

The Special Business Plan

“The Emergency Special Business Plan” for “Empathy- based
Compensation Payouts”

October 28, 2011

The Nuclear Damage Compensation Facilitation Corporation
Tokyo Electric Power Company

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1. Plan – Foundation and Basic Principles

The current status

The accident at Fukushima Daiichi Nuclear Power Station, The Tokyo Electric Power Company, Incorporated (“TEPCO”) occurred due to the Tohoku-Chihou-Taiheiyo-Oki Earthquake on March 11 this year and caused nuclear damage of unprecedented scale in the history of our country, resulting in widespread suffering, including the citizens of Fukushima Prefecture.

The accident has not yet been fully contained . Most of the people forced to evacuate home still cannot return home. The economy of affected areas is in the process of recovery and facing a number of difficulties.

The first step to overcome this situation is to immediately implement “compensation payouts with empathy” from the standpoint of those afflicted in order for them to regain a solid foothold that will enable them to return to a normal lifestyle as it was before the accident.

If this situation continues, the suffering of those afflicted will worsen day by day. TEPCO and the Nuclear Damage Compensation Support Corporation (the “Corporation”) that is responsible for the payment of compensation for damages cannot afford to delay one moment in the actual implementation of compensation payouts.

On the other hand, it is difficult to reasonably estimate the total costs for compensation payouts and the decommissioning at this juncture, and they are expected to be gradually worked out. Besides, the full-scaled management streamlining of TEPCO requires a more thorough evaluation and examination of management and finances over a period of time.

Speedy implementation of compensation payouts and necessary restructuring – development for this “emergency Special Business Plan”

Given this situation, TEPCO and the Corporation will immediately implement the following:

- First, implement drastic improvement of procedures for compensation claims and provide attentive consultation from the standpoint of those afflicted. In addition, ensure compensation payouts by funding support and comfort those

afflicted regarding compensation.

- At the same time, build a structure that is consistently self-improving, improves transparency of management and finance and explicitly indicates the concrete path for management streamlining in order to secure the public's understanding and minimize the burden on taxpayers.

This plan is a compilation of the ongoing issues we are facing and presented as “the emergency Special Business Plan”.

Full-scaled reform – development of “the comprehensive Special Business Plan”

After development of this plan, TEPCO and the Corporation will undertake thorough management streamlining accordingly. At the same time, we will evaluate and consider the management and finances of TEPCO thoroughly and meticulously workout the details pertaining to such streamlining. On the other hand, it is expected that the accuracy of the estimates of the compensation amounts etc. will be improved from now on.

Taking the above circumstances into consideration, we will develop “the comprehensive Special Business Plan” revising this plan by next spring as a scheduled target. In “the comprehensive Special Business Plan”, we will build a sufficiently strong financial foundation that will enable us to pay out compensation as well as execute our duties as an electricity business. Besides, we will review the management of TEPCO towards fundamental reforms from the mid to long-term perspective taking into account electric power industry reform trends.

Thorough execution of issues identified in the Committee Report

TEPCO Management and Finance Investigation Committee (the “Committee”)’s report raised as comprehensive issues, "opinion per the survey and analysis results" and the "challenges associated with TEPCO reformss".

TEPCO and the Corporation will, bearing these issues raised in mind, thoroughly execute management streamlining recommended by the Committee during the term of this plan or the revised "the comprehensive special business plan".

Toward the realization of this policy, we will clarify the contents and work schedule of each issue per the attachment titled "The policy for streamlining based on the report by TEPCO Management and Finance Investigation Committee".

We will investigate and consider these matters in developing "the comprehensive Special Business Plan" and achieve cost reductions over "¥2,545.5 billion over ten years" as indicated in the report.

Further, the Corporation will request the government to consider necessary measures such as amendments of the support scheme for the afflicted or the energy sector scheme as necessary in order to properly meet the requests from the afflicted and to establish sound TEPCO management procedures.

[Reference]A report by TEPCO Management and Finance Investigation Committee "I Preface" (summary)

3. Opinion per the survey and analysis results

- (1) Conspicuous matters are inefficiencies in business operations derived from the framework and payment of high compensation etc.
- (2) TEPCO's financial burden is enormous and we think that a certain degree of supervision by the Corporation is required.
- (3) The support measures should be planned to enable TEPCO to keep on paying out contribution in order to reduce the burden on taxpayers.
- (4) Attention should be paid to secure a high level of human resources necessary for stable electricity supply in considering management streamlining.
- (5) Should transform the corporate culture and develop a new transparent corporate culture.

4. Hurdles associated with the reform of TEPCO

- (1) There are issues not covered in the committee report such as the research and analysis of TEPCO related organizations.
- (2) Back-end costs and efficient mechanisms for fuel procurement need to be considered.
- (3) The fundamental review of TEPCO as a company in the overall review of the framework is a challenge.
- (4) Raising the electricity rates should be considered from the viewpoint of minimizing the burden of taxpayers.

2. Compensation for Nuclear Damage

(1) The Status of the Nuclear Damage

Background of the Nuclear Damage

On March 11, 2011, the reactors of Units 1, 2 and 3 were in operation at Fukushima Daiichi Nuclear Power Station, TEPCO. Due to the Tohoku-Chihou-Taiheiyo-Okai Earthquake that occurred at 2:46 pm on the same day with the epicenter off Sanriku, each of the above Reactors underwent an immediate automatic shut down.

At the same time, as all external power supply was lost due to the earthquake, the emergency diesel generators started and the power source required to maintain the safety of Reactors was secured for a moment. However, because of the tsunami attack after the earthquake, a lot of cooling seawater pumps, emergency diesel generators and switchboards were inundated and all the emergency diesel generators stopped except one generator for Unit 6. As a result, excepting Unit 6, all Units fell into a state of total AC power loss.

In addition, due to the inundation of the cooling seawater pumps by the tsunami, the functions of the residual heat removal system that releases residual heat inside the Reactor to the seawater and the auxiliary equipment's cooling system that releases heat from numerous equipment to the seawater were rendered inoperable.

Moreover, for Units 1, 2 and 3, as all AC power supply core cooling functions were lost and the other core cooling functions minus the use of the AC power supply were lost, as an emergency measure, we conducted freshwater and seawater injection using a fire truck via the fire protection system.

However, as a result, for Units 1, 2 and 3 respectively, the inability to inject water to the reactor pressure vessel continued for a period of time and the nuclear fuel in the core of each unit was not covered with water and exposed.

With this, the fuel rod cladding was damaged and radioactive substances in the fuel rods were released to the inside of the reactor pressure vessel. Also, a large amount of hydrogen was generated by a chemical reaction with the zirconium in the fuel rods etc and water vapor. While the reactor pressure vessel was decompressing, these radioactive substances and hydrogen were released

to the primary containment vessel.

Furthermore, water vaporized in the reactor pressure vessel and pressure in the primary containment vessel gradually increased. In order to prevent damage of the primary containment vessel due to pressure, for Units 1, 2 and 3, we tried to implement wet well venting operations of the primary containment vessel with the aim of releasing gas in the primary containment vessel from the gas phase part of the suppression chamber through the exhaust pipe to the outside air several times.

In Unit 1 and Unit 3, an explosion occurred at the top of the Reactor Building presumed to be caused by hydrogen that had leaked from the primary containment vessel. The operation floors of each Reactor Building were destroyed. As for Unit 4, it was shut down for regular inspection. All AC power was lost due to the earthquake and tsunami on March 11. On March 15, another explosion of inside the Reactor Building occurred presumed to be caused by hydrogen that had traveled a roundabout path from Unit 3 and the operation floors were destroyed.

Due to the above events, as measures in case the inability to cool the Reactors at Fukushima Daiichi Nuclear Power Station of TEPCO continued, the government issued evacuation instructions to for area residents, set a no-fly zone and issued shipping restriction instructions for agricultural and marine products, etc.

As such, the economic losses due to the above instructions, etc., as well as losses related to depreciated property values due to exposure to radioactive materials, so-called “reputation damage” and other indirect losses resulted.

[Outline of the government's instruction for evacuation, etc.]

March 11	Instruction for evacuation within 3km radius (1F) Instruction for evacuation between 3km and 10km radius (1F)
March 12	Instruction for evacuation within 10km radius (1F) Instruction for evacuation within 3km radius (2F) Instruction for evacuation between 3km and 10km radius (2F) Instruction for evacuation within 10km radius (2F) Instruction for evacuation within 20km radius (1F)
March 15	Instruction for indoor evacuation within between 20km and 30km radius (1F)

April 21	Instruction to set alert zone within 20km radius (1F) Instruction to change the radius for evacuation from 10km to 8 km radius (2F)
April 22	Instruction to lift indoor evacuation within between 20km and 30km radius (1F) Instruction to set planned evacuation areas and emergency evacuation preparation areas
June 30	Setting specific evacuation recommended points at Date City
July 21	Setting specific evacuation recommended points at Minami Soma City
August 3	Setting specific evacuation recommended points at Kawauchi Village Setting specific evacuation recommended points at Minami Soma City (added)
September 30	Instruction to lift emergency evacuation preparation areas

Cases of Nuclear Damage affliction

The Dispute Reconciliation Committee for Nuclear Damage Compensation (“Dispute Reconciliation Committee”) has issued “the interim guidelines governing nuclear disaster compensation due to the accident at Fukushima Daiichi and Daini Power Stations of TEPCO”(“interim guidelines”) on August 5th.

In response, TEPCO has established an indemnification standard for each category of damage in accordance with the interim guidelines. The major categories are described below.

