Management Reference Materials

November 2015

The Okinawa Electric Power Company, Inc.

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Characteristics of the Business Base

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Demand for Electric Power	◆ Increasing demand due to population growth. ◆ As the proportion of energy for consumer use is high, effects of economic fluctuations are low. ◆ The prefectural economy has been growing sustainably thanks to the implementation of Okinawa promotion measures.	2 2 13
Competition	◆ OEPC is outside the framework of wide-area power interchange because it has an isolated system. ◆ Most of privately-generated power is for captive consumption, so no excess power resources are available. ◆ Demand sizes are small.	3
Electric Power Generation Facilities	◆ A high reserve supply capacity is required due to an isolated system ◆ Reliant on fossil fuels only due to difficulties to develop nuclear or hydraulic power generation.	4-6
Fuel	◆ As fossil fuels are the only fuels used, high commodity prices exert a great influence.	7-9
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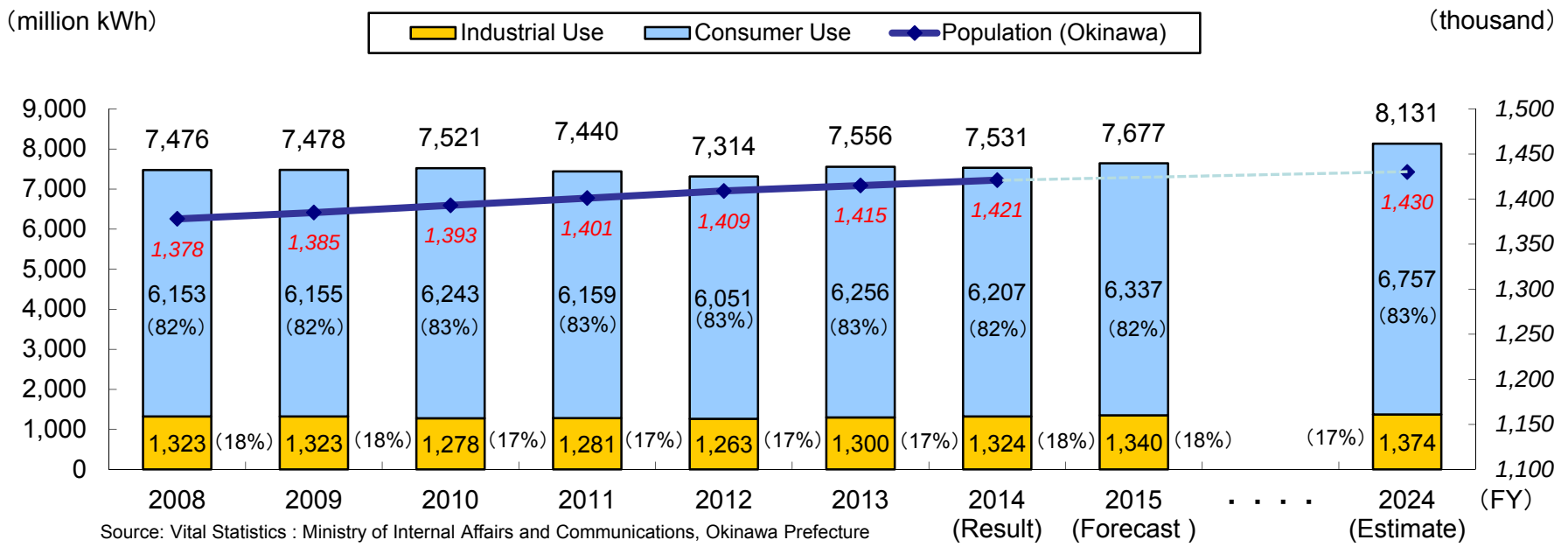
Demand for Electric Power

Stable growth is forecasted for demand for electric power, centering on increased demand for consumer use accompanying population increases.



Source: Vital Statistics : Ministry of Internal Affairs and Communications, Okinawa Prefecture

The figures for FY2024 are OEPC's estimate.

Okinawa **(%)**

Annual Average Growth Rate		2003-2013	2013-2024
Demand for Electric Power	Consumer use	0.6(0.9)	0.7(0.8)
	Industrial use	0.1(0.2)	0.5(0.5)
Total		0.5(0.8)	0.7(0.8)

Note: The figures in the parentheses indicate post temperature correction.

Nationwide (Excluding Okinawa) **(million kWh,%)**

2003	2013	2003-2013 Annual Average Growth Rate
827,149	840,985	0.2

Source: The Federation of Electric Power Companies of Japan

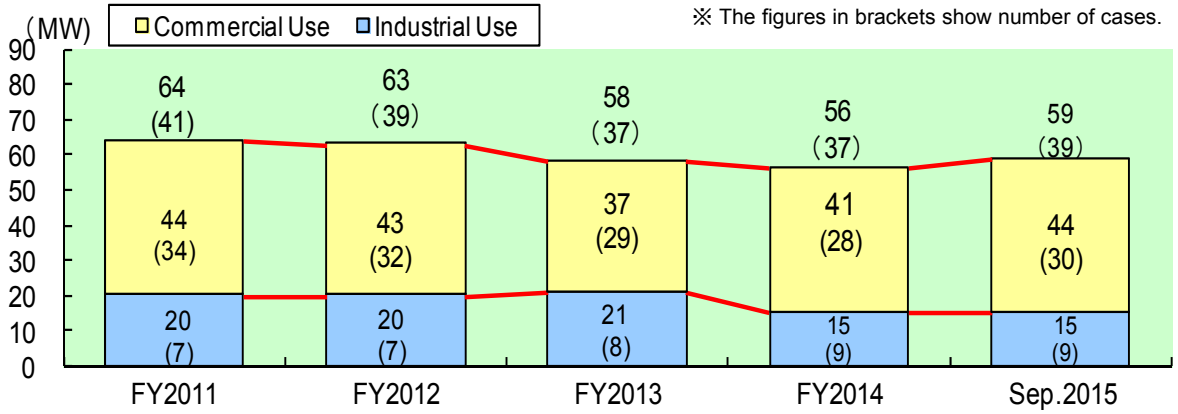
The Current State of Market Penetration by Private Power Generators

- The proportion of private power generation in Okinawa is 2%
- The share of PEC in the commercial-use electricity sector, the main private power generation market, is 5% (based on the permitted output) (As of September 30 2015)

Changes in private power generation authorization output

* According to our research

Trend in the Permitted Output of Private Power Generators

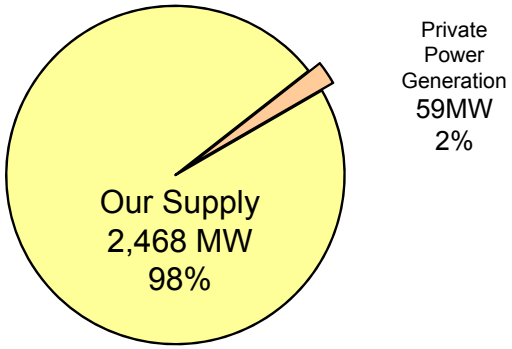


Trend in Independent Power Generation (Output and Number of Facilities)

	FY 2011	FY 2012	FY 2013	FY 2014	Sep. 2015
Switch to power purchase	-1MW (-1Case)	-3MW (-3Cases)	-6MW (-3Cases)	-4MW (-2Cases)	0MW (0Case)
Switch to independent power generation	3MW (1Case)	2MW (1Case)	α (1Case)	2MW (2Cases)	3MW (2Cases)
Total	-2MW (0Case)	-1MW (-2Cases)	-6MW (-2Cases)	-2MW (0Case)	3MW (2Cases)

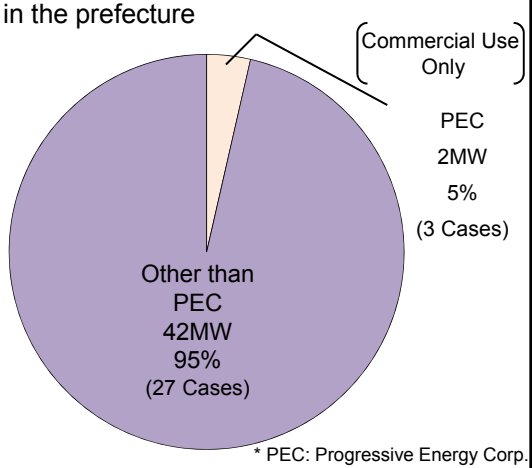
* Totalizing only continuously used power generators interconnected to the company's power grid.
* Excluding wind power, solar power and the company's facilities.

Proportion of private power generation in Okinawa



* Figures for OEPC supply include Electric Power Development Co, Ltd.

The ratio of PEC at the private power generation market in the prefecture



* PEC: Progressive Energy Corp.

Power Generation Facilities (Yoshinoura LNG Thermal Power Plant)

- **OEPC constructed its first LNG thermal power plant from the viewpoints of securing stable supply of electricity, increasing energy security, environmental measures and venturing into gas-related business.**
- **Generator No.1 started commercial operation in November 2012 and Generator No.2 started commercial operation in May 2013.**
- **Multi Gas Turbine Power Plant was established and started commercial operation in March 2015, as part of measures for disasters, mainly for the purpose of starting power grids in case that the entire Main island of Okinawa loses all electricity sources, and using as preservation power supply for LNG fuel tank of Yoshinoura Thermal Power Plant and as power supply to deal with the electricity peak of normal time.**

【Outline of Yoshinoura LNG Thermal Power Plant 】

Name	Yoshinoura Thermal Power Plant	Yoshinoura Multi-Gas Turbine Power Plant
Location	Nakagusuku-son, Okinawa Prefecture	
Power generation capacity	251,000kW × 2 power generators	35,000 kW × 1 plant
Fuel	Liquefied natural gas (LNG)	LNG, kerosene, bio-ethanol (The normal fuel to be used is LNG.)
Storage facilities	140,000kl × 2 stations	
Start of commercial operation	Generator No.1: November 27, 2012 Generator No.2: May 23, 2013	March 20, 2015
Fuel procurement	Contractor: Osaka Gas Co., Ltd. Contract period: 27 years from FY2012 (main source of supply: Gorgon Project in Australia) Contracted quantity: About 400,000 t/year Terms of delivery: Delivery on ship's arrival (EX-Ship)	

Power Generation Facilities (Power Supply Composition)

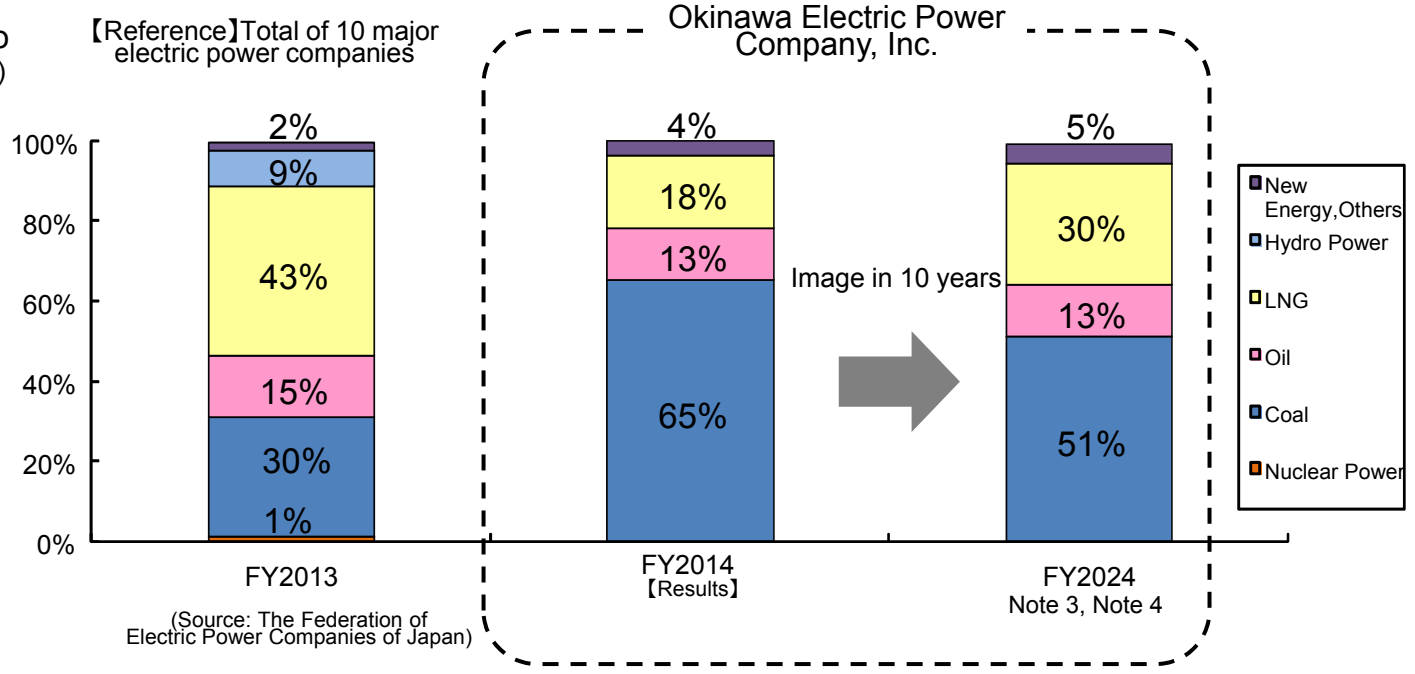
Power Supply Composition

- The composition of electric power source is highly reliant on fossil fuel, as developing nuclear or hydroelectric power generation is difficult in Okinawa due to the reasons of geographic condition and the small scale of demand. Accordingly, fossil fuels; petroleum, coal and LNG, are the only source for the composition.

- We have secured long-term power supply capacity, the improvement of energy security, and effective countermeasures for global warming issues by commencing the operation of Yoshinoura Thermal Power Plant, our first plant using LNG.

Electric Power Composition Ratio
(Power generating end)

Note 1: Including other companies
Note 2: Due to figures being rounded off, the aggregate figures may not become the sum of each amount.
Note 3: The composition ratio of generated power energy for the year end in/after 2017 is made "not determined" in the supply plan for 2015, because the connection volume of solar power generation facilities is not estimated.
Note 4: As for 2024, figures calculated using the connection available volume the Company disclosed at present as an upper limit are described.



Power Generation Facilities (Reserve Capacity)

Generation Reserve Capacity

Demand-supply balance of maximum electric power (August)

Note 2, Note 3 (Thousand kW, %)

	2014 【Result】	2015 【Result】	2019	2024
Peak Load	1,396	1,428	1,453	1,503
Supply Capacity	2,180	2,173	2,110	2,211
Reserve Capacity	784	745	657	708
Reserve Margin(%)	56.2	52.2	45.2	47.1

Note 1: The track records in July when average electricity occurred for up to three days are listed for 2014 and 2015.

Note 2: The demand-supply balance of maximum electric power for the year end in/after 2017 is made “not determined” in the supply plan for 2015, because the connection volume of solar power generation facilities is not estimated.

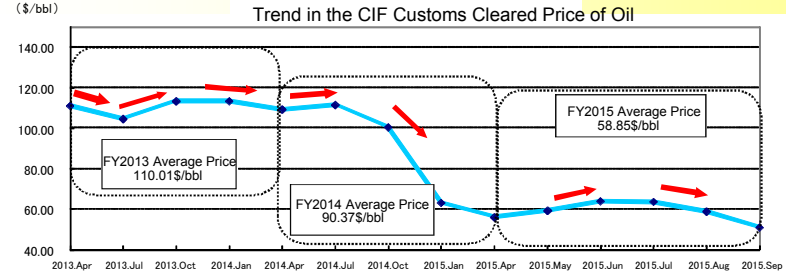
Note 3: As for 2019 and 2024, figures calculated using the connection available volume the Company disclosed at present as an upper limit are described.

