

TEPCO

TEPCO Integrated Report 2017



TEPCO INTEGRATED REPORT 2017

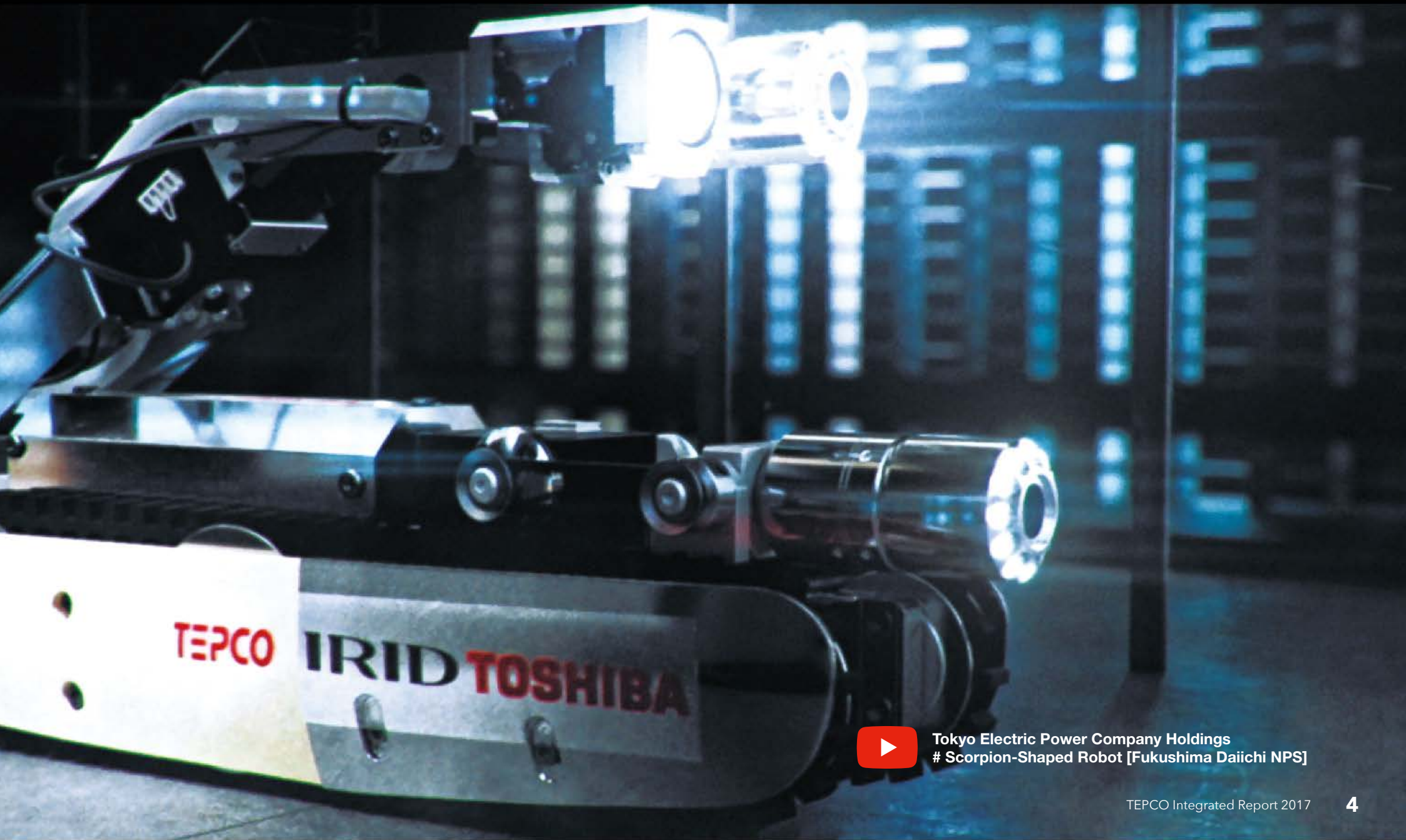


Tokyo Electric Power Company Holdings
Nagawado Dam [Matsumoto City, Nagano pref.]

TEPCO
2017
FSC
COC 0031249



Tokyo Electric Power Company Holdings
Oze National Park [Katashina Village, Gunma pref.]



Tokyo Electric Power Company Holdings
Scorpion-Shaped Robot [Fukushima Daiichi NPS]



TEPCO INTEGRATED REPORT 2017



TEPCO Fuel & Power
#KawasakiThermalPowerStation
[Kawasaki City, Kanagawa pref.]

To Our Readers

On March 11, 2011, giant tsunami waves triggered by the Great East Japan Earthquake damaged the Fukushima Daiichi Nuclear Power Station, resulting in a serious accident. In an effort to fulfill its responsibilities to Fukushima, the TEPCO Group is undertaking a new management reform based on its Revised Comprehensive Special Business Plan.

Given the heightening social demand for corporate accountability and corporate information disclosure, we believe that an integrated report is the optimal communication tool for explaining to our stakeholders, including the providers of our financial capital, how the Group will create value over the long term.

This first edition of the Group's integrated report pronounces the top management's commitment to the new management policy and reform, as well as reports on the strategies and business models for its respective activities in Fukushima and Energy Service, which comprise the Revised Comprehensive Special Business Plan.

The integrated report also discusses the Group's initiatives in the six components underpinning its business foundation—corporate brand, transparency, human resources, intellectual capital, business efficiency, and consideration for the environment—all of which are imperative for achieving our strategies and creating value.

Throughout the entire report, we have tried to present financial and non-financial information based on integrated thinking in an easy-to-understand manner.

Referenced guidelines:

International Integrated Reporting Framework, International Integrated Reporting Council (IIRC)
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation, Ministry of Economy, Trade and Industry

Forward-Looking Statements

This report contains forward-looking statements regarding the Company's plans, outlook, strategies, and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses; competitive pressures; related laws and regulations; product development programs; and changes in exchange rates.

TEPCO Integrated Report 2017

Reporting period : Fiscal year 2016 (April 2016 to March 2017)
(The report also includes some important information that falls outside the reporting period.)

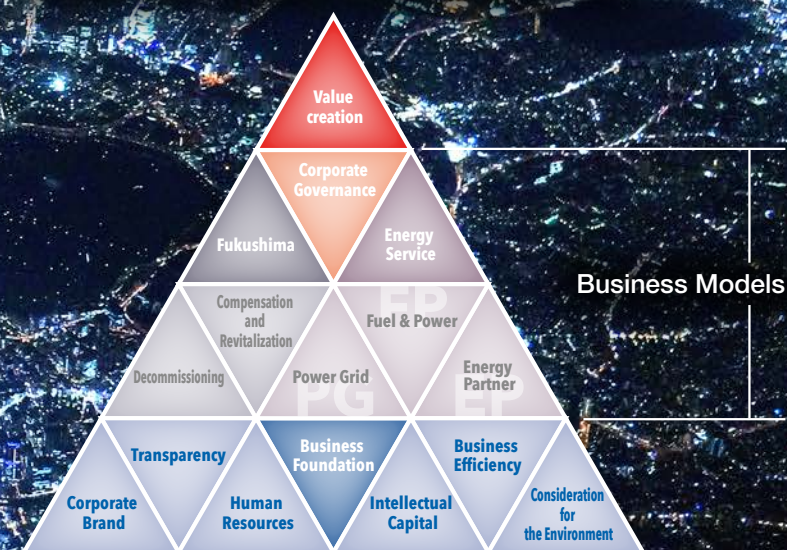
Scope : 73 TEPCO Group companies (including Tokyo Electric Power Company Holdings)

Publish : September 2017

Next publish : September 2018

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Composition of TEPCO Integrated Report 2017



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Top Commitment



■ Biography

- April 1988 : Joined TEPCO
December 2011 : General Manager, Marketing & Customer Relations Dept., Kanagawa Branch Office
July 2013 : General Manager, Commercial Customer Energy Dept., Corporate Marketing & Sales Dept.
June 2014 : General Manager, Corporate Marketing & Sales Dept., Customer Service Company
June 2015 : Managing Executive Officer and President of Customer Service Company
April 2016 : Representative Director and President of TEPCO Energy Partner, Inc.
June 2017 : Representative Executive Officer and President, Tokyo Electric Power Company Holdings, Incorporated Inc.

Our mission is to soundly implement the Revised Comprehensive Special Business Plan and fulfill the responsibility we owe to Fukushima, while increasing our corporate value.

To this end, we pursue our non-consecutive reform under the new scheme and with the three slogans “Hiraku,” “Tsukuru” and “Yaritogeru.”* In so doing, we continue to communicate with local communities and society as a whole. In pursuing the reform, it is most important to take visible measures with responsibility and independence. This is a requirement that must be fulfilled in order to gain trust, the basis of our business activities.

We are responsible for the Fukushima nuclear accident. And that is why we aim to become a TEPCO that cultivates the world’s No. 1 safety culture and boldly takes on challenges for the future so that society and local communities will once again trust us and the safety of our services. We have a long way to go, but we will make our utmost and concerted efforts as a Group to produce sufficient force to accomplish the mission.

Representative Executive Officer and President
Tokyo Electric Power Company Holdings, Inc.

Tomoaki Kobayakawa

* Each slogan has a different meaning
Hiraku : Open up, pioneer, break and clear
Tsukuru : Create, build, shape, make, provide and establish
Yaritogeru : Accomplish and achieve

New Business Policy

Three slogans: **Hiraku, Tsukuru and Yaritogeru***

Under three slogans, we make five declarations to implement specific measures

We will accomplish project Fukushima with a spirit of independent action.

This is the single most important mission of the TEPCO Group. We prioritize this declaration with firm determination.

We will open up the organization and gain trust.

We will create a corporate culture where the ideas of “safety first,” “local-oriented” and “customer point of view” serve as universal guides. Specifically, we will break the old tradition of “sectionalism” and having a closed nature and will create an organization that is open and built on the foundation of a society-first and locally oriented mindset and the perspective of our customers.

We will exercise our individual capabilities to drive the business forward.

Each one of us in the TEPCO Group makes the best use of our capabilities to accomplish our tasks independently. We develop such capabilities by working on actual issues and at actual sites of our business, while using kaizen

(improvement) activities as the source of higher productivity and development of new fields.

We will shape the future of energy.

With the advancement of IoT, popularization of renewable energy and emergence of battery/electric vehicles, the environment surrounding the energy industry is changing on a global scale.

We will combine all the technologies and knowledge of the entire Group to create new value that meets the expectations of customers and society.

We will create profitability.

To create new value in a Group-wide effort, we have to develop human resources— personnel who can take on challenges without fear of failure and accomplish the goal. While we will be more proactive in making the best use of human resources outside the Group, in the meantime we will provide both internal and external training opportunities for our employees so that they will become “professionals who can get the job done” and we will create opportunities for them to acquire experience in business management.

* Each slogan has a different meaning

Hiraku : Open up, pioneer, break and clear

Tsukuru : Create, build, shape, make, provide and establish

Yaritogeru : Accomplish and achieve

Five declarations

1. We will accomplish the project Fukushima with a spirit of acting independently.
2. We will open up the organization and gain trust.
3. We will exercise our individual capabilities to drive the business forward.
4. We will shape the future of energy.
5. We will create profitability.



Specific Actions

Establishing nuclear power business that is open and transparent to society and local communities

As one of the bases of our nuclear power business operation, we will establish a corporate culture where safety is always given first priority and a business operation scheme where we can communicate well with local communities and gain the trust of people in the communities located nearby our power station sites.

