

New Comprehensive Special Business Plan

Tokyo Electric Power Company
[January 15, 2014]



INTRODUCTION

- The New Comprehensive Special Business Plan replaces the previous Comprehensive Plan.
- The new plan is a trilateral partnership among Japan's central government, TEPCO, and financial institutions.
- The plan focuses on (and substantially increases) compensation, and addresses the decommissioning of Fukushima Daiichi, nuclear safety, and TEPCO's future business operations.



OVERALL FRAMEWORK

A new trilateral package formed by the government, TEPCO, and financial institutions

Central government

Follow “Toward Hastening Fukushima’s Recovery from the Nuclear Disaster,” and commitment to speeding up Fukushima reconstruction

Financial institutions/shareholders

Request support in concert with efforts of government and TEPCO

- Growth financing (add ¥2 trillion in credit)
- Cooperate on shift to holding company structure
- Gradually discontinue privately placed bond scheme
- Dilution of shareholder value when NDF stockholdings have been sold (to 1/3)

TEPCO

Address both “responsibilities” and “competitiveness”

- Engage groupwide in taking end-to-end responsibility for accident and undertaking competitive initiatives
- With goal of improving corporate value in competitive environment after liberalization, work to speed up Fukushima reconstruction and minimize taxpayer burden for accident-response costs

- Compensation** (for all down to the last person even though total exceeds ¥5 trillion)
- Decommissioning** (aside from recorded ¥1 trillion as security, commit for up to ¥1 trillion in expenses)
- Decontamination** (portion under existing plan to be raised from profits on sale of NDF stockholdings)
- Cost reductions** (further reduction of ¥1.4 trillion in 10 years)
- Workforce cuts** (move forward 7 years, early retirements and full-time posting to Fukushima)
- Returns to public** (rate reductions and profits on sale of NDF stockholdings)

FORM OF COMPANY

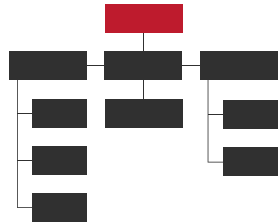
Take end-to-end responsibility for accident while improving corporate value in competitive environment, with goal of minimizing burden on general public



1. Creation of durable accident response structure.

- Bolster compensation and rebuilding Fukushima reconstruction regime
 - Add personnel and beef up capabilities of Revitalization Headquarters
- Bolster decommissioning regime
 - Create internal decommissioning company
- Create employment in Fukushima
 - Building coal-fired thermal power and R&D

FORM OF COMPANY

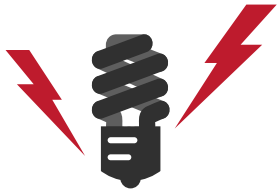


2.

Holding company structure to address responsibility and competitiveness

- Shift to holding company structure in April 2016
- Total optimization under holding structure
 - Compensate for accident costs with subsidiaries' earnings
- Slim down management structure
 - Flatten out the organization, etc.

FORM OF COMPANY



3. Innovations to produce “new power operator model”

- Fuel/Thermal Power Division
 - Reduce fuel, power production costs by expanding scale through alliances
- Energy Transmission Division
 - Reduce cost of wheeling and optimize wide-area operation
- Retail Sales Division
 - Optimize sales of electricity/gas throughout the country

CORPORATE GOVERNANCE

Evaluate management every three years, and based on company's results consider privatization in consultation with the government.

- 1. Introduction of management evaluations (during fiscal 2013):** Starting at end of fiscal 2016 in principle conduct every three years an “evaluation of management related to responsibilities and competitiveness.”
- 2. Shift from temporary public management (end of fiscal 2016):** Based on management evaluation, reduce share voting rights step by step and end assignment of executives from NDF.
- 3. Return to capital markets (early 2020s):** Based on management evaluation, further reduce share voting rights, and either resume dividend payments on shares held by NDF or begin to retire treasury stock.
- 4. Privatization (early 2030s):** In parallel with ending payment of special contributions and also taking market conditions into consideration, sell all shares held by NDF on the open market.

TEPCO PROJECTS

1. COMPENSATION FOR NUCLEAR DAMAGE

ESTIMATE OF AMOUNT REQUIRED

Compensation required to increase about ¥1 trillion from ¥3.9 trillion under previous plan:

1. Bolster property compensation

- Start of compensation for fields, prompt start also to compensation for forests, graveyards (¥55 billion)

2. 4th supplement to midterm guidelines

- Expenses for housing (¥372 billion), settlements for loss of hometown (¥201 billion), reasonable period compensations (¥87 billion)

3. Miscellaneous

- Increases in the actual total amount associated with indirect damages and the extension of the estimated period for harmful rumors, etc. (¥285 billion)

THREE PLEDGES

These pledges are aimed at prompt and appropriate provision of compensation:



Be sure every last eligible person receives compensation.



Be sure that compensation is given promptly and accurately.



Defer to the proposals of mediators on settlements.

To decontaminate quickly and reliably, NDF and TEPCO will implement a new plan on payments for decontamination costs, etc.