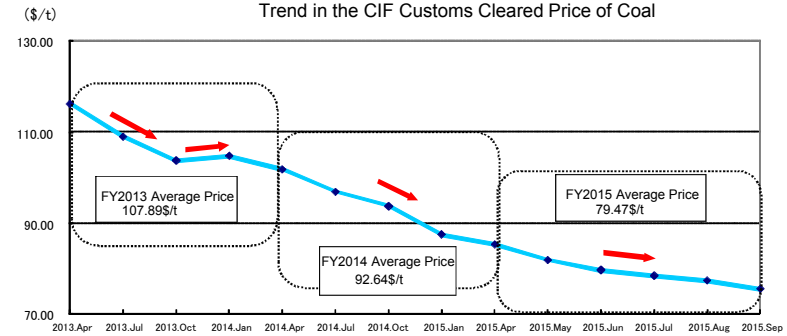
- A high generation reserve margin is necessary for such reasons as the inability to exchange power with other electric power companies because of OEPC’s isolated system and the responsibility to provide stable supply as a public utility.
- The power supply reserve is achieved by securing the equivalent reserve capacity of the largest unit so that it is possible to provide stable supply even if the largest unit breaks down.

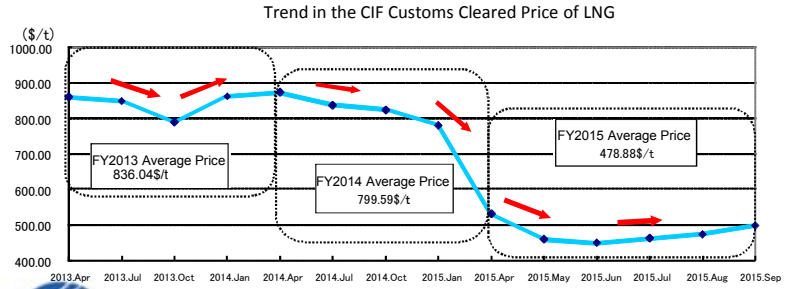
- Launching the operation of Yoshinoura Thermal Power Plant would ensure long-term and stable supply.

Fuel

- **Movements in fuel prices have a significant impact on OEPC's performance.**
- **Fuel oil prices are assumed to remain unchanged for the time being in consideration of the situations such as the agreement on deferment of OPEC'S production target, the agreement on Iran nuclear talks, and the outlook for continuation of supply and demand relaxation due to deceleration of the Chinese economy although there are factors for rising such as the geopolitical risks due to the unstable situations in the Middle East, etc.**
- **Because coal prices are assumed to remain in the weakening tendency of supply and demand, the relevant prices are assumed to remain low for the time being compared to those of most recent several years .**







Diversifying fuel supply sources through spot purchase of fuel.

Stable procurement through long-term LNG supply contracts

Long-term contracts on coal and transport ships

Initiatives of the company (fuel)

shift to short-distance sources

Efficient use of the' Shinryo-maru' and COA (contract of affreightment)

Expansion of the introduction of sub-bituminous coal, which has a low environmental burden

Achieving stable fuel supply and pursuing cost reductions

Initiatives in this fiscal year

<<Fuel oil>>

- Achieving reduction of fuel costs through spot purchase in consideration of the crude oil market conditions and diversification of fuel oil supply sources.

<<Coal>>

- Achieving stable procurement and reduction of fuel costs by signing long-term contracts for coal and its shipping vessel.
- Reduction of fuel costs through shift to short-distance supply sources.
- Achieving stable procurement and reduction of transportation costs by making the maximum use of competitively-priced consecutive voyage charter contract mainly with bulk coal carrier "SHINRYO MARU."
- Equalizing prices through utilizing due-date-different contracts or market-linked ones.
- Reducing various expenses through accelerating the coal price settlement procedures and reviewing insurance premiums.

<< LNG >>

- Stable procurement through long-term LNG supply contracts.

The Fuel Cost Adjustment System

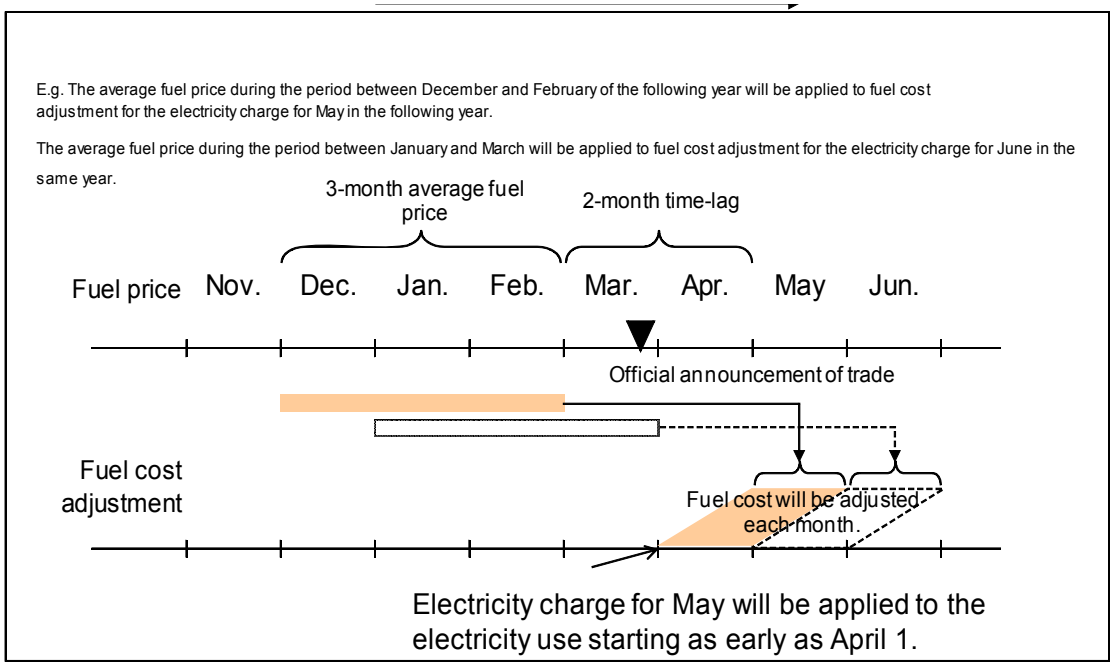
Summary of the System

The fuel cost adjustment system was introduced for the purpose of clarifying the “internal factors” such as the results of efforts to promote management efficiency at electric power companies and reflecting “external factors” onto electricity rates such as exchange rates and oil and coal and LNG prices that alter the economic situation.

Range of fuel cost adjustment

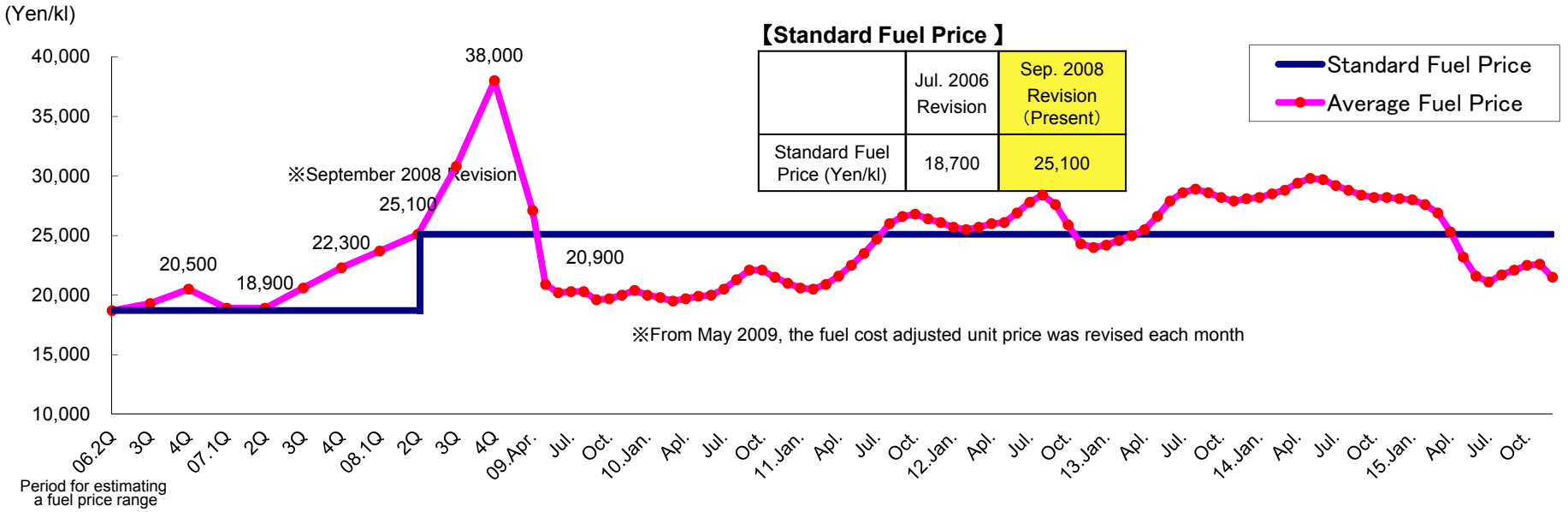
- We will calculate the average fuel price based on the prices of crude oil, coal and LNG on the trade statistics during the period between five months and three months prior to the fuel cost adjustment, and electricity charge will be automatically adjusted each month by comparing the above price with the standard fuel price at the time of electricity rate revision.
- The maximum level of fuel cost adjustment will be 50% .
- There will be no lower adjustment limit.

Conceptual drawing of the fuel cost adjustment system



Trend of Average Fuel Price and Standard Fuel Price

■Trend of Average Fuel Price and Standard Fuel Price（Since July 2006）



Period for applying the Fuel cost adjustment system	15. Jan.	15. Feb.	15. Mar.	15. Apr.	15. May	15. Jun.	15. Jul.	15. Aug.	15. Sep.	15. Oct.	15. Nov	15. Dec.
Period for estimating a fuel price range	14. Aug. - 14. Oct.	14. Sep. - 14. Nov.	14. Oct. - 14. Dec.	14. Nov. - 15. Jan.	14. Dec. - 15. Feb.	15. Jan. - 15. Mar.	15. Feb. - 15. Apr.	15. Mar. - 15. May	15. Apr. - 15. Jun.	15. May - 15. Jul.	15. Jun. - 15. Aug.	15. Jul. - 15. Sep.
Average Fuel Price（yen/kl）	28,000	27,600	26,900	25,300	23,200	21,600	21,100	21,700	22,100	22,500	22,600	21,500
Average Crude Oil Price（yen/kl）	69,902	67,471	63,433	56,567	48,389	42,061	40,252	42,606	45,215	47,944	48,301	44,954
Average Coal Price(yen/t)	9,873	10,023	10,264	10,382	10,256	10,178	10,089	10,123	9,957	9,731	9,686	9,478

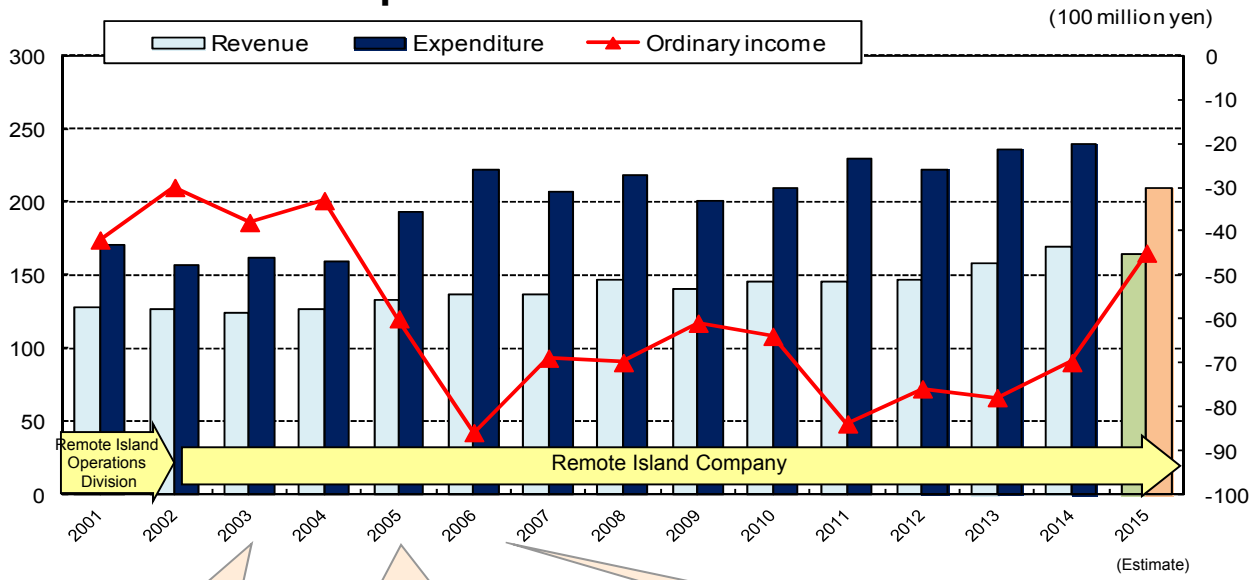
【Method of calculating Average Fuel Price】

Average Fuel Price ＝ A×α＋B×β A : Average crude oil price per kiloliter in each quarter B : Average coal price per ton in each quarter

※ α and β are coefficients in Provisions of supply to calculate the average fuel price. (Reference α:0.2410 、β:1.1282 Provisions of supply Sep. 2008 effective)

Improvement of Remote Island Income and Expenditure［1/2］

Movements in Remote Island Revenue and Expenditure



Damage worth 800 million yen due to TyphoonNo.14(Miyako)

(FY: 2003)

Increased Fuel Costs

・Change of Oil Type(C → A heavy oil)

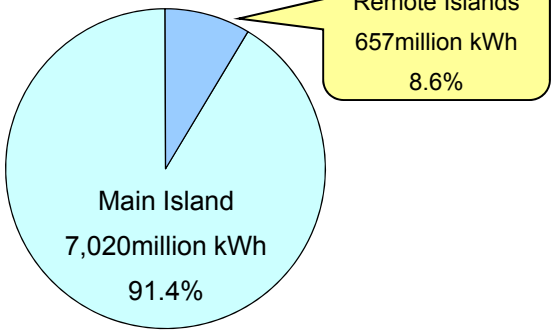
・High Cost of Crude Oil (FY2005-)

Decreased Fuel Costs

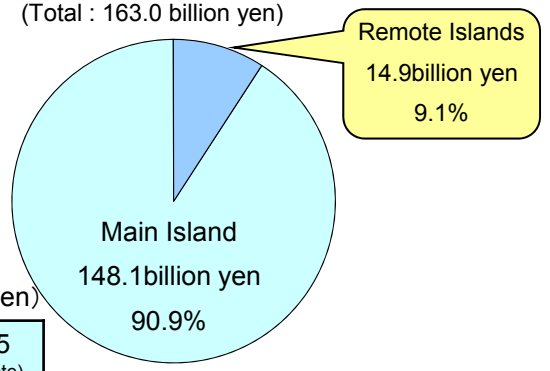
・Change of Oil Type

(A→ FCC-C heavy oil) (FY: 2007)

Electricity Sales
(Forecast in FY2015)
(Total : 7,677million kWh)



Residential,Commercial and Industrial Use Charges
(Forecast in FY2015)
(Total : 163.0 billion yen)



(billion yen)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Estimate)
Revenue	12.8	12.7	12.4	12.6	13.3	13.6	13.7	14.7	14.0	14.5	14.5	14.6	15.8	16.9	16.4
Expenditure	17.0	15.7	16.2	15.9	19.3	22.2	20.7	21.8	20.1	20.9	22.9	22.2	23.6	23.9	20.9
Ordinary Income	-4.2	-3.0	-3.8	-3.3	-6.0	-8.6	-6.9	-7.0	-6.1	-6.4	-8.4	-7.6	-7.8	-7.0	-4.5

Remote island business occupies slightly less than one-tenth of electricity sales and residential, commercial and industrial use charges.