Losses due to the Government evacuation orders etc.	
	Cost of radiation inspection (for human)
	Cost of evacuation
	Cost of temporary entrance
	Cost for returning home
	Life and physical damage
	Mental damage
	Business loss
	Disability damage
	Cost of radiation inspection (for materials)
	Loss or diminishment of property value
Damage due to certain areas designated as hazardous and the no-fly zone per Government orders	
	Business losses
	Disability damages
Damage caused by shipping restriction orders for agricultural, forestry and fishery products etc. by the Government, etc.	
	Business losses
	Disability damages
	Cost of radiation inspection (for materials)
Damage due to other governmental instructions	
	Business losses
	Disability damages
	Cost of radiation inspection (for materials)
Reputation damage	

Damaged reputation of the agricultural, forestry, fishery and food industry
Damaged Reputation of the travel industry
Damaged Reputation of the manufacturing and services industry
Damaged Reputation of the export industry
Indirect damage
Damage due to radiation exposure

The dispute reconciliation committee is currently discussing the extent of nuclear damage caused by the nuclear accident towards the establishment of additional guidelines concerning the cost of voluntary evacuation and decontamination. Hereafter, additional indemnification compensation payout items will be shown.

Furthermore, there is some nuclear damage that does not fall under the guidelines newly established by the Dispute Reconciliation Committee but was caused by this nuclear accident. TEPCO will respond to these nuclear damages and create necessary indemnification measures.

Future containment plan of the Nuclear Damage

On April 17th, TEPCO published the “ Roadmap towards Restoration from the Accident at Fukushima Daiichi Nuclear Power Station ” (“ Road map ”). In the Road map, TEPCO has set targets, as described below, under the basic policy by bringing the reactors and spent fuel pools to a stable cooling condition and mitigating the release of radioactive materials, we will make every effort to enable evacuees to return to their homes and for all citizens to be able to secure a sound life.

Step 1	Radiation dose is in steady decline (achievement timeline : around 3 months)
Step 2	Release of radioactive materials is under control and radiation doses are being sufficiently controlled ” (achievement timeline: Around 3 to 6 months after achieving Step 1)

With regards to Step1, as a result of smooth installations and the restoration of necessary facilities such as the circulating injection cooling system to cool the nuclear reactor, on July 19th, we achieved the Step1 target and moved on to Step2.

Thereafter, as a result of the water injection via the circulating injection cooling system (with regards to Units 2 and 3, water injection via the core spraying system in addition to the feed water system), as of October 15th, the bottom temperature of each of every reactor pressure vessel has reached below 100 degrees and the release of radioactive materials from the primary containment vessels have been evaluated as approximately below 100 million Bq/h (radiation exposure dose at the site boundary of the nuclear power station is approx. 0.2mSv/year [provisional]) and is getting close to the said stable nuclear reactor status of the “ Cold shut down. ” Under such circumstances, we will endeavor to achieve Step 2 by the end of this year.

In achieving Step2, the evacuation area restrictions are expected to be lifted and the evacuees may begin returning to their homes. Hence, we will respond appropriately by paying out the necessary indemnification in consideration of each situation such as lost or damaged property. The imdemnification process has been at a standstill due to being unable to make estimations.

[Roadmap for immediate action]

Areas	Issues	Targets and Countermeasures	
		Step 1	Step 2
Cooling	Cooling the Reactors	Maintain stable cooling <ul style="list-style-type: none"> Commencement of Circulating injection cooling Nitrogen gas injection 	Achieve cold shutdown condition (sufficient cooling is achieved depending on the status of each unit) <ul style="list-style-type: none"> Maintain and reinforce various countermeasures in Step1 .
	Cooling the Spent Fuel Pools	Maintain stable cooling <ul style="list-style-type: none"> Enhance reliability of water injection Restore coolant circulation system (Unit 4) Install supporting structure 	Maintain more stable cooling function by keeping a certain level of water. <ul style="list-style-type: none"> Remote control of coolant injection operation Examination and implementation of heat exchange function
Mitigation	Containment, Storage, Processing, and Reuse of Water Contaminated by Radioactive Materials (Accumulated Water)	Secure sufficient storage place to prevent water with high radiation level from being released out of the site boundary. <ul style="list-style-type: none"> Installation of storage / processing facilities. Store and process water with low radiation level <ul style="list-style-type: none"> Installation of storage facilities/decontamination processing. 	Decrease the total amount of contaminated water. <ul style="list-style-type: none"> Expansion of storage/processing facilities. Decontamination/Desalt processing (reuse), etc.
	Mitigation of Contamination of groundwater	Mitigate ocean contamination <ul style="list-style-type: none"> Consideration of method of impermeable wall against groundwater. Design/implementation of impermeable wall against groundwater 	
	Mitigation of Release of Radioactive Materials to Atmosphere and from Soil	Prevent scattering of radioactive materials on buildings and ground <ul style="list-style-type: none"> Dispersion of inhibitor, Removal of debris, Installation of reactor building cover (Unit 1), Removal of debris (top of Unit 3&4 R/B) 	Start installation of reactor building Cover (as a temporary countermeasure)
Monitoring/Decontamination	Measurement, Reduction and Announcement of Radiation Dose in Evacuation Order	Expand/enhance monitoring and inform of results fast and accurately	Consideration/start of full-fledged decontamination
Countermeasures against aftershocks, etc.	Tsunami, Reinforcement, etc	Mitigate disasters	
		<ul style="list-style-type: none"> (Unit 4 spent fuel pool) Install supporting structure 	<ul style="list-style-type: none"> Consideration /implementation of reinforcement work of each Unit

Environment Improvement	Living / working environment	Enhancement of environment Improvement · Improvement of workers' life/work environment	
	Radiation control / Medical care	· Enhancement of Healthcare Improvement of radiation control / medical system	
	Staff Training / personnel allocation		Exhaustive radiation dose control · Systematic implementation of staff training / personnel allocation
Action plan for mid-term issues			Development of plant operation plans “Policy on the mid and long term security” by the government based on the “Policy on the mid and long term security” by the government

Action items for the Appropriate Treatment of the Damaged Nuclear Reactors

Following the completion of the immediate countermeasures of Step 2, the restoration works will move on to the new phase, which is to maintain and manage the stable status of the reactors.

In the new phase, we will commence with the mid-to-long-term measures including the removal of spent fuels, and the control and disposal of radioactive waste. Based on the past experience of Unit 2 from the Three Mile Island Nuclear Power Plant accident in the USA (“TMI2”), it is anticipated that such work will take a long time. In particular, as multiple plants became damaged, it seems that the restoration works this time will be complex and require much more advanced technologies, compared with TMI2.

In order to promote the steady advancement of such mid-to-long-term measures, the Japan Atomic Energy Commission established “the Special Committee on the Mid and Long Plan of Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power Company” (“the Special Committee”) in July, 2011 and started compiling the R&D themes that can contribute to the accomplishment of the roadmap and developing a proposal about the public and private sector joint R&D system. Beyond Step 2, TEPCO will proceed with work, based on the discussions held at the Special Committee.

Securing the safety of workers is an important part of the appropriate treatment of the reactors. TEPCO has thus far strived to improve the work environment by decontaminating the site and introducing radiation shields and remote robots, and minimizing workers’ exposure dose by properly managing work duration. Moreover, TEPCO also has made efforts to maintain worker health via strict exposure dose controls, including measuring internal exposure doses, establishing rest areas and establishing rooms for emergency medical care. TEPCO will continue to secure worker safety in the new phase as well by paying special attention to radiation control and health management.

On October 3, NISA published the “Policy on the mid and long term security” for the Units 1 to 4 of Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power Company”. “This policy” stipulates measures to control additional discharges of radioactive materials and the significant decrease of radiation

dosage as well as demanding TEPCO's systematic implementation via setting basic targets and security requirements. TEPCO will steadily accomplish this basic target and implement every measure to secure safety.

(2) Prospects of Necessary Compensation Amount and Measures for Prompt and Accurate Compensation

Prospects of Necessary Compensation Amount

Estimating the necessary compensation amount as ¥1,010,908 million, TEPCO applied to the Company for financial support, based on the current reasonable estimation in accordance with the above-mentioned interim guideline.

In TEPCO's estimation process of the compensation amount, TEPCO calculated the reasonable amount by taking into account the accomplishment timing of Step 2, the actual number of temporary payments since April, 2011, the number of businesses and the working population within the evacuation area and various statistical data such as the average income of overall industries, revenues and profit-earning ratio in addition to the contents of the interim guidelines.

In TEPCO's compensation standard, there are some damage items that are excluded from the current estimation because it is difficult to reasonably estimate their amounts at the moment due to the lack of damage details or a clear definition of the cause and effect relationship to the accident.

When these amounts become clear through the implementation of the damage identification or the agreement with the afflicted, we will apply to have the "estimation of necessary compensation" amended in the "emergency special business plan" in order to not delay the compensation payout process.

The committee report defines the "estimation of necessary compensation" as an estimation based on the prior estimation of the overall compensation amount in order to prepare an ample amount of financial support. Hence, this estimation in the report is stated as an overestimation to avoid the situation where the actual damage amount exceeds the "estimation of necessary compensation". In contrast, the "estimation of necessary compensation" in this business plan is the current reasonable estimation amount, which will be used in TEPCO's application for financial support. Therefore, if necessary in the future, the estimation in this plan will be amended in the way mentioned above.

Measures for Prompt and Accurate Compensation

The objective of the establishment of the Company and the financial support to TEPCO will be the “speedy and appropriate implementation of compensation”, which is stipulated in the Chapter 1 in the Nuclear Disaster Compensation Law (“the Law”).

The “Speedy and appropriate implementation of compensation” here is not merely the “payment of claimed money” but is also considered to be “empathy-based compensation”. The objective is to respond sincerely and with empathy to requests from the afflicted and steadily respond to them based on a full understanding of their difficulties and the full recognition of the solemn responsibilities we face in paying out the compensation.

By keeping this objective firmly in mind, TEPCO and the Corporation will devote themselves to the implementation of “empathy-based compensation”.

i) Actions being taken by TEPCO

The immediate actions TEPCO must do in order to remove the anxiety of the afflicted is to contain the accident as soon as possible and provide the afflicted with hope towards recovery through speedy and appropriate compensation payouts.

In the process of developing this plan, TEPCO reaffirmed its will to take any and all action necessary to build a foundation for recovery.

a . Actions taken thus far

[Compensation standard]

As mentioned above, TEPCO developed the compensation standard for individuals on August 30 and for business on September 21 in accordance with the interim guidelines. TEPCO also set the standard compensation amount, which enabled losses such as traveling expenses to be speedily compensated minus the submission of receipts.