To this end, we will develop “internal companies” that can accomplish their tasks by acting in an independent and responsible way. We will also review our governance and establish a system where a variety of issues, such as safety measures, engineering, crisis management, information disclosure and communication with local communities, can be addressed in an integrated

fashion. Making safety the top priority and fundamental premise, and guided by the perspective of the local-first and safety-first principle, we will work on restarting the operation of the Kashiwazaki-Kariwa Nuclear Power Station through these specific actions as stipulated in the Revised Comprehensive Special Business Plan.

Toward the creation of new value for the future

With the declining birthdate, advances in energy conservation and large-scale popularization of AI/IoT, renewable energy and electric vehicles, the environment surrounding the energy industry has been changing both nationally and globally. In order for the TEPCO Group to achieve sustainable growth, new value must be created.

In August 2017, the Mirai (future)

Business Committee was launched to cope with such changes. At meetings of the committee, business models for the future are discussed from a cross-divisional perspective at the level of the entire corporation and without the constraints of conventional ideas and business fields.

Based on the discussions, we will propose business models that can reinforce the profitability of the entire Group, including those involving reorganization and mergers for win-win outcomes in new areas or with other corporations. By so doing, we will create a TEPCO that can provide new value for the future.

Creating “profitability” of the entire Group

The business of the TEPCO Group starts with us providing services to our customers and our customers being

satisfied with the services we provide. When manageable efforts, such as improving efficiency, are added to this premise, then profit can be generated.

With these ideas, we will launch the Profitability Creation Unit in October 2017 to improve profitability throughout the entire Group. The unit will aim at the improvement of productivity and enforcement of management capabilities through kaizen activities. It will also engage in human resources development to produce “professionals who can act independently and get the job done” by taking on challenges without fear of failure.

We will aim to create profitability across the entire Group by provoking a synergy effect between the organizational efforts and the improved capabilities and awareness of each employee, thereby realizing the expected sustainable growth.

Forward-looking Reform

Accomplish the non-consecutive reform to improve corporate value

To fulfill the responsibilities we owe to Fukushima, we must ensure financial resources for compensation and the decommissioning project, while increasing the corporate value of the entire Group on a long-term basis.

The energy industry is at a crossroads as its environment changes both within and outside Japan. The TEPCO Group will not be tied down by conventional ideas but will exercise our abilities to foresee outcomes. Through

implementing the “mirai (future) business operation” and creating profitability, we will take on the challenge of forward-looking and non-consecutive business reform.

We treasure communication with our shareholders and other

stakeholders and try our best to meet their expectations of the TEPCO Group in a visible and concrete form. We will responsibly and independently accomplish the goal of recovering the trust of society and local residents.

Timeline after the Fukushima Nuclear Accident

(March 2011 and after)

To the people of Fukushima

I am truly sorry for the fact that the accident at the Fukushima Daiichi Nuclear Power Station is still causing serious problems for and placing burdens on the people of Fukushima Prefecture and many others. Even in the new scheme we launched at the end of June 2017, the reconstruction of Fukushima is still the top priority in terms of our organizational existence. In May 2017, the Revised

Comprehensive Special Business Plan (the Third Plan) was approved. Based on this, all managers and employees of the TEPCO Group companies will make concerted efforts for the operational reform. In the decommissioning of the Fukushima Daiichi Nuclear Power Station, we are determined to fulfill our long-term responsibility to Fukushima, giving the highest priority to safety.

Special Business Plan:

When providing financial support for TEPCO, the Nuclear Damage Compensation and Decommissioning Facilitation Corporation may receive national bonds. In that case, the Corporation will generate a Special Business Plan in cooperation with TEPCO, which needs to be authorized by the competent ministers (the Prime Minister and the Minister of Economy, Trade and Industry).

March 2011

The Great East Japan Earthquake and Fukushima Daiichi Nuclear Power Station accident occurred.

- Stabilization of the Fukushima Daiichi Nuclear Power Station, stable supply of electricity and prompt payment of compensation for nuclear damages, were the urgent issues.
- Financial crisis in coping with these issues.
- September 2011: Nuclear Damage Compensation Facilitation Corporation (NDF)* was established.

* Name changed to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation in August 2014

November 2011

Emergency Special Business Plan

Prompt payment of compensation and reform of TEPCO started

- Cost for compensation: 1 trillion yen
- Measures for compensation payment (TEPCO: Five Promises; NDF: Three Businesses)
- New scheme to implement the Special Business Plan was established.
- Streamlining the corporate operation (to cut 2.5 trillion yen in 10 years)

How to regain the trust of local communities and society

It is of course important to work on improvement and preventive measures with regard to the incidents that occurred. In addition to this, we believe that it is also important to prepare procedures

and methods to cope with or explain the issues sincerely in transparent and objective way with a perspective of stakeholders. There is no shortcut along our path to regaining trust. We start with

creating an organizational culture that is open and not secretive and keep sincere attitudes always taking care of the issues from the stakeholders' points of view.

About Kashiwazaki-Kariwa Nuclear Power Station

If we are to build a financially sustainable and profitable organization under the deregulation of electricity retailing while fulfilling our responsibilities in regard to Fukushima, we must achieve the goal of the restart of Kashiwazaki-Kariwa Nuclear Power Station.

Restarting of the nuclear plant is also important in terms of securing power supply and reducing emissions of greenhouse gases. Placing safety as the top priority and basis of the entire premise, we will therefore work toward the restarting of the power plant.

- **Cost needed to ensure safety of Kashiwazaki-Kariwa NPS: 680 billion yen** (total at present)
- **Cost reduction generated by operation of one nuclear power unit: 40 to 90 billion yen/year**

May 2012

Comprehensive Special Business Plan

Full-scale reform of TEPCO started

- Transforming into a company with a Nominating Committee, etc.
- Further streamlining of corporate operation (cut 3.4 trillion yen in 10 years)
- Revision of electricity rates (increase)
- Increase of compensation costs: 2.5 trillion yen
- Government bonds of 5 trillion yen

- **Enforce the financial base with the contribution from NDF (1 trillion yen) + additional credit from financial institutions (1 trillion yen) + increase of electricity rates**
- **Drastic change of the business environment (lower electricity consumption, higher competition)**
- **Vast costs associated with the Fukushima nuclear accident (11 trillion yen)**

January 2014

New Comprehensive Special Business Plan

TEPCO's rebirth plan to increase the speed of revitalization

- Rebirth plan
 - To achieve both "responsibility" and "competition": adopting a holding company system
 - Governance: gradual transfer to "autonomous management system"
 - Increase the market value of TEPCO stock to over 4.5 trillion yen by the first half of the 2030s.
 - Increase the amount of government bonds issued from 5 trillion yen to 9 trillion yen
 - The three pledges for compensation
 - Rationalizing our management (cut costs by a total of 4.8 trillion yen over 10 years)

TEPCO keeps to be nationalized after assessment period (FY2014-2016)

We see that our management reform produced a certain level of achievement in the three years (2014 to 2016, which was recognized for the period of “temporary public management” by the New Comprehensive Special Business Plan) and our management has gained some of the “muscle” needed to continue to be profitable. Meanwhile, we do acknowledge that there are some areas where more efforts are needed. We will work even harder than ever on the measures specified in the Revised Comprehensive Special Business Plan (the Third Plan), bringing to bear the united power of the entire Group.

<Major reasons to keep TEPCO nationalized>

- TEPCO’s management reform has not been accomplished (see right)
- More costs needed to contribute to Fukushima (11 trillion ⇒ 22 trillion yen)
- Changing environment surrounding the electricity market (reduction of electricity demand, deregulation of electricity retailing, etc.)

Evaluation of TEPCO’s measures by NDF

	achievement	insufficient
Compensation	Compensation to individual ex-residents and to businesses for commercial damages including those resulting from harmful rumors	Review compensation for damages to agriculture and forestry caused by harmful rumors after 2018; consideration of compensation to public sectors
Revitalization	Participation of employees in revitalization activities	Contribute to realizing the “Fukushima Innovation Coast Plan**”; advancement of measures beneficial to Fukushima
Decommissioning	Contaminated water treatment, spent fuel removal, etc.	Review the scheme to enforce the project management functions and engineering capabilities
Nuclear safety	—	Instill awareness on safety; repeated studies how to deliver information and engage in communication to regain trust
Stable supply	—	Make investment plan and funding plan to deal with age-related deterioration of the transmission and distribution division
Enhancing competitiveness	Further cost reduction from the New Comprehensive Special Business Plan, regaining net profits without depending on price hikes, etc.	Develop measures to double the production of the whole organization; balance the income and expenses to the stock value goal; etc.
Expanding business areas	Establishment of JERA, basic agreement on merger of existing thermal power plants, increase of sales outside Kanto area and cooperation with businesses in other fields	Reflect the procurement price information in the sales strategies at retailing; develop new services; generate ideas for various services
Financing	Improvement of capital adequacy rate, bond issuance, etc.	Gain trust of capital market
Transparency and objectivity	Shifting to the holding company system, etc.	Prepare measures and make organizational changes to address the failures in delivering information about nuclear power plant, etc

* Plan to rebuild the industrial foundation that is lost and to create new communities in the Hamadori region of Fukushima Prefecture

April 2016

Shifting to a holding company system Full deregulation of electricity retailing started

December 2016: TEPCO Reform Plan proposed (from the Committee under the government)

- Funds to be secured for Fukushima: 22 trillion yen (including TEPCO’s contribution of 16 trillion yen)
- Funds of 0.5 trillion yen/year secured for compensation and decommissioning; profit from selling stocks is to be used for decontamination (4 trillion yen; stock value: 7.5 trillion yen)
- [Energy Service] Establishment, reorganization and integration of joint businesses
[Nuclear Power] Recovery of trust
[Fukushima] Accomplishment of decommissioning and compensation; adopt world’s most advanced technologies
- Will review the involvement of the national government in fiscal 2019

