

Protection Plan for the TEPCO Bonds with a Statutory Preferential Right in the Transition to a Holding Company (Execution of Agreements, etc.)

As of April 1, 2016, TEPCO will transition to a holding company system by transferring, by way of company splits, its fuel and thermal power generation business (excluding its fuel transport business and fuel trading business), general power transmission and distribution business, and retail electricity business to TEPCO Fuel & Power, Incorporated (whose name will be changed from the Tokyo Electric Power Fuel & Thermal Power Generation Business Split Preparation Company, Incorporated on April 1, 2016), TEPCO Power Grid, Incorporated (whose name will be changed from Tokyo Electric Power Transmission & Distribution Business Split Preparation Company, Incorporated on April 1, 2016) and Tokyo Energy Partner, Incorporated (whose name will be changed from Tokyo Electric Power Retail Sales Business Split Preparation Company, Incorporated on April 1, 2016), respectively (these company splits are hereinafter referred to as the “**Splits**”) (the said transition has already been announced on May 1, 2015).

In the transition to a holding company system, TEPCO adopted measures so that there will be no material effect on the rights of the holders of its bonds with statutory preferential rights that were issued prior to the Splits pursuant to the New Comprehensive Special Business Plan approved by the Government of Japan in January 2014 (as amended). TEPCO hereby announces that it has executed agreements relating to the protection of the rights of the holders of its bonds with statutory preferential rights which were issued pursuant to a public offering.

The treatment of the obligations and the framework for protecting the rights of holders of TEPCO’s bonds with statutory preferential rights are described below.

1. TEPCO’s obligations under its bonds with statutory preferential rights as of the effective date of the Splits (tomorrow)

TEPCO will continue to perform any and all obligations relating to its bonds with statutory preferential rights that are outstanding as of today, i.e., the day immediately preceding the effective date of the Splits.

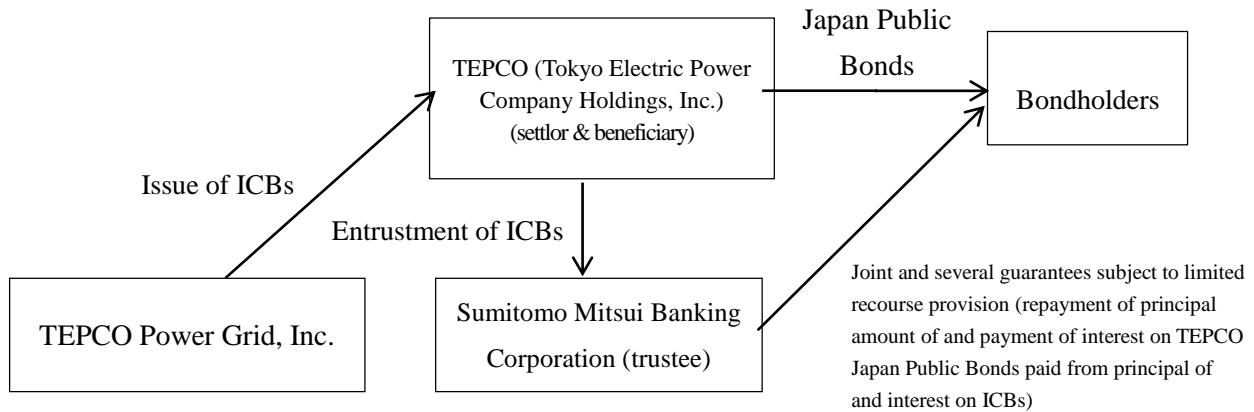
2. Overview of Bondholder Protection Plan

(1) Bonds with statutory preferential rights publicly offered and issued in Japan (hereinafter, “**TEPCO Japan Public Bonds**”)

- i. As of tomorrow, TEPCO Power Grid, Incorporated will issue bonds with statutory preferential rights (Inter-company bonds, or “**ICBs**”) with essentially the same outstanding amount, redemption date and interest rate as those of each issue of TEPCO Japan Public Bonds that are outstanding as of today (see the Exhibit), and TEPCO will subscribe for all of them. As the repayment of the principal amount and the payment of interest under the outstanding TEPCO Japan Public Bonds will be backed by the principal and interest of the ICBs, the certainty of the repayment of the principal amount and the payment of interest under the TEPCO Japan Public