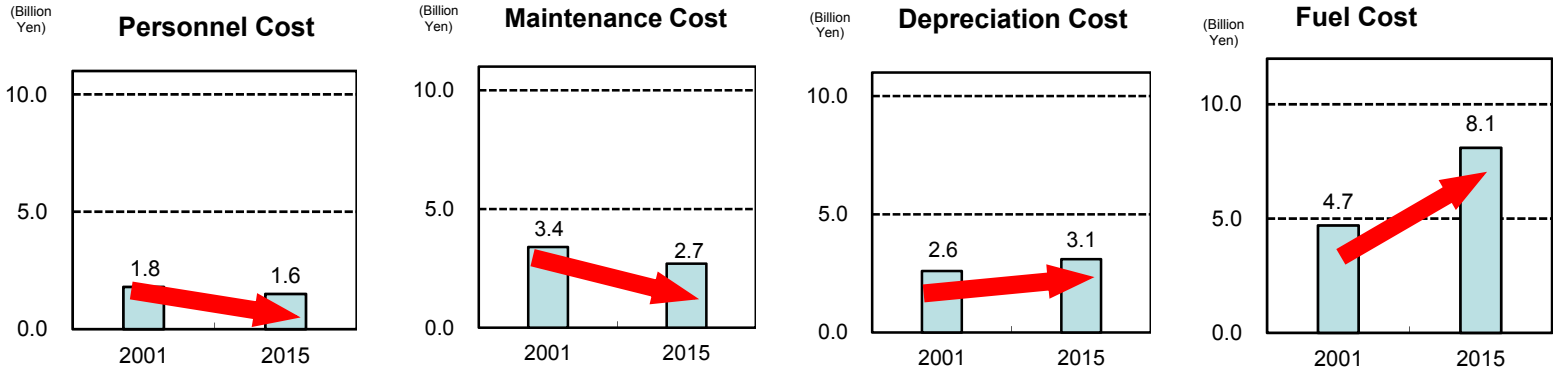
Improvement of Remote Island Income and Expenditure［2/2］

- The region has a high cost structure because of such reasons as having small islands scattered about a vast sea area and the narrow scale of the economy.

- In order to construct a system enabling fast implementation of measures to improve inequalities in income and expenditure, a Remote Island Operations Division was launched in FY2001 and from FY2002, this was converted into the Remote Island Company.
  - Establishing remote control system for power generation plants in Miyako and Ishigaki.
  - Revising the procedures for regular inspections on electric power supply facilities.
  - Purchasing other companies' idle facilities and moving idle facilities of own company.
  - Switching from A heavy oil to FCC-C heavy oil.
- Fuel costs are greatly increasing due to the soaring price of crude oil in recent years.

We work out new measures to stabilize supply and improve the balance of revenue and expenditure while pushing ahead with ongoing various measures

- Reducing fuel consumption by introducing renewable energies (Retractable wind power generators, etc.).
- Effective utilization of waste oil. etc.



Addressing the global warming issues

■ Introducing hydro or nuclear power is difficult in Okinawa Prefecture due to reasons including the region's geological and geographic characteristics and constraints on the scale of demand

→ **Dependency on fossil fuels (oil, coal, etc.)**

Company Efforts

- Introduction of LNG thermal power, which creates low CO_2 emissions (Yoshinoura Thermal Power Plant)
- Dealing with wind power generation on an entire group basis including the introduction of retractable wind power generators to remote islands
- Implementation of operation tests toward stable operation of solar and wind power generation
- Operation of small hydro power generation facilities
- Efficient operation of thermal power plants
- Utilization of clean development mechanism（CDM）
- Investment for CCS survey research
- Promoting energy saving on the demand side (by offering EcoCute services, etc.)

(Reference) Actual CO2 emission coefficient for FY2013 : 0.858kg-CO2/kWh
Actual CO2 emission coefficient for FY2014 : 0.816kg-CO2/kWh

Q & A

Reference : Main Economic Indicators

1 Okinawa's Economy

◎ The current state of affairs

The prefectural economy has expanded,as a whole,with private consumption and tourism-related businesses staying firm and public investment in construction-related businesses being resilient.

Trends in Main Economic Indicators (Year-on-Year Comparison) (Unit:%)

Indicators	FY2014													FY2015						
	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Apr.	May	Jun	Jul	Aug	Sep	1st Half
Sales by large-scale retailers	1.8	4.7	4.8	11.1	7.5	10.7	2.1	2.9	1.2	2.3	3.5	-5.3	3.8	13.9	10.2	6.5	2.3	5.9	5.5	7.2
No. of new car sold	-4.6	2.1	8.1	-8.2	-3.6	11.1	-2.3	5.9	21.5	-13.6	-1.4	-1.4	0.8	1.3	-9.1	-10.7	15.5	-2.1	-6.6	-1.4
Wholesale shipments of household appliance	-8.7	-15.3	-14.2	-9.6	-16.1	-9.7	-20.8	-26.9	-20.1	-29.1	-29.6	-20.6	-18.5	-2.4	-7.6	13.5	-4.1	-6.6	2.4	-0.5
New residential construction starts	36.2	25.0	34.1	-34.0	-5.3	-35.4	-35.6	-35.8	-4.8	10.9	3.1	-36.4	-12.5	-17.3	12.4	27.7	16.2	19.0	17.4	12.4
Value of public works contracts	41.3	83.2	-2.8	18.5	2.4	35.8	-11.8	-11.9	36.8	-28.4	17.1	151.7	23.3	-47.8	-37.9	74.0	-28.3	0.8	-2.1	-10.7
No. of inbound tourists	9.5	17.5	13.9	12.0	3.9	8.4	7.9	9.9	6.5	7.1	9.5	4.6	9.0	12.3	8.9	9.5	9.2	8.8	10.0	9.7
Total unemployment rate	-1.6	-1.1	0.3	-0.1	0.0	0.8	0.0	0.4	0.0	0.4	1.4	0.3	-0.1	-0.8	-0.4	-0.1	-0.5	-1.6	-1.0	-0.8

Note 1: The figures for 'Sales by large-scale retailers' are calculated from the values given in preliminary figures for September 2015on an all-store base.

Note 2: The figures for 'Wholesale shipments of household appliance' are an estimate.

Note 3: The figures for 'Total unemployment rates' are raw data, and points of change of Year-on-Year are listed.

Source: Okinawa General Bureau, Okinawa Prefecture, Ryugin Research Institute, and others.

◎ Prospect

Regarding the outlook, the prefectural economy is expected to continue to expand, with private consumption, tourism-related businesses, and construction-related businesses all staying firm, etc.

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

2 Economic Growth of Okinawa Prefecture under the Okinawa Promotion Plan

- The “Okinawa Promotion Plan” was implemented during the period from FY2002 to the end of FY2011. During the period, the prefectural GDP posted an average increase of roughly 2.0% per annum, outpacing the nationwide average.
- With implementation of a variety of action plans under “Basic Plan of Okinawa 21st Century Vision (Okinawa Promotion Plan)”, which started in FY2012, the prefecture expects the steady growth of its economy and an increase in demand for electric power.

Average annual growth rate of the prefecture and gross domestic product

（billion yen）

	FY2002	FY2011	Annual Average Growth Rate FY2002-FY2011	FY2012	FY2013	FY2014
Prefectural GDP	3,533.6	4,218.8	Approx. 2.0%	0.6% 4,243.1	4.4% 4,431.4	1.2% 4,483.6
National GDP	479,870.8	514,694.3	Approx. 0.8%	1.0% 519,802.4	2.1% 530,617.3	-0.9% 525,860.4

Sources: “Prefectural Accounts for FY 2012” and “Economic Outlook for FY 2015”, Okinawa Prefecture, “Preliminary Quarterly Estimates of GDP” for Apr. – Jun. 2015, Economic and Social Research Institute, Cabinet Office.
Note: Prefectural and National GDPs for FY 2013, and FY 2014 are estimates. Figures in parentheses for FY 2012 ,FY 2013 and FY 2014 are growth rates on a YoY basis.

Basic Plan of Okinawa 21st Century Vision (Okinawa Promotion Plan)

In May 2012, the “Basic Plan of Okinawa 21st Century Vision (Okinawa Promotion Plan)” was formulated under the initiative by the Okinawa Prefectural government.

Through the implementation of various measures that are developed based on this plan to take advantage of regional characteristics of Okinawa Prefecture, gross production in Okinawa in FY2020 is estimated to increase about 1.4 times compared with that in FY2010 to 5,100 billion yen.

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

3 Okinawa Promotion and Development

Okinawa Promotion and Development

■The government shows a positive attitude toward Okinawa promotion and development, saying “it will continue to implement Okinawa promotion and development measures in a comprehensive and active manner as a part of the national strategies,” in the “Basic Policies for Economic and Fiscal Management and Reform” (a cabinet decision on June 24, 2014).

FY2015 Budget for the Okinawa Promotion and Development

■ The FY2015 budget for the Okinawa promotion and development is expected to fall 16.2 billion yen from the previous fiscal year to 334.0 billion yen.

<Major items>

Lump-sum Subsidy		161.8 billion yen
Subsidy for Special Measures (for developments of information and services)	Industrial promotion and developments such as tourism, information & communication industries, etc.	80.6 billion yen
Subsidy for Public Investments (for developments of public facilities and equipment)	Okinawa urban monorail development, etc.	81.1 billion yen
Expenditures for Developments of Public Systems, etc.		142.4 billion yen
Construction of additional runways of Naha Airport		33.0 billion yen
Developments of social infrastructure such as roads, ports, etc. which support the prosperity of industry and tourism.		109.4 billion yen
Okinawa Institute Science & Technology Graduate University		16.7 billion yen
Northern Region Promotion & Development Project		5.1 billion yen
Detailed investigations of issues related to introduction of railway, etc.		0.2 billion yen
Others (costs for promoting the use of former military land, Okinawa Development Finance Corporation subsidies, opening of international conventions, etc.)		7.8 billion yen

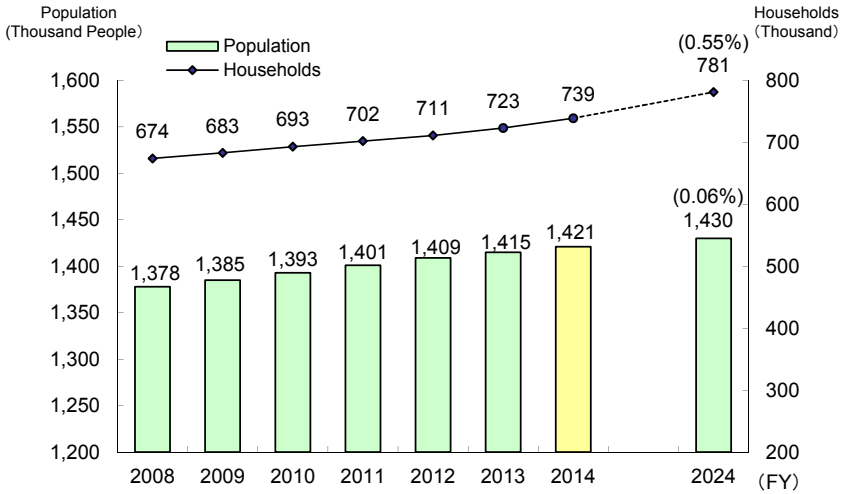
Source: Budget for Okinawa promotion and development for FY2015 (Okinawa General Bureau, Cabinet Office)

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

4 Population Growth Outpacing Nationwide Average

■ Okinawa Prefecture is witnessing an increase in its population, while nationwide population is declining. The prefecture expects the moderate upward trend would continue.

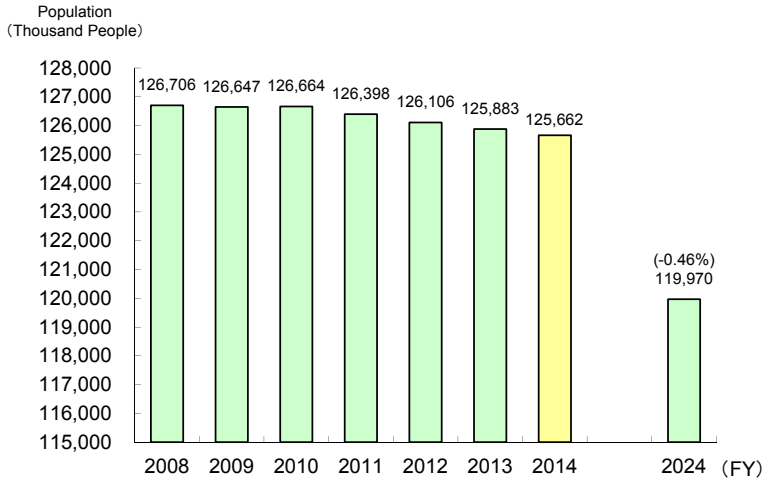
Trend of Population and Households in Okinawa



Source: Population: The actual results are from the Ministry of Internal Affairs and Communications. The figures for FY2024 are our estimate.
No. of households are based on the number of household electric lighting (actual results and estimate)

Note: The figures in the parenthesis of Population and Households indicate annual average growth rate from FY2014 to FY2024

Trend of Population (Excluding Okinawa)



Source: the Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research

Note: The figures in the parenthesis of Population indicate annual average growth rate from FY2014 to FY2024

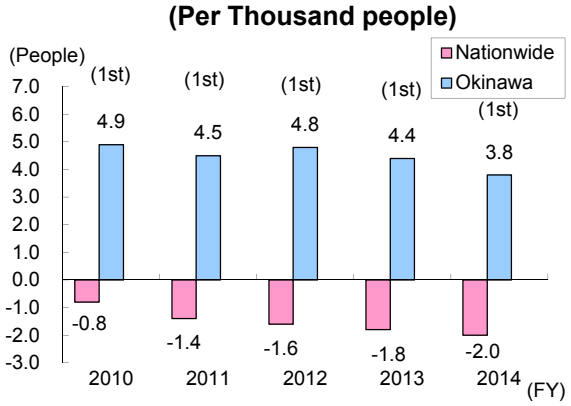
Due to the stability growth of household numbers in association with the increasing population, residential demand increases are expected.

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

5 Okinawa Prefecture Demographics

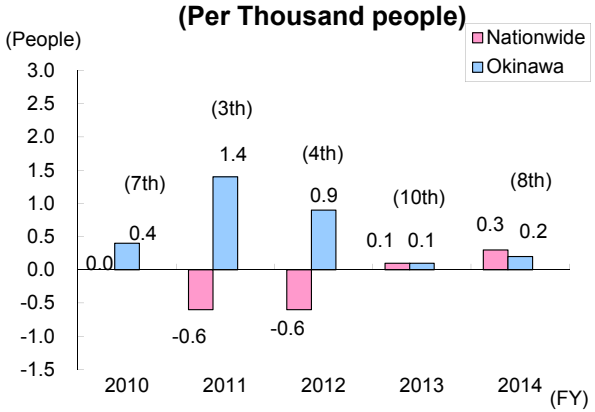
- The population of Okinawa Prefecture in FY2014 is on a favorable trend, with the number of natural population growth per 1,000 people being 3.8 persons, which is the highest nationwide, and the number of social population growth per 1,000 people being 0.2 persons, which is the eighth highest nationwide.
- Growth of population in the prefecture significantly exceeds the national average of -1.7 person, with 4.0 persons per 1,000 people.

Trend in the Natural Increase of population



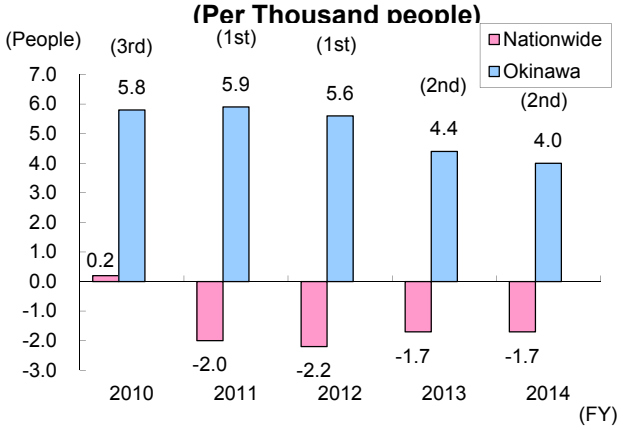
Source: Bureau of Statistics,
Ministry of Internal Affairs and Communications
Note: Natural increase of population = Births – Deaths
The figures in brackets in the chart show
Okinawa Prefecture's national ranking.

Trend in the Social Increase of population



Source: Bureau of Statistics,
Ministry of Internal Affairs and Communications
Note: Social increase of population
= Incoming population – Outgoing population
The figures in brackets in the chart show
Okinawa Prefecture's national ranking.