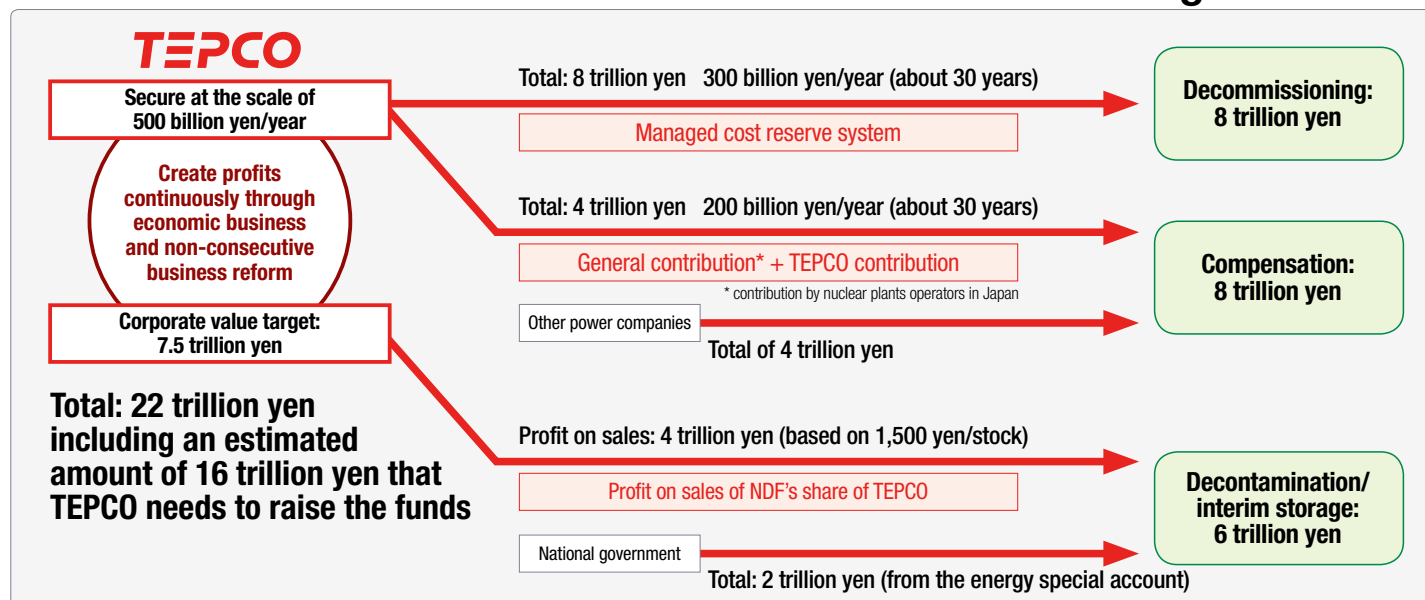
May 2017

Revised Comprehensive Special Business Plan (the Third Plan)



Revised Comprehensive Special Business Plan (the Third Plan)

Funds for Fukushima based on a recommendation from a government panel of experts



Based on the TEPCO Reform Plan (Reference) Total market capitalization for the period ending March 2017: 1.0 trillion yen (calculated based on the information from Bloomberg New Energy Finance)

To Our Shareholders and Financial Institutions

We sincerely apologize for the inconvenience and concern caused by the circumstances of TEPCO. And we would like to express our gratitude for the cooperation we have been receiving for an extended period. Our acknowledgement as a stock company will never change—we must meet the expectations of investors and financial

institutions by increasing our corporate value and paying dividends. We will devote ourselves to implementing the Revised Comprehensive Special Business Plan and work on the non-consecutive business reform, so that we can improve our corporate value and assuredly ensure profits for a long time.

Balance proposed

Make stable profits

Accelerate the compensation, revitalization and decommission

TEPCO Group

Tokyo Electric Power Company Holdings, Inc.

- Manage the Group
- Fukushima : Compensation, Revitalization and Decommission
- Nuclear /renewable power generation

More than half of the TEPCO Holdings stocks are owned by NDF

Three core operating companies

TEPCO Fuel & Power, Inc.

- Fuel procurement
- Thermal power generation
- Gas wholesales

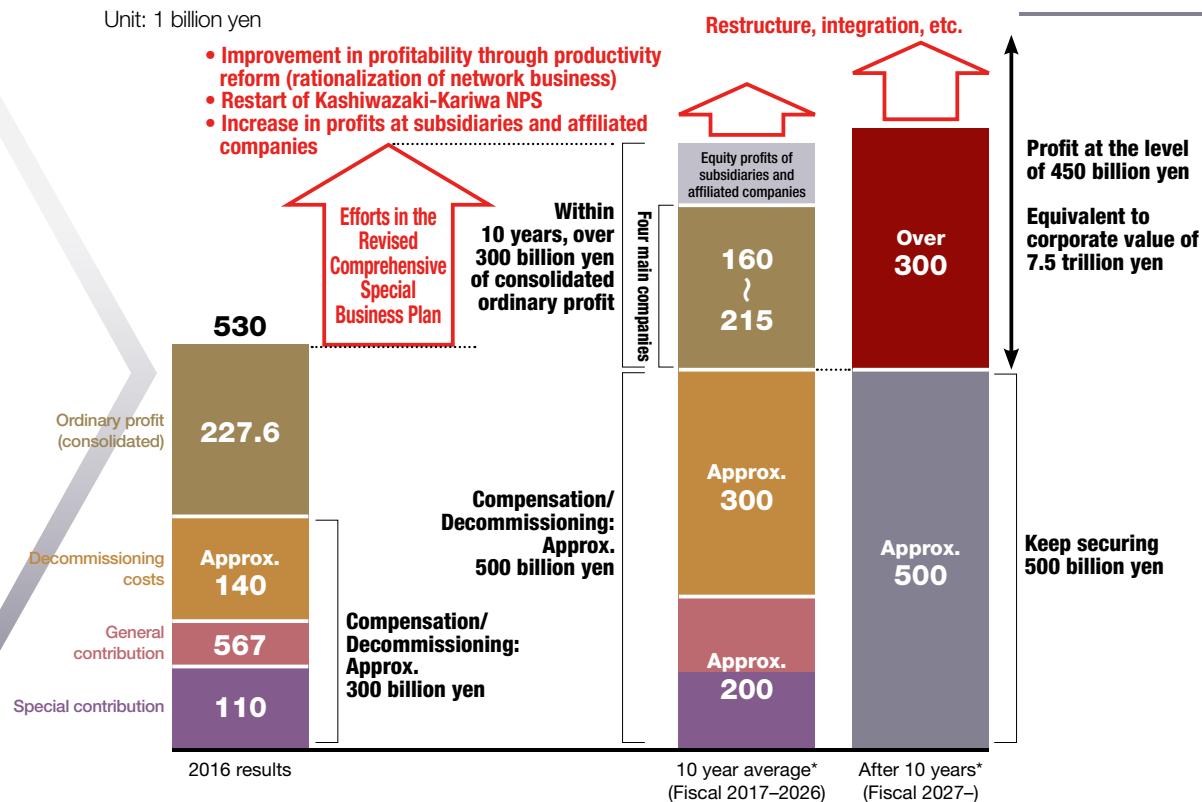
TEPCO Power Grid, Inc.

- Transmission and distribution
- New platform business

TEPCO Energy Partner, Inc.

- Electricity retailing
- Gas sales business

Unit: 1 billion yen



* Profits and costs differ in each scenario due to the difference in timing of the Kashiwazaki-Kariwa Nuclear Power Station restart.

Involvement by the national government and NDF

- Fukushima: Strengthen involvement by the government and NDF Energy Service: Hasten autonomy
- Reconsider future involvement around the end of fiscal 2019 based on the results of monitoring of the TEPCO Group's management
- Consider prompt and sure methods to recover public funds, including how to treat holding equities in relation to joint ventures.

Corporate Governance



Management reform
and lasting improvement
of corporate value

Tokyo Electric Power Company Holdings, Inc. Headquarters
TEPCO Power Grid, Inc. Headquarters
(Chiyoda-ku, Tokyo)

Message from Chairman

Aiming to become a “TEPCO of the world”



Responding to the Fukushima nuclear accident is a new starting point for TEPCO

For all corporations and organizations, ensuring human life and safety in daily settings is the most important premise.

Corporations are required to carry on their business activities in line with social norms. This is even more true for TEPCO, as we are responsible for supplying essential energy and we deal with nuclear energy, which has the potential to impose serious damage on society in the event of an accident. We acknowledge, therefore, that we should have been wholly aware of the mission we owed to society as well as the size of potential risks.

Nonetheless, we did cause the Fukushima nuclear accident in March 2011. On that day, dealing with the accident became TEPCO's new starting point. As it now stands, we keep firmly in mind the simple reality that TEPCO is only allowed to continue to exist in order to fulfill our responsibilities to Fukushima—we have an obligation to provide compensation down to the very last person, to work on our role in reconstruction to support ex-residents in returning home, and to complete the decommissioning of the Fukushima Daiichi Nuclear Power Station in a safe and prompt manner.

Director and Chairman
Tokyo Electric Power Company Holdings, Inc.

■ Biography

- 1962 Joined Hitachi, Ltd.
- 1992 General Manager of Hitachi Works
- 1997 Executive Managing Director and the Group Executive of Power Group
- 1999 Executive Vice President and Representative Director
- 2009 Representative Executive Officer, Chairman, President and Director,
- 2010 Representative Executive Officer, Chairman and Director
- 2011 Chairman of the Board
- 2014 Chairman Emeritus (to June 2016)
- 2017 Chairman of the Board, Tokyo Electric Power Company Holdings, Inc.

What “making profit” means to society

Business organizations make profit not only to distribute it to shareholders and employees. We must make more profit than is needed for maintaining our organization so that we can return such profit to society, thereby driving an increase in social value. And to do that, we need the ability to make profit, or “profitability.”

Among the 22 trillion yen in costs needed in relation to the Fukushima nuclear accident, TEPCO has responsibility for 16 trillion yen, which we need to secure by exercising our own capabilities. Within the nation of Japan, the deregulation of electricity and gas retailing has been implemented.

Along with decreasing power demand over the long term and even tougher competition among the utility companies, this is producing a great change in our business environment.

In these circumstances, in order for TEPCO to fulfill its responsibility to Fukushima and return its profit to society, we have to win the competition. To achieve that, we have to gain “overwhelming profitability” no matter what business environment we find ourselves in.

To gain “overwhelming profitability,” each one of our employees—not just the members of our top management team—must drastically increase their determination to earn profits.

To this end, we will force through an unprecedentedly drastic business reform.

Business reform to grow into a “TEPCO of the world”

Our challenge has already begun. With the Revised Comprehensive Special Business Plan, our all business sectors and affiliates have started business reform with the aim of entering new and varied business areas. For instance, we have started to form alliances with other companies, including those in business fields that are new to us. In addition to the conventional business of electricity sales, we have been working on creating new corporate value in new energy services. Also, we have started to examine how we can create new value in the power transmission and distribution network business. We view the transformation of the business environment as an opportunity to grow, rather than a risk. We will develop new business models to win the competition.

Against this background, what I see emerging is a TEPCO that develops its businesses on the international stage and acts globally. Of course, our services in Japan will remain our foundation, but I expect that the company will boast 20 or 30% of the operational share outside the country and will grow into an organization robust enough to compete internationally.

Currently, TEPCO Fuel & Power Inc. is developing a dynamic business to lead the world fuel market in JERA, its alliance with Chubu Electric Power Company.

I believe these activities will produce a driving force for the whole TEPCO Group and contribute to the development of Japan’s energy industry.

Governance that increases corporate value

The Board of Directors emphasizes the importance of the sustainable growth of the TEPCO Group and the mid- to long-term increase of its corporate value.

Proper governance will be implemented to realize the enhanced profitability and optimum distribution of business resources that are needed for these objectives. The role of the board is to supervise the activities on the executive side, and it is also important for the board to instruct and advise the executives so that they can correctly and promptly accomplish the business reform based on the Revised Comprehensive Special Business Plan. We will then be able to unflinchingly fulfill our responsibility to Fukushima and meet the expectation of our shareholders and investors with expected returns through increasing our cash flow in the future.

Outside the General Meeting of Shareholders, we communicate actively with shareholders and investors in a constructive way.

I will act with strong determination in cooperation with all employees of the TEPCO Group, who are taking on challenges in a forward-looking way.

Together, we will take the hard road of reform.

