

## Questions and Answers at FY2018 2<sup>nd</sup> Quarter Financial Results Briefing

Q1. As for Financial Forecasts for FY2018, what kinds of factors are behind the downward revision of consolidated ordinary income?

A1. In addition to time lag between fuel costs and fuel cost adjustment charges due to surging fuel prices, the decrease in operation of hydro power stations due to drought temporarily affected. Therefore, the initial forecast of 80 billion yen was revised to 62 billion yen.

We will continue to enhance cost competitiveness through establishing the optimal power mix, expand sales in both retail and wholesale supply, and seek further decrease of cost which will positively affect in the mid-and-long term. We will make our endeavor to increase the profitability through those efforts.

Q2. How have you responded to the intensifying competitive environment resulting from the full retail market liberalization?

A2. In our service area, we provide new rate plan and develop services in order to keep and regain our customers and promote the electrification shift from other heat source and the widespread use of heat pump devices for those living in cold regions. In order to strengthen sales activities and marketing, we streamlined sales centers in our franchise area in July 2018, as well as expanding sales channel for business customers by setting up Business Customer Center.

Beyond our service area, we are expanding sales by proactively leveraging wholesale operations and through wholesale supply to Synergia Power Co., Ltd. and Tokyu Power Supply Co., Ltd.

Thus, we're providing our services tailored to our customers both in our service area and beyond our service area, both retail and wholesale supply, taking concrete steps in accordance with character and potential for each market, maximizing the profitability as a whole while considering the environmental change.

Q3. What is the criteria for dividend level?

A3. We would like to make stable dividends. We determine dividends after considering situations, such as the results of the current fiscal year, the prospect of mid- and long-term income and expenditure, the situation of restoration of financial structure, and the progress of measures stated in our Medium Term Management Policies. We will continue to consider the balance between growth and profit distribution.

Q4. What is the current status of conformity assessments for Onagawa Nuclear Power Station Unit 2?

A4. We aim to complete the construction work on safety measures in FY 2020. The Nuclear Regulation Authority requested us to submit supplementary explanation materials on past reviews and a comparison table with the preceding reactor of other electric power company. So, we will respond promptly as soon as preparation is ready.