Trend in the Increase of population



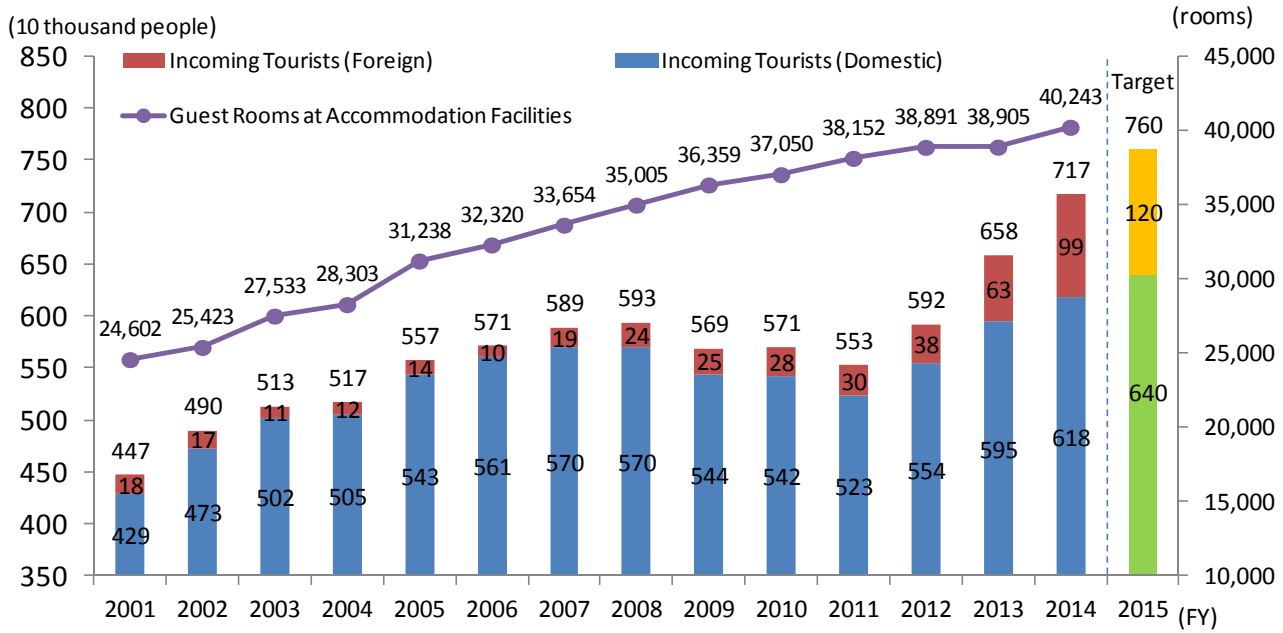
Source: Bureau of Statistics,
Ministry of Internal Affairs and Communications
Note: Population increase = natural increase in population
+ increase/decrease of population in the society
The figures in brackets in the chart show
Okinawa Prefecture's national ranking.

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

6 Trends in the Number of Incoming Tourists and Guest Rooms at Accommodation Facilities

- The number of incoming tourists in FY2014: 7.17 million people (Growth rate of 9.0% year-on-year)
- The number of incoming tourists in FY2015: 7.6 million people (target number) , the first half results: 4.09 million people (Growth rate of 9.7% year-on-year)

Trends of the Numbers of Incoming Tourists and Guest Rooms at Accommodation Facilities



Source: "Tourism Guidebook", "Visit Okinawa Plan", and "2014 Accommodations Fact-finding Survey Result" published by Okinawa Prefectural Government

With the number of tourism related facilities (hotels, etc.) increasing in association with increased numbers of incoming tourists, increases are forecast for demand.

1.FY2014 Result

- Incoming Tourists: 7.17 million including 0.99 million from overseas
- Growth rate (YoY): 9.0%
- Tourism revenue: 534.2 billion yen

2. FY2015 Target

Visit Okinawa Plan

- Incoming tourists: 7.6 million including 1.2 million from overseas
- Tourism revenue: 600.4 billion yen

3. FY2021 Target

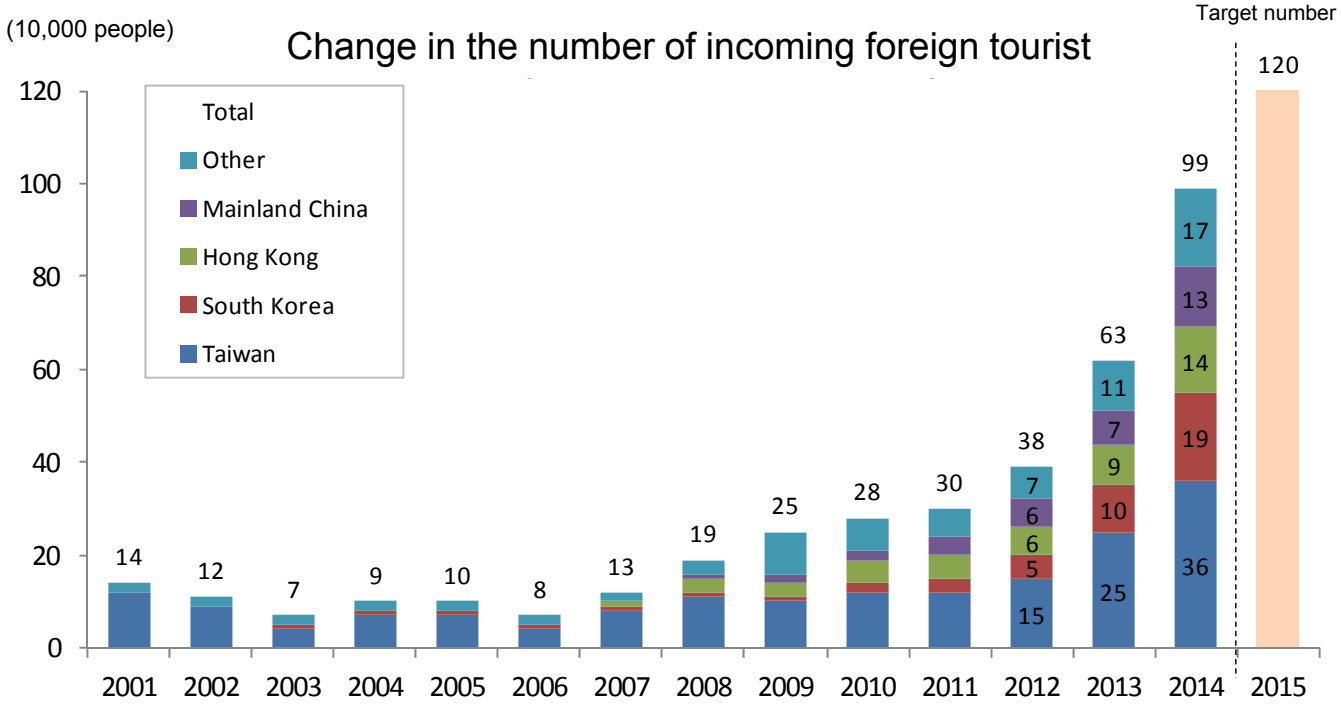
Roadmap for the Promotion of Sightseeing in Okinawa

- Incoming tourists: 10 million including 2 million from overseas
- Tourism revenue: 1,000 billion yen

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

Change in the number of incoming foreign tourists

- The number of incoming foreign tourists in FY2014: 0.99 million people (Growth rate of 57.1% year-on-year)
- The number of incoming foreign tourists in FY2015: 1.2 million people (target number) , the first half results: 0.88 million people(Growth rate of 63.9% year-on-year)



Note: The numbers between 2001 and 2008 are based on the calendar year, and those after 2009 are based on the fiscal year.

Source: Tourism Guidebook published by Okinawa Prefectural Government

The expansion situation of airlines in the first half of 2015
(New: New service,
Increase: Increase in flights)

(Taiwan)
Taipei : [New] 3 flights a week
Ditto : [Increase]
From 7 to14 flights a week

Taichung: [Increase]
From 2 to 4 flights a week

(South Korea)
Inchon: [New] 7 flights a week
Ditto: [Increase]
From 7 to 13 flights a week

(Mainland China)
Fuzhou: [New] 2 flights a week

Hangzhou: [New] 2 flights a week
Ditto: [New] 2 flights a week

Tianjin: [New] 2 flights a week

Beijing: [Increase]
From 2 to 4 flights a week

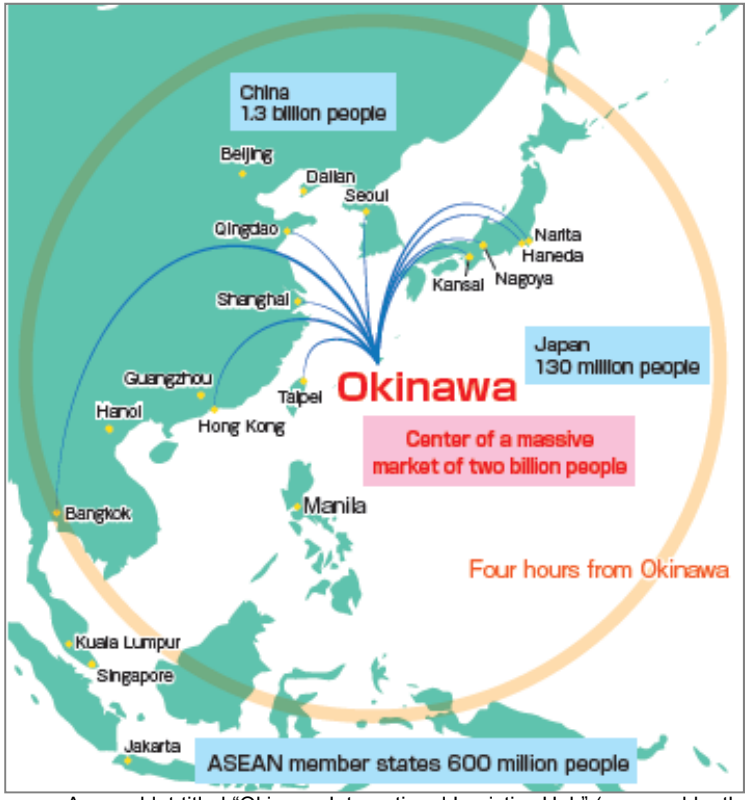
Shanghai: [Increase]
From 4 to 7 flights a week

Tourism still remains strong due to the continuing increase in the number of tourist arrivals from Taiwan, South Korea, mainland China, and Hong Kong.

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

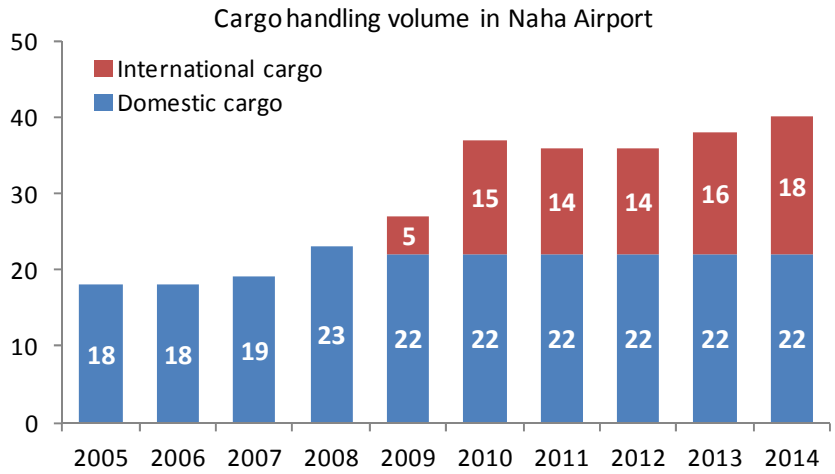
7 Okinawa International Logistics Hub

■ Okinawa Prefecture is promoting the establishment of an international logistics hub through accumulating the industries at the areas peripheral to airport and harbor where new business is to be developed through utilizing Okinawa international logistics hub. In addition, Okinawa Prefecture is working hard to attract logistics companies from home and abroad.



Source: A pamphlet titled "Okinawa International Logistics Hub" (prepared by the International Logistics Promotion Division, Department of Commerce, Industry and Labor and available on the website of the Okinawa Prefecture)

- ○ Okinawa Prefecture is located in the center of the huge market of two billion people.
- ○ Travel time required between Okinawa Prefecture and major cities in Japan and Asia is about four hours.
- ○ Utilizing late-night cargo flights through 24-hour operation system at Naha Airport.
- ○ Quick transportation through 24-hour customs clearance system.



* From October 2009, the cargo hub project was launched by ANA.
Source: Land, Infrastructure and Transportation Ministry

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

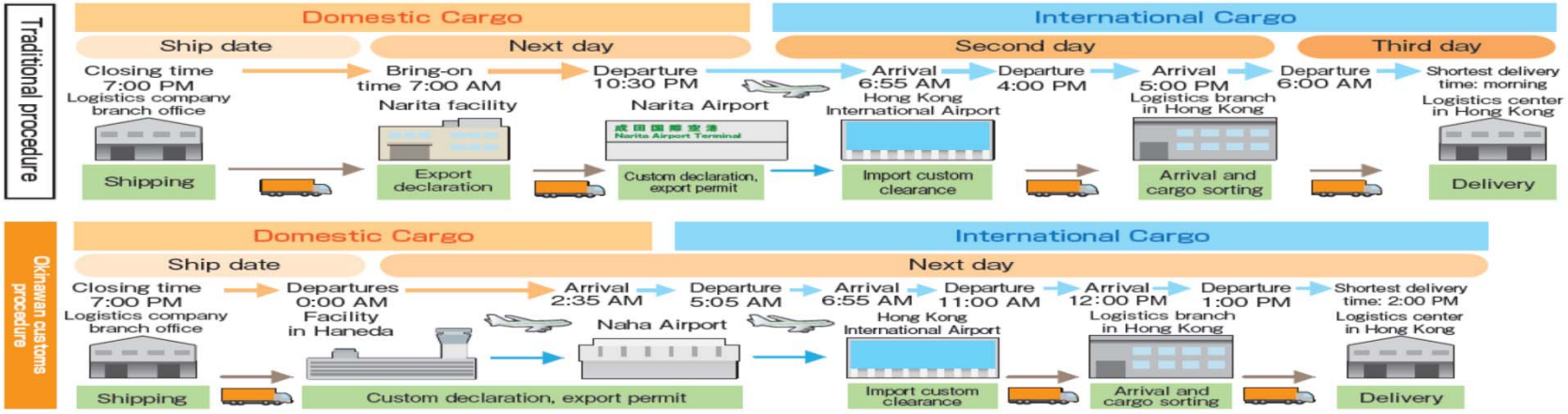
Okinawa International Logistics Hub

ANA domestic and international flights connection	Haneda	00 : 00→02 : 50
North America and Europe	Narita	22 : 30→01 : 50
		21 : 20→02 : 35
	Nagoya	00 : 10→02 : 35
Each Asian city	Kansai	00 : 05→02 : 20
		23 : 30→01 : 45
	Taipei	00 : 10→02 : 35
Inland China Each Asian city	Seoul	00 : 20→02 : 25
	Shanghai	00 : 20→03 : 25
	Qingdao	00 : 05→04 : 10
Inland China	Xiamen	01 : 35→05 : 10
Asia, Middle East and Oceania	Hong Kong	00 : 30→03 : 50

Naha Air port

04 : 55→07 : 00	Haneda	ANA domestic and international flights connection
06 : 45→09 : 00	Narita	North America and Europe
06 : 30→08 : 15	Kansai	Each Asian city
07 : 20→07 : 50	Taipei	
05 : 10→07 : 25	Seoul	
03 : 40→04 : 55	Shanghai	Inland China Each Asian city
05 : 50→07 : 40	Qingdao	Inland China
05 : 10→06 : 55	Hong Kong	Asia, Middle East and Oceania
05 : 40→08 : 20	Bangkok	
04 : 40→09 : 00	Singapore	Each Asian city

Source: “ANA Cargo Freighter Timetable”



Source: A pamphlet titled “Okinawa International Logistics Hub” (prepared by the International Logistics Promotion Division, Department of Commerce, Industry and Labor and available on the website of the Okinawa Prefecture)

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

Okinawa International Logistics Hub

■Stages for Establishing Okinawa Prefecture's International Logistics Hub.