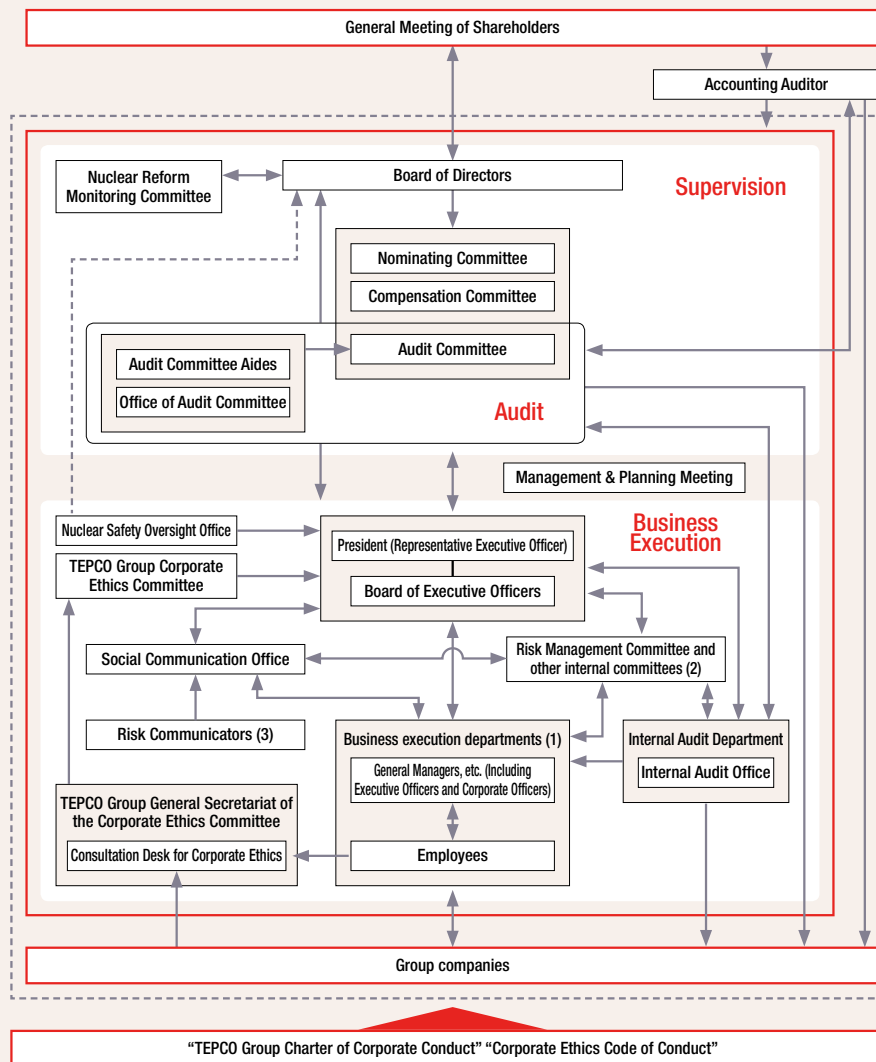


Corporate Governance Structure (as of September 2017)

Basic view on corporate governance

Tokyo Electric Power Company Holdings, Incorporated is working to develop organizational structures and policies for thorough legal and ethical compliance, appropriate and prompt decision-making, efficient business execution, and enhanced auditing and supervisory functions. To further improve the objectivity and transparency of its management, the company has adopted a “Company with Nominating Committee, etc.” management structure, thereby stepping up the effort to secure solid corporate governance.

Moreover, having adopted a holding company system in April 2016, the company is striving to further enhance its corporate value through the optimal allocation of management resources and a robust corporate governance system encompassing its entire Group.



(1) Head office (Corporate offices, departments, etc.), frontline organizations (nuclear power stations, etc.)
 (2) Investment Management Committee, etc.
 (3) Special personnel who play the role of promoting risk communication activities

The Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF) gave comments related to TEPCO's governance after its evaluation of the management reform for fiscal 2014 to 2016.

“Appropriate distributions of resources, IT system construction and risk management, which are supposed to be accomplished companywide, have not been implemented yet, and practical governance for these measures is not fully executed. Fundamental improvement should be made for the whole organization, too, in order to improve organizational culture and governance. The top management and all other members of the organization should pool their capacities and promptly take care of these issues.”

In order to accomplish the Revised Comprehensive Special Business Plan, we sincerely acknowledge the results of the evaluation of the management reform. At the same time, we will make our utmost efforts from the perspective of corporate governance in fulfilling our responsibility to Fukushima and increasing the corporate value to the level needed to do so.

 Corporate governance
www.tepco.co.jp/en/corpinfo/ir/management/gover-e.html



Functions of business execution, auditing/oversight, nominating and executive compensation decisions (as of September 2017)



The Policy on decisions regarding the content of remuneration, etc. for individual Directors and Executive Officers, determined by the Compensation Committee

The main duty of each Director and Executive Officer of the company is to minimize the burden on the public by enhancing corporate value based on a strong commitment to achieving a stable supply of electricity beyond the world's highest level for ensuring safety and under competitive conditions, while fulfilling the company's responsibility for the Fukushima Daiichi Nuclear Power Station accident.

In order to achieve this, the basic policies for determination of remuneration are securing outstanding human resources capable of leading business operations and management reform to achieve both "responsibility and competitiveness," clarifying responsibilities and outcomes, and increasing incentives for improved performance and increase in the stock value.

Remuneration for directors and executive officers

The remuneration, etc. paid to the company's Directors and Executive Officers in fiscal 2016 was as follows.

Directors / Number of members:	7
Amount of remuneration:	78 million yen
Executive Officers / Number of members:	14
Amount of remuneration:	314 million yen

The Board of Directors of the Company, which is a Company with Nominating Committee, etc., holds full deliberations, makes decisions on important business execution and supervises the business execution undertaken by the Directors and Executive Officers. Moreover, the Company aims to enhance the deliberations of the Board of Directors by utilizing the Outside Directors Meeting where mainly Outside Directors exchange opinions. In fiscal 2016, the Company held 25 meetings of the Board of Directors and 22 Outside Directors Meetings.

Business Risk

Risk management

Directors and Executive Officers shall identify and evaluate risks associated with the business activities on both a regular and an as-needed basis and appropriately reflect such risks in the business management plan formulated for each fiscal year. Concerning risks that will seriously affect corporate management, the Risk Management Committee, chaired by the President, will work on preventing such risks from materializing. If a risk does materialize, the committee shall quickly and accurately deal with such risk in order to minimize its impact on corporate management. As for nuclear power generation issues, the Nuclear Safety Oversight Office is established as a body reporting directly to the President. Drawing on the expertise of external specialists, the Nuclear Safety Oversight Office monitors nuclear safety measures and provides advice whenever necessary and involves itself directly in the decision-making on those measures to achieve improvement of the management of nuclear power safety.

Changing business environment

As the business environment changes, a variety of risks are anticipated in the operational environment surrounding the TEPCO Group. When serious risks that may significantly affect decisions made by investors are expected, we identify those risks and disclose related information through our IR Library and other media. In the activities of each business, we view risk factors also as opportunities for growth. Competitive capabilities are exercised through the autonomous management of each of the core operating companies and optimal distribution of the Group's management resources based

on the proper governance of the holding company. In this way, we are improving the corporate value of the entire group by winning the fierce competition.

Risk scenarios (only representative examples are described)

(Each scenario includes events in the future, which are projected based on current conditions.)

(1) Accident at Fukushima Daiichi Nuclear Power Station

Treatment for contaminated water and removal of fuel debris, which accompany technical difficulties at unprecedented levels, and other many issues may hamper the decommissioning work from advancing as planned.

(2) Stable Supply of Electric Power

Stable supply may be disrupted if a long-term or large-scale power failure occurs as a result of a natural disaster, facility accident, obstructive action such as terrorism, or accident involving fuel procurement.

(3) Nuclear Power Generation and Nuclear Fuel Cycle

There is an uncertainty in that a large amount of money and long-term work may be needed for reprocessing spent fuel, treating radioactive waste, disassembling nuclear power plant, etc.

(4) Business and Environmental Regulations

There may be changes or strengthened in the regulations, such as energy policy and global warming policy.

(5) Electricity Sales Volume

Amount of electricity sales may be influenced by economic conditions directly reflecting economic activities and manufacturing activities, change of demands for heating/cooling equipment use due to weather patterns especially in the summer and winter, harder competition due to liberalization of retail sales, stronger movement for energy saving.

(6) Customer Service

Customer service satisfaction and trust of society for TEPCO may be decreased due to improper treatment of customer issues.

(7) Financial Markets Conditions

The prices of stocks and bonds we hold within or outside Japan in the forms of corporate pension, etc. may change due to the movement in the stock market and bond market.

(8) Fossil Fuel Prices

The prices for LNG, crude oil, coal, etc. may change due to the movement of the international fuel markets and foreign currency market.

(9) Security Safety, Quality Control and Preventing Environmental Pollution

Trust from society may decrease if failure in operation or violation of internal regulations or laws leads to an accident or human casualties, or large-scale environmental pollution, or if improper conducts occur in public relation and information disclosure.

(10) Compliance Ethics and Compliance

Trust from society may decrease if conduct may occur that is against corporate ethics, such as legal non-compliance.

(11) Information Management

Trust from society may decrease if a large amount of customer information or important operational information leaks.

(12) Businesses Other than Electric Power

Results expected at the time of investment may not be achieved due to inverse change of the TEPCO Group's operation, increased competition with other companies, more stringent regulations, change of economic conditions (e.g., foreign exchange market and international fuel market), political uncertainty, natural disasters, etc.

(13) Acquisition of TEPCO Share by the Fund

As the NDF holds more than half of the total voting rights due to the acceptance of the preferred stocks, they may influence the business operation of the TEPCO Group by using their voting rights at the general meeting of shareholders.

(14) Business reform based on the Revised Comprehensive Special Business Plan

Business reform, such as productivity reform, reorganization/merging through establishment of a joint venture, and other measures, may not advance as planned.



Business Risk

www.tepco.co.jp/en/corpinfo/ir/management/risk-e.html

Directors Responsible for Governance (as of September, 2017)



New Appointment

Takashi Kawamura

A: Chairman of the Board of Directors (Outside Director), independent director
 B: Nominating Committee Chairman, Audit Committee Member, Compensation Committee Member
 C: Outside Director of Mizuho Financial Group, Inc.

D: Having served as the president and chairman of Hitachi, Ltd., he has a wide range of experience and knowledge in corporate operations, as well as deep knowledge in business reform through working in business restructuring and energy.



Reappointment

Tomoaki Kobayakawa

A: Director; President and CEO; Chief of the Nuclear Reform Special Task Force
 B: Nominating Committee Member

D: Involved in the management of TEPCO and the TEPCO Group, he has ample experience and knowledge, especially in electricity retailing.



New Appointment

Seiji Moriya

A: Director; Representative Director and President of TEPCO Fuel & Power, Inc.

D: Involved in the management of the TEPCO Group, he has ample experience and knowledge, especially in fuel and thermal power generation.



New Appointment

Yoshinori Kaneko

A: Director; Representative Director and President of TEPCO Power Grid, Inc.
 B: Nominating Committee Member

D: Involved in the management of the TEPCO Group, he has ample experience and knowledge, especially in transmission and distribution.



New Appointment

Toshihiro Kawasaki

A: Director; Representative Director and President of TEPCO Energy Partner, Inc.

D: Involved in the management of the TEPCO Group, he has ample experience and knowledge, especially in electricity retailing.



