

June 26, 2009

Formulation of "Vision 2020 of the Tohoku Electric Power Group - together with local communities"

Tohoku Electric Power Co., Inc. (hereinafter, "Tohoku EPCO") has formulated a new long-term management policy, "Vision 2020 of the Tohoku Electric Power Group - together with local communities."

Tohoku EPCO's previous vision statement, "Seeking a new Tohoku Electric Power for change, innovation, and success (Vision 2010)" was formulated in March 2000, when deregulation of the retail power market began. In that document we presented our business development plan for coming out on top during a highly competitive period. Since then we have been working on enhancing our corporate value by focusing on profitability and capital efficiency.

However, with the progress in deregulation and structural reform, the economic and social landscape and the requirements of local communities have changed significantly since the formulation of Vision 2010. Furthermore, effects wrought by such changes as a declining population and the transition to a low-carbon society as well as increasingly fierce global competition for energy resources are expected to be felt in the future.

Against such a backdrop, the business environment in which Tohoku EPCO operates is projected to undergo great transformations such as changes in power demand, transformation of the electric power industry, cost increases due to stricter measures to combat global warming and social changes in the Tohoku region due to depopulation and a decreasing number of households.

"Vision 2020 of the Tohoku Electric Power Group - together with local communities" was formulated to give shape to our management policy for the coming decade as well as to serve as a compass for the future, providing direction for Tohoku EPCO's continued growth and ensuring our future prosperity in concert with that of the local communities in which we operate and which we serve.

Based on the assumption that various changes will take place in our surrounding business conditions in the future and on the fact that we are rooted in the Tohoku region, this vision was developed with a focus on the principle that "Tohoku EPCO grows together with local communities," which will serve

as the foundation from which we will promote our business.

In addition, Tohoku EPCO intends to direct its management in such a way as to create, in cooperation with local communities, unique value for those it serves, such as through the provision of various services to the Tohoku region and by supporting regional revitalization, in the midst of the expected transformation of the electric power industry.

In particular, we will focus our efforts and resources on maintaining safe nuclear power generation at the same time as promoting nuclear power development, improving the efficiency of regional energy use with a view to achieving a low-carbon society, and tapping new markets by responding to changes in demand and strengthening ties with the Tohoku region.

Tohoku EPCO will mobilize the creativity and intellectual capacity of each and every one of its members of staff and management across the Group and devote every effort to bringing this vision about.

Please see the attachment for an outline of "Vision 2020 of the Tohoku Electric Power Group - together with local communities."

[Attachment] Outline of "Vision 2020 of the Tohoku Electric Power Group - together with local communities"

# Outline of "Vision 2020 of the Tohoku Electric Power Group - together with local communities"

- Tohoku EPCO, based on the fact that it is deeply rooted in the Tohoku region, has formulated a new vision that links its own development with the development of the region and provides a foundation for future growth based on the principle that Tohoku EPCO's future prosperity is inextricably connected with that of the local communities in which it operates and which it serves.
- Various changes in our business environment such as market competition, demand changes and cost increases due to measures to combat global warming are expected in the future. However, despite such disruptions, Tohoku EPCO is committed to continuing to fulfill its mission of simultaneous achievement of stable supply, environmental compliance and economic efficiency, while balancing the responsibilities of maintaining the public interest as well as corporate profitability. To this end, Tohoku EPCO will take the initiative to adapt all aspects of its management to changing circumstances and ensure the continuing evolution of its business operations.
- To "move ahead in step with local communities and maintain its relevance as a regional player," Tohoku EPCO will further strengthen the foundation upon which its business is based. In addition, Tohoku EPCO intends to direct its management in such a way as to create, in cooperation with local communities, unique value for those it serves, such as through the provision of various services to the Tohoku region and by supporting regional revitalization by drawing upon strong existing ties with the region.
- Constantly returning to "the first year of awareness reform for the quality assurance of our nuclear power stations," Tohoku EPCO will continue its untiring pursuit of safety as a top priority, seeking an organizational culture in which safety is deeply engrained, a stable supply of energy and the promotion of efficient management.