[Organization for compensation]

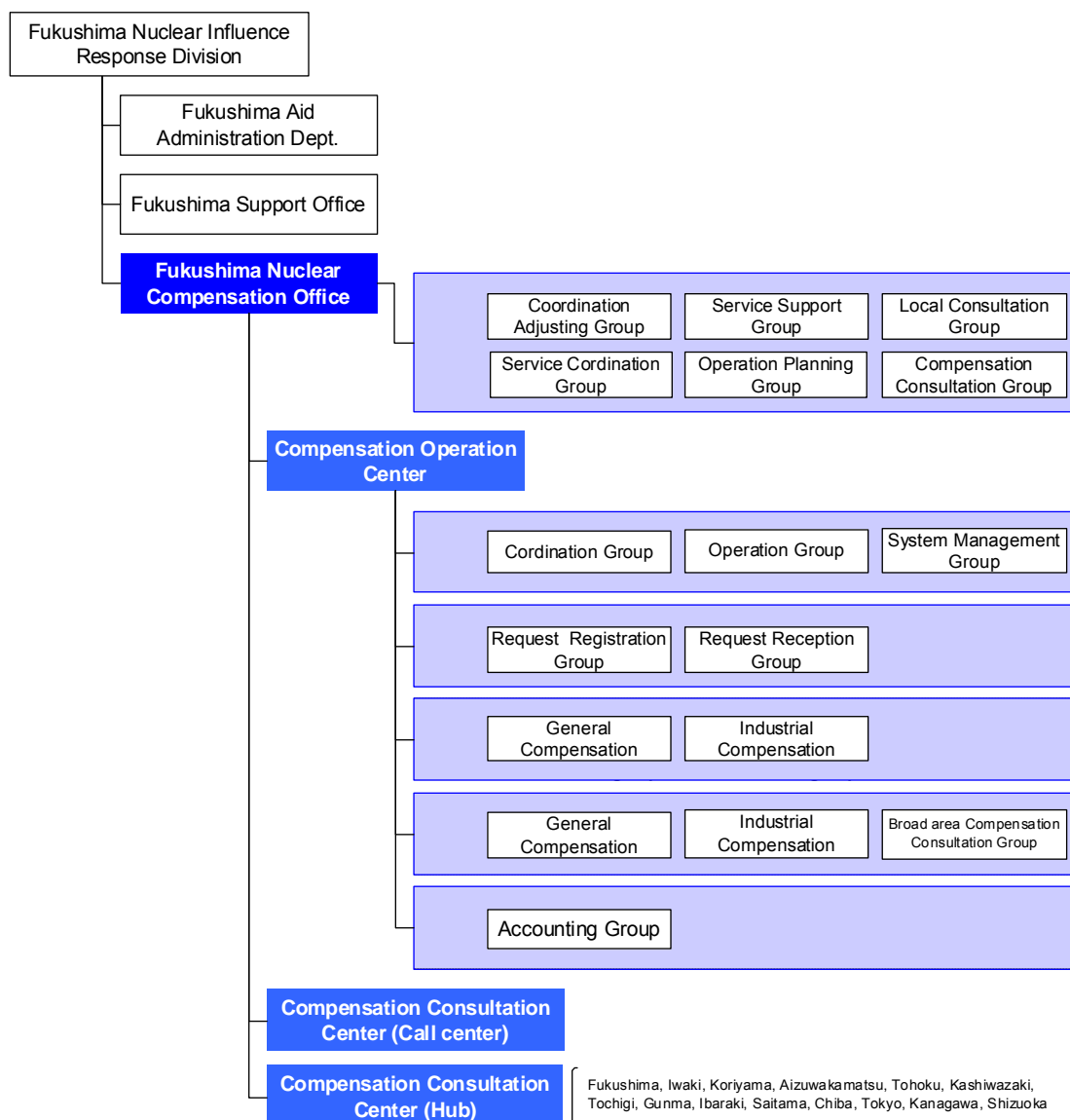
On April 28, 2011, TEPCO established the Fukushima Nuclear Compensation

Office within the Fukushima Nuclear Influence Response Division and the following organizations.

- “Compensation Operation Center” as a one-stop contact point for the compensation application
- “Compensation Consultation Center (Call Center)” for inquiries and consultations
- “Compensation Consultation Center (Hub)” as local offices (14 offices in total)

The operation of compensation is being implemented by approximately 7,600 personnel in total (contractors included) as of October 24.

[Overview of the organization]



[Breakdown of Fukushima Nuclear Compensation Office personnel (as of Oct. 24)]

	Number of personnel(Approx.)	
Headquarter	90	(90)
Compensation Operation Center	4,900	(1,220)
Compensation Consultation Center (Call center)	900	(60)
Compensation Consultation Center (hub)	1,700	(1,540)
Total	7,600	(2,910)

*Bracketed numbers are the number of TEPCO employees (restated)

[Service Operation of the Compensation]

Taking into account the afflicted people's situation, the compensation will be conducted in adherence to the following principle.

- Applications for compensation will be received from each household unit with several compensation items compiled together from individuals, and the application and receipts and invoices etc will be checked all together.
- The reception of both types of applications, one accounting for all damaged items, and the other for a partial reimbursement of claimed items. Approved items on will be paid for prior, and the remaining items will undergo continuous consultation.
- In line with the Interim Guidelines, in order to avoid overlooking any items, a comprehensive application form will be made, as well as an application for damages not described in the Interim Guidelines will be prepared, and will be individually consulted on.

Also, from Fukushima Prefecture and the local bodies such as the 59 municipalities within Fukushima, various support has been provided such as information concerning the opinions of the afflicted, advice, maintain proper communication via pertinent announcements, introduction to relevant organizations and persons, provision of offices and living quarters for employees, etc.

Furthermore, various support such as organizing procedures, advice concerning the specific situation of each industry, orientations and the setting up of inquiry booths, is being done by related parties such as the Japan Agricultural Cooperatives (JA), Japan Fisheries Cooperatives(JF), industry and commerce associations, medical welfare related associations, and tourism associations.

[Breakdown of delivery of invoices, etc]

(Unit) Individual : household、 corporations and others : Number of enterprises

	Provisional paid		Notification form of the status of damages		Total	
	Individual	Corporations and others	Individual	Corporations and others	Individual	Corporations and others
Invoices sent	60,105	7,306	3,463	305	63,568	7,611
Notice sent	----	----	18,685	6,936	18,685	6,936

[Status of established consultation desks (as of Oct. 13)]

	Number of consultation desks*		Consulted number (accumulated)
	established	planned	
For individuals	approx.130	approx.50	approx.15,500
For corporations and sole proprietors	approx.30	approx.60	approx.1,000

*The number of consultation desks, even if open for service over several days will be counted as one. For consultations dealing with both individuals and corporations/sole proprietors, they are counted individually.

b . Improvement of future actions ~”Five promises” to the afflicted~

As stated above, in order to fully implement the compensation payouts to the afflicted, TEPCO has organized an action organizational structure, and have been making sure application are sent out without errors.

However, the actions up until now, have not fully met the afflicted request, and resulted in an increased burden towards the already wounded and afflicted.

For example, the “A guide for applying for compensation” sent to the afflicted totals 156 pages and contains 46 pages of application forms.

There have been many complaints from the afflicted such as “There are too many complicated forms. I don’t feel like reading all of this”, “It contains too many technical terms, and is difficult to understand”, “Isn’t the real reason behind the creation of such complex application forms to discourage people from applying for compensation?”

Apart from that, TEPCO as a whole has not managed to speedily respond to all of the requests received daily, and this has resulted in much anxiety among the afflicted.

We need to admit that the cause of these inappropriate actions stem from TEPCO’s insufficiency to pay close attention to the situation and feelings of the afflicted. In other words, it was a failure of our basic mission to provide “empathy based compensation”.

TEPCO once again, would like to sincerely apologize to the afflicted, deeply think over the way compensation payouts were conducted, and would like to make “Five Promises for Empathy-based Compensation” as follows.

Five Promises

- 1. Speedy payments of compensation**
- 2. Handle Payments with Detailed Consideration**
- 3. Due Attention Paid to Reconciliation Proposals**
- 4. Simplified Paperwork Procedures**
- 5. Handle all requests with sincerity and politeness**

In order to firmly and sincerely carry out these promises, TEPCO will promptly put the following into action, and begin compensation payouts taking into account each afflicted person's situation and feelings.

[Speedy payments of compensation]

It is difficult for the afflicted to prepare for their future life and business if they don't know when they will be receiving payments after submission of the applications.

Although it has been difficult to set uniform standards for the process while responding politely to various applications, we will thoroughly manage the process flow and will pay compensation speedily and appropriately in adherence to the following standards hereafter.

- Complete the verification of the necessary documents within around three weeks after the arrival of an application, etc.
- Payment within one or two weeks after returning the Agreement Form for Indemnification.

* But it might take more time if additional explanations or verifications for lack of needed documentation are necessary to complete the compensation payout process.

To realize this, we will manage every step of the process from the point of receiving the applications to the point where actual payments are made at the Compensation Operation Center, including improving our personnel structure and the business procedures as needed via regular investigations and analysis of problems.

[Handle payments with detailed consideration]

The situations of the afflicted are various and the delay of payments might severely affect their life and business. It is expected that some sole proprietors might go out of business unless they receive compensations immediately.

We regret to inform that we were unable to respond to such requests effectively in adherence to the principle of “implement equal compensation for all the afflicted”, but will promptly and appropriately pay out need-based compensation etc. based on the estimate of damages due to the suspension of business following the speedy payment of the first compensation payout, especially for sole proprietors etc. in a tight cash flow situation.

Furthermore, TEPCO will double check whether or not there are any errors left in the invoices for those with a small amount of compensation where a sufficient amount of attention has not been given.