New Appointment

Shigenori Makino

A: Director; Managing Executive Officer; Chief Nuclear Officer, General Manager of Nuclear Power & Plant Siting Division; Deputy Chief and Secretary-General of the Nuclear Reform Special Task Force

D: Having served as the Chief of the Nuclear Education and Training Center of TEPCO, he has ample experience and knowledge, especially in nuclear power generation.



Reappointment

Keita Nishiyama

A: Director
 B: Nominating Committee Member
 C: General Manager of the Management Reform Support Office, Nuclear Damage Compensation and Decommissioning Facilitation Corporation

D: Having served in key positions at METI, Innovation Network Corporation of Japan and the Nuclear Damage Compensation and Decommissioning Facilitation Corporation, he has a wide range of experience and knowledge.



New Appointment

Noriaki Taketani

A: Director
 B: Audit Committee Member

D: Involved in the management of TEPCO and the TEPCO Group, he has ample experience and knowledge, especially in financing and accounting.

A: Position, responsibility B: Committee C: Major concurrent positions D: Reason for appointment



Reappointment

Hideko Kunii

A: Outside Director; independent director
 B: Nominating Committee Member; Compensation Committee Chairman
 C: Deputy President of Shibaura Institute of Technology, Professor of Graduate School of Engineering Management and General Manager of Gender Equality Promotion Office at Shibaura Institute of Technology; Outside Director of HONDA MOTOR CO., LTD.; Outside Director of Mitsubishi Chemical Holdings Corporation

D: Having served as Chairperson of Ricoh IT Solutions Co., Ltd., she has a wide range of experience and knowledge in corporate management, along with deep knowledge in gender equality and diversity promotion.



New Appointment

Shohei Utsuda

A: Outside Director, independent director
 B: Nominating Committee Member; Compensation Committee Member
 C: Counselor of MITSUI & CO., LTD.; Outside Director of TOKYO BROADCASTING SYSTEM HOLDINGS, INC.; Outside Director of Isetan Mitsukoshi Holdings Ltd.; Outside Director of Nomura Research Institute, Ltd.

D: Having served as the president and chairperson of Mitsui & Co., Ltd., he has ample experience in international business, along with a wide range of knowledge on energy issues within and outside Japan.



New Appointment

Hideo Takaura

A: Outside Director, independent director
 B: Audit Committee Chairman
 C: Japanese Certified Public Account; Outside Corporate Auditor of HONDA MOTOR CO., LTD.

D: Having served as a certified public account and Chief Executive Officer of PricewaterhouseCoopers Aarata LLC, he has a wide range of experience and deep knowledge, especially in auditing and accounting, along with ample experience in corporate auditing from serving as an outside auditor.



New Appointment

Junji Annen

A: Outside Director, independent director
 B: Audit Committee Member
 C: Professor of Chuo Law School, Attorney at Law, Outside Director of MATSUI SECURITIES CO., LTD.

D: As a professor and lawyer, he has deep knowledge, especially in jurisprudence, along with a wide variety of experience in corporate management gained while serving as an outside director.



New Appointment

Kazuhiko Toyama

A: Outside Director, independent director
 B: Nominating Committee Member
 C: Representative Director and CEO of Industrial Growth Platform, Inc.; Outside Director of Panasonic Corporation

D: Having served as the president of Corporate Directions, Inc. and CEO of Industrial Growth Platform, Inc., he has a wide range of experience and knowledge in corporate business reform, as well as in corporate governance.

Fukushima

Responding to the Fukushima
Nuclear Accident is
a new starting point for TEPCO.

故郷を。福島を。日本を。一刻も早い原発事故の収束を。

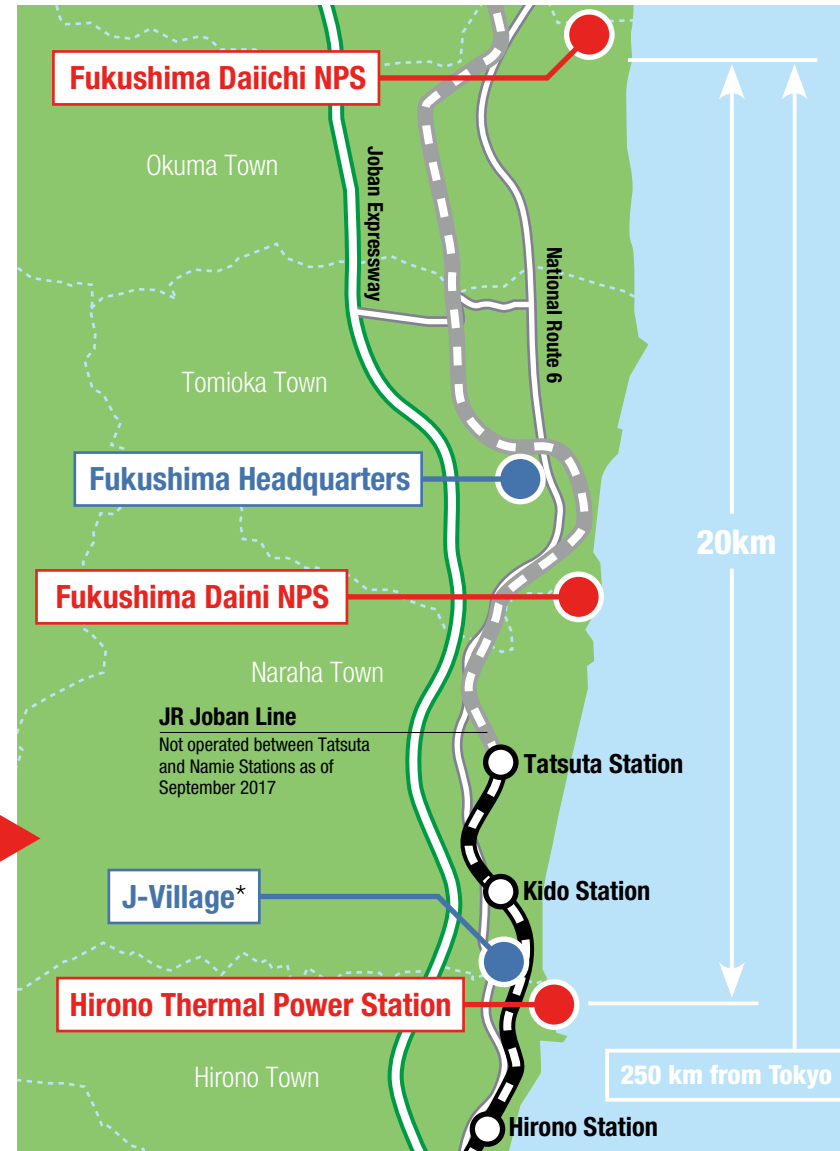
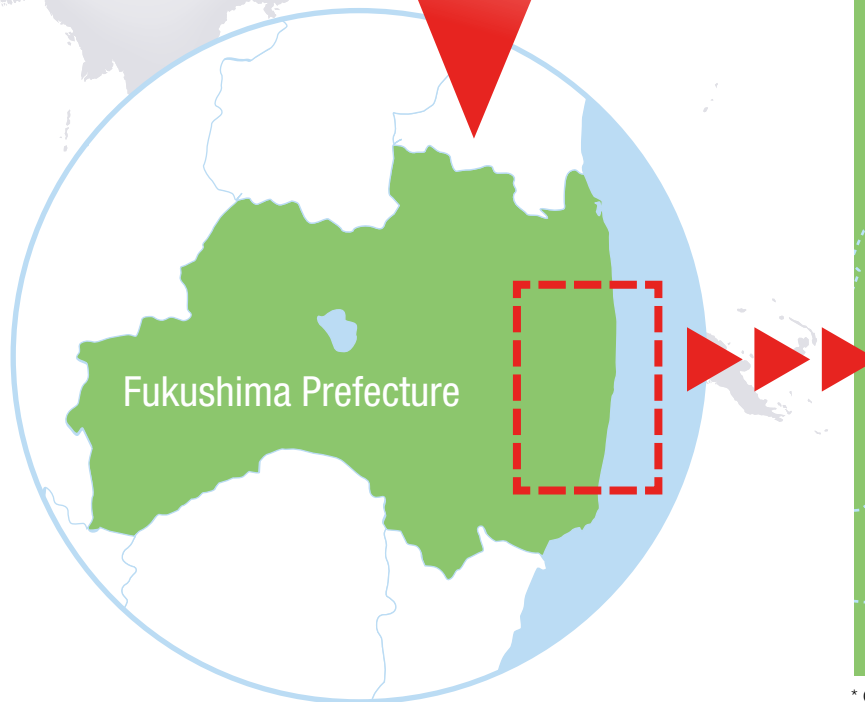
Thousand origami cranes from around Japan
[Fukushima Daiichi NPS]

Sites in Hama-dori, Fukushima

Number of employees (as of the end of FY 2016)

Fukushima Headquarters	2,849*
Fukushima Daiichi Decommissioning Company (Fukushima Daiichi NPS)	1,260*
Fukushima Daini NPS	959
Fukushima Daini NPS	454
Hirono Thermal Power Station	142

* Including employees working outside of Fukushima



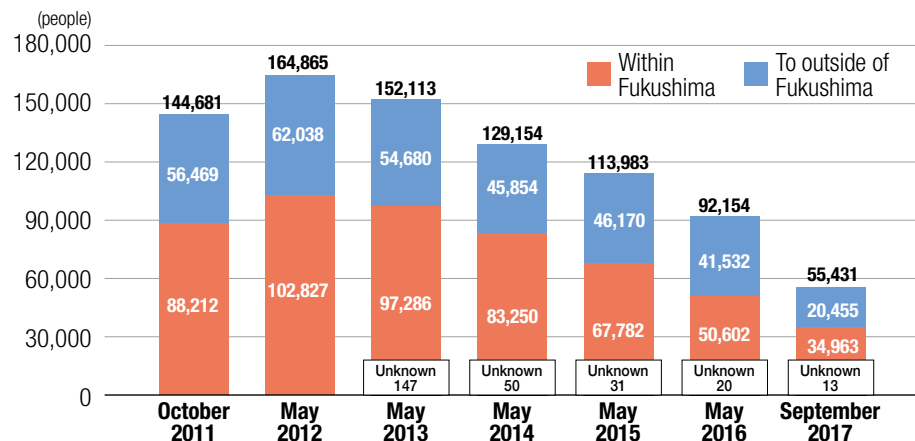
* Completed its leading role in responding to the Fukushima nuclear accident and closed in December 2016. The entire site is scheduled to reopen in April 2019 as a Soccer National Training Center.

Impact of the Fukushima Nuclear Accident

We would like to express our sincere apologies to all those affected for the inconvenience and concern.

