

Questions and Answers at FY2017 Financial Results Briefing

Q1. Why have you rescheduled the completion target of construction work on safety measures at Onagawa Nuclear Power Station Unit 2 (from the latter half of FY2018 to FY2020)?

A1. The conformity assessment has been progressed steadily. Our design-basis earthquake ground motions and conceivable maximum tsunami height were judged to be appropriate by the Nuclear Regulation Authority, whereas we need to incorporate the latest findings and evaluation acquired from the assessment into our design and construction work on safety measures. For example, we are preparing for conducting ground improvement work at the peripheral ground of the seawall and installing the floodwall at the seawater pump room. In addition, we also need to consider various factors, such as procuring workers and materials/machinery, and coordinating schedule at construction work. Comprehensively taking these factors into consideration, we have set the completion target in FY2020.

Q2. How have you responded to the intensifying competitive environment resulting from the full retail market liberalization to achieve the financial target, 25% or higher consolidated equity ratio by FY2020?

A2. Even in the middle of the more intense competition, we are accelerating our strategy. We are offering new rate plans and enhancing our services to be customers' first choice of power supplier. We are expanding sales by proactively leveraging wholesale operations and through wholesale supply to Synergia Power Co., Ltd. (joint venture with Tokyo Gas Co., Ltd.) and Tokyu Power Supply Co., Ltd. We are also working on increasing profitability with Tohoku Energy Trading Co., Inc. started its business in April 2018, which we have 100% ownership.

In addition, we have been pursuing further cost reduction measures whose effect lasts for a medium to long term. Our Procurement Reform Committee has decreased the prices of materials and services, and the introduction of in-house company system and internal services division has enabled autonomous efficiency.

Q3. What do you think about the dividends?

A3. The stock is expected to be paid 40 yen a year in dividend in FY2018. We would like to decide future dividends after comprehensively considering situations, such as the progress of measures stated in our Medium Term Management Policies, the business environment surrounding us, and outlook for improvement of our financial position.