[Due attention will be paid to Reconciliation Proposals]

In case those afflicted and TEPCO are unable to reach an agreement, it is possible to request arbitration for an amicable settlement from the Dispute Reconciliation Committee for Nuclear Damage Compensation as one of the extra-judicial conflict resolution procedures.

For now on, it is expected that a number of conflict resolutions will increase with full-scale compensation and the expansion of compensation scope. “The Dispute Reconciliation Center for Nuclear Damage Compensation” has been set up with this situation in mind.

Usage of the Dispute Reconciliation Committee without judicial costs will help the afflicted to reduce their burden and accelerate conflict resolutions.

In consideration of the afflicted, TEPCO will pay due attention to the reconciliation proposals presented by the Dispute Reconciliation Committee for Nuclear Damage Compensation towards the speedy reconciliation of disputes.

[Simplified paperwork procedures]

We prepared and sent “Easy claim instructions” (hereinafter called Instructions) to the afflicted on October 12 to help them to organize compensation items easily, in response to the heavy criticism concerning the complicated nature of the invoices as stated above.

TEPCO will assist the afflicted with the filling out of the applications for faster processing based on the Instructions.

Furthermore, we will fundamentally improve the paperwork procedures by simplifying the application forms with very clear instructions etc. in addition to Instructions. In consideration of the opinions and requests received from the afflicted, amendments will be finalized by November, and will be incorporated into the procedures for the second application process.

With these approaches, we will thoroughly seek “easy invoicing” for the afflicted and reduce their burden.

[Handle all requests with sincerity and politeness]

Major complaints of the afflicted are due to poor communication concerning when and how improvements are made by TEPCO in reflection of their requests.

We have received criticism from the afflicted and their representatives such as municipalities and associations for being unable to respond to requests speedily.

In order to improve this situation, major requests and inquiries from the afflicted regarding compensation received by TEPCO, municipalities, associations and Corporation will be compiled and organized. TEPCO Policy and Actions (frequently asked questions regarding this compensation, etc.) will be released on the homepage.

Improvement measures based on requests and inquiries will be shared with all related departments and promptly implemented as speedy and company-wide improvements together while thoroughly monitoring the situation.

ii) The Corporation Actions Initiatives

It is not only TEPCO that is responsible for the prompt and accurate

compensation for damages. The Corporation will provide the afflicted with necessary information and advice in response to their requests as stipulated by law. At the same time, it will be in a position to supervise TEPCO's compensation payment in order to secure steady execution of the special business plan. That is, the Corporation also has a responsibility to achieve "Empathy-based" compensation.

As stated above, the afflicted expect that a third party will actively represent them and accurately communicate their requests to TEPCO such as the need to have for further simplification of the claim filing procedures.

In response to these requests, the Corporation will promptly set up its function as a "Guidepost" to provide proper assistance for the afflicted and implement the following 3 action initiatives to achieve "Empathy-based compensation".

a) Touring Consultation by the Specialists' Team

In cooperation with Japan Federation of Bar Association and Nihon Gyoseishoshikai Rengokai, the Corporation will organize "Touring Consultation Teams" (consisting of 5 members each) with approx. 100 specialists including lawyers and gyoseishoshi (certified administrative procedure specialists) and visit the evacuation centers including the temporary housing in Fukushima prefecture on both weekdays and weekends in order to provide free explanatory meetings about the claims and statements for damage compensation and face-to-face consultation services for the afflicted.

The Corporation will establish a Fukushima Office in Koriyama city in Fukushima prefecture as the major base to arrange and coordinate the activities of the "Touring Consultation Teams". The Corporation will actively access the afflicted by dispatching the teams intensively within this year. At the same time, at Fukushima office, lawyers and gyoseishoshi will provide explanatory meetings about claims and statements for damage compensation as well as free face-to-face individual consultation services.

In addition, at the headquarters of the Corporation in Tokyo, free telephone information services by gyoseishoshi and other specialists will be provided on weekdays and weekends, as well as free face-to-face consultation services by lawyers twice a week.

b) Compensation Progress Monitoring

In order to realize prompt and accurate compensation payouts, a “ Monitoring Group ” consisting of full-time staff will be established in the Tokyo headquarters and the Corporation’s employees will be dispatched to TEPCO to regularly monitor the progress of payment. In detail, an account dedicated for compensation payouts will be opened and the Corporation will deposit the necessary amounts not exceeding the fund’s cap amount within a month after reviewing TEPCO’s estimates of the necessary amount for the payouts. The Corporation will also examine whether the fund in the account will be utilized exclusively for the compensation payouts in a prompt and accurate manner. The Corporation will also check if TEPCO adheres to the “ Five Promises ” and will request prompt modifications in case any problems are found.

c) The Voices of the Afflicted

The Corporation as a “ Liaison ” will intimately grasp the needs of the afflicted through touring consultation or activities at Fukushima office, sharing information with TEPCO, the government, and the municipalities in a timely manner, and requests for necessary follow-up actions

The Corporation will endeavor to realize the steady improvement of TEPCO’s actions by requesting that TEPCO specifically spell out the actions being taken in response to the claims raised by the afflicted in adherence to the “ Five Promises ” .

3. TEPCO's Business Operation Plan

(1) Mid-term Business and Financial Performance plan

. Basic Policy of Business Operations

The purpose of the Corporation's providing financial support for TEPCO is to implement prompt and accurate compensation payouts for the nuclear damage and to realize smooth business operations including the stabilization of damaged plants and securing a stable power supply.

In receiving financial aid from the Corporation, TEPCO reaffirms the above and will conduct its business operations in accordance with the following policies.

- TEPCO will conduct business with the emphasis on achieving "proper handling and sufficient support of those afflicted", "stabilization of the accident at Fukushima Daiichi NPS", and "management streamlining" while securing stable power supply.

In detail,

- TEPCO will endeavor to implement prompt and accurate compensation payouts for those afflicted in accordance with the Five Promises.
- TEPCO will endeavor to enable the evacuees' a speedy return home and to secure the peace of mind of the entire nation by achieving the stabilization of the accident at Fukushima Daiichi NPS.
- TEPCO will implement management streamlining in a rigorous way through the actions recommended and ask for further consideration in the TEPCO Management and Finance Investigation Committee Report

. Ensuring reliable implementation

TEPCO will rigorously implement what was recommended and ask for further consideration of the TEPCO Management and Finance Investigation Committee Report, as summarized in the attached "Policy on Management Streamlining etc. based on the TEPCO Management and Finance Investigation Committee Report"

In order to ensure reliable implementation, TEPCO and the Corporation will

immediately establish the following cooperation framework.

- Establish a “Reform promotion team” comprised of TEPCO’s junior and middle level employees and the Corporation’s employees. The Corporation’s employees will maintain a continuous presence inside TEPCO in order to facilitate sufficient communication and information-sharing and to realize harmonious cooperation between TEPCO and the Corporation.
- Establish a “Working group” comprised of a reform promotion team and TEPCO’s employees in charge of all major issues including management streamlining for facility investment, procurement, personal expenses, asset sales, finance/cash management, and prompt and accurate compensation payout.
- Establish an “Action plan” by the end of this year at the latest, laying out the necessary actions including the details of each action, implementation timing, and each steps to realize the improvement in the compensation payout procedures and the management streamlining stated in this plan. The Corporation’s employees will review the action plan in light of whether it complies with this Special Business Plan and the TEPCO Management and Finance Investigation Committee Report.
- Establish a “Management Reform Committee” in which the Corporation and TEPCO’s top management participate in order to secure the commitment of TEPCO’s top management and to implement effective monitoring with regards to management streamlining, the financial management including cash management, and compensation payouts. TEPCO management will submit a periodic report to the Corporation’s steering committee. Onsite action progress will also be monitored by different parties such as the working group.

. Financial Performance Outlook

i) Income and loss

The operating revenues for the year ending March 2012 will decrease by ¥64.5 billion from the previous year, due to the decrease of operating revenues from the electric power business by ¥87.9 billion. On the other hand, operating expenses are expected to increase by ¥624.8 billion mainly from the fuel cost

increase due to the change in power supply sources. In sum, operating losses for the year ending March 2012 will be ¥332.7 billion, a ¥689.4 billion decrease from the previous year.

Furthermore, the net losses before income tax for the same period will be 576.3 billion yen, which is a ¥233.0 billion improvement from the previous year. While additional extraordinary losses from natural disasters and losses from the compensation payment are expected, the receipt of funding from the Corporation in the amount equal to the loss from the compensation payment will be recognized as extraordinary income.

With regard to income tax, we have already reversed all deferred tax assets in the year ending March 2011 due to the Tohoku-Chiho-Taiheiyo-Okai Earthquake and almost no income tax is expected in the year ending March 2012. As a result, the net losses for this year will be ¥576.3 billion. As a result, the net assets for the year ending March 2012 will be ¥708.8 billion, a ¥556.0 billion decrease from the previous year.

ii) Cash flows

Cash flows from operating activities for the year ending March 2012 will be ¥439.8 billion, a ¥1,363.2 billion decrease from the previous year, as expenditures such as fuel cost increases and costs for Fukushima Daiichi Nuclear Power Station stabilization are expected.

On the other hand, cash flows from investing activities will be ¥280.3 billion, a ¥468.4 billion decrease from the previous year, as we expect revenues from the sales of businesses not indispensable for domestic power supply, and other surplus assets including securities and real estate.

With regard to cash flows from financial activities, the year ending March 2011 recorded a large cash inflow as emergency loans of ¥1,865 billion in total. In the year ending March 2012, a ¥460.7 billion cash outflow, a ¥2,343.3 billion decrease from the previous year, is expected mainly due to bond redemption.

As a consequence, cash and cash equivalents at the end of March 2012 will be ¥953.6 billion, a ¥1,180.8 billion decrease from the previous year.