Change in the number of evacuees

(Prepared based on [Path to the Restoration of Fukushima] issued by Fukushima Prefecture and other documents)

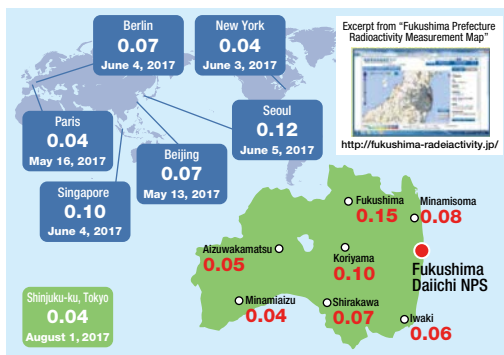


Change in the radiation level

(Prepared based on [Path to the Restoration of Fukushima] issued by Fukushima Prefecture)

Unit: μSv/hours

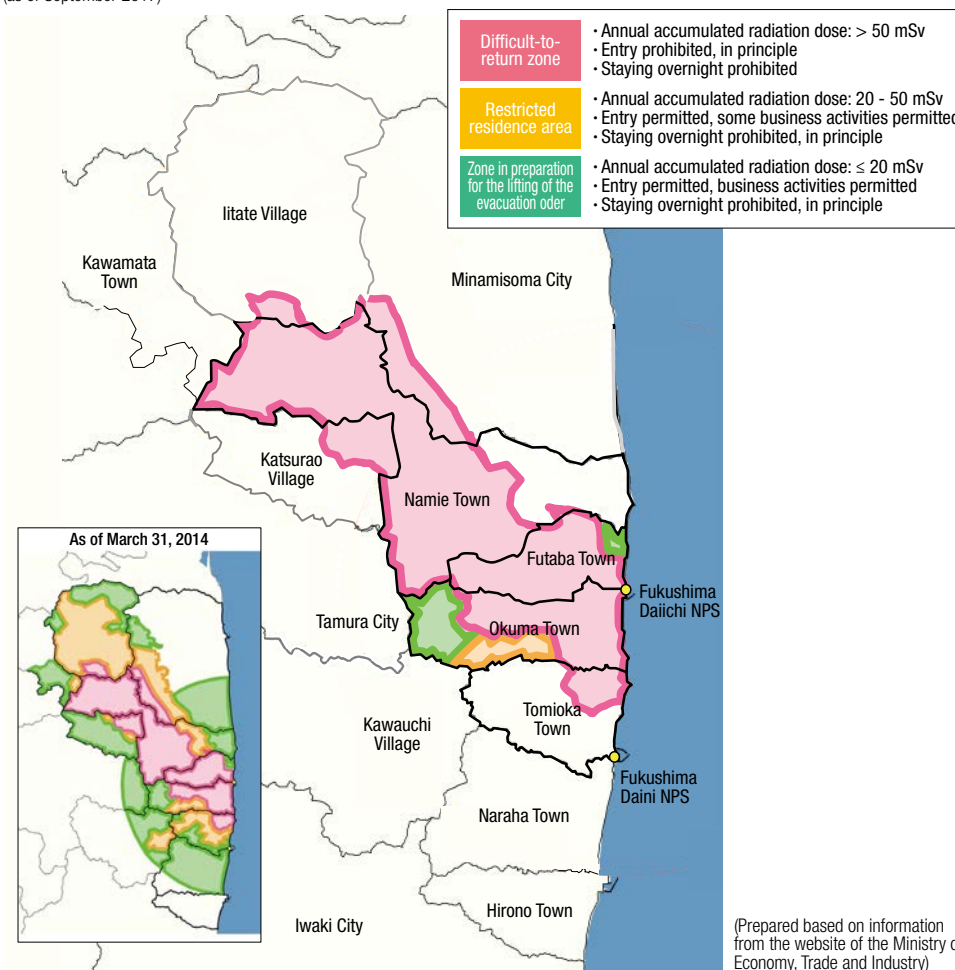
	Fukushima City	Aizuwakamatsu City	Iwaki City
Non-emergency time before the Earthquake	0.04	0.04 ~0.05	0.05 ~0.06
2011.4	2.74	0.24	0.66
2012.3	0.63	0.10	0.17
2013.3	0.46	0.07	0.09
2017.8	0.15	0.05	0.06



[Source] Radiation levels in foreign countries are from the Japan National Tourism Organization

Area categories where evacuation orders were issued

(as of September 2017)



(Prepared based on information from the website of the Ministry of Economy, Trade and Industry)

Compensation and Revitalization

Our Concerted Efforts

I would like to take this opportunity to reiterate our sincere apologies to residents of areas in the vicinity of the Fukushima Daiichi and Fukushima Daini Nuclear Power Stations, people in Fukushima, and all those affected for the tremendous inconvenience and concern caused by the accidents at these power stations.

Around six years on from the Fukushima nuclear accident, people have gradually returned home and the appearance of the streets has been changing little by little. There are, however, still many people who continue to live as evacuees. This fact makes me again strongly conscious of the significant impact of the accidents.

To continue our commitment to fulfilling our responsibilities in Fukushima without forgetting the distress of disaster-affected people, we must focus our efforts on promoting communication with local residents in Fukushima and take proactive efforts to help accelerate the restoration.

With these missions in mind, I will take leadership in orchestrating the TEPCO Group's concerted efforts with a focus on restoring Fukushima while also improving on efforts that we have made so far.

Representative, Fukushima Revitalization Headquarters
Tokyo Electric Power Company Holdings, Inc.

Makoto Okura



Compensation: Implementation of Three Pledges

1. Provide compensation to every last person
2. Prompt and highly-targeted compensation
3. Respect for the mediation proposals from the Nuclear Damage Claim Dispute Resolution Center

● The amount paid as compensation for nuclear accident-related damage

¥7.5 trillion

(as of September 2017)

● The amount required for compensation

¥9.7 trillion

(as of June 2017)

Revitalization: Joint actions with Government according to the stage of the revitalization

1. Efforts to restore businesses and lifestyles and promote self-reliance
2. Cooperation to realize future vision for evacuation order areas
3. Efforts to support people's return home after evacuation orders are lifted
4. Efforts for revitalization of the 'Hard to return' areas

● The number of employees engaged in decontamination-related activities*

243,000 employees

(Total between January 2013 and July 2017)

*Decontamination, interim storage, etc.

● The number of employees engaged in revitalization promotion activities*

365,000 employees

(Total between January 2013 and July 2017)

*Cleaning, weeding, snow removal, helping those who temporarily return to their home, etc.

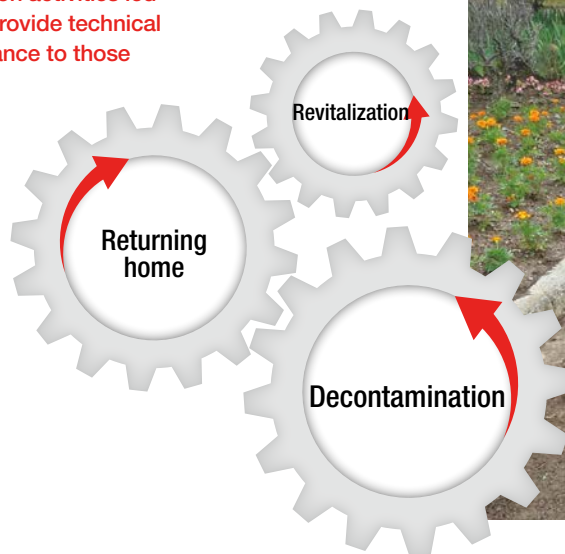
Revitalization promotion activities: Removal of snow piled on and around temporary housing units

Efforts for Promoting Decontamination and Revitalization

To ensure the return of evacuees at the earliest possible time, we send our employees to join decontamination activities led by the national and municipal governments, provide technical support, clean up houses, and provide assistance to those who return to their homes temporarily.

Radioactive materials are treated mainly by the national government and municipalities in accordance with the Act on Special Measures concerning the Handling of Pollution by Radioactive Materials and other relevant laws and regulations.

TEPCO, as the party concerned in the accidents, makes utmost efforts in cooperation with the national government and municipalities to enable evacuees to return home at the earliest possible time.



Radiation dose monitoring



Cleaning of schools



Cleaning of houses



Snow removal from houses



Contribution by expanding employment opportunities

To regain the employment lost due to the Fukushima nuclear accident, we started projects to improve and construct industrial infrastructure and create employment opportunities through our electricity supply business.

Renewal of small- to mid-sized aging hydro power stations

We continue our efforts to renew small- to mid-sized hydro power stations with exceedingly aging facilities, such as Nippashigawa Hydro Power Station.



Nippashigawa Hydro Power Station

Hydro Power Stations near Lake Inawashiro



Shin-Fukushima Substation, etc.

- Fukushima Daiichi NPS
- Fukushima Daini NPS

Hirono Thermal Power Station

Joban Joint Power Co., Ltd. Nakoso Power Station⁵

Cooperation in the Fukushima Innovation Coast Initiative³

Cooperation in the construction of facilities for the most cutting-edge integrated coal gasification combined cycle (IGCC) in the world⁴



Hirono IGCC Power GK * Artist's rendering (within the red frame)
(Jointly funded by Mitsubishi Corporation Power Ltd., Mitsubishi Heavy Industries, Ltd., Mitsubishi Electric Corporation, and Tokyo Electric Power Company Holdings, Inc.)



Nakoso IGCC Power GK * Artist's rendering (within the red frame)
(Jointly funded by Mitsubishi Corporation Power Ltd., Mitsubishi Heavy Industries, Ltd., Mitsubishi Electric Corporation, Tokyo Electric Power Company Holdings, Inc., and Joban Joint Power Co., Ltd.)

Cooperation in "The Fukushima Plan for a New Energy Society"¹

We cooperate in refurbishing of the Shin-Fukushima Substation and also in the construction of power transmission lines.²



New Fukushima Substation

*1 A concept that aims to make the entire Fukushima Prefecture into a hub of creating models for a "new society of energy" by increasing the use of renewable energies

*2 It is planned that Fukushima Power Transmission GK (jointly funded by Fukushima Electric Power, Tokyo Electric Power Company Holdings, Inc., and the Toho Bank, Ltd.) will be responsible for this project.

*3 A concept to promote the reconstruction of industrial infrastructure and the creation of a new community in Hama-dori in Fukushima

*4 A highly efficient power generation method that can reduce CO₂ emissions. The large-scale IGCC is technology developed in Fukushima ahead of anywhere else in the world.

*5 It is planned to be constructed and operated adjacent to Nakoso Power Station.

Activities to Support Revitalization

Partnership for revitalization of Fukushima

The Fukushima Supporting Companies Network, a communication council consisting of like-minded companies intent on dispelling unfounded rumors regarding Fukushima associated with the nuclear accidents, was launched in November 2014 in response to our call.

As of September 2017, there are 41 member companies, each of which promotes, in its own way, the purchase of goods produced in Fukushima and the use of facilities located in Fukushima. They share information among themselves and encourage others to join their activities.

The council will steadily continue its activities while expanding its membership base in order to not only dispel unfounded rumors but also prevent public interest in Fukushima and people's motivation to support the prefecture from waning over time.



Inspection visit in FY 2017 by the Fukushima Supporting Companies Network (Food tasting at Onahama Fish Market)

Recent activities [FY 2015 and FY 2016]

Promotion of the purchase of food ingredients produced in Fukushima by staff canteens	<ul style="list-style-type: none"> • Consumption amount of rice: 764 tons, 816 tons • Offering of special meals: about 31,000 meals, about 43,000 meals
Organization of "corporate marché" (farm-to-market events)	<ul style="list-style-type: none"> • Sales amount: about ¥115 million, about ¥140 million • Number of times events held: 306 times, 354 times
Spread of the use of products produced in Fukushima for presents and mementoes	<ul style="list-style-type: none"> • Amount of purchase: about ¥9 million, about ¥20 million

* Each of the figures above is the total of the amounts recorded by member companies where such records are available (including the TEPCO Group's results)

Wine produced in Fukushima shared with the world

Promoted by our own employees who have been engaged in the restoration of Fukushima, the Japan Wine Innovation Society (JWIS) was established with a focus on the potential of wine production to become a new agricultural industry in the Hama-dori area. JWIS cooperates with residents in the local community to achieve its goal to start shipping its wine, which is expected to serve as a symbol of the revitalization of Fukushima, by the 2020 Tokyo Summer Olympic Games.