INTENSIFY EFFORTS ON FUKUSHIMA RECONSTRUCTION

Focusing on Fukushima Revitalization Headquarters, pour efforts into upgrades of living condition aimed at earliest possible return home, and into creating industrial infrastructure and job opportunities



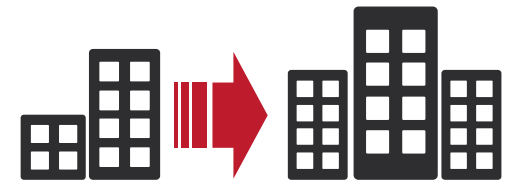
Living condition upgrades toward earliest possible return to home

Engage in cleanup/decontamination/care support facilities, etc. through “100,000-person dispatch project”



Creation of industrial infrastructure/job opportunities

Make it a center for R&D related to decommissioning; pour people, technology and capital into cutting-edge coal-fired thermal power facilities



Beef up Fukushima Revitalization Headquarters

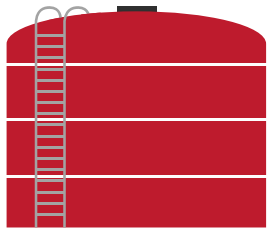
Move HQ to evacuation zone, permanently assign around 500 management staffers, establish accident and decommissioning archive center

TEPCO PROJECTS

2. NUCLEAR SAFETY AND DECOMMISSIONING

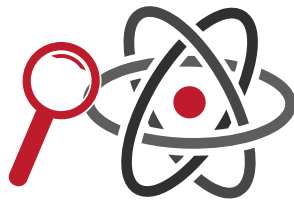
PROMOTE STEADY PROGRESS AT FUKUSHIMA DAIICHI

Beef up framework in partnership with government toward fundamental resolution of contaminated water problems



Contaminated water and take problems

Working environment improvements, increase staff size, make facilities permanent, clean all contaminated water (other than tritium) during coming fiscal year



Addressing government demands

Secure up to ¥1 trillion in capital beyond the ¥1 trillion recorded, decommission reactors 5 and 6 and use as research facilities



Create international decommissioning regime

In response to government policies, create in-house decommissioning company and bolster PM with domestic and international specialists



Steady decommissioning work over mid- to long-term

Remove fuel debris from first reactor by first half of fiscal 2020

GUARANTEES OF NUCLEAR SAFETY

- Implement Nuclear Safety Reform Plan under supervision of Nuclear Reform Monitoring Committee
- Toward resuming operations of Kashiwazaki-Kariwa nuclear plant, address both tangible (safety measures) and intangible (safety culture enhancement)



TEPCO PROJECTS

3. PLAN FOR TEPCO'S BUSINESS OPERATIONS

POLICIES ON BUSINESS OPERATIONS AND MANAGEMENT RATIONALIZATION

Business Operations

Generate capital to engage in competitive business operations after liberalization, to improve corporate value of group as a whole, and to revitalize.

Management Rationalization

Steps taken toward management rationalization



In addition to the previous Comprehensive Plan, cut costs a further ¥1.4 trillion in 10 years, have Procurements Committee reassess procurement structure/practices

Personnel reforms



Advance staff reduction plan by 7 years through early retirements of 1,000 permanently assigned management staff (500) aged 50 or older to Fukushima, flatten out organization (eliminate branch offices), improve treatment through cost reduction incentives (salary restoration)

CREATE REVENUE BASE FOR ONGOING REVITALIZATION

Implementation of holding company structure

Aim to introduce by April 2016, compensation /Fukushima reconstruction /decommissioning to be managed by holding company, request assistance of financial institutions

Make strategic investments and engage in competitive operations

Through growth investment of ¥750 billion over 10-year period along with dynamic business operations responsive to electric power system reforms, expect share value of ¥4.5 trillion by early 2030s



CREATE REVENUE BASE FOR ONGOING REVITALIZATION, cont.

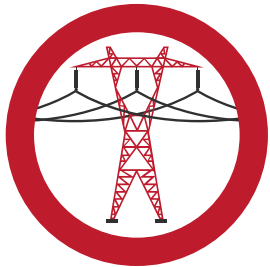


Fuel/Thermal Power Division

Drastically reduce fuel costs to allow for both supplying power stably and at low cost while generating resources for Fukushima reconstruction

- Replace 10 million kW through comprehensive alliances
- Jointly establish power plants outside area
- Procure 10 million t light gas
- Expand LNG procurements to 35 million t
- Expand involvement in upstream businesses
- Optimize fuel and electric power
- Bolster trading capabilities

CREATE REVENUE BASE FOR ONGOING REVITALIZATION, cont.



Energy Transmission Division

Address both securing stable income for compensation and decommissioning purposes, while maintaining thoroughgoing neutrality and fairness in energy transmission network and wide-area operation

- Reduce investments by more than ¥300 billion yen by fiscal 2016
- Switch all power meters to “smart meters” by fiscal 2020
- Achieve optimal system operation over wide area

CREATE REVENUE BASE FOR ONGOING REVITALIZATION, cont.



3. Retail Sales Division

Do business on a national scale to both reduce energy costs for consumers and generate resources for Fukushima reconstruction

- Get into sales of power to outside area
(supplying 10 billion kwh within 10 years)
- Engage in retail sales of gas with alliance partners
(1 million tons within 10 years)
- Make most of alliances to create “Platform for Living”
- Procure low-cost power sources (make bids promptly)

TEPCO PROJECTS

4. CAPITAL AND BALANCE OF PAYMENTS

CAPITAL AND BALANCE OF PAYMENTS

- Slowdown in demand for power due to overall liberalization and energy conservation effects; availability addressed by extending life of aging thermal plants based on operational status of Kashiwazaki-Kariwa.
- Ordinary profits of ¥167.7 billion for FY ending March 2015, maintain at level of ¥100 billion or above from FY ending March 2016 and after while improving financial standing.



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