (Half) |
| | Joetsu No.1 series | 1,440 | FY2019 | FY2023 |
| | Noshiro No.3 | 600 | After FY2028 | After FY2028 |
| Nuclear | Higashidori No.2 | 1,385 | Not yet determined | Not yet determined |
| Renewable | Haramachi Solar | 1 | Oct. 2013 | Jan. 2015 |
| | Ishinomaki Solar (tentative name) | 0.3 | Apr. 2015 | Mar. 2016 |

Hachinohe Thermal No.5
Upgrade to combined-cycle system

Shin-Sendai Thermal No.3 series
Construction of LNG tank

# Future Tasks for Procurement of Liquefied Natural Gas

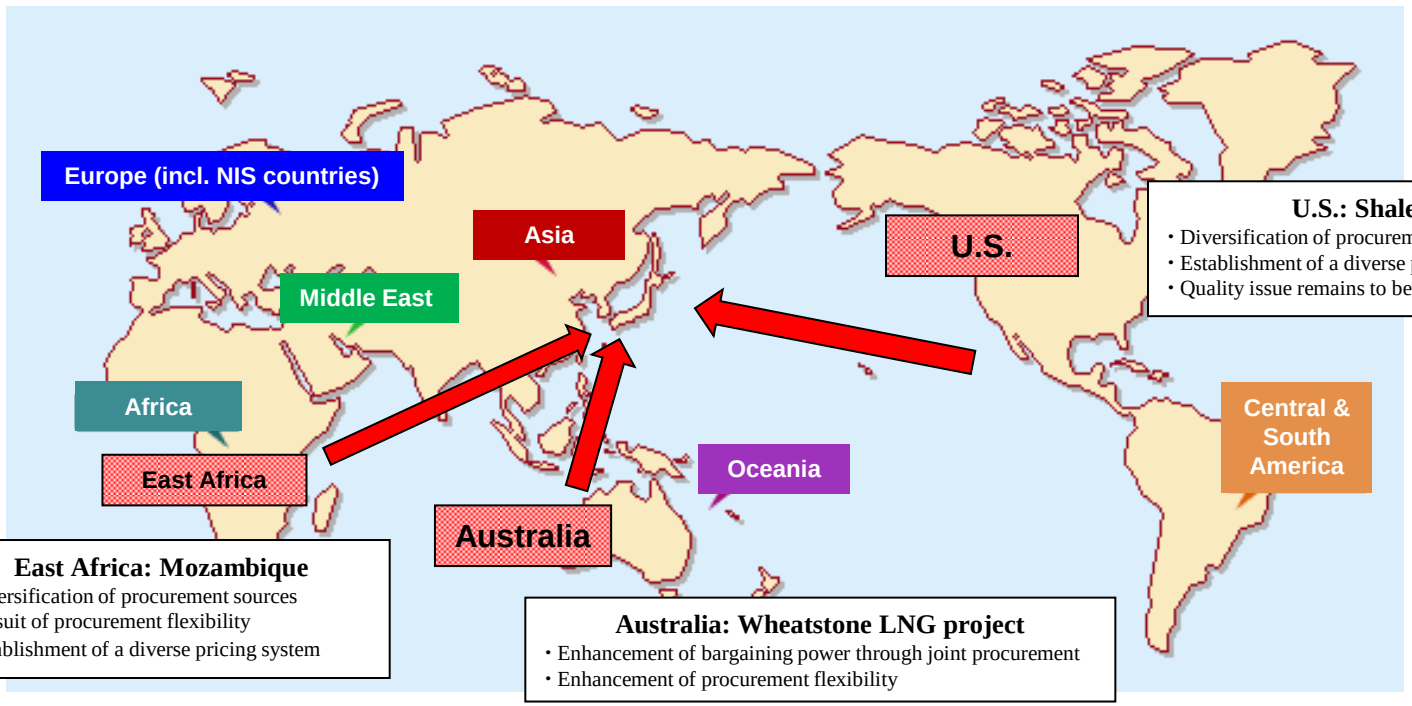


## ■ Tasks implemented for procurement price reduction

**Shale gas in the U.S.** : Production of natural gas increased drastically in the U.S. due to the shale gas revolution. We will import LNG from the U.S. to establish a pricing system that is not linked to crude oil prices.

**East African case** : A large-scale gas field has been discovered recently and development for natural-gas production is ongoing in Mozambique. We will import LNG from Mozambique to diversify the sources of procurement, enhance procurement flexibility, and establish a diverse pricing system.

**New project in Australia** : For the Wheatstone LNG project on which we have reached basic agreement, discussions are underway among related parties on establishment of a joint procurement scheme with Tokyo Electric Power Company.
The objective is to enhance bargaining power through joint procurement and to increase procurement flexibility.



(Note)

This presentation solely constitutes reference material for the purpose of providing the readers with relevant information to evaluate our company.

The information contains forward-looking statements based on assumptions and projections about the future with regard to our company. As such, the readers are kindly asked to refrain from making judgment by depending solely on this information.

The forward-looking statements inherently involve a degree of risks and uncertainties. Consequently, these risks and uncertainties could cause the actual results and performance to differ from the assumed or projected status of the company.

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