Income and Loss (result and plan)			(billion JPY)
	FY 2010 (result)	FY2011 (plan)	difference
Operating Revenues	5,146.3	5,081.8	(64.5)
Operating Revenues from Electric Power Business	5,064.6	4,976.7	(87.9)
Operating Revenues from Incidental Business	81.7	105.1	23.4
Operating Expenses	4,789.7	5,414.5	624.8
Operating Expenses from Electric Power Business	4,710.5	5,316.3	605.8
Operating Expenses from Incidental Business	79.2	98.2	19.0
Operating Income	356.7	(332.7)	(689.4)
Non-operating Income	(85.6)	(79.5)	6.1
Ordinary Income	271.1	(412.2)	(683.2)
Reserve for Loss in Special Acts (Reversal)	6.1	1.6	(4.5)
Extraordinary Income	(1,074.2)	162.5	911.8
Net Income before Income Tax	(809.3)	(576.3)	233.0
Income Tax and etc.	449.3	-	(449.3)
Net Income	(1,258.6)	(576.3)	682.3
(Reference) Net Assets	1,264.8	708.8	(556.0)

Cash Flows (result and plan)			(billion JPY)
	FY 2010 (result)	FY2011 (plan)	difference
Cash Flows from Operating Activities	923.4	(439.8)	(1,363.2)
Cash Flows from Investing Activities	(748.7)	(280.3)	468.4
Cash Flows from Financing Activities	1,882.6	(460.7)	(2,343.3)
Increase / Decrease in Cash and Cash Equivalents	2,057.2	(1,180.8)	(3,238.0)
Cash and Cash Equivalents at Beginning of the Year	77.2	2,134.4	2,057.2
Cash and Cash Equivalents at End of the Year	2,134.4	953.6	(1,180.8)

(round off to the nearest 1 billion)

iii) Financial plan after the year ending March 2012 (FY 2011)

We will continue our management streamlining efforts after March 2012 in accordance with the basic policy for the business operations described above.

With regards to the financial performance outlook after the year ending March 2013, the business plan established in the TEPCO Management and Finance Investigation Committee Report will be reviewed and revised in the comprehensive special business plan, which will be established next spring, with due consideration of the trends and so forth of anticipated energy system reform.

【Reference: Details of the 10-year business plan established in the TEPCO
Management and Finance Investigation Committee Report】

< Case: Nuclear power stations to restart operation >

No Rise in Electricity Price									
	(billion JPY)								
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Revenues	5827.8	5663.4	5745.1	5798.7	5855.8	5913.6	5965.1	5998.8	6028.3
Operating Income	(396.4)	(142.4)	125.5	364.9	399.1	476.1	545.6	633.5	675.7
Ordinary Income	(449.1)	(219.3)	130.2	287.3	323.9	405.3	483.1	578.6	632.2
Net Income	(449.3)	(229.6)	123.7	287.1	323.7	405.2	483.0	578.6	632.2
Cash Flows from Operating Activities	259.2	584.8	929.0	1109.2	1161.6	1220.2	1295.4	1488.7	1417.8
Cash Flows after Capital Investment and Tax	(637.4)	(246.5)	197.2	410.9	373.3	396.2	445.3	553.9	418.5
Increase/Decrease in Cash and Cash Equivalents (Net Cash Flows)	(1486.0)	(918.4)	(360.2)	(314.3)	(337.0)	(288.1)	(339.9)	(132.0)	(314.9)
Cash and Cash Equivalents at End of the Year	(577.6)	(1496.1)	(1856.2)	(2170.6)	(2507.5)	(2795.7)	(3135.6)	(3267.6)	(3582.4)
5% Rise in Electricity Price									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Revenues	5827.8	5911.5	5995.9	6052.3	6111.9	6172.3	6226.2	6262.1	6293.7
Operating Income	(154.6)	102.3	373.0	615.1	651.9	731.3	803.2	893.3	937.6
Ordinary Income	(207.4)	25.4	377.7	537.4	576.6	660.6	740.8	838.4	894.1
Net Income	(207.6)	15.1	371.2	537.2	576.6	660.6	740.8	838.4	894.1
Cash Flows from Operating Activities	487.0	829.3	1176.3	1359.4	1453.2	1649.2	1463.6	1673.5	1627.9
Cash Flows after Capital Investment and Tax	(409.5)	(1.9)	444.5	661.1	625.7	592.1	372.9	569.4	546.7
Increase/Decrease in Cash and Cash Equivalents (Net Cash Flows)	(1258.1)	(673.9)	(112.8)	(64.1)	(84.6)	(92.2)	(412.3)	(116.4)	(186.7)
Cash and Cash Equivalents at End of the Year	(349.7)	(1023.6)	(1136.4)	(1200.5)	(1285.1)	(1377.3)	(1789.6)	(1906.1)	(2092.7)
10% Rise in Electricity Price									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Revenues	6072.8	6159.5	6246.8	6305.8	6368.1	6431.0	6487.3	6525.4	6559.1
Operating Income	87.1	347.1	620.6	865.2	904.6	986.6	1060.9	1153.2	1199.4
Ordinary Income	34.4	270.2	625.2	787.6	829.4	915.8	998.5	1098.3	1156.0
Net Income	34.2	259.9	618.7	600.3	552.6	605.7	664.6	727.2	768.7
Cash Flows from Operating Activities	714.9	1073.9	1423.7	1796.7	1662.0	1719.0	1817.6	1914.5	1904.2
Cash Flows after Capital Investment and Tax	(181.6)	242.7	691.9	911.3	597.2	585.0	633.8	728.1	731.4
Increase/Decrease in Cash and Cash Equivalents (Net Cash Flows)	(1030.2)	(429.3)	134.5	186.1	(113.1)	(99.3)	(151.4)	42.2	(2.0)
Cash and Cash Equivalents at End of the Year	(121.8)	(551.1)	(416.6)	(230.5)	(343.6)	(442.9)	(594.3)	(552.0)	(554.0)

< Case: Nuclear power stations to restart operation with 1 year delay >

No Rise in Electricity Price									
	(billion JPY)								
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Revenues	5,577.7	5,664.0	5,745.1	5,798.7	5,855.8	5,913.6	5,965.1	5,998.8	6,028.3
Operating Income	(667.6)	(350.1)	(22.8)	327.6	394.4	464.2	548.4	632.8	678.6
Ordinary Income	(720.5)	(427.4)	(18.7)	249.3	318.5	392.8	485.3	577.3	634.5
Net Income	(720.7)	(437.7)	(25.2)	249.1	318.3	392.6	485.1	577.1	634.3
Cash Flows from Operating Activities	(65.9)	354.2	786.8	1,076.7	1,151.0	1,209.9	1,293.6	1,368.7	1,482.3
Cash Flows after Capital Investment and Tax	(954.9)	(472.6)	81.7	391.2	350.4	380.5	442.8	552.6	595.9
Increase/Decrease in Cash and Cash Equivalents (Net Cash Flows)	(1,803.6)	(1,144.6)	(475.6)	(334.0)	(359.9)	(303.8)	(342.4)	(133.3)	(137.5)
Cash and Cash Equivalents at End of the Year	(894.8)	(2,039.4)	(2,515.0)	(2,849.0)	(3,208.9)	(3,512.7)	(3,855.1)	(3,988.4)	(4,126.0)
5% Rise in Electricity Price									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Revenues	5,822.7	5,912.1	5,996.0	6,052.3	6,111.9	6,172.3	6,226.2	6,262.1	6,293.7
Operating Income	(425.9)	(105.3)	224.7	577.7	647.1	719.4	806.1	892.6	940.5
Ordinary Income	(478.8)	(182.7)	228.8	499.4	571.3	648.1	743.0	837.1	896.4
Net Income	(479.0)	(192.9)	222.3	499.3	571.1	619.3	748.4	837.1	896.4
Cash Flows from Operating Activities	161.9	598.8	1,034.1	1,326.9	1,403.4	1,493.6	1,772.4	1,516.8	1,679.5
Cash Flows after Capital Investment and Tax	(727.0)	(228.0)	329.1	641.4	602.8	635.6	657.2	430.2	583.8
Increase/Decrease in Cash and Cash Equivalents (Net Cash Flows)	(1,575.7)	(900.0)	(228.2)	(83.8)	(107.5)	(48.7)	(128.0)	(255.7)	(149.6)
Cash and Cash Equivalents at End of the Year	(666.9)	(1,566.9)	(1,795.1)	(1,879.0)	(1,986.5)	(2,035.2)	(2,163.1)	(2,418.8)	(2,568.4)
10% Rise in Electricity Price									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Revenues	6,067.7	6,160.1	6,246.8	6,305.8	6,368.1	6,431.0	6,487.3	6,525.4	6,559.1
Operating Income	(184.1)	139.4	472.2	827.9	899.9	974.7	1,063.7	1,152.5	1,202.4
Ordinary Income	(237.0)	62.1	476.3	749.6	824.0	903.3	1,000.7	1,096.9	1,158.3
Net Income	(237.2)	51.8	469.8	749.4	800.2	868.6	953.7	1,044.8	1,105.3
Cash Flows from Operating Activities	389.8	843.4	1,281.5	1,577.1	1,899.4	1,649.0	1,831.6	1,885.0	1,924.0
Cash Flows after Capital Investment and Tax	(499.2)	16.5	576.4	891.6	855.2	525.0	637.9	705.2	744.9
Increase/Decrease in Cash and Cash Equivalents (Net Cash Flows)	(1,347.8)	(655.4)	19.1	166.4	144.9	(159.3)	(147.3)	19.3	11.5
Cash and Cash Equivalents at End of the Year	(439.0)	(1,094.4)	(1,075.3)	(908.9)	(764.1)	(923.3)	(1,070.7)	(1,051.3)	(1,039.8)