- Bonds will be maintained.
- ii. With Sumitomo Mitsui Banking Corporation, TEPCO will create a trust under which TEPCO will be the settlor and the beneficiary, Sumitomo Mitsui Banking Corporation will act as the trustee, and the ICBs and cash will be the trust assets (hereinafter, contracts pertaining to the said trust are individually and collectively referred to as the “**ICB Trust Agreement(s)**”). Entrusted by TEPCO, the trustee under the ICB Trust Agreements will jointly and severally guarantee the liabilities under the TEPCO Japan Public Bonds for the benefit of the bondholders (hereinafter, individually and collectively referred to as the “**Joint and Several Guarantee Agreement(s)**”). Under the trust, recourse is limited to the trust assets, and accordingly the trustee’s own property will not be used to fulfill its joint and several obligations (limited recourse provision).
 - iii. After the trustee’s joint and several guarantee becomes effective, even if TEPCO is not able to continue to repay the principal amount of and pay interest on the TEPCO Japan Public Bonds, the repayment of the principal amount of and the payment of interest on the TEPCO Public Bonds will be made by the trustee (as the joint and several guarantor) to the extent that the ICB principal is repaid and interest is paid by TEPCO Power Grid, Incorporated. In the event that TEPCO Power Grid, Incorporated is not able to continue to repay the principal amount of and pay interest on the ICBs, TEPCO will repay the principal amount of and pay interest on the TEPCO Japan Public Bonds.
 - iv. In the event that TEPCO Power Grid, Incorporated is not able to continue to repay the principal amount of and pay interest on the ICBs and TEPCO is not able to continue to repay the principal amount of and pay interest on the TEPCO Japan Public Bonds (regardless of which of these events occurs first), the trustee will deliver the ICBs to the holders of the corresponding TEPCO Japan Public Bonds after such delivery has been approved at a meeting of the holders of the TEPCO Japan Public Bonds and the court has authorized such approval. The trustee’s (i.e., the joint and several guarantor’s) joint and several liability will be released in exchange for the delivery of the ICBs. The bondholders will continue to hold the TEPCO Japan Public Bonds as a claim independent from the ICBs. If the aforementioned approval is not given at a meeting of the bondholders or if the court does not authorize such bondholder meeting approval, the ICB Trust Agreement and the Joint and Several Guarantee Agreement will terminate, and the trustee will return the ICBs held at that point in time to TEPCO, which is the settlor and beneficiary, in accordance with the ICB Trust Agreement. In this case, the holders of the TEPCO Japan Public Bonds will continue to hold the TEPCO Japan Public Bonds. Even if bankruptcy proceedings are initiated with respect to TEPCO, TEPCO believes that the treatment described in item iii above and this item iv would be implemented; however, the possibility of a different treatment being implemented in bankruptcy proceedings cannot be ruled out.
 - v. In the event the ICB Trust Agreement is terminated in a case other than those described in items iii and iv above (e.g., when the performance of the trust administration becomes extremely unfeasible or impossible as a result of unavoidable circumstances), the corresponding Joint and Several Guarantee Agreement will also terminate, and the trustee will return the ICBs held at that point in time to TEPCO, which is the settlor and the beneficiary, in accordance with the ICB Trust Agreement. In this case, the holders of the TEPCO Japan Public Bonds will continue to hold the TEPCO Japan Public Bonds.

[Protection Plan for holders of the TEPCO Japan Public Bonds]

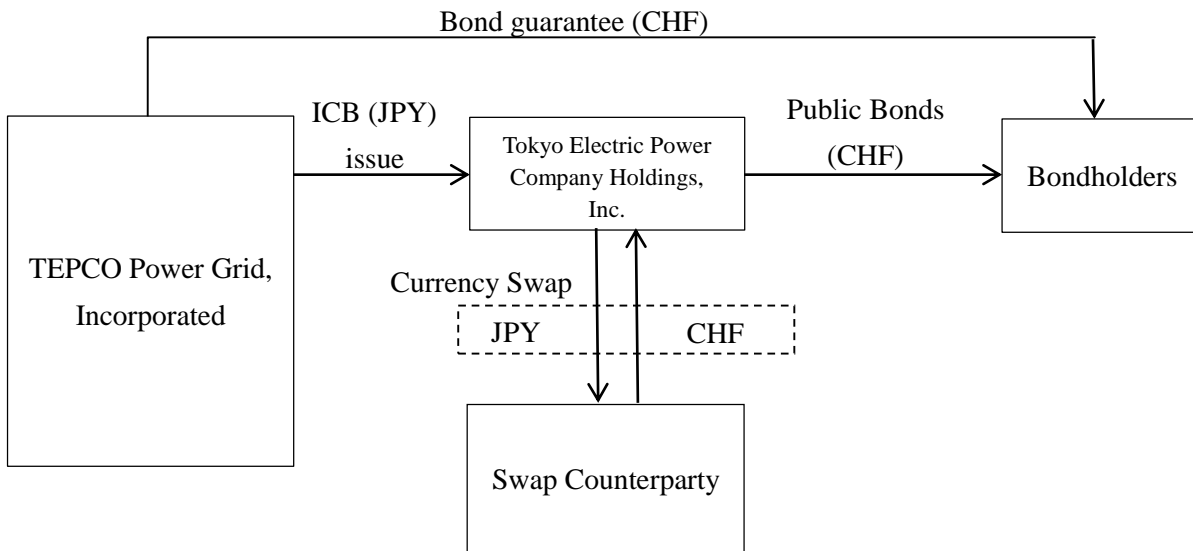


(2) TEPCO's 17th Swiss Franc-denominated straight corporate bonds (with statutory preferential rights) ("**TEPCO Swiss Public Bonds**")