and gas

#### engrained, a stable supply of energy and the promotion of efficient management. Management philosophies Prospering together with local communities Future outlook of business environment Basic economic and social trends Image of the corporate group Declining population · Efforts toward achieving a lowcarbon society Total energy services company developing in step with local · Increased difficulty in securing communities natural resources • Emergence of a new order in the — Tohoku EPCO Group, a provider of energy solutions global economy Tohoku EPCO Group, with electricity and gas as its two pillars and safety its number one priority, provides quality energy services that contribute to increased efficiency of regional energy use. Impact on our business management Tohoku EPCO Group spares no effort to provide energy services to meet the needs of its customers · Changes in electric power demand due to changes in energy use and supply Pursuit of new business opportunities focused on energy and local communities Expanded role of electricity as an energy source, advanced energy-saving, dissemination and expansion of new technologies and changes in market competition are expected, and uncertainties with regard to changing demand must be prepared for. **Electricity** · Cost increases due to measures to combat global warming Contribution to increased Simultaneous achievement of efficiency of regional energy An increase in operational costs such as those stable supply, related to stronger measures to combat global use such as promotion of environmental compliance and warming and the securing of energy sources is electrification economic efficiency centering on nuclear power expected, thus promotion of further management efficiencies is necessary · Need to adapt operations based on Proposal of highly efficient energy services societal changes within the Tohoku (Introduction of all-electric system) region and need for liaison with the Information and (Solutions service) community Package proposal Gas (Environmental measures) (Large-scale Under the assumption of possible changes in the Tohoku region such as decreases in customers/ population size and the number of households, wholesale, etc) it is necessary to strengthen our ties with the Overseas development of the electric power business region in order to grow in partnership with local communities. Domains other Electricity Gas than electricity

Existing business

domains

New or strengthened business domains

## Management policies

### 1. Promotion of nuclear power as the main source of supplied energy

Promotion of creative business management

 $- \underline{\text{Simultaneous achievement of stable supply, environmental compliance and economic } \underline{\text{efficiency}} -$ 

- Achievement of the best mix of power sources through steady promotion of nuclear power
   A 40% share of nuclear power in generated energy as one of the ultra-long-term goals
   Realization of the best energy mix drawing on characteristics of renewables and thermal power generation, etc.
- 2) Implementation of business operation aimed at increasing capacity of nuclear power plants Improved nuclear power management, securing and development of human resources, improved engineering technologies, etc.

#### 2. Efforts toward increased efficiency of regional energy use

- Contribution to the community through proposals to increase efficiency of energy use
   Creation a market for electrification and provision of energy solutions to suit the characteristics of the Tohoku region
- 2) Feasibility studies and development of technologies to cope with changes in energy use and supply means

### 3. Promotion of business operations to increase stability in revenues and expenses

- Strengthening ability to adapt to uncertain factors influencing revenues and expenses
   Stabilization of revenue bases through creation of energy demand, increased stability in revenues and expenses
   through proper management of investments and costs and strengthening of ability to respond to risks
- 2) Promotion of group-wide management to exert comprehensive power Establishment of a construction quality and safety control system and focus on management issues pertaining to the entire group, such as sharing of human resources among group firms
- 3) Establishment of a corporate culture wherein measures to secure safety and a stable supply are rigorously implemented as part of normal promotion of business

Building upon efforts begun with "the first year of awareness reform for the quality assurance of our nuclear power stations" in FY 2006, establishment of a safety culture based on actions that give top priority to securing safety, the habit of confirming and sharing information, improving the quality of all operations, etc.

#### 4. Development of human resources to support future growth

- Securing and development of human resources capable of adapting to future environmental changes
   A workforce capable of coping with global issues and development of human resources support
- 2) Implementation of efforts wherein the creative powers of each and every employee is utilized under planned
- Implementation of efforts wherein the creative powers of each and every employee is utilized under planned management

Preparation of working environment that enables each employee to fulfill his or her potential and facilitates the improvement of operational quality and productivity

#### 5. Stronger ties to grow together with local communities

- Promotion of activities facilitating growth in step with the greater Tohoku region
   Support and cooperation to be extended to local authorities' projects and activities, and continuation of actions closely linked to regional development, such as promotion of culture and sports and programs to aid to future generations
- 2) Promotion of dialogue with local communities to ensure business operations

  Strengthening of close ties with the region by promoting the construction of human networks