< Case: Nuclear power stations not to restart operation >

(billion JPY)									
No Rise in Electricity Price									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Revenues	5,580.4	5,657.3	5,734.2	5,790.8	5,852.3	5,910.1	5,961.5	5,995.2	6,024.8
Operating Income	(621.4)	(502.2)	(381.6)	(159.5)	(133.2)	(94.9)	(31.8)	142.6	333.3
Ordinary Income	(674.3)	(579.6)	(378.0)	(238.9)	(211.0)	(168.9)	(98.3)	82.9	284.2
Net Income	(1,059.4)	(589.9)	(384.5)	(239.1)	(211.1)	(169.0)	(98.5)	82.7	284.0
Cash Flows from Operating Activities	(51.6)	130.8	312.1	512.9	521.3	547.7	612.9	875.7	1,045.6
Cash Flows after Capital Investment and Tax	(880.0)	(612.1)	(348.1)	(115.5)	(315.0)	(438.3)	(397.3)	(65.1)	198.6
Increase/Decrease in Cash and Cash Equivalents (Net Cash Flows)	(1,728.6)	(1,284.1)	(905.4)	(840.7)	(1,025.3)	(1,122.6)	(1,182.5)	(751.0)	(534.8)
Cash and Cash Equivalents at End of the Year	(796.4)	(2,080.5)	(2,985.9)	(3,826.6)	(4,851.8)	(5,974.5)	(7,157.0)	(7,907.9)	(8,442.7)
5% Rise in Electricity Price									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Revenues	5,825.4	5,905.4	5,985.0	6,044.3	6,108.4	6,168.8	6,222.6	6,258.6	6,290.2
Operating Income	(379.7)	(257.4)	(134.1)	90.7	119.5	160.4	225.9	402.4	595.2
Ordinary Income	(432.6)	(334.9)	(130.5)	11.2	41.8	86.4	159.4	342.7	546.0
Net Income	(817.6)	(345.2)	(137.0)	11.0	41.6	86.2	159.2	342.5	545.8
Cash Flows from Operating Activities	176.3	375.4	559.5	763.1	773.7	802.8	870.5	1,135.6	1,307.1
Cash Flows after Capital Investment and Tax	(652.1)	(367.5)	(100.7)	134.7	(62.6)	(183.2)	(139.8)	194.8	460.2
Increase/Decrease in Cash and Cash Equivalents (Net Cash Flows)	(1,500.7)	(1,039.5)	(658.0)	(590.5)	(772.9)	(867.5)	(925.0)	(491.1)	(273.2)
Cash and Cash Equivalents at End of the Year	(568.5)	(1,608.0)	(2,266.0)	(2,856.5)	(3,629.4)	(4,496.9)	(5,421.9)	(5,913.0)	(6,186.2)
10% Rise in Electricity Price									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Revenues	6,070.4	6,153.4	6,235.9	6,297.9	6,364.5	6,427.5	6,483.7	6,521.9	6,555.6
Operating Income	(137.9)	(12.7)	113.5	340.8	372.3	415.6	483.5	662.3	857.1
Ordinary Income	(190.8)	(90.1)	117.0	261.4	294.5	341.6	417.1	602.5	807.9
Net Income	(575.9)	(100.4)	110.5	261.2	294.3	341.5	416.9	539.6	523.9
Cash Flows from Operating Activities	404.2	619.9	806.8	1,013.3	1,026.1	1,057.9	1,128.0	1,458.2	1,758.2
Cash Flows after Capital Investment and Tax	(424.2)	(123.0)	146.6	384.9	189.8	71.9	117.7	454.7	627.4
Increase/Decrease in Cash and Cash Equivalents (Net Cash Flows)	(1,272.8)	(794.9)	(410.7)	(340.3)	(520.5)	(612.4)	(667.5)	(231.2)	(106.0)
Cash and Cash Equivalents at End of the Year	(340.6)	(1,135.5)	(1,546.2)	(1,886.5)	(2,407.0)	(3,019.4)	(3,686.9)	(3,918.1)	(4,024.1)

(2) Measures for Management Streaming

Revision of Investment Plans, etc.

Investment plans for electricity supply, transmission and distribution facilities is one of the fundamental plans of TEPCO in carrying out the electric power business. Meanwhile, maintenance expenses, which are the expenses to maintain the function of fixed assets based on the depreciation costs and investment for facilities, account for 20% of the total electric utility operating expenses.

Considering the situation and the viewpoints of long term management streaming and stable electricity supply, investment plans and maintenance expenses are to be revised as follows.

i) Electricity Supply Facilities (construction/replacement of power station)

Regarding the electricity supply facilities, after reviewing the demand forecast which is the premise of the investment plan, facility investment is to be suppressed and/or streamlined by making maximum use of other companies' power sources such as IPPs when new construction or replacement of power station is planned.

ii) Transmission and Distribution Facilities

Regarding the transmission and distribution facilities, after reevaluating the situation of operating capacity under the current investment plan, whether there is an excess, a shortage or tight situation, based on the changes of network power flow due to the change of energy sources after the earthquake, the investment plan is to be revised as necessary.

iii) Maintenance Expenses

Maintenance expenses, which are closely related to the stable supply of electricity, have been decreasing gradually over the last 10 years by rescheduling maintenance due to financial reasons accompanied by nuclear misconduct issues and nuclear shutdowns due to the earthquakes, and other non-financial reasons.

Provided that the necessary maintenance for securing stable supply are not

stopped, unnecessary or non-urgent maintenances are to be withheld continuously, and the unit prices are to be reduced by Procurement Improvements which are described later.

iv) Planning and Implementation of Action Plan

As a concrete action for reviewing the investment plan, TEPCO and the Nuclear Damage Compensation Facilitation Corporation will establish an implementation organization, and create an “Action Plan” by November this year. The concrete action plan will be immediately implemented.

Thorough Cost Cuts

TEPCO’s operating expenses are divided into electric utility operating expenses (procurement costs (materials and services procurement, power purchase and fuel procurement costs), personnel expenses and other expenses) which occupy 98.3 % of the total expenses, and incidental business operating expenses which occupy 1.7 % of the total.

Since all the cost cut measures are attributed to the “Reduction of Quantity” and “Reduction of Unit Price”, all the costs should be thoroughly reviewed from the perspectives of “Quantity” and “Unit Price” to achieve cost cut measures. As a result, ¥237.4 billion will be cut in FY 2011.

Further and new cost cut measures will be conducted as much as possible after FY 2012 as well.

i) Procurement Expenses of Materials and Services (Total reduction in FY 2011: ¥86.5 billion)

As for the expenses of materials and services, it is possible to achieve cost reductions effectively and within a short time by reducing the unit price. As short and mid-term cost reduction measures, focus will be placed on the reduction of the “Unit Price”. In addition, as the reduction of “Quantity” that is possible to be implemented in the short and mid-term, possible measures (cancellation of building construction works, and cancellation of system operation services, etc.) will be implemented.

- Revise how to order to affiliate companies (expand competitive procurement, efficiency improvements of construction works, etc.)

- Revise the trading structures and how to place orders with external business partners (revise the structure of the existence of trading agents and affiliate companies as a primary contractor, and switchover to direct operations for the inspection of transmission and distribution facilities, etc.)
- Standardization for specifications and design approaches of the whole TEPCO group (revise design methods of power plants and standardization for equipment specifications, etc.)

As mid and long-term measures for cost cuts, the reduction of “Quantity” is inevitable. Based on the above Revision of Investment Plan, suppression of depreciation costs, etc. by optimization of investment plan will be implemented.

Specifically, TEPCO and the Nuclear Damage Compensation Facilitation Corporation will establish the implementation organization for cost cut measures and make an “Action Plan” in November of this year. The concrete action plan will be immediately implemented and the cost reduction of ¥86.5 billion in FY 2011 will be achieved.

In addition, as for the reduction of the “Unit Price” in the middle and long term cost cut measures, cross-industrial cost cut measures (Standardization of the design and specification of equipment that has been decided by each electric power company (Standardization of smart meters, etc.), Reorganization of affiliate companies of each electric power companies) will be considered.

Specifically, TEPCO and the Nuclear Damage Compensation Facilitation Corporation will establish the implementation organization for cost cut measures, determine the timing to conclude the measures by this November and the action plan for the measures, and accelerate the implementation of the plan.

ii) Power Purchase and Fuel Procurement Expenses (Total reduction in FY 2011: ¥11.1 billion)

Since power purchase and fuel procurement expenses are determined by long-term contracts, focus will be placed on mid and long-term cost cut measures. However, at first, as short-term cost cut measures, the following measures will be implemented:

- Revision of the short-term power purchase price (including the reduction of the power supply cost by utilizing the Japan Electric Power Exchange

(JEPX))

- Revision of the fuel prices via fuel conversions, etc.

Specifically in a similar way to the above i) Procurement Expenses of Materials and Services, TEPCO and the Nuclear Damage Compensation Facilitation Corporation will establish an implementation organization for cost cut measures and create an “Action Plan” by November this year. The concrete action plan will be immediately implemented and a cost reduction of ¥11.1 billion in FY 2011 will be achieved.

In addition, as mid and long-term cost cut measures, the reduction of the “Unit Price” such as the revision of the contracted purchase price with other power companies when the contracts are updated, etc. will be focused on. Together with these measures, the cross-industrial cost reduction such as the joint purchase of fuel and interchange of fuel, etc. will be considered.

Specifically, TEPCO and the Nuclear Damage Compensation Facilitation Corporation will establish an implementation organization for cost cut measures, determine the timing to conclude the measures by this November and the action plan for the measures, and accelerate implementation of the plan.

iii) Personnel expenses (Cost reduction for FY2011: ¥61.4 billion)

Since it is possible to implement cost reductions in “Quantity” and the “Unit cost” of personnel costs (“Salaries and Bounces”, “retirement benefit scheme” and “benefit program”), we focus on the following reduction plan of “Quantity” and “Unit cost” based on the long-term perspective.

a. Reduction plan of “Quantity”

[Personnel cut]

By the end of FY 2013, we will cut approx. 7,400 employees (consolidated basis) and approx. 3,600 employees (non-consolidated basis) compared to the start of FY 2011 by cutting back on hiring and implementing voluntary retirement etc.

In addition, we will review a concrete schedule of personnel cuts etc based

on a long-term perspective including the future of age-specific personnel organizations, long-term relationships between management and labor, and prevention of the loss of qualified personnel.

b. Reduction plan of the “Unit cost”

[Salary and Bonus cuts]

As for salaries and bonuses, since June, 2011 we have been cutting annual earnings across the board. This will be continued for the time being.

