

Action Plan to promote reform: actions by WG (related to the cost reduction)

	measures	FY 2011					FY 2012				FY 2013		FY2014	target (Billion JPY)		result (2011)					
		NOV	DEC	JAN	FEB	MAR	1Q	2Q	3Q	4Q	1st half	2nd half	~	10 years	2011	result	status				
		<div style="display: flex; justify-content: space-between; font-size: small;"> → Developing actual action plans → preparing → implementation → Implementing actions </div>																			
Procurement Reform WG	Facility/Service procurement expense	Revision/cancellation of capital investment and inspection construction work ¹⁾ (B)	★ already determined/implemented																		
		Transaction with subsidiaries: increase the competitive order (B)	★ Develop new business partner, Price benchmarking based on market price																		
		Revision of transaction mechanism with third party and order mechanism (B)	Negotiation based on market price, revision of order																		
			Investigation of current status of agency work, identify unnecessary agent																		
			Preparation for separated order, identify contracts to be revised																		
			Increase new entrants by introducing better transaction conditions																		
		Transaction with subsidiaries: efficiency improvement of construction work (B)	Increase revision																		
			Select effective order mechanism																		
		Standardization of facility spec (C)	Preparation of test introduction, test introduction, effect measurement																		
			Reflection on the contracts																		
Revision of design in the plant construction (B)	Test introduction, effect measurement																				
	Develop the plan to improve overall efficiency in each work																				
Standardization of design/spec across the power companies (C)	Consider spec and process (smart meter)																				
	Change to the design/spec which induces competition																				
Power/Fuel Procurement expense	Price reduction in short term (B)	Select potential contractors																			
		Adjust design/spec																			
Other expense	Reduction of not urgent expense (B)	Consider facilities to be revised																			
		Initial hearing with other companies																			
Personal Expense Reduction WG	Reduction of salary/bonus	Price negotiation	Sign revised contract																		
		★ already determined/implemented																			
		Review contents of contracts to be revised	Set the revision policy																		
		Grasp current status, consider other measures	Consider negotiation leverage against suppliers																		
		Develop action plan																			
		★ already determined/implemented																			
		Review contents of service contracts	Revise contracts																		
		Sign revised contracts																			
		Identify the rent contracts to be reduced	Discussion with related dept and set the floor plan																		
		relocation																			
Personal Expense Reduction WG	Reduction of personnel (B,C)	★ already determined/implemented																			
		Discussion and settlement with labor union																			
		Detailed design	Explanation to beneficiaries (OB), individual consultation, discussion and settlement with labor union																		
		Salary/bonus reduction (A)																			
		Detailed system design																			
Personal Expense Reduction WG	Reduction of personnel (B,C)	discussion and settlement with labor union																			
		discussion and settlement with labor union																			
		Business reduction, efficiency improvement, suspension of new hiring, consideration of early retirement/ reduction timing, discussion and settlement with labor union																			
Total													2,648.8	237.4							

1: breakdown of measures: depreciation reduction from reduction of capital investment, revision of investment in T&D, increase of direct work in T&D facility inspection, other measures to reduce expenses
 2: breakdown of measures: suspension of contribution, reduction of welfare facilities, reduction of R&D, suspension of theme based development, reduction of training, suspension of system charge, reduction of supplies expense to the minimum level, other measures to reduce expenses.

Categories of measures
 A: immediate implementation after reviewing the action plan and establishing the implementation scheme involving the Corporation
 B: immediate implementation after establishing the action plan within NOV and the implementation scheme involving the Corporation
 C: setting the target date and process within NOV to achieve conclusion after establishing the discussion scheme involving the Corporation

Action Plan to promote reform: actions by WG (other than the cost reduction)

Measures		FY 2011					FY2012				FY 2013		FY 2014	Target (billion JPY)		Result (2011)	
		NOV	DEC	JAN	FEB	MAR	1Q	2Q	3Q	4Q	1st half	2nd half	~	10 years	2011	result	status
Facility Efficiency Improvement WG	Develop/implement peak management plan	Develop/implement peak management plan in liberalized market (additional)	Consider to increase demand response contract			Discussion with customers/sing the contracts		Evaluation, implementation of demand response contract									
		Develop/implement peak management plan in regulated market (additional)	Marketing activities to improve load factor for peak management, promoting load factor improvement movement in cooperation with third party									Introduction of smart meter Evaluation of peak management					
	Revision of Capital Investment plan	Revision of power development plan (utilization of third party's power source) (B)	Develop power development plan/policy with the basis of utilizing third party's power source (basic investigation, evaluation of operability/economic efficiency of such sources)			Preparation/implementation of bid for utilizing third party's power source (evaluation and revision of plan)											
		Revision of T&D development plan (revision of trunk transmission plan) (B)	Technical review based on the power development plan, evaluation of economic efficiency, set the policy/plan			Implementation of measures for facilities for facilities (evaluation and revision of plan)											
		Consider sales of existing power plants (C)	Consider technical/ legal issues for sales, evaluation of economic efficiency, determine policy			(Implementation of sales process based on the policy)											
Subsidiary WG	Sales of subsidiaries (A)	Implementation of sales process											130.1	32.8			
	Reconsider the sales of subsidiaries once determined not to be sold (C)	Consider the possibility of business continuation															
	Consolidation among subsidiaries (C)	Develop consolidation vision, determine policy and basic design, implement considation															
	Cost reduction in subsidiaries (B)	Detailed numeric plan		Develop actual plan for cost recution		Preparation of cost reduction measures		Implement cost reduction measures									
Real Property/ Securities WG	Sales of real properties (A)	Implementation of sales process											247.2	15.2			
	Sales of securities (A)	Implementation of sales process (listed securities to be sold by Dec 2011.)											330.1	300.4			
Finance/Cash Management WG	Grasp the financial/cash condition (A)	Periodic monitoring (three times / month)															
Compensation Monitoring WG	Monitoring of compensation payout	Periodic monitoring (once / month, to be revised as necessary)															
	Monitoring "five promises"	Periodic monitoring (twice / month)			Periodic monitoring (to be revised as necessary)												