Stage1

(1) ANA International Cargo Hub(started in October 2009)
(2) Special International Logistics Zone
(Zone for concentration of International Logistics Industry, founded in April 2012)
(3) Building the Infrastructure for Inbound Businesses
(i.e. Logistics Center, etc.)
(4) Expanding Exports of Local Okinawan Products.

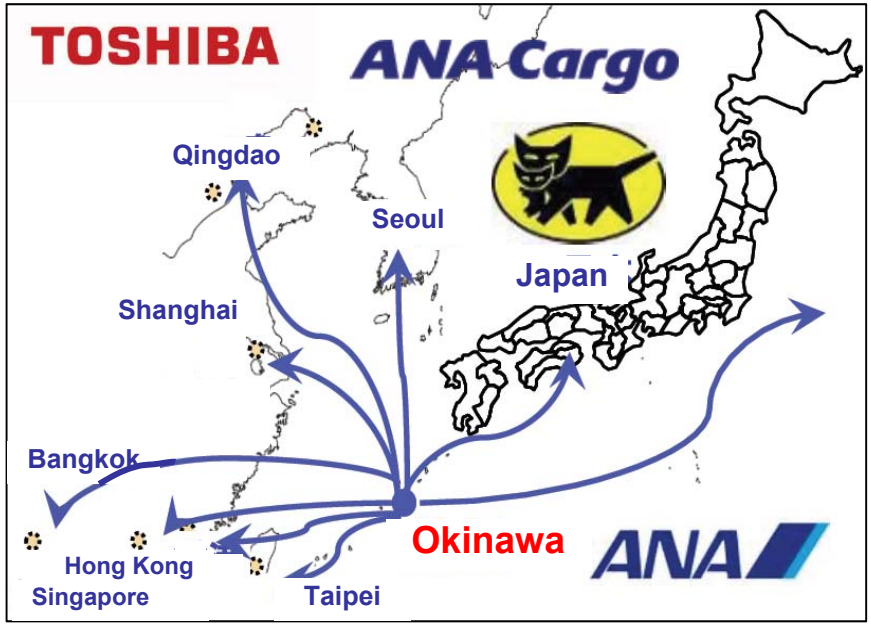
Stage2

[The initiatives Okinawa Prefecture is currently addressing]

(1) Increasing Aerial and Maritime Routes
(2) Expansion the Special International Logistics Zone
(3) Progressing as a Hub for Exporting Domestic Specialty Goods
(4) Logistics Hub for Forwarders (Freight forwarding business).
(5) Warehouse for E-commerce and Online Shopping
(6) Center for Emergency Replacement Parts

Stage3

(1) Become a Hub for Distribution, Storage, Exhibitions, and Third-party logistics.
(2) Become a Logistics Hub for International Manufacturers
(3) Add s second Runway to Naha Airport [the end of March 2020].
(4) Strengthen Networks by Welcoming Aerial and Maritime Businesses

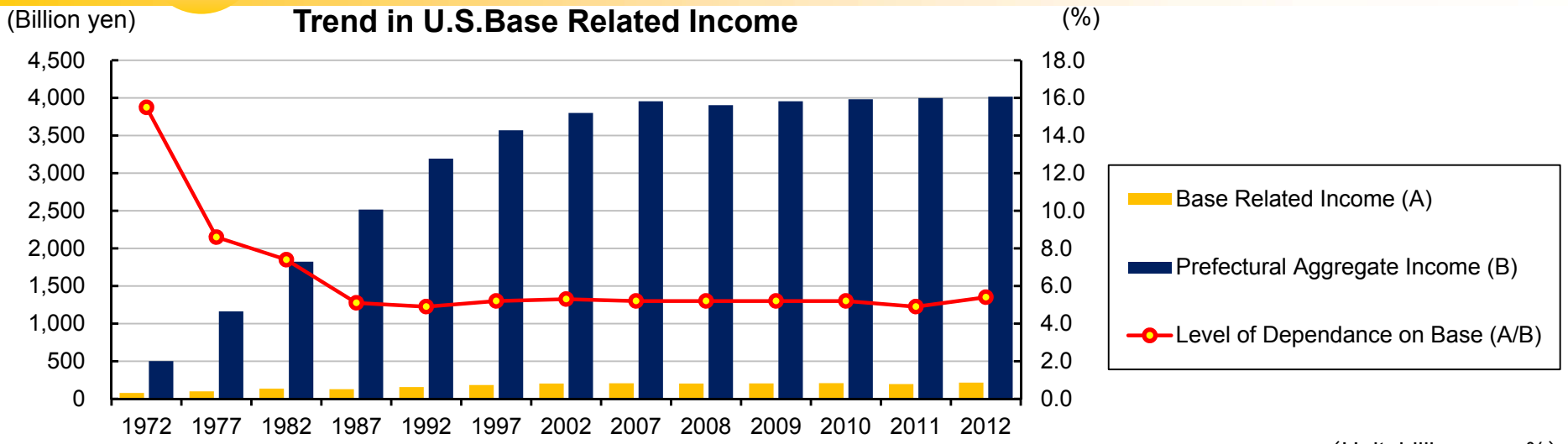


■ **Linkage between Naha Airport and Naha Port (Sea & Air)**
Developing the transport of "Sea & Air" through creating a linkage between maritime transport and air transport whose logistics bases are closely located.
Aiming to accumulate the industries at the areas peripheral to airport and harbor through the logistics environment.

■ **Establishment of industrial clusters relating to aviation**
Aiming to accumulate the industries relating to aircraft maintenance by making the most of the increase in the number of flights, the expansion of the second runway at Naha Airport, and the geographical advantage that is close to Asia.

Q1. What is the Current State of the Okinawa Prefectural Economy and What is the Future Forecast?

8 Trend in U.S. Base Related Income



(Unit: billion yen、%)

	1972	1977	1982	1987	1992	1997	2002	2007	2008	2009	2010	2011	2012
Base Related Income (Charges for Land Occupied by US Armed Forces) (A)	77.7	100.6	134.6	128.2	156.3	184.0	203.3	206.7	204.2	205.6	208.6	197.0	216.0
Prefectural Aggregate Income (B)	501.3	1,163.1	1,822.6	2516.5	3,192.9	3,570.0	3,800.8	3,955.0	3,903.3	3,955.9	3,982.3	3,998.6	4,016.5
Level of Dependence on Bases (A/B)	15.5	8.6	7.4	5.1	4.9	5.2	5.3	5.2	5.2	5.2	5.2	4.9	5.4

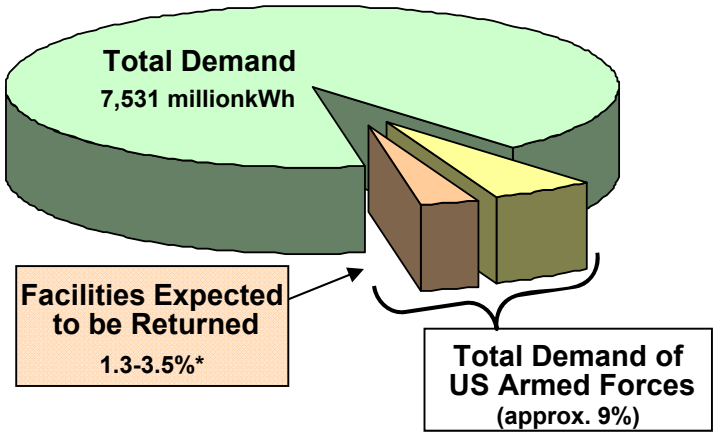
■ U.S. Base related income has become an income source that supports the Okinawa economy.

■ However, the level of dependence on the bases has been falling as the prefectural economy expands, and it had fallen to 5.4% in FY2012 from the 15.5% share at the time Okinawa was returned to Japan (1972).

Sources:
- Until 1997: “US Forces and SDF Bases in Okinawa (Statistics) March 2014”, released by the Military Base Affairs Division, Executive Office of the Governor, Okinawa Prefecture
- From 2002 : “Prefectural Accounts March 2015” released by the Department of Planning, the Okinawa Prefecture

Q2. What is the Current State of U.S. Military Bases?(1/2)

[Proportion of Demand Taken up by U.S. Armed Forces] (FY 2014 results)



* Range in figures due to planned return of facilities includes partial return.

[Ratio of demand from US military forces]

- The US military forces accounted for approx. 9% of total electricity demand and approx. 7% of revenue in the actual results of FY 2014.

[Progress of realignment of the US military forces in Japan]

- On May 1, 2006, the Security Consultative Committee agreed on the US military forces realignment plan and clarified the facilities to be returned to Okinawa.
- After the change of government in September 2009, two or more relocation plans for Marine Corps Air Station Futenma were studied. Eventually, however, a US-Japan joint statement was announced to confirm relocation to Henoko.
- On April 27, 2012, the Japanese and US governments announced a joint statement on review of realignment plan for the US military forces in Japan. In this statement, the governments agreed on overseas relocation of the US Marines in Okinawa and accompanying return of five military facilities and zones south of the Kadena Air Base, taking a new approach of delinking relocation of Futenma Air Station.
- On April 5, 2013, the US and Japan reached a final agreement to the consolidation plan of returning Futenma Air Station as well as five facilities and zones south of Kadena Air Base, with indication of the timing of the return.
- On December 27, 2013, the Okinawa Prefectural Governor approved the application (applied on March 22, 2013) from the Japanese government for reclamation works to relocate Futenma Air Station to Henoko.
- On July 1, 2014, demolition of existing facilities started in an area in Henoko, Nago City, where the construction of runways is planned.

[Development plans for the returned land]

- The site of the Awase Meadows Golf Course, which was used by the US military personnel, was returned to Japan in July 2010. After that, a new project to create a town was planned, and a resort shopping mall, a base for disaster medical care, a regional disaster-prevention facility and other facilities have been constructed.
- In addition, approx. 52 hectares of land that were part of the “West Futenma Housing Area” at Camp Zukeran were returned to Japan on March 31, 2015, and the plans for the military base reuse such as an international medical center, improvement for parks, and others were determined on July 24, 2015.

If the US military facilities are returned, demand is expected to decrease temporarily. However, demand will subsequently increase on the strength of revitalization of the local economy following redevelopment of the US military facilities sites.

Q2. What is the Current State of U.S. Military Bases?(2/2)

[Overview of U.S. Armed Forces in Okinawa]

No. of Facilities		33
Area		231km^2
No. of Personnel	On Base	35,657
	Off Base	16,435
	Total	52,092

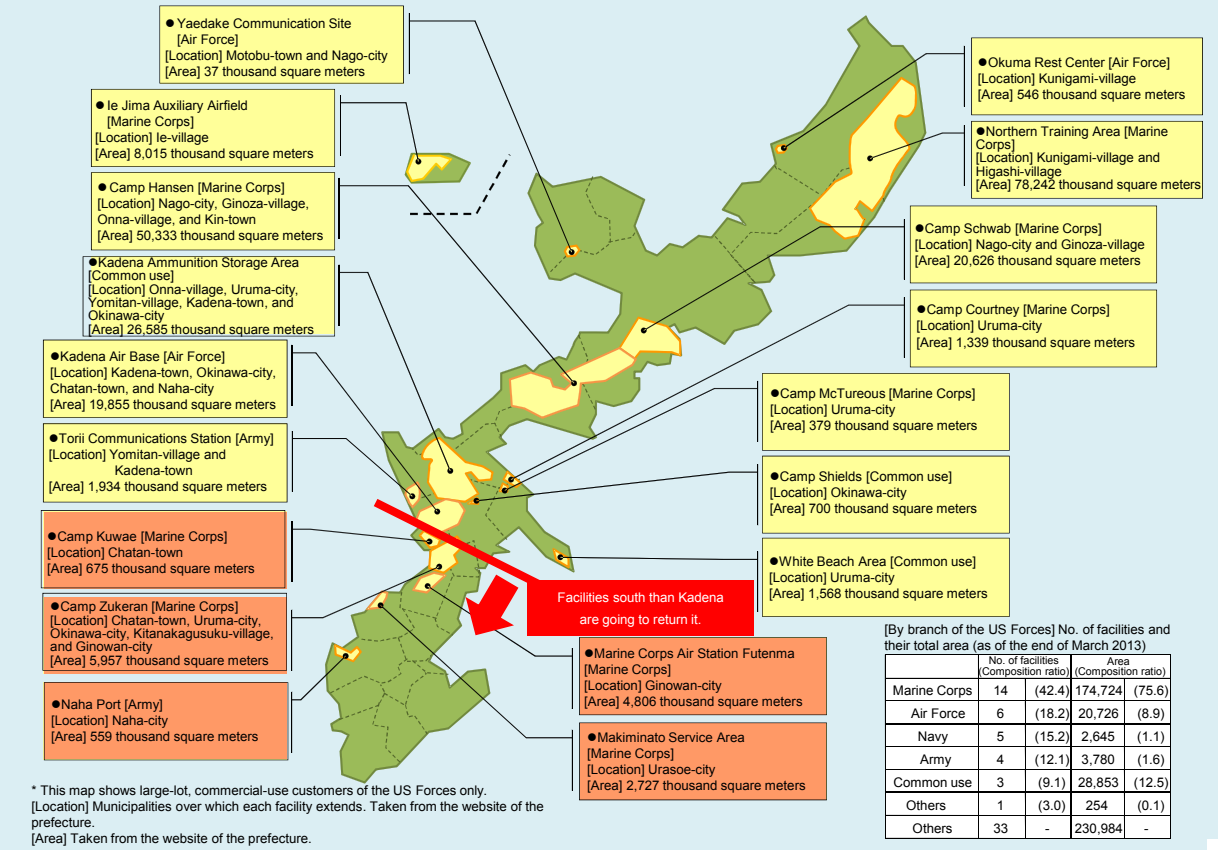
* The figures for No. of facilities and Area are as of the end of March 2014. Those for No. of Personnel are as of the end of March 2013.

<Reference> No. of employees working for the U.S. Armed Forces in Okinawa: 8, 868

* As of the end of March 2014.

Sources: "No. of US Military Personnel in Japan, etc. Living inside/outside of Facilities/Areas by City/Town/Village", Japan Ministry of Defense
"US Forces and SDF Bases in Okinawa March 2014", Military Base Affairs Division, Executive Office of the Governor, Okinawa Prefecture

[Map Showing the Demand of the US Forces Stationed in Okinawa by Facility for FY 2014]



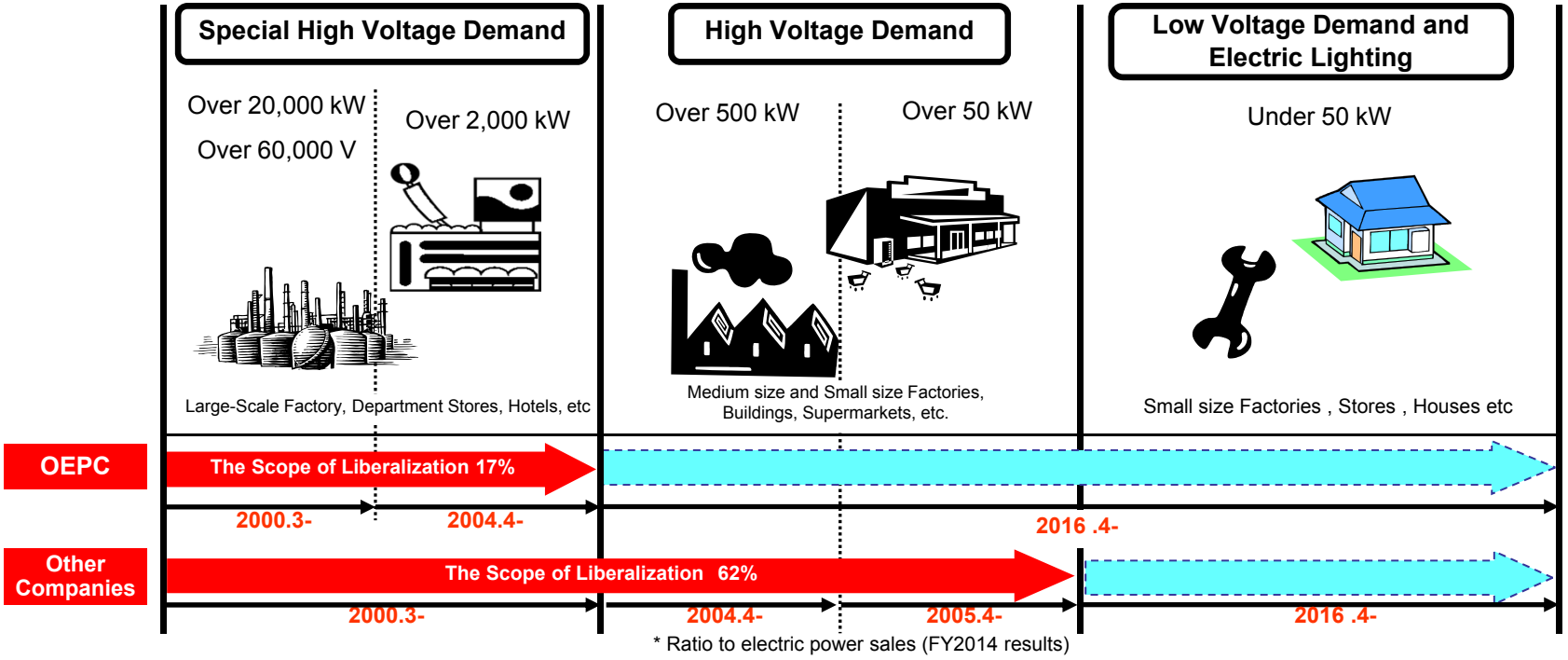
* This map shows large-lot, commercial-use customers of the US Forces only.
[Location] Municipalities over which each facility extends. Taken from the website of the prefecture.
[Area] Taken from the website of the prefecture.