(Supervisory Employees: Total annual salaries: by 25% (Base annual salaries: by 10%, Performance salaries (Bonuses): by 62%),

General Employees: Total annual salaries: by 20% (Base monthly salaries: by 5%, Bonuses: 50% or more))

As for the base salaries of supervisory employees and the monthly salary of general employees in the future, we will shift over to a new personnel evaluation system within two years to maintain employee motivation while maintaining the recently reduced total personnel expenses level. We will consider the schedule and level of increasing bonuses in consideration of the new personnel evaluation system and the status of the special contribution payments etc.

In addition, we will reduce the premium rate of overtime work to the bottom limit of the legal standard (work day: 25% etc).

【Retirement Benefit Scheme Revisions】

Regarding the defined benefit corporate pension, we will work to reduce the lower limit of the reassessment rate (to 1.5% for active employees, to 2.25% for OBs) and whole life annuity (by 30%) for both active employees and beneficial owners (OB) and aim for the introduction of a new pension system before the end of the FY 2012.

【Revision of the benefit program】

As for the benefit program, we will reduce the company contribution percentage of health insurance, abolish the asset-building pension scheme (abolishment of the guaranteed rate), abolish the asset-building scheme for sabbatical holidays, reduction of incentives of the employee stock ownership

plan, and reducing the cafeteria plan.

c . Development and implementation of Action Plan

Regarding concrete action for the cost reduction plan described above, as for salaries, bonuses and the benefit program, we will implement a cost reduction of ¥61.4 billion in FY2011 via the immediate implementation of the concrete action plan after reviewing the action plan already created, discussed and implemented by TEPCO and the Nuclear Damage Compensation Facilitation Corporation. Specifically, as for personnel cuts and employee retirement benefits, TEPCO and the Corporation will establish the implementation organization for cost cut measures and make an “Action Plan” by November this year. The concrete action plan will be immediately implemented.

In addition, as for the concrete schedule of personnel cuts and the transition over to the new personnel evaluation system, TEPCO and the Corporation will establish the implementation organization for cost cut measures, determine the timing to conclude the measures by this November and implement the action plan for the measures, and accelerate the implementation of the plan.

iv) Other Costs (Cost reduction for FY2011: ¥73.4 billion)

Other costs consist of many types of small amount items, however their continuous reduction will be able to be realized in the mid and long-term in terms of “Quantity” and “Unit price”. Therefore, we will focus on the reduction measures of “Quantity” and “Unit price” via the following methods.

- Cease donation activities etc.
- Reduction of welfare facility-related expenses
- Reduction of electricity sales and promotion
- Cancellation of theme studies etc.
- Maximize reduction of expendable supply costs
- Reduction of training

In implementing concrete activities to achieve the above cost reduction measures, TEPCO and the Corporation will establish an implementation

organization to achieve the above cost reduction measures and create an “Action Plan” by November of this year. The concrete action plan will be immediately implemented and reduce costs by ¥73.4 billion for FY2011.

v) Operation Expense of Incidental Businesses (Cost reduction for FY2011: ¥5 billion)

As for the operational expenses of gas supply businesses which is one of the incidental businesses, as a short-term cost reduction measure, we will reduce the “Quantity” and “Unit price” costs by extending the inspection interval, changing the outsourcing firms we have relationships with etc.

To be concrete, TEPCO and the Corporation will establish an implementation organization for the above cost reduction measures and create an “Action Plan” by November this year. The concrete action plan will be immediately implemented and costs reduced by ¥5 billion in FY2011.

(Reference) The following shows major cost reduction measures

	Short Term (First Year)	Mid Term (2nd to 5th Year)	Long Term (After 6th Year)
Cost for Materials and Services	86.5 billion Yen		
Revision of order placing measures with affiliated companies	Execution of specific measures	Continuation of specific measures after 2nd year	
Revision of transaction structure with business partners	Formulation of action plans		Continuation of specific measures after 6th year
Standardization of specifications and design methods within TEPCO Group	Formulation of action plans		Continuation of specific measures after 6th year
Suspension of maintenance work for buildings, etc.	Execution of specific measures	Continuation of specific measures after 2nd year	
Suspension of contracts for system programming, etc.	Execution of specific measures	Continuation of specific measures after 2nd year	
Reduction of depreciation costs by optimizing capital investment	Execution of specific measures	Continuation of specific measures after 2nd year	
Standardization for specifications and design among electric utilities	Considering a course of action	Formulation of action plan, execution of specific measures (according to the consideration of the course of action)	
Cross-industry reorganization of companies affiliated with electric utilities	Considering a course of action	Formulation of action plan, execution of specific measures (according to the consideration of the course of action)	
Power Purchase and Fuel Expenses	11.1 Billion Yen		
Revision of the unit price of short term power purchases etc.	Execution of specific measures		
Revision of the fuel unit price including fuel conversion etc.	Execution of specific measures	Continuation of specific measures after 2nd year	
Revision of the unit price of power purchases in the long term agreement	Formulation of action plan		Continuation of specific measures after 6th year
Study of cooperative purchases and fuel interchanges etc.	Considering a course of action	Formulation of action plan, execution of specific measures (according to the course of action)	
Personnel Expenses	61.4 Billion Yen		
Personnel Cuts	Formulation of action plan		Continuation of specific measures after 6th year
Reduction of salaries and bonuses	Execution of specific measures	Continue of specific measures after 2nd year (in consideration of the new personnel evaluation system)	
Revision of the retirement benefit scheme	Formulation of action plan		Continuation of specific measures after 6th year
Revision of the welfare program	Formulation of action plan		Continuation of specific measures after 6th year
Other Expenses	73.4 billion Yen		
Cease donation activities etc.	Execution of specific measures	Continuation of specific measures after 2nd year	
Reduction of the welfare facility-related expenses.	Execution of specific measures	Continuation of specific measures after 2nd year	
Reduction of electricity sales and promotion	Execution of specific measures	Continuation of specific measures after 2nd year	
Cancellation of theme studies etc.	Execution of specific measures	Continuation of specific measures after 2nd year	
Maximize Reduction of expendable supply costs.	Execution of specific measures	Continuation of specific measures after 2nd year	
Reduction of training	Execution of specific measures	Continuation of specific measures after 2nd year	
Incidental Business Operation Expenses	5.0 billion Yen		
Reduction of Operating Expense Related to the Gas Supply Business	Execution of specific measures		
TOTAL	(This Fiscal Year) 237.4 billion Yen	Cost reduction by over 2,545,5 billion Yen (over 10 years) * Further investigation of potential cost reduction measures and the implementation of new cost reductions as much as possible.	

Sale of Assets, etc.

i) Real estate

TEPCO classified the disposal plans of real estate not directly related to the electric power business such as welfare facilities, rental properties or company housing into the categories of “sales”, “holdings” or “rentals”. The above classification is accomplished based on seven categories into which the properties have been divided coupled with their subclassification based on whether they contain substations or not. In principle, minus those properties that take time to redevelop, TEPCO will sell the real estate equiv. of *¥247.2 billion at the market price within three years.

- Rental apartments, rental offices, data centers
- Welfare facilities, hotels
- Idle properties, parking lots, land for rent
- Training facilities, PR facilities, hospitals
- Head offices, branch offices, service centers, research & development centers, computer centers
- Company housing
- Stations for telecommunication carriers, 1F/2F's surroundings and power offices, etc.

TEPCO is targeting the sales equiv. of ¥15.2 billion of real estate at market price in FY 2011. The following figures show the breakdown of the properties categorized by use.

Fig.2. (1). . i Real estate sale plan

Categories	First Half Year (result)			Second Half Year (plan)			Annual Total		
	Book Value	Amount of Sale	Gain & Loss on Sale	Book Value	Amount of Sale	Gain & Loss on Sale	Book Value	Amount of Sale	Gain & Loss on Sale
Welfare Facility, Hotel				0.6	0.9	0.3	0.6	0.9	0.3
Idle Property, Parking Lot, Land for Rent	0.1	2.7	2.6	0.6	11.5	10.9	0.7	14.2	13.5
PR Facility	0	0.1	0.1				0	0.1	0.1
Head Office, Branch Office, Service Center									
R & D Center, Computer Center	0.1	0	(0.1)	-	-	-	1	0	(0)
Total	0.2	2.8	2.7	1.2	12.4	11.2	2.3	15.2	13.8

Real estate not to be sold will be used as rent properties, etc.

*Estimated value based on the market price at the time of calculation of the Committee's Report

(P56), and there will be a gap from the actual sale price

ii) Securities

In principle, TEPCO will sell securities equiv. to ¥330.1 billion within 3 years, except those securities essential to the electric power business.

Securities equiv. to ¥300.4 billion will be sold in FY 2011. Until the end of September 2011, listed stocks consisting mainly of those related to financial institutions as well as unlisted stocks consisting mainly of those largely invested have been sold, totaling ¥112.5 billion.

Fig.2. (1). .ii Securities estate sale plan

(¥ billion)

Categories	FY2010 Book Value	FY2011 Sale(Including plan)		
		First Half Year (result)	Second Half Year (plan)	Annual Total
Listed Stocks	246	51.8	187.9	239.7
Unlisted Stocks	79.7	60.6	0	60.6
Bond	0	-	-	-
Others	6.4	0.1	-	0.1
Total	332.1	112.5	187.9	300.4

iii) Business/affiliated companies

In principle, TEPCO will sell affiliated companies equiv. to ¥130.1 billion within 3 years, which were determined to be sold per the Committee's report. TEPCO will target affiliated companies' sales equiv. to ¥32.8 billion in FY2011.

Furthermore, TEPCO and the Corporation will scrutinize the companies not determined to be sold this time, and in principle decide whether the business is to be continued this year or not, and consider sales on a larger scale. On that basis, those affiliated companies that have been determined to not be sold off shall have their businesses restructured coupled with the implementation of cost cut policies such as (1) the reduction of costs for external service via in-house production, (2) the reduction of non-essential and non-urgent investments, and (3) the reduction of personnel costs, in order to strengthen their financial structure that suits a drop in sales due to the decrease of transactions with TEPCO.

iv) Incidental business

Home Network business and Power Supply Stand business are classified as “discontinued operations” and an immediate decision regarding their disposal will be made.