The effort to produce wine was launched in cooperation with Kawauchi Village as one of the "New Tohoku" leading model projects for fiscal 2015 conducted under the Reconstruction Agency. In the spring of 2016, 2,000 wine grape vines were planted with cooperation from volunteers and supporters to start trial cultivation. In the spring of 2017, about 8,000 additional grape vines were planted, extending the vineyard to around three hectares.

With the hope that in the near future Fukushima will be talked about as being an emerging wine-producing area, we will continue our activities in cooperation not only with Kawauchi Village but also other wine-producing areas in the prefecture so that our wine production will grow into an industry that ensures sustainable local development.



Field planted with wine grapes (Kawauchi Village)

J-Village Restoration Project

Owned by Fukushima Prefecture, J-Village has been used by TEPCO since the Fukushima nuclear accident as a base for decommissioning activities and revitalization promotion. Work is now underway toward the resumption of its partial operation in the summer of 2018 and full operation in April 2019.

J-Village, which has one of the best soccer facilities in Japan, is expected to be used as a national training center for national and various other events. The site also aims to be used for the events related to the international games held in 2019 and 2020.

TEPCO's full support is given to resume the operation of J-Village, which serves as a symbol of the revitalization of Fukushima.



Soccer National Training Center "J-Village" (Naraha Town and Hirono Town)

 J-Village Restoration Project
www.jvillage.jp/

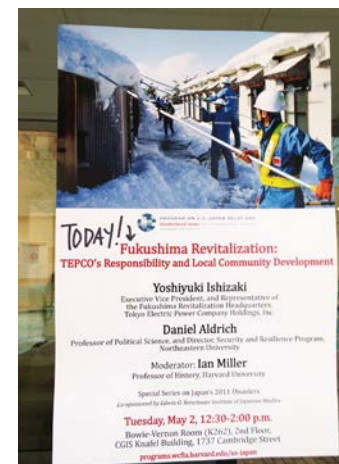
Efforts to share information on post-disaster revitalization with the world

It is very important to share information about ongoing revitalization efforts and their progress with the rest of the world.

We have been active in disseminating the latest information about the steady step-by-step progress of revitalization efforts in Fukushima to overseas stakeholders so as to prevent memories of the accident from fading and prevent unfounded rumors from spreading in the international community.

In May 2017, Mr. Ishizaki, the then representative of the Fukushima Revitalization Headquarters, was invited to a panel discussion hosted by the Weatherhead Center for International Affairs at Harvard University in the United States. He made a presentation at an academic conference under the title of "Fukushima Revitalization: TEPCO's Responsibilities and Local Community Development" to provide information on revitalization efforts in Fukushima as well as to start a discussion on how post-disaster revitalization efforts should be carried out in the future.

In the United States, there is scarce information regarding the revitalization in Fukushima, even among researchers who are interested in Japan. In this context, we will enhance our efforts to disseminate relevant information using as many media as possible and also through direct communication.



Presentation by Mr. Ishizaki (the then representative) at Harvard University

Decommissioning

All possible efforts to ensure safety in the decommissioning of Fukushima Daiichi NPS

My mission is to stabilize Fukushima Daiichi NPS and ensure the safety and security of the public in order to achieve the revitalization of Fukushima.

Since the Earthquake, our efforts at Fukushima Daiichi NPS have mainly focused on treating contaminated water. Thanks to technical cooperation as well as cooperation in terms of human resources extended by many parties, both internally and externally, the critical situation immediately after the accident has been improved and the level of decommissioning activity has shifted from “the level where immediate action must be taken” to “the level where decommissioning should be progressed proactively and strategically.”

At Fukushima Daiichi NPS, the removal of fuel from the spent fuel pool of Unit 4, which was said to have the highest risk, has been completed, reducing the risk significantly. Based on what we have learned from the experience at Unit 4, we are now preparing for the removal of fuel from the spent fuel pools of Units 1, 2 and 3.

We are to engage in work that has never been performed anywhere in the world, and we will do it under a high radiation environment and over a long period of time. Such work includes the retrieval of fuel debris. To successfully complete such unprecedented work, we will continue gathering as much wisdom and expertise as possible from within Japan and around the world, as well as enhance the project system to allow us to focus all possible efforts on implementing decommissioning activities. We will also make our best possible efforts to ensure the safety of the public and create an environment that is comfortable to work in in order to ensure the safety of our workers.

**Chief Decommissioning Officer
President of Fukushima Daiichi Decontamination and
Decommissioning Engineering Company
Tokyo Electric Power Company Holdings, Inc.**






Number of employees

5,500^{*1}

(as of July 2017)



Number of visitors attending for inspection and observation

10,000
/year^{*2}



Radiation dose of workers (mean value)

0.35 mSv
/month^{*3}

(as of July 2017)



Regular uniform area

95%



Time required for decommissioning

30 to 40
years



Published radiation data

100,000
pieces/year

*1 Immediately after the disaster: about 3,200 people; At peak: about 7,400 people; rate of employment of local people: about 55%.

*2 Of the about 10,000 visitors, those from outside Japan account for about 10%.

*3 Relevant laws and regulations stipulate that the effective radiation dose limits per radiation worker are 100 mSv for five years and 50 mSv for one year.

Unit 3: Installation of a dome roof to take out spent nuclear fuel

Overview of Fukushima Daiichi Nuclear Power Station

Unit 1



The cover panels installed over the reactor building after the accident in preparation for removing fuel from the spent fuel pool have been dismantled. The next step is to remove debris while taking strict measures to prevent radioactive materials from dispersing.

Unit 2



Unlike other units, the reactor building remains undamaged because no explosions occurred. However, the radiation level inside the building is extremely high. The plan is to demolish the upper part of the building in preparation for removing fuel. In advance of the demolition, we are conducting a survey on radiation levels, dust concentrations and other risk factors.

Unit 3



After removing debris, the site was decontaminated and shielded to reduce the radiation dose to which workers were exposed. At present, we are installing equipment to take out fuel. We plan to start the removal of fuel in around the middle of FY 2018.

Unit 4



The removal of all of the 1,535 units of stored fuel (1,331 units of spent fuel, 204 units of fresh fuel) was started in November 2013 and ended in December 2014.

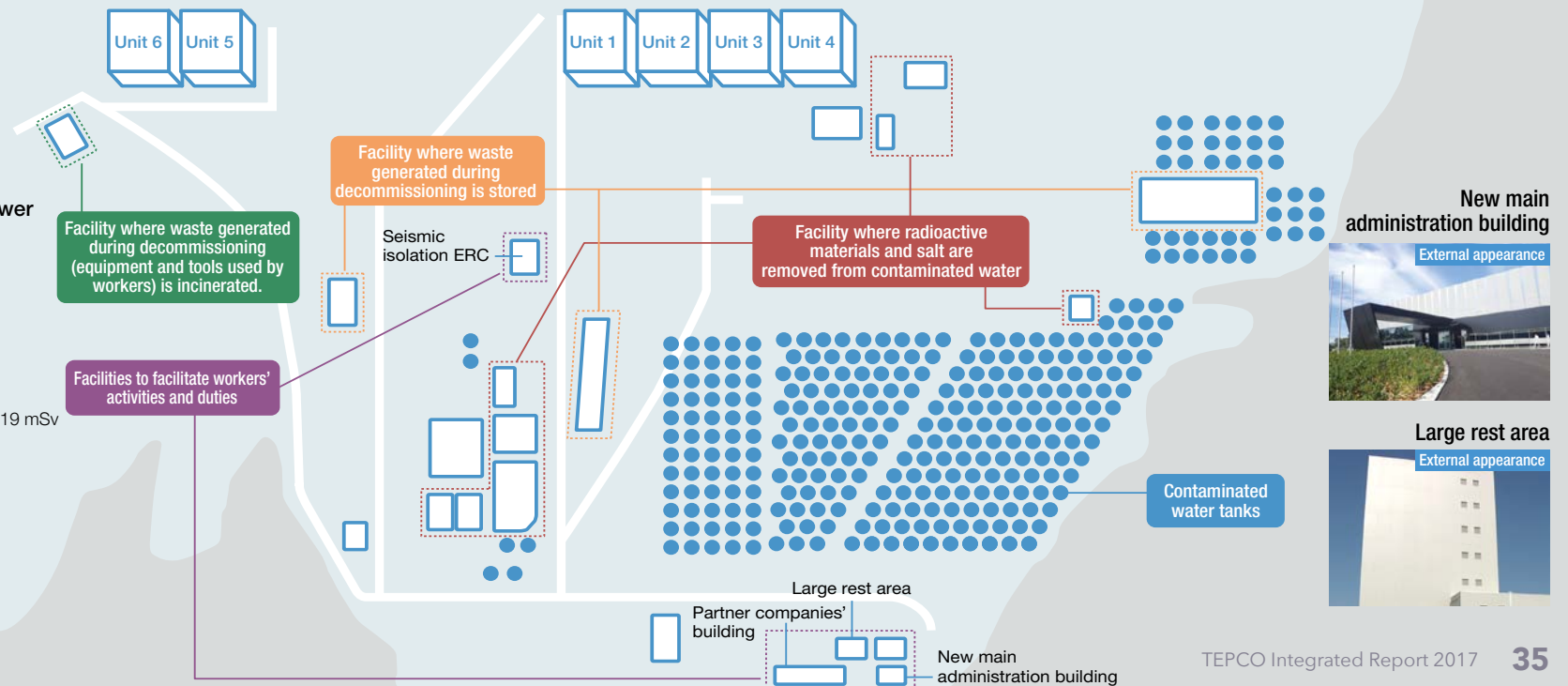
Site area:
3.5km²

Radiation dose in the vicinity of the power station due to radioactive materials emitted from Units 1, 2, 3 and 4:

0.0002mSv/year

(1.7 mSv/year immediately after the accident)

<Reference: Radiation dose exposure>
Round-trip flight between Tokyo and New York: 0.19 mSv
Stomach X-ray examination: 0.6 mSv



Mid-and-Long-Term Roadmap

Decommissioning activities at Fukushima Daiichi NPS are progressing according to the work schedule, known as the “Mid-and-long-term Roadmap.” The Roadmap was most recently revised in September 2017, as shown below, based on the progress of decommissioning activities and contaminated water treatment and the on-site situations that had been identified since the previous revision in June 2015.

