

Outline of FY2014 TEPCO Group Action Plan

Announced on March 31, 2014

The FY2014 TEPCO Group Action Plan (Action Plan) is a report of activities that are to be intensively implemented during the three years from FY2014 to FY2016, aiming at the steady achievement of the targets declared in the "New Comprehensive Special Business Plan".

The TEPCO Group will establish a management platform to fulfill its long term responsibilities via the realization of the Action Plan, and through the efforts of a Group-wide operation, fulfill all its responsibilities to the people of Fukushima.

The Action plan has been formulated based on evaluation items and criteria set forth in the content of "evaluation of management regarding responsibility and competition," previously disclosed by the Fund. TEPCO recognizes that the Company's ability to reclaim autonomous management system is dependent on the performance of the Company in terms of meeting these evaluation criteria.

TEPCO Group Commitment

1. Targets relating to responsibility

Target 1 Smooth and prompt provision of compensation

TEPCO will, with all speed, provide every last person with appropriate compensation so that victims can rehabilitate their livelihoods at the earliest possible date.

Target 2 Acceleration of Fukushima revitalization

As well as making every effort to provide compensation, TEPCO will also continue to work closely with the government to progress the reconstruction of Fukushima's lifestyle and industrial infrastructure so that the revitalization of Fukushima is achieved as quickly as possible.

Target 3 Promotion of steady decommissioning

TEPCO will implement long-term decommissioning work in safely and steadily manner as the entity executing decommissioning, and bring early resolution to the issue of contaminated water and tanks, which are causing social anxiety.

Target 4 Comprehensive nuclear power safety

TEPCO will strengthen the safety improvement measures for power stations, including strategies to counter severe accidents, and use the lessons learned from the accident to set in place overlapping and comprehensive functionality in each level of our defense in depth.

Target 5 Stable power supply

TEPCO will provide a stable supply of electricity while also addressing the issues of safety and disaster prevention. We will also actively introduce new technologies to promote energy efficiency and peak cut as well as dealing with the increase of renewable energy.

2. Targets relating to competition

Target 6 Enhanced business competitiveness

TEPCO will provide a stable supply of low-cost electricity even in the face of competition. In order to maintain a firm business foundation in the face of new competition, we will also abandon the comprehensive cost method and drastically enhance our business competitiveness.

Target 7 Business expansion beyond regions or industry types

To maintain and boost profitability in the face of new competition, TEPCO will discard its regionally monopolistic approach and start up fully fledged electricity businesses in other regions. We will also make positive inroads into businesses other than power supply, such as the gas related business.

Target 8 Autonomous funding procurement

To cover the costs of the large-scale infrastructure investment needed for business expansion, TEPCO aims to quickly procure self-sustaining funding by boosting its equity capital and assuring stable profits.

Target 9 Assurance of transparency and objectivity in management

TEPCO will actively present details of its business activities and dealings to its various stakeholders, including the public, residents of disaster-affected regions, and the government, to gain their understanding.

Efforts Towards Fukushima Revitalization

- TEPCO will stand shoulder to shoulder with the people forced to leave their homes and with people looking to restart their businesses and will ensure that every last person is compensated so that they can begin new lives and business activities at the earliest possible opportunity.
- We will provide intensive introductions of human and technological resources to facilitate early repatriation and will rebuild a living environment in which people can live with peace of mind, free from concerns regarding radioactive materials.
- We will work positively to inject our own resources (personnel, technology and funding) with the aim of creating employment opportunities and building the industrial infrastructure that will form the core of the revitalization of Fukushima.
- We will reinforce the functions of the Fukushima Revitalization Headquarters with regard to compensation, decontamination and the promotion of revitalization as well as cooperation with national and local governments.

Targets

1. Provision of compensation to people forced to evacuate

- Follow-up for non-claimants and a 100% take-up rate for compensation of individuals

2. Accelerated decontamination, the introduction of a total of 400,000 people over 3 years to revitalize the living environment, and 100% response to demands from national and local governments

- Response rate to demands from national and local governments regarding decontamination and revitalization: 100%

3. Creation of lifestyle and industrial infrastructure by coordinating with national and local government revitalization plans

- The proposal and implementation of specific measures for restoring commercial zones and creating the employment indicated in the revitalization plans (proposal content achievement rate: 100%)

Decommissioning of the Fukushima Daiichi Nuclear Power Station

- Overhauling emergency response actions, implemented amidst time and workplace environmental constraints after the accident, and establishing permanent and sustainable facilities and their administration system that cater to long-term decommissioning work
- Continuously improving the mid- and long-term roadmap for decommissioning by incorporating domestic and international knowledge to promote the development of required technologies, and integrating them into on-site work

Targets

1. Ensuring the implementation of contaminated water countermeasures

- Preventing the leakage of contaminated water into the sea
- Ensuring the management and risk reduction of retained contaminated water
- Preventing the increase of contaminated water from the inflow of groundwater

2. Amassing domestic and international knowledge for steady promotion of decommissioning

- Ensuring the removal of fuel from the spent fuel pools (Units 3 and 4)
- Establishing an international platform*¹ for exploring various scenarios to define a specific scenario for debris*² and fuel removal

3. Building a foundation toward 40-year decommissioning work

- Shifting from makeshift facilities to the installation and administration of more permanent facilities, fostering and securing human resources for decommissioning, and improving the on-site work environment

*1 International platform: A network aimed at facilitating the research and development of decommissioning and nuclear safety technologies, with international organizations, domestic and overseas corporations, research institutions, universities and municipalities providing assistance with R&D initiatives

