

Commencement of Review towards Increase in Power Tariffs

Since the shutdown of all units at Hamaoka Nuclear Power Station in May 2011, significant increases in expenditure for fuel for our thermal power stations have impacted our balance sheet, placing the company in a severe financial position.

Other factors including the recent weakening of the yen have further increased fuel expenditure, making our position more severe.

Against this background, we have spared no efforts and recognized no areas as being off limits in attempting to increase efficiency throughout the entire company, seeking to maintain our tariffs at their present levels for as long as possible. In April this year, we established the Office for Emergency Measures for Management Efficiency and worked to improve our balance sheet through far-reaching cost reductions.

However, after reflecting the effects of these cost reductions in our business projections for FY2013, we found that it remained impossible for us to avoid a 100 billion yen consolidated ordinary loss and a 110 billion yen non-consolidated ordinary loss, even after adjusting upward twice.

The implementation of safety measures, including tsunami countermeasures, is currently proceeding at Hamaoka Nuclear Power Station, but we are presently unable to project a date for recommencement of operation of the station, even in FY2014. Despite having worked as hard as possible to introduce economizing measures, including wage reductions, we have been forced to concede that losses are unavoidable as long as this situation continues.

It has been a very difficult decision for us, but ultimately we have been forced to commence concrete examination of an increase in power tariffs to enable us to procure fuel and materials and appropriately manage and maintain our facilities. This in turn will enable us to continue to fulfill our ultimate mission, the provision of a safe and stable supply of electricity.

We deeply regret the fact that any increase in tariffs will place a burden on our customers and ask for your understanding in these very difficult conditions.

We will continue to make thoroughgoing efforts to increase efficiency throughout the company, leaving no stone unturned, in order to reduce the burden on our customers to the greatest extent possible, and we will work our very hardest to fulfill our mission of providing a safe and stable supply of electricity.