Real-estate rental businesses and energy facility service businesses and consulting businesses will be downscaled and an immediate decision regarding the policy will be made.

v) Draw up and Implement an action plan etc.

As a concrete action towards the aforementioned sales of assets, TEPCO and the Corporation will consider selling the assets listed above and establish an implementation structure, and will immediately implement concrete measures after verifying the action plans already specified.

Also regarding the selling of assets, the Corporation shall monitor and manage TEPCO’s implementation status constantly so that those assets shall be sold in consideration of the proper timing and price in light of TEPCO’s cash flow status and market conditions.

In addition, taking into account stable supply and economic feasibility, TEPCO will consider the selling of electricity business assets (power generating facilities). TEPCO will also consider concrete measures such as accepting the proposal of a business plan from outside parties towards strategic business development including its implementation utilizing TEPCO’s operating resources effectively such as securing interest rights, developing smart meters, and utilizing energy conservation services and power generating businesses.

(3) Request for TEPCO Stakeholders Support in order to Secure Funds for the Nuclear Damage Compensation and Other Measures

Government required TEPCO per the cabinet decision (Government support scheme for the compensation of nuclear damage caused by the accident of Fukushima Daiichi Nuclear Power Station of TEPCO) dated June 14, 2011 “ to implement prompt and appropriate compensation surely” , “to conduct maximum management streamlining and cost reductions” and “to request cooperation to all stakeholders and to report to the government regarding the cooperation received especially from financial institutions” as a condition of supporting TEPCO aiming to minimize the burden of Japanese citizens.

Also in the corporation law, in the supplementary provision article 3, paragraph 2 it is stated that “The operators of nuclear power plants who apply for financial support to the Corporation regarding nuclear damage before enforcement of this law have to seek the necessary cooperation of their shareholders and other stakeholders to implement speedy and appropriate compensation”.

In the light of these points, TEPCO will request the cooperation of the financial institutions and shareholders to secure funds for the compensation payouts of nuclear damage as follows.

Request cooperation from financial institutions

As of the end of September, 2011, TEPCO has borrowed a total of ¥3.8159 trillion comprised of ¥3.4119 trillion as long-term debt and ¥404 billion as short-term debt from 66 financial institutions. At this moment, all short-term debts will be refinanced when they mature as a result of requesting cooperation from the related financial institutions, however long-term debts has been repaid as stipulated. The debt amounting to ¥1.965 trillion which is a part of TEPCO’s whole debt mentioned above has been loaned as emergency funds from major financial institutions following the earthquake disaster.

As reported in the TEPCO Management and Finance Investigation Committee Report, in order to secure funds for the compensation of nuclear damage, TEPCO will request the related financial institutions as one of the stake holders of TEPCO as a basic approach to its debt 1) to maintain long-term credit by refinancing 2) to restore the outstanding debt amount as of March 2011, and 3) to increase the present credit limit set by major financial institutions of which

TEPCO has a relationship with.

Based on this approach, TEPCO will seek the following forms of cooperation from the related financial institutions in the emergency special business plan until the comprehensive special business plan is approved.

- Request all related financial institutions to maintain TEPCO's credit by accepting TEPCO's refinancing requests as needed at the time the emergency special business plan is approved by the minister in charge. That is to say, TEPCO requests that all related financial institutions allow for refinancing when the maturity date arrives for the principal payments of all short-term loans and part of the long-term loans, whose maturity date will arrive prior to the approval of the comprehensive special business plan.
- Request the Development Bank of Japan to set a credit line for short-term loan(s) amounting to ¥300 billion for sole objective of compensating the afflicted as soon as possible in order to expand all possible means to be able to compensate the afflicted.
- Request major related financial institutions to expand the objective of the emergency loans acquired.

Request Shareholder Cooperation

TEPCO's nuclear accident was the cause of many Japanese citizens being affected by nuclear damage and TEPCO will obtain a large amount of financial support from the corporation based on the corporation law. And so, to minimize the burden of Japanese citizens, shareholder cooperation is a must. TEPCO did not pay a year-end dividend for FY 2010 citing severe financial constraints following the accident. We will request that shareholders accept the continued nonpayment of dividends for the time being.

(4) Measures to ensure smooth business operations

Peak demand (at generation end, peak demand on one day, as the case may be) during the summer of 2011 was 49.22 GW recorded on August 18 which was 18% lower than peak demand from the previous year. This is a result of electricity usage restrictions and the cooperation of our customers in saving electricity, so the peak demand stayed at 10.77GW lower than last year's 59.99GW.. On the other hand, we secured 55.6GW of supply capacity by installing emergency power sources, including gas turbines, restoring damaged power facilities or restarting scheduled long term out-serviced thermal power stations, and as a result we could maintain power supply and demand balance during the summer.

The supply capacity for this winter will be reduced due to the major maintenance of Kashiwazaki-Kariwa Nuclear Power Station etc., however, we currently estimate that there will be 54.57GW of supply capacity in January 2012 due to efforts to secure additional supply capacity, such as restoring damaged power stations. This will allow us to secure a certain amount of reserve capacity exceeding peak demand (51.5GW) of last winter which was recorded before the Tohoku-Chihou-Taiheiyou-Oki Earthquake.

Capital investment such as the installation of emergency power sources including gas turbines or proceeding with power source development, which is presently under construction, shall be developed in order to cover the reduction of supply capacity due to the shutdown of nuclear power stations or cover the increase of demand for this winter and next summer. ¥719.9 billion will be posted for new equipment in the 2011 fiscal year budget.

However, as stated above, from the perspective of effective capacity investment, the appropriateness of the investment will be continuously verified and we will make efforts to reduce investment amounts.

(5) Measures to Achieve Clear Management Accountability

We have been decreasing the board member's remuneration since this April, May and June until now. In addition, the former President and Executive Vice President in charge of nuclear power retired this June.

<Summary of reduced compensation>

Representative Directors (Chairman · President · Executive Vice President)	50% reduction : in last April 100% reduction : since last May
Managing Directors	50% reduction : in last April 60% reduction : since last May
Outside Directors	25% reduction : in last April and May 50% reduction : since last June
Executive Officers	40% reduction : since last April

*The compensation of the auditors was decreased the same as the directors based on a discussion among the auditors same as the directors.

Otherwise, we will secure the compensation with “empathy and sincerity” as well as work steadily towards the cold shutdown of the reactors which is necessary in order to stabilize Fukushima Daiichi Nuclear Power Plant and pave the way for further management streamlining

Considering these conditions, in this plan we will continue to take actions of decreasing the remuneration of the board members listed above, for the purpose of receiving a large amount of financial assistance from the Nuclear Damage Compensation Facilitation Corporation. In the “comprehensive special business plan”, we will work out a conclusion that clarifies further management responsibilities including the resignation of directors or the forsaking of retirement compensation.

4. Assessment of Asset Status and Business Performance

(1) Asset Status

Prior to setting this plan, the committee conducted an objective investigation regarding TEPCO's management and financial status under the assumption that TEPCO will implement compensation promptly and properly, complete the settlement of the accident, and maintain stable electricity supply with proper documentation.

The important point of this investigation was, from the perspective that it should contribute not only to TEPCO's temporary management rationalization but also to building TEPCO's long-term strength to make the compensation payouts, settling accident damages and securing a stable electricity supply, to distinguish between those assets that are likely to produce a stable cash flow from those that will produce more profit via immediate disposal, and distinguish between those expenses that will contribute to maintaining corporate value from those that are eating up costs.

It was the responsibility of the committee to pass on the results of the investigation to the Corporation. The Corporation has confirmed that a rigid and objective evaluation of the commercial assets, securities and real estate at this point has been done to the extent that it is possible. Taking this evaluation into consideration, the Corporation has further scrutinized the assets that are potentially disposable and has reflected the results in this plan.

We will further continue to scrutinize and evaluate "the Comprehensive Special Business Plan" that is supposed to be completed next spring.

(2) Business Performance

We have also confirmed the validity of the provisional committee report regarding the status of revenues, expenditures and cash-flow. Taking this into account we further scrutinized TEPCO's financial balance for fiscal year 2012, also taking into account the progress of the disposal of assets and current financial status including the compensation and reflected it into this plan. We will continue evaluating the financial balance of TEPCO over a longer term by scrutinizing the progress of compensation, and expenses whose reasonable estimation is difficult at the moment, such as the compensation and decommissioning.

5. Contents of Financial Support

(1) Amount of Financial Support requested For TEPCO

In order for TEPCO to be able to implement prompt compensation payouts, the Corporation will deliver the estimated necessary compensation amount of ¥1,010.908 billion stated in 2. (2) deducted by the financial security amount stated in the “Act on Compensation for Nuclear Damage” article 7 Section 1 to TEPCO this fiscal year, as a resource for compensation.

(2) The resources of the Requested amount of Government Bonds and Other Financial Support

There may be some possibility that the estimated necessary compensation amount will increase according to the progress of the compensation payouts and a reasonable estimation of decontamination expenses.

In order to secure full compensation to those afflicted even in these cases, the Corporation should be ready to take prompt action. Taking into account the estimation shown in the committee report as written above, the delivery of ¥2 trillion which has been approved in this year’s government budget as government bonds has been requested. In case the third supplementary budget with the amount of ¥3 trillion is approved in parliament, including the aforementioned ¥2 trillion, the total amount of ¥5 trillion as government bonds will be requested.

6. Financial Status of the Corporation

At this point the Corporation has not yet received the contribution, so in order for them to receive the delivery according to this plan, the delivery of government bonds will be requested. The expenses of consultation activities of those afflicted and monitoring activities towards TEPCO will be fully covered by the investment.

Following the establishment of this plan, the budget plan of the Corporation will be altered.

End