*2 Debris: Nuclear fuel that had melted due to the loss of reactor coolant, fused with internal components of the reactor structure and then solidified

Nuclear Power Safety

- Given the summation that "the cause of the accident at the Fukushima Daiichi Nuclear Power Station cannot be simply be swept aside as a natural disaster. TEPCO was unable to avoid an accident that should have been avoided through advance preparations making every use of the human intellect," TEPCO will promote the "Nuclear Safety Reform Plan" formulated with the determination embodied in the statement: "strongly motivated by the lessons learned from the Fukushima Daiichi nuclear accident, we will continue our efforts to enhance safety awareness towards achieving the highest level of nuclear safety as we advance nuclear safety reforms."
- We will also continue to implement improvements based on guidance provided by internal and external monitoring and evaluation organizations and will work to accelerate reform and imbue our organization with a culture of safety.

Targets

1. Achieving the world's highest level of safety awareness, technological capacity and interactivity

- Raising quality and safety to the world's highest level in the global standard for safety indicators*

2. Renewed trust in the nuclear power industry

- Operational reforms and completed safety improvement measures (short-term measures) in all units at Kashiwazaki-Kariwa Nuclear Power Station
- Assessments by the local region and community

*Global standard for safety indicators: Plant operation indicators for safety and reliability by World Association of Nuclear Operators (WANO)

Corporate Divisional Strategy

- TEPCO will formulate a company-wide rationalization, investment and financial strategy to ensure that resources are distributed appropriately within the group and will also comprehensively monitor the implementation of the strategy and undertake risk management.
- TEPCO will introduce an holding company system with the aim of building a world-class business management system, by April 2016.
- To rebuild trust in the TEPCO Group, each division, company and group enterprise will adopt a unified approach to safety assurance, legal compliance, information release and consideration for the environment.
- We will foster a climate in which employees engage in open dialog that extends beyond their positions or workplaces, as they should in a company where they can work with pride and energy, and this will assist in driving corporate reform.

Targets

1. Enhancement of the management platform to fulfill our responsibilities arising from the Fukushima nuclear accident

- Ensuring an ordinary profit in the region of 130 billion yen

2. Restoration of commercially based funding and financial reform that positions TEPCO as a utility* on the global level

- The acquisition of ratings and improvements in financial indicators that will allow a return to the bond market and thereby lead to a resumption of funding

3. The building of transparent and practical business management structure incorporating governance that will enable risk management and the optimal distribution of company-wide resources (personnel and capital)

- The smooth introduction of an holding company system that achieves both "responsibility and competitiveness"
- The assurance of a structure in which the group companies work together to respond to disasters smoothly and with certainty.

* Utilities: Public agencies that provide electricity, gas, water supply, etc.

Fuel & Power Company Growth Strategy

- As well as delivering a stable supply of low-cost electricity and fuel to customers, TEPCO is creating assets to use in the revitalization of Fukushima.
- By maximizing our utilization of comprehensive business alliances throughout the entire supply chain and implementing strategic fuel cost reductions, we are transforming ourselves into an energy business that is spreading its dynamism around the globe.

Targets

1. Establishing and utilizing a comprehensive business alliance business entities

- Establishment of business entities: FY2014
- Commencement of joint procurement: FY2015
- Upstream fuel businesses: 1 project in FY2015 and another in FY2016 will be decided
- Replacement of aged thermal power plants: Sequential tendering through an invitation for bids using a customer service company in FY2014

2. Creation of competitive assets by strategically reducing fuel costs and increasing earning capacity

- Added competitive assets (cost reductions + increased profits): 60 billion yen

3. Increased profit by expanding the scope for business at the supply chain periphery

- Peripheral business profit: 20 billion yen

Power Grid Company Neutrality and Investment Strategy

- Once the reliability of power supply is assured, TEPCO will implement comprehensive cost reductions keeping in mind a low wheeling rate on a par with international levels, and will also optimize efficiency in the electricity transmission and distribution network operation.
- We will significantly improve the convenience of network use while also increasing the neutrality, fairness and transparency of business management.
- As well as helping to improve the capacity of Japanese industry to compete, this will continually generate resources for the revitalization of Fukushima.

Targets

1. Reducing energy wheeling costs while also providing stable supply

- TEPCO will maintain the required level of reliability while also creating the resources required to reduce the cost price and revitalize Fukushima.

2. More advanced environment for network use

- TEPCO will ensure a stable supply in a competitive environment and improve neutrality and transparency with the aim of providing greater and more comprehensive freedom.

3. Expanding the scope of business using technological expertise

- TEPCO will use the technological expertise of the Group companies to boost the sophistication of domestic and overseas networks.

Growth Strategy for Customer Service Company

- Rather than simply selling power, TEPCO will supply power premised on the most efficient energy use for the customer, based on adopting the viewpoint of our customers so that we can understand them better.
- In the future, we intend to supply products and services that minimize the medium to long-term costs of infrastructure use, up to and including the customer's own infrastructure.
- Through initiatives of this sort, we aim to be an "future-oriented infrastructure company" that plays an active role in fulfilling the wishes both of families who want a rich and full lifestyle that is also safe, and of companies who want to grow and develop.

Targets

1. Competing actively in the national energy market by using alliances for market penetration

- Sales increased by +54 billion yen

2. Providing new services that are useful to business and livelihoods through open platforms, etc.

- Initiating the provision of new services that use alliances, and increased number of members of its service

3. Developing a schedule of rates for the future using smart meters and demand response

- Future rate menu: Participation by half the number of customers with smart meters installed