- i. As of tomorrow, TEPCO Power Grid, Incorporated will issue ICBs (yen-denominated) with essentially the same payment obligations¹, redemption date and redemption amount as those under the TEPCO Swiss Public Bonds, and TEPCO will subscribe for all of them and create a self-settled trust for the ICBs (yen-denominated) under which TEPCO will be the settlor and the trustee and BNP PARIBAS (SUISSE) SA, which is the principal paying agent for the TEPCO Swiss Public Bonds, will be the beneficiary. Following creation of the self-settled trust, since TEPCO (trustee) will need to repay the principal of and pay interest on the TEPCO Swiss Public Bonds backed by ICB cash flow to the beneficiaries, TEPCO (trustee) will perform a currency swap under which it will make payments in Japanese yen to TEPCO (settlor) from the trust assets and receive payments in Swiss francs from TEPCO (settlor) on the same dates and in the same amounts as the current currency swap agreements executed with financial institutions. As the repayment of the principal amount of and payment of interest under the TEPCO Swiss Public Bonds will be backed by the principal of and interest of the ICBs, the certainty of the repayment of the principal amount of and the payment of interest under the TEPCO Swiss Public Bonds will be maintained. Even if bankruptcy proceedings are initiated with respect to TEPCO, TEPCO believes that the aforementioned treatment would be implemented; however, the possibility of a different treatment being implemented in bankruptcy proceedings cannot be ruled out.
 - ii. TEPCO Power Grid, Incorporated will guarantee TEPCO's liabilities under the TEPCO Swiss Public Bonds.
 - iii. Even after the guarantee by TEPCO Power Grid, Incorporated of TEPCO's liability becomes effective, TEPCO (trustee) will continue to repay the principal of and pay interest on the TEPCO Swiss Public Bonds.

¹ At the time of the issue of the TEPCO Swiss Public Bonds, TEPCO entered into JPY/CHF currency swap agreements with financial institutions. As foreign currency required for the payment of the TEPCO Swiss Public Bonds will be funded by the currency swap, TEPCO's liability under the TEPCO Swiss Public Bonds has substantially been fixed in JPY.

[Protection Plan for holders of the TEPCO Swiss Public Bonds]



The bondholder protection plan applies to the TEPCO Japan Public Bonds and the TEPCO Swiss Public Bonds separately due in part to differing governing laws applicable to each of the bonds. TEPCO has determined, however, that the rights of both groups of bondholders are equally and adequately protected under the bondholder protection plan.

(Note)

With respect to JPY-denominated private placement straight bonds with financial institutions other than the TEPCO Japan Public Bonds described in section 2 above, loans with a statutory preferential right from the Development Bank of Japan, and unsecured loans from financial institutions, for the purpose of maintaining the certainty of the repayment of the principal amount of and the payment of interest on or after the effective date of the Splits, the inter-company loans under quasi-loan agreements (“ICLs”) and the ICBs will be issued by the successor companies of the Splits to back the financial obligations of TEPCO in whole or in part, and TEPCO will create trusts under which the ICBs and the ICLs will be the trust assets and provide the trustee’s joint and several guarantee based on such trust assets, and TEPCO executed the various agreements in relation to the foregoing. In addition, in order to maintain the certainty of the repayment of the principal amount of and the payment of interest in relation to other unsecured loans and debt obligations, TEPCO Power Grid, Incorporated executed guarantee agreements with financial institutions.

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TEPCO Japan Public Bonds

TEPCO 436 corporate bond (bond with a statutory preferential right)
TEPCO 440 corporate bond (bond with a statutory preferential right)
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TEPCO 443 corporate bond (bond with a statutory preferential right)
TEPCO 446 corporate bond (bond with a statutory preferential right)
TEPCO 448 corporate bond (bond with a statutory preferential right)
TEPCO 455 corporate bond (bond with a statutory preferential right)
TEPCO 457 corporate bond (bond with a statutory preferential right)
TEPCO 459 corporate bond (bond with a statutory preferential right)
TEPCO 466 corporate bond (bond with a statutory preferential right)
TEPCO 520 corporate bond (bond with a statutory preferential right)
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