<Reference>

Implementation status of management streamlining in FY 2011

In the “Business Restructuring Action Plan”, which was established and announced in December 2011, based on the “Emergency Special Business Plan” created in conjunction with TEPCO and the Nuclear Damage Liability Facilitation Fund (approved by the government in November 2011 and partially modified in February 2012), we planned cost cuts of ¥ 2,648.8 billion for over the next 10 years (FY 2011 to FY 2020) and ¥ 237.4 billion for FY 2011. In the “Comprehensive Special Business Plan“ (approved in May 2012), we plan to implement thorough management streamlining in the mid and long term and to cut ¥ 3,365 billion in costs over the next 10 years (FY 2012 to 2021).

We have been implementing thorough management streamlining in order to achieve these plans and would like to hereby announce the status concerning implementation progress as well as the financial status of income and expenditures in FY 2011.

1. Results of management streamlining in FY 2011

We achieved cost cuts of ¥252.3 billion, which is ¥14.9 billion higher than the target amount of ¥237.4 billion via thorough cost reductions, e.g. cutting wages or reviewing benefit packages or stopping advertising activities such as commercials.

○ Reduction of personnel costs
¥ 69.6 billion: reduction of salaries and bonuses (¥ 69.6 billion)

○ Reduction of procurement costs of materials and services
¥ 43.7 billion: exploring competitive ordering options (¥ 16.7 billion), etc.

○ Reduction of power purchases- and fuel procurement- related
¥ 17.5 billion: reduction of fuel costs (¥ 15.7 billion), etc.

○ Reduction of other expenses
¥ 121.5 billion: reduction of advertisements and related costs (¥ 21.6 billion)

TEPCO sold assets, etc equiv. to ¥414.8 billion that are not included in the cost reductions because they are not directly related to the electricity business.

*The results of assets sold are equiv. to ¥414.8 billion including the disposal of assets owned by subsidiary companies equiv. to ¥10.6 billion.

○ Sales of subsidiaries and affiliated companies
¥47.0 billion：Total of 6 companies such as “Kanto Natural Gas Development Co., Ltd.”

○ Sales of Real Estate

¥50.2 billion： Total of 151 sites such as Toyosu company owned housing

○ Sales of securities

¥317.6 billion： Total of 149 stocks such as KDDI Co., Ltd

2. Current Financial Performance and Electricity Rates

In FY 2011, TEPCO made an effort to reduce costs such as by reducing personnel expenses by cutting income and bonuses and reducing repair expenses by cutting procurement expenses of materials and services. However, because of extraordinary losses from costs to restore damaged assets due to the earthquake in addition to a decrease of electricity revenue due to low energy demand, etc. and an increase in fuel costs due to the decrease of Nuclear Power Stations, etc., current term net profits or losses and accumulated profits were ¥758.4 billion losses and ¥609.2 billion losses respectively, which reveals an extremely vulnerable financial position.

(¥ billion)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
(Sales) Ordinary revenues	(5,224.3) 5,265.8	(5,643.3) 5,683.3	(4,804.4) 4,852.7	(5,146.3) 5,203.5	(5,107.7) 5,184.3
Ordinary expenses	5,287.8	5,773.5	4,694.0	4,932.4	5,592.7
Ordinary income	△22.0	△90.1	158.6	271.0	△408.3
Net income	△177.6	△113.1	102.3	△1,258.5	△758.4
Electricity sales (TWh)	(3.4) 297.4	(△2.8) 289.0	(△3.0) 280.2	(4.7) 293.4	(△8.6) 268.2
ROA Return on assets (%)	0.7	0.2	2.0	2.7	△2.2
Earned surplus	1,661.5	1,467.4	1,488.7	149.1	△609.2
Interest bearing liabilities	7,479.9	7,748.8	7,384.4	8,904.0	8,277.3
Shareholders' equity ratio (%)	18.2	16.4	17.1	8.9	3.5

<Remarks>

1. Fractions less than 0.1 billion yen have been rounded down and fractions of electricity sales smaller than 0.1 TWh are rounded off.
2. ( ) of Electricity sales indicates the rate of increase to the previous fiscal year.
3. ROA: Operating income (including operating income from incidental businesses) / Average gross assets

We expect net deficits due to the increase of fuel costs due to the downturn of nuclear power generation for FY 2012, although electricity sales recovered due to a pickup in production per the moderate economic rebound.

Based on the current situation, we will implement the electricity price hike from July 1st, 2012 and have applied for a revision of general supply provisions to The Minister of Economy, Trade and Industry.

Given the severity of the present economy, we are very aware that the electricity price hike will inconvenience the daily life of our customers and impact industrial activities. As a general drastic management streamlining rule, we will continue to thoroughly disclose information and provide easy-to-understand explanations as well as offering a variety of rate menu options to alleviate the burden being placed on customers.

End