[By branch of the US Forces] No. of facilities and their total area (as of the end of March 2013)

	No. of facilities	(Composition ratio)	Area	(Composition ratio)
Marine Corps	14	(42.4)	174,724	(75.6)
Air Force	6	(18.2)	20,726	(8.9)
Navy	5	(15.2)	2,645	(1.1)
Army	4	(12.1)	3,780	(1.6)
Common use	3	(9.1)	28,853	(12.5)
Others	1	(3.0)	254	(0.1)
Others	33	-	230,984	-

Q3. What are the Effects of Liberalization of Electric Power and What is the Future Forecast for Liberalization?

- While the retail competition has been pursued in four steps in the electricity business system reform, the scope of liberalization of OEPC's electricity retailing has been conducted more carefully compared with that for other electric power companies.
- The Cabinet decided to approve the Bill for the Act for Partial Revision of the Electricity Business Act in November 2013. The Policy also mentions that the reform focusing on these three pillars will be implemented by dividing it into three phases, while thoroughly studying the challenges to be overcome at each phase and taking necessary measures based on the results of the study, so as to advance the reform effectively, targeting the full retail competition in 2016. This act also sets forth that "measures based on the special nature of the electric power business in the Okinawa region" will be implemented for Okinawa. .
- The full retail competition is scheduled to be implemented in all of Japan including Okinawa Prefecture in accordance with the "Act for Partial Revision of the Electricity Business Act, etc." (enacted in June 2014) which related to the second stage of the Electricity System Reform. The Company shall deal appropriately with it as an operator of electric utilities assuming that the expansion of choices shall contribute to the benefit of customers. (Meanwhile, the full retail deregulation is scheduled to be implemented on April 1, 2016.)



Q4. What are the Special Tax Measures?

Currently Applied Special Tax Measures

1. Preferential Measure for Standard Taxable Values Relating to Fixed Property Tax

   Basic Law: Supplementary Provisions of the Local Tax Law (Article 15.5)

   Details: Alleviation to 2/3 of Standard Taxable Values

   Period: April 1, 1982 – March 31, 2020
   (Extended for 5 years from April 1, 2015*)

2. Exemption from the Oil and Coal Tax Relating to Specific Coal, etc. (Coal and LNG) Used for Power Generation in Okinawa

   Basic Law: Special Measures Law for the Promotion of Okinawa (Article 65.2), Special Taxation Measures Law (Article 90.4.3.1)

   Details: (1) Exemption from the Oil and Coal Tax for coal
   (2) Exemption from the Oil and Coal Tax for LNG

   Period: (1) October 1, 2003 – March 31, 2020
   (Extended for 5 years from April 1, 2015*)
   (2) April 1, 2012 – March 31, 2020
   (Extended for 5 years from April 1, 2015*)

* Relevant laws relating to tax reforms in FY 2015, which allow the 5-year extensions of special tax measures, were passed and promulgated on March 31, 2015 and enforced on April 1 of the same year.

Need for Special Treatment

- Special treatment is necessary for industrial development and improving the living standards of people in Okinawa Prefecture given that there has been no changes to the conditions of remote islands such as bearing of deficit arising from structural disadvantage.

Revision of the Act on the Special Measures for the Promotion and Development of Okinawa

- The Act on the Special Measures for the Promotion and Development of Okinawa was revised in March 2012, and the revised law came into effect on April 1, 2012.
- Under the revised law, etc., OEPC receives favorable treatment based on “Preferential Measure for Standard Taxable Values Relating to Fixed Property Tax” and “Exemption from the Oil and Coal Tax Relating to Specific Coal, etc. (Coal and LNG) Used for Power Generation in Okinawa”.

Value of Tax Alleviation Due to the Special Measures

- The value of the alleviation measures in FY2014 was about 3.4 billion yen.
- The value of the alleviation measures for FY2015 is expected to be 3.7 billion yen.

The amount of reduction based on the special measures is being returned to customers through electricity charge.

Q5. What is the Current State of the Promotion of All-Electric Houses?

1. Number of contracts for all-electric houses obtained (in FY 2015 1st Half) ⇒ 1,214 (which brings the total number of all-electric houses to 37,440)

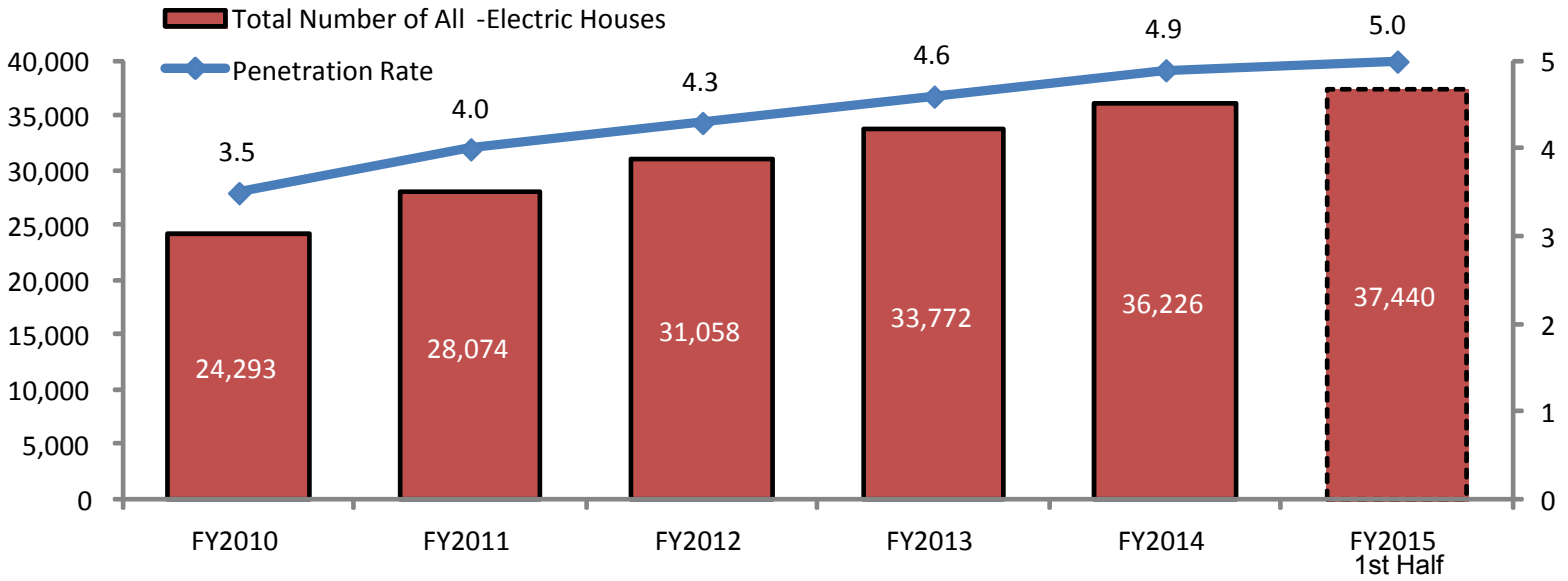
2. Approach for the promotion and growth

   (1) Launching effective promotion activities to facilitate penetration of all electrification housing brand.

   (2) Expanding sales activities in cooperation with sub-users.

   (3) Reinforcing sales to the owners of apartment buildings and in the housing improvement area.

Trends of the Total Number and penetration Rate of All -Electric Houses



Q6. What is the Current State of New Demand Creation through the Promotion of Commercial Electrification Equipment?

1.Acquisition target (from FY2013 to FY2015) : 32 million kWh

2.Electric energy to be acquired (From April 2013 to September 2015) : 72.16 million kWh

* Electrification systems (electric air-conditioning systems including heat storage and electrified kitchens/water heaters for commercial use)

3. Approach for sales promotion

(1) Offering customers comprehensive proposals for electrification (air-conditioning systems, kitchens, and water heaters) appropriate for their power usage.

(2) Promotion of highly efficient heat-pump appliances (i.e. air-conditioning systems and water heaters)

(3) Strengthening of cooperation with sub-users including manufacturers, contractors, design offices, etc.

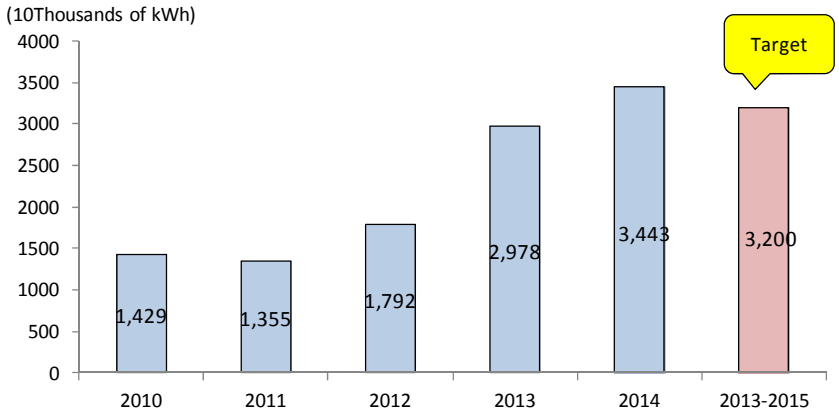
(4) Utilization of public subsidy system, etc.

■ **The electric energy to be acquired in the corporate sector**

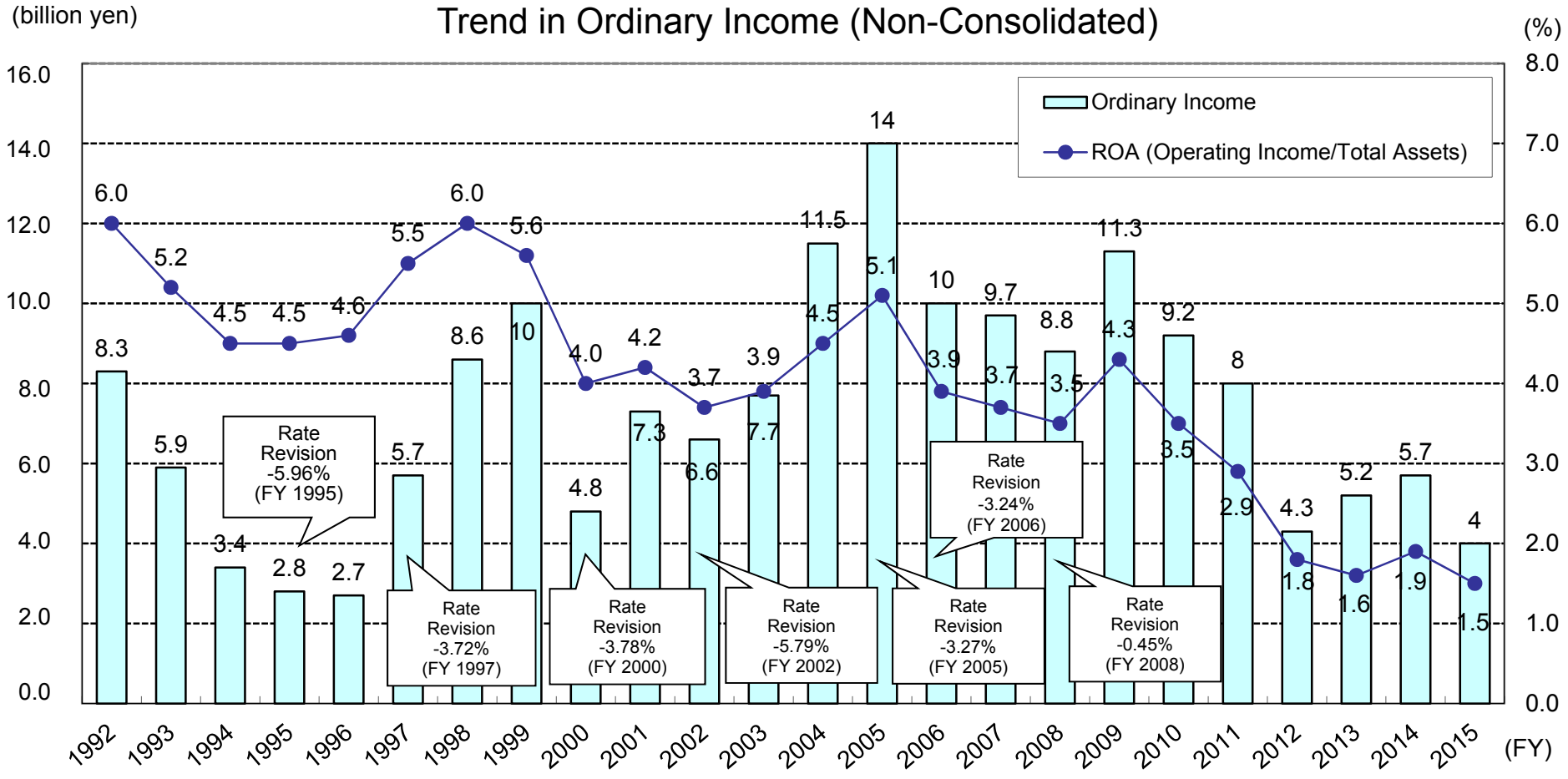
(10Thousands of kWh)

	2010	2011	2012	2013-2015(Target:3,200)		
				2013	2014	2015 1st half
Corporate Sector (Cumulative)	1,429	1,355	1,792	2,978	3,443	795
				(Total) 7,216		

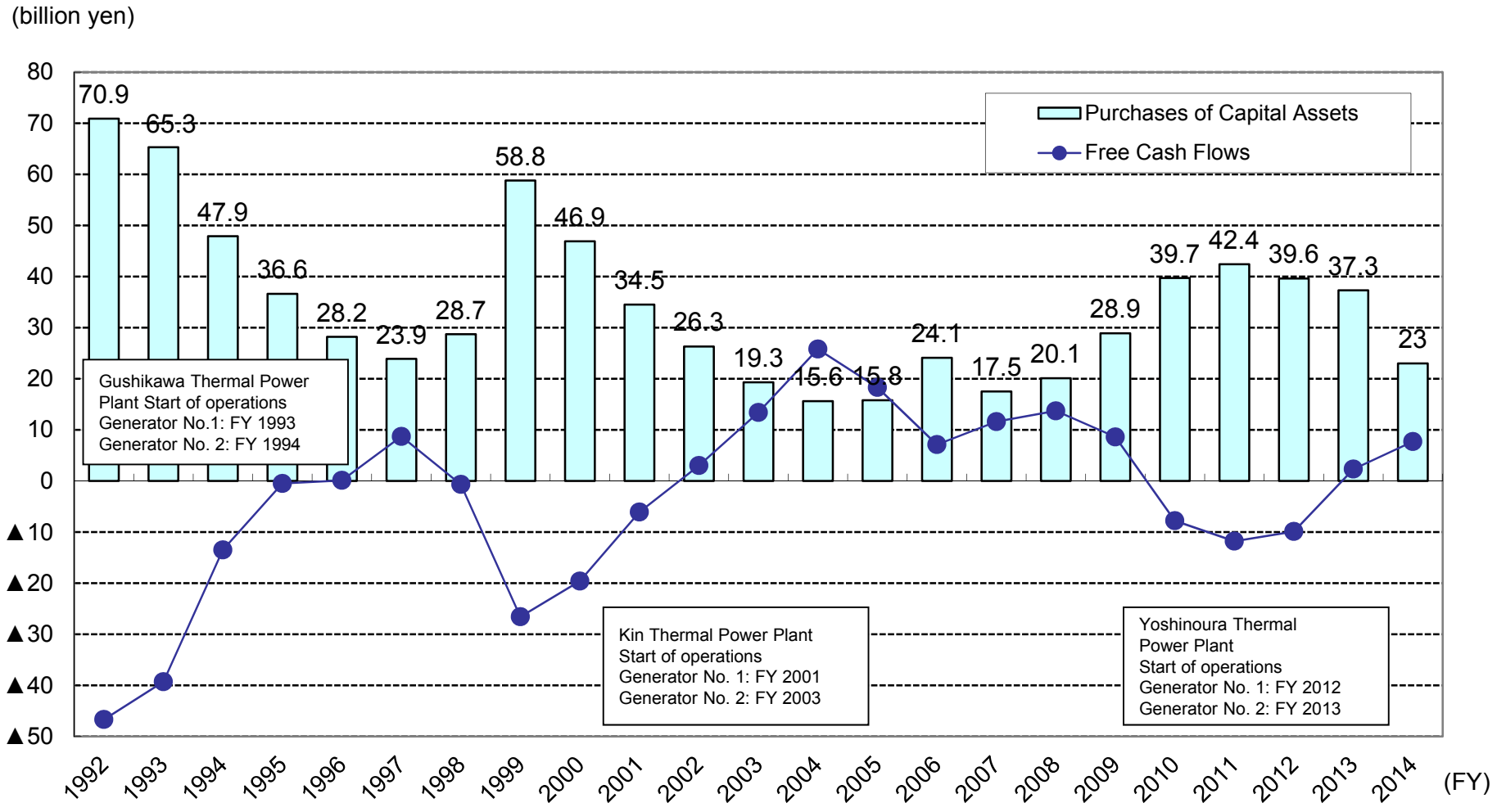
*Sales target (in total of three years from FY2013 to FY2015): 32 million kWh



Q7. What is the Trend of Ordinary Income?



Q8. What are the trends of the Capital Expenditure and Free Cash Flows?



* Based on “Income and Expenditure Statement (Non-consolidated)” on and before 1998, and “Statement of Cash Flow (Consolidated)” on and after 1999, respectively.

Q9. How do Current Electricity Rates Compare to Rates of Other Companies?

While the detailed comparison of electricity rates is not available due to limited amount of disclosed data, the information publicly available on each company's website※ for comparison purposes is as follows.

※ It is based on information as of October 1,2015.

Model Unit Rates for All Companies （As of December 2015）

(Including fuel cost adjustments, equivalents of consumption taxes, Renewable Energy Power Promotion Surcharges)

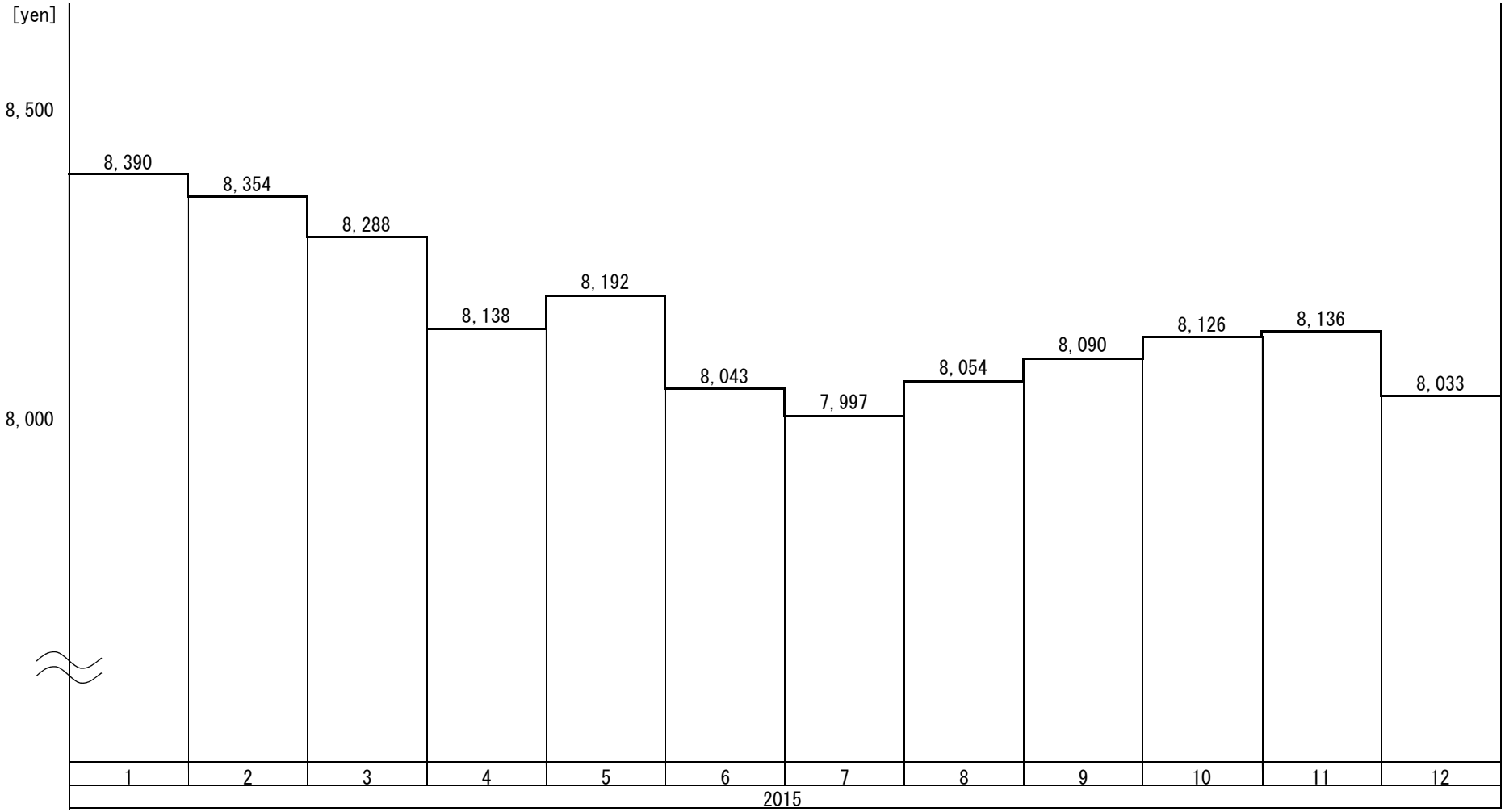
(Unit: yen/kWh)

	OEPC	Co. A	Co. B	Co. C	Co. D	Co. E	Co. F	Co. G	Co. H	Co. I
Metered Residential Model Basic Unit 300	26.78 ⑧	30.76 ⑩	26.32 ⑦	25.92 ⑥	24.67 ③	23.43 ①	26.86 ⑨	25.25 ④	25.28 ⑤	23.88 ②
Commercial Use Electricity (High Voltage) Model Basic Unit 250 (Power Factor 100%)	22.14 ⑦	24.34 ⑩	22.16 ⑧	22.13 ⑥	20.17 ④	17.61 ①	22.71 ⑨	20.08 ③	20.41 ⑤	19.71 ②
High-voltage Power A Model Basic Unit 250 (Power Factor 100%)	19.87 ⑤	23.22 ⑩	20.57 ⑧	20.52 ⑦	19.66 ④	16.92 ①	21.89 ⑨	18.91 ②	20.51 ⑥	19.22 ③

Note: Circled numbers indicate price level rankings (larger numbers indicate more expensive rates).

Q10. Recent changes in standard household electricity charges

○ **Recent changes in standard household electricity charges**

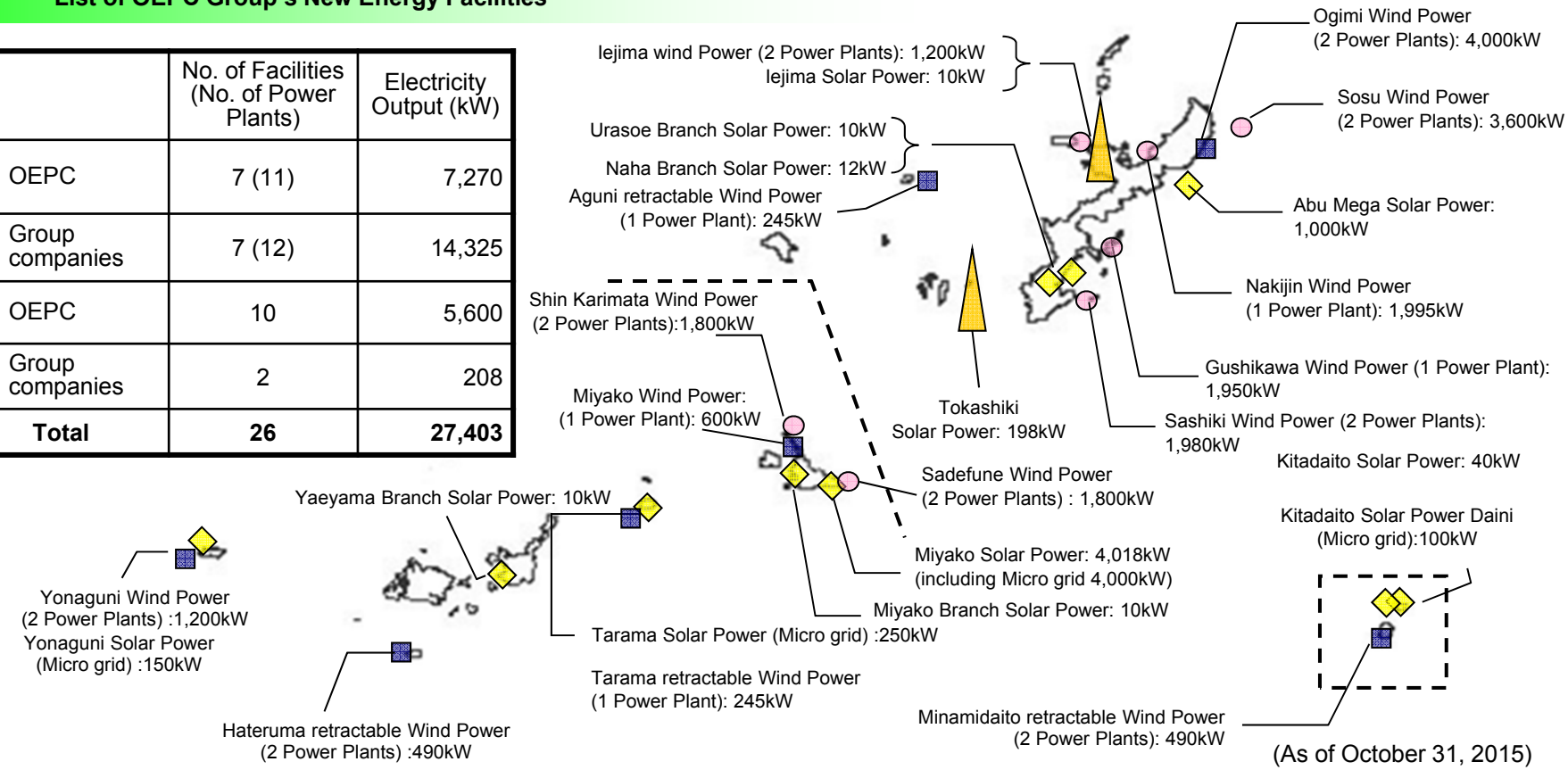


* Power usage is 300kWh/Month.
* Renewable energy power promotion surcharge and PV surcharge is included in electricity charges.

Q11. What is the Status of Wind and Solar Power Electricity Generation Facilities?

List of OEPC Group's New Energy Facilities

		No. of Facilities (No. of Power Plants)	Electricity Output (kW)
Wind Power	OEPC	7 (11)	7,270
	Group companies	7 (12)	14,325
Solar Power	OEPC	10	5,600
	Group companies	2	208
	Total	**26**	**27,403**



- OEPC Group has new energy facilities with total output of 27,403kW (wind power: 21,595 kW, solar power: 5,808 kW(As of October 31, 2015)
- As an introduction plan for future facilities, a retractable wind power generation facilities (the second unit) will be introduced in Tarama (Power generation output: 245kW, the scheduled launching of operations in FY2015)

Q12. What is a retractable wind power generator? (1/2)

■ Overview of retractable wind power generators

Installation location, the number of facilities, operation start	Hateruma Island 2 Plants(December 2009) Minamidaito Island 2 Plants(February 2011) Aguni Island 1 Plant(June 2014) Tarama Island 2 Plants (The first unit started in October 2015,the second unit is scheduled starting in FY2015)
Major parts/Manufacturers/Countries of manufacture	Turbine blades and nacelles/Vergnet/France Turbine towers/Progressive Energy Corp./Japan
Rated power output	245kW
Wind speed for power rating/start-up/stoppage	13m/s (Aguni Island 13.5m/s), 4m/s, 20m/s
Number of blades	Two
Diameter of blades	32m (Aguni Island 30m)
Height of hub	38m

■ Characteristics and advantages

- Wind power generators can be folded nearly 90 degrees so that damages by strong winds from typhoons can be avoided by retracting them.
- Wind power generators do not need large-size cranes to construct and can be constructed on hilly areas.
- Wind power generators are retractable so that maintenance work can be carried out on the ground.
- Wind power generators are supported by wires.

Q12. What is a retractable wind power generator? (2/2)

■ Business Overseas Expansion of Retractable Wind Power Generation by OEPC Group Companies

- Our subsidiary Progressive Energy Corporation (PEC) carried out construction work of the retractable wind power generation facilities that OEPC introduced and is responsible for their maintenance after operations started.
- PEC strives to spread retractable wind power generation facilities to Pacific island countries, taking advantage of the knowledge of and experience in the facilities that the company has accumulated.

■ Purposes

International Contributions

- Many of the Pacific island countries face the urgent need to protect themselves from damages caused by cyclones. Retractable wind power generation facilities are characterized by being less susceptible to typhoons and other natural disasters.
- Also, as these countries need to solve their dependence on fossil fuels for energy, they highly expect the benefits of natural energy generation.

Contributions to Promoting Regional Economy

- By manufacturing part of retractable wind power generation facilities in Okinawa Prefecture, it can be envisaged that OEPC will contribute to promoting the regional economy.

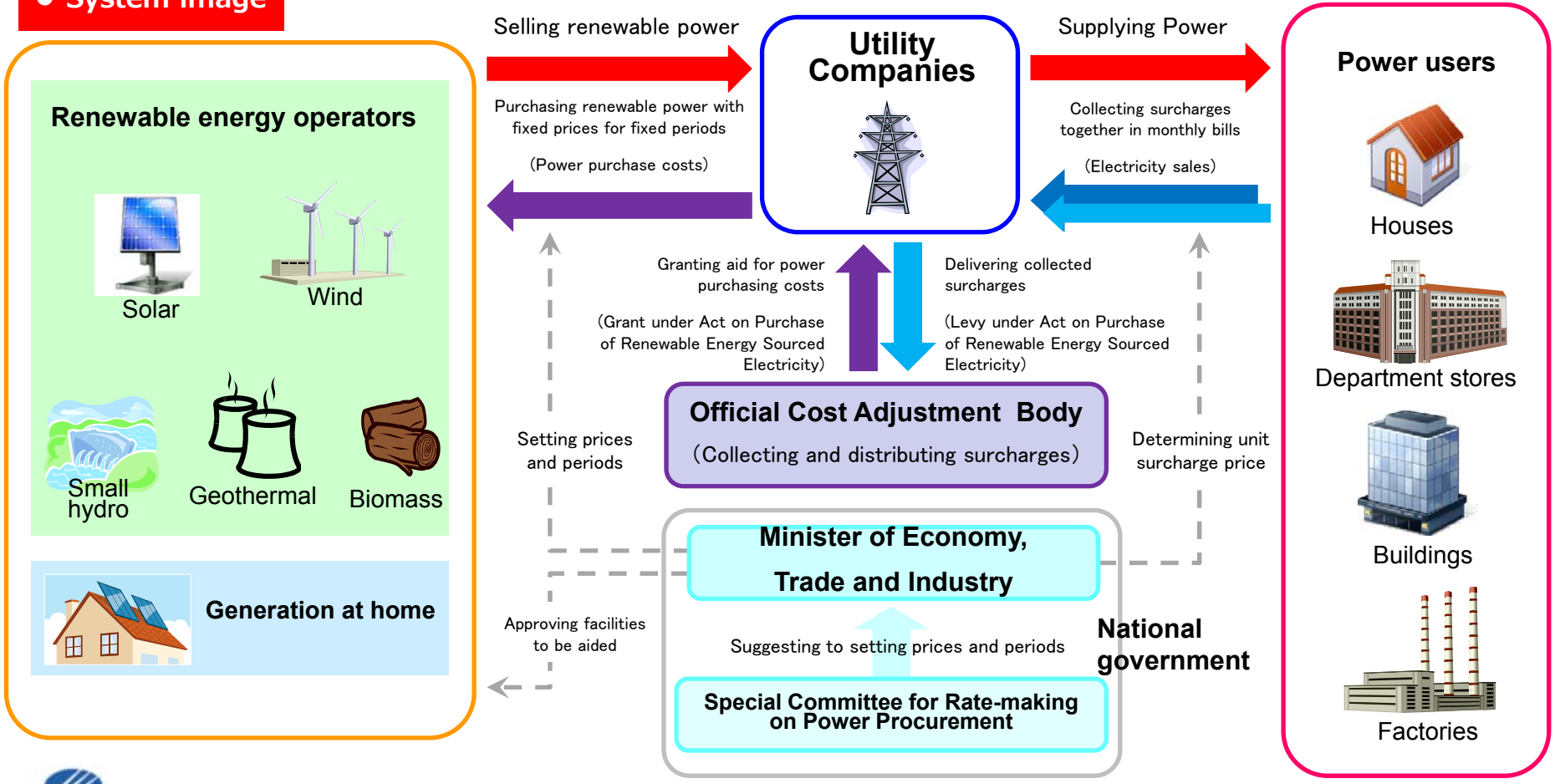
■ Concrete Efforts

- In August 2014, PEC became the first company in Okinawa to be selected as a business of “Private Technology Promotion for Social and Economic Development in Emerging Countries,” which is a part of the overseas support projects, conducted by Japan International Cooperation Agency (JICA).
  [Period: From August 2014 to August 2015]
- For demonstrating the advantages of the retractable wind power generation facilities to recommend for Kingdom of Tonga to build them through this consignment business, PEC has carried out proposing activities in the country, site visits of the retractable wind power generation facilities by the country’s VIPs, training programs for maintenance of facilities by experts, etc.

Q13. What is the feed-in tariff system of renewable energies?

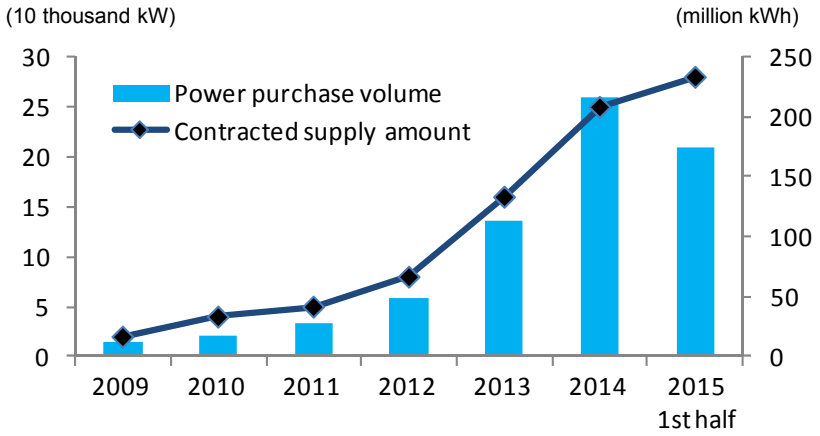
- The feed-in tariff system of renewable energies was enforced in July 2012
- In this scheme, electric utilities are obliged to purchase electricity generated from renewable energy sources at a fixed price for a specified period set by the government, and purchase cost of electricity will be paid by electricity customers as surcharge together with electricity charge.

● System image



Q14. What is the Current Progress of Solar Power Generation?

[Purchase of solar power]



		2009	2010	2011	2012	2013	2014	2015 1st half
No. of purchases (Thousand cases)	Main Island	5.5	7.5	10.2	13.4	18.8	22.1	23.0
	Remote Islands	0.2	0.4	0.8	1.4	2.1	2.5	2.5
	Total	5.8	7.9	11.0	14.8	20.9	24.6	25.6
Contracted supply amount (10 Thousand kW)	Main Island	2.3	3.3	4.8	6.8	14.3	21.5	24.8
	Remote Islands	α	0.2	0.5	0.9	2.0	3.1	3.4
	Total	2.4	3.5	5.3	7.7	16.2	24.6	28.2
Power purchase volume (Million kWh)	Main Island	12.2	16.4	25.6	43.2	99.4	188.9	152.9
	Remote Islands	0.4	1.1	2.2	5.8	14.3	28.2	22.3
	Total	12.6	17.5	27.8	49.0	113.7	217.1	175.2

* As each unit is rounded off to the second decimal place, the total amount does not exactly agree to the sum of each amount.

* The “Feed-in Tariff System for Renewable Energy” started in July 2012.

- Since the system in the main island of Okinawa is small and independent, the limit of connection volume is likely to occur when using renewable energy. For dealing with such situation, in accordance with the “Ordinance for Enforcement of the Special Measures for the Procurement of Renewable Energy Electricity by Operators of Electric Utilities” which was revised and became effective on January 26, 2015, in the case where the output control system using communication technology shall become feasible, each connectable volume for the solar power generation facilities with the capacity of more than 10kW whose applications for connection were made between January 26, 2015 and March 31, 2015 and all the solar power generation facilities including those with the capacity of less than 10kW whose applications for connection were made after April 1, 2015 is estimated as 495MW (due to the restriction of lowering cost of generators) on the condition that they shall perform the output control up to 360 hours a year with no compensation.
- As for the possible volume of interconnection on remote islands, we have announced the connection volume as of the end of each month at our website.
- On the condition that stable supply is ensured, OEPC will keep on working for interconnection and further expansion of renewable energy.

Q15. What are the CO_2 Emission Volumes by Fuel Type?

LNG (Liquefied Natural Gas) produces less carbon dioxide, a major cause of global warming, than coal or oil.

Chart: Comparison of CO_2 Emission Volumes by Fuel Type

Fuel Type	CO_2 Emission *1 Volume Per Unit Heat Value [g-CO_2/MJ]	vs. Coal	vs. Oil	CO_2 Emission *2 Volume Per kWh [kg-CO_2/kWh]	vs. Coal	vs. Oil
Coal	90.6	1.00	1.27	0.84	1.00	1.20
Oill *3	71.5	0.79	1.00	0.70	0.83	1.00
LNG	49.5	0.55	0.69	0.39	0.46	0.56

*1 The values from the Law Concerning the Promotion of the Measures to Cope with Global Warming were used as the CO_2 emission factors to calculate g-CO_2/MJ.

*2 Thermal Efficiency at Generation End are calculated based on OEPC's own data.

*3 Oil comparisons were based on type C heavy oil.

Q16. What is the Current State of the Disaster Prevention Measures?

We have been removing the causes of disasters and improving disaster resistant environment on a daily basis in order to protect our power facilities from disasters and recover from damage in a timely manner.

In addition, we are proceeding with practical and organizational reevaluation in order to make disaster recovery complete assuming various situations as well as to aim at reviewing disaster contingency planning related to our facilities, etc. against large-scale disasters.

(1) Setting up of the Emergency Response Inspection Committee

In March 2011, the Company set up the “Emergency Response Inspection Committee” chaired by the President. A working group was set up as a subordinate organization, comprising representatives of each business department. We have had twenty-two committee meetings so far to verify disaster countermeasures and recovery scenarios, as well as administrative support, for electric power systems from the viewpoint of business continuity, and we are implementing necessary measures.

(2) Countermeasures against typhoons

Following the occurrence of a large-scale, long-lasting blackout caused by the season’s 17th typhoon in 2012, we set up the Panel for Early Elimination of Obstacles to Electricity Supply caused by Typhoons under the Emergency Response Inspection Committee, and put together countermeasures.

Key measures to be taken against typhoons are as follows:

- In order to address the damages caused by flying debris to utility poles and electric power lines or the contact of trees to electric power lines which have become major causes of blackout, the Company will promote the expansion of the “Handy remote controlled time limiting switches” for minimizing the areas affected by power cuts when a typhoon strikes . With this view, as have already been done, the Company will carry out a variety of measures such as the reinforcement of its electric power lines by replacing its existing network with “anti-wear cables”, “low wind pressure electric wires”, and “high pressure reduction cables” as well as the reinforcement of its utility poles for preventing any cascading collapses by installing auxiliary poles and support power lines furthermore along with a distribution automated system.
- We will also conduct a study toward improving the method of facility inspection to identify the causes of blackouts for early recovery after typhoons are gone, and strengthen efforts to reduce flying objects and cut trees in cooperation with local governments, etc.

(3) Reflection in the comprehensive disaster-preparedness drill of FY2015

In addition to the field trainings which have ever been conducted and the trainings which reflect in the results of investigations performed by the Emergency Response Inspection Committee, the Company have continued carrying out the trainings in consideration of various situations.

(4) Future schedule

Based on the latest hazard map of Okinawa Prefecture, we will review existing disaster countermeasures and confirm how we should proceed hereafter, taking appropriate actions successively.

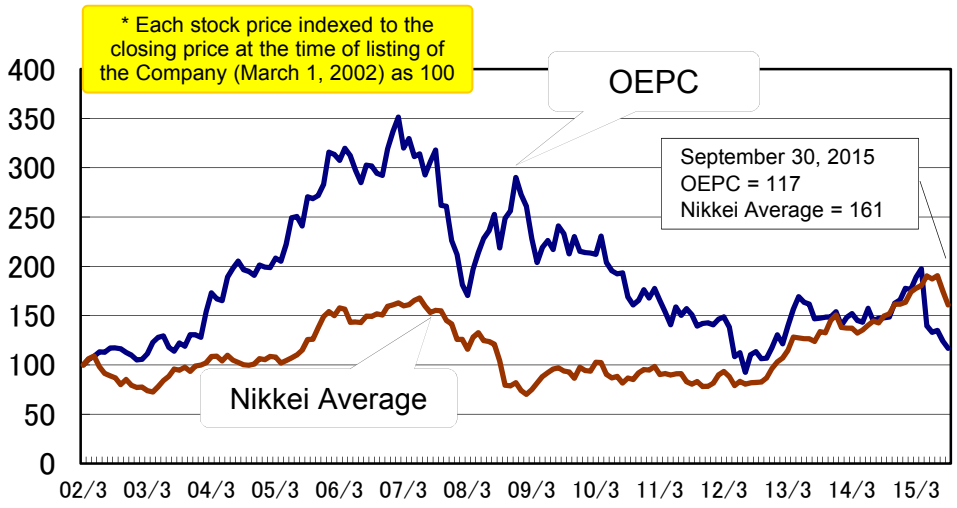
Reference: Change in Okinawa Electric Power's Stock Price

Recent stock price changes (on the closing price basis) : From January 5, 2015 to September 30, 2015

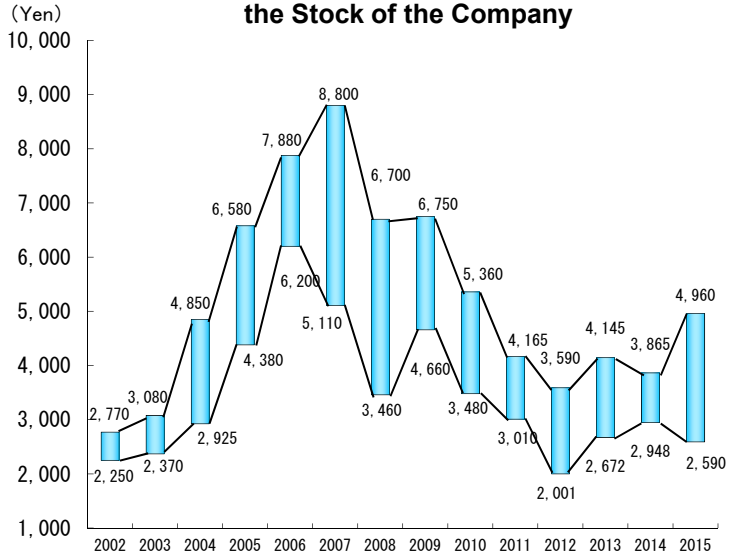
	The stock price of OEPC	Nikkei Average
Stock price as of January 5, 2015	**2,526 yen**	**17,409 yen**
All-time high	**3,405 yen** (+34.8%) as of June 2, 2015	**20,842 yen** (+19.7%) as of July 21, 2015
All-time low	**2,450 yen** (-3.0%) as of January 6, 2015	**16,796 yen** (-3.5%) as of January 14, 2015
Stock price as of September 30, 2015	**2,687 yen** (+6.4%)	**17,388 yen** (-0.1%)

(Note) The Company implemented a stock split of 1 to 1.5 effective June 1, 2015 and its stock price prior to May 31 has been adjusted accordingly.
Figures in bracket indicate percentage change in the stock price from its closing price on January 15, 2015.

Changes in the Stock Price of the Company and the Nikkei Stock Average (month-end closing price)



Changes in the Highest and Lowest Prices of the Stock of the Company



(Note) The stock split was implemented three times in the indicated period (in May 2005, April 2007 and June 2015), but no adjustment has been made on the chart as above.

Reference: Earnings Per Share and Payout Ratio

Earnings per Share and Payout Ratio (Non-consolidated)

FY		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Income	Million yen	9,163	6,398	6,590	3,635	7,293	6,872	5,050	3,098	3,917	3,960
Earnings per Share	yen	571.05	402.25	376.84	207.89	417.26	393.36	289.08	177.35	224.21	226.72
Dividend per Share	yen	60	60	60	60	60	60	60	60	60	60
Payout Ratio	%	10.5	14.9	15.9	28.9	14.4	15.3	20.8	33.8	26.8	26.5
Dividend Yield	%	0.85	0.82	1.53	1.15	1.23	1.58	1.75	1.87	1.72	1.38
Price Book-value Ratio	×	1.19	1.18	0.66	0.87	0.76	0.56	0.49	0.45	0.48	0.57
Price Earning Ratio	×	12.4	18.3	10.4	25.2	11.7	9.7	11.8	18.1	15.6	19.2

* Net Income and EPS is on a non-consolidated basis

Date	Issued number of shares of common stock	
1992.02.10	14,728,132	Listed
1995.11.20	14,875,413	Split 1:1.01
1999.05.25	15,172,921	Split 1:1.02
2005.05.20	15,931,567	Split 1:1.05
2007.04.01	17,524,723	Split 1:1.10
2015.06.01	26,287,084	Split 1:1.50

Reference

- http://www.okiden.co.jp/english/index.html (The Okinawa Electric Power Company Incorporated)
- http://www.pref.okinawa.jp/english/index.html (Okinawa Prefecture)
- http://www.fepc.or.jp/english/index.html (The Federation of Electric Power Companies of Japan)
- http://criepi.denken.or.jp/en/ (Central Research Institute of Electric Power Industry)

This document includes statements concerning future results. Such statements are based on calculations and predictions and are neither definite nor guaranteed. Please be aware that future results may change in accordance with changes in assumptions related to the management environment and the like.

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