“Mid-and-long-term Roadmap” is
 A major plan developed by Government for the decommissioning of Fukushima Daiichi NPS

Basic Policy

- Reduce risks in a well-planned manner, with top priority on safety
- Optimize overall decommissioning activities based on the on-site situations that have been identified in the course of progress
- Make positive and proactive efforts to disseminate information to local communities and society at large and further enhance detailed interactive communication

Key points in the recent revision

	Current progress	Key revision points
Contaminated water treatment	Preventive and multilayered measures, such as the installation of subdrain system, the sea-side impermeable wall and frozen soil wall have been progressed. The amount of ground water intruding into the building has decreased significantly.	<ul style="list-style-type: none"> • Ensure preventive and multilayered measures are appropriately maintained and managed and are implemented without failure. • Reduce the amount of contaminated water produced by combined use of the frozen soil wall and subdrain system. • Continue implementing the current policy^{*3} in treating liquid waste.
Removal of spent fuel	As the work has been progressed, new additional works that are necessary to ensure safety have been identified.	<ul style="list-style-type: none"> • Respond to the current situation that has been identified, and take thorough and/or additional measures to ensure safety in removal work. • Optimize overall decommissioning activities and, simultaneously, improve the surrounding environment of the building.
Retrieval of fuel debris ^{*1}	NDF ^{*2} compared and studied multiple debris retrieval methods and, at the end of August 2017, announced its technological recommendations to Government.	Determine the “Fuel debris retrieval policy” based on the suggestions. <ul style="list-style-type: none"> • Mainly use the partial submersion-side access method and start with the bottom of PCV^{*4}. • Step by step, from small scale to large scale.
Waste treatment	NDF announced its technological recommendations to the national government at the end of August 2017.	Determine the basic approach based on the suggestions. <ul style="list-style-type: none"> • Make every effort to ensure safety (containment and isolation). • Select a preliminary treatment method in parallel with understanding properties.
Communication	As more evacuees are returning and restoration efforts have been progressed, more detailed information and communication have become necessary.	Further enhance communication, improve interactive communication in addition to detailed information dissemination

*1 Melted nuclear fuel and nuclear structures that have been cooled and hardened

*2 Nuclear Damage Compensation and Decommissioning Facilitation Corporation

*3 “Liquid waste is treated based on the consent of local communities and is not released into the sea without careful consideration, and will only be released into the sea after approval from the relevant government agencies.”

*4 Primary Containment Vessel

Contaminated Water Treatment

Necessary measures will be implemented, continued and managed based on the three basic policies: “Removing,” “Isolating” and “Preventing leakage.”

The goal is to complete the treatment of accumulated water in buildings by the end of 2020.

* Some of the groundwater flowing from the mountain-side to the sea is intruding into the nuclear reactor building, causing the increase of contaminated water.

1) “Removing” the contamination source

Measures: Purification of radioactive contaminated water using the Advanced Liquid Processing System (ALPS), etc.

Results so far achieved: An “additional effective dose at the site boundary” decreased from about 11 mSv/year (2012) to less than 1 mSv/year (in March 2016). The purification of high-level radioactive contaminated water stored in the tank was completed. (May 2015).

2) “Isolating” groundwater away from the contamination source

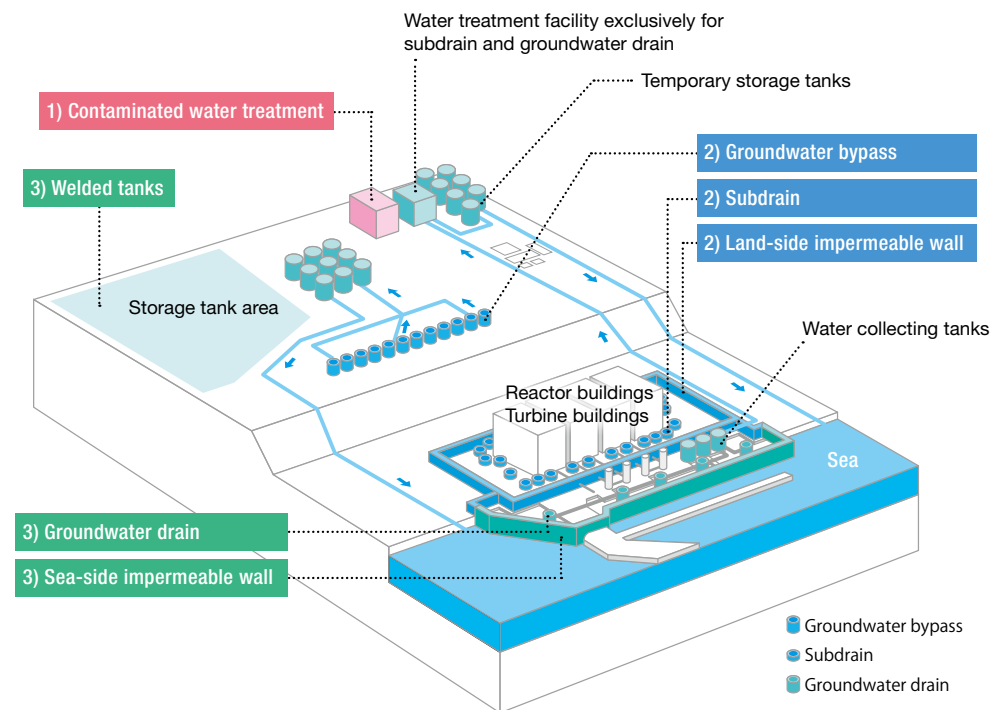
Measures: Groundwater bypass, Groundwater pump-up by ground water bypass and subdrain, land-side impermeable wall using the frozen soil method, etc.

Results so far achieved: The “amount of groundwater flowing into the building” decreased from about 400 m³/day (2011-2014) to about 120–140 m³/day (March-August 2017).

3) “Preventing leakage” of contaminated water

Measures: Installation of a sea-side impermeable wall, welded tanks, etc.

Results so far achieved: The radioactive concentration in the sea has decreased by one-100,000th to 1,000,000th after the accident. The radioactive concentrations outside ports and harbors are significantly lower than the concentrations limit specified by the relevant regulations.



Retrieval of spent fuel and fuel debris

Retrieval of fuel from the spent fuel pool

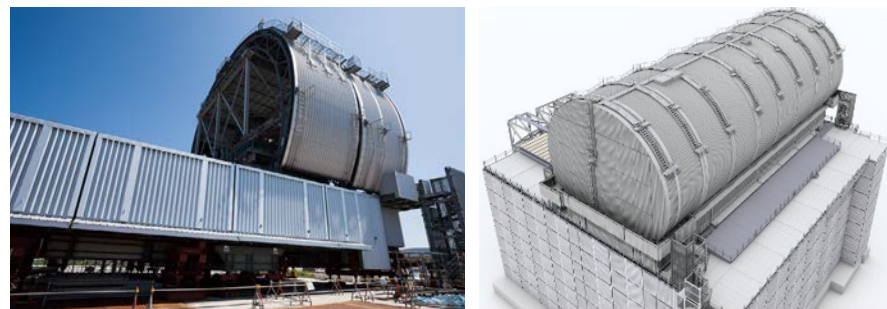
The retrieval of spent fuel that is stored in the spent fuel pool in the reactor building is important to reduce the risk of releasing radioactive materials to the on-site and its surrounding area.

The retrieval of spent fuel in Unit 4, which was said, immediately after the earthquake, to have the highest risk in Fukushima Daiichi NPS, was completed in December 2014, leading to a significant decrease of the risk.

The successful retrieval gave us great confidence to be prepared for the subsequently scheduled removal of fuel from the spent fuel pools at Units 1, 2 and 3. We will reflect what we have learned through the fuel retrieval at Unit 4 in removal work in the future.

<Target>

Unit 1	around FY 2023
Unit 2	around FY 2023
Unit 3	around middle of FY 2018



Installation of a dome roof over Unit 3 to take out spent fuel (Left: Installation; Right: Artist's rendering of the dome roof after installation)

Retrieval of fuel debris

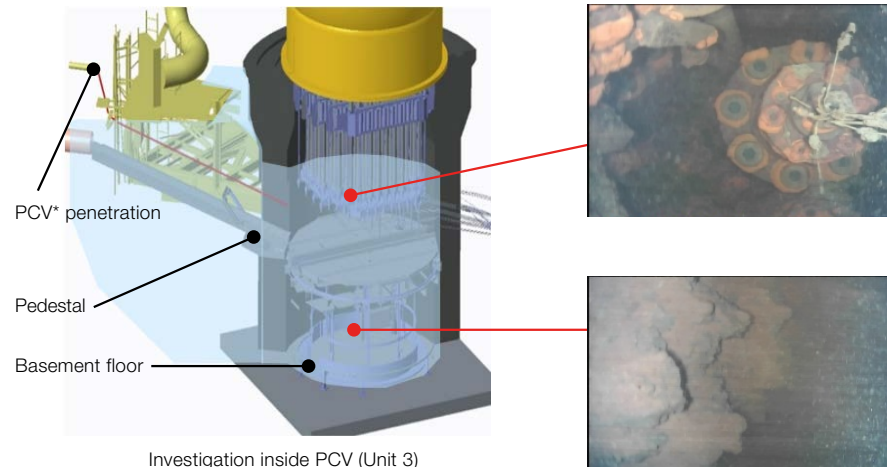
The retrieval of fuel debris, work that is unprecedented anywhere in the world, will be the core activity in the decommissioning of Fukushima Daiichi NPS.

It is necessary to gather information and accumulate technology and expertise well in advance to ensure we are fully prepared for the retrieval and to also take into due account the impact of radiation and radioactive materials on workers.

Because there is still limited information available on fuel debris, it is also important to review the details of the work on a case-by-case basis based on information that will become available in stages as the work progresses so as to allow us to move forward step by step.

<Target>

Final decision on the retrieval method for the first unit	FY 2019
Start of the retrieval for the first unit	within 2021



* PCV: Primary Containment Vessel

Integration of expertise from all over the world

Decommissioning work at Fukushima Daiichi NPS is accompanied by many difficulties and complications, such as challenge to perform work under an extremely high radiation environment. For this reason, we apply remote control techniques (robots).

With the aim of integrating expertise from around the world, we have posted on-site needs on TEPCO CUUSOO, an open innovation platform, to widely invite applications for proposals on expertise and technology applicable to decommissioning. We will not only make effective use of expertise and technology thus gained in the decommissioning conducted at Fukushima Daiichi NPS but also make them applicable in various international settings.

Water injection to the spent fuel pool immediately after the accident



Concrete pump vehicle/Germany

Decontamination inside the reactor building



Packbot/iRobot (USA)



MEISTeR/IRID (Mitsubishi Heavy Industries)



Raccoon/Atox

Investigation of the periphery of PCV (conducted prior to internal investigation)



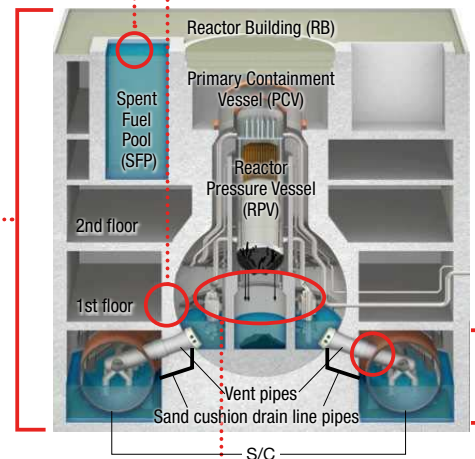
Portable robot (TEPCO)



Quadruped walking robot (Toshiba)



Water surface inspection robot (Hitachi GE)



Improvement of a construction yard



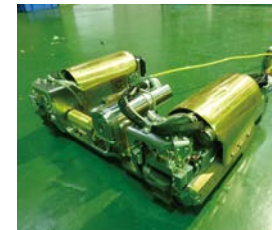
broKK90/Sweden

Small heavy machine remodeled for decontamination



Husqvarna DXR 140/Sweden

Investigation inside PCV (Conducted in preparation for retrieval of fuel debris)



PMORPH/IRID (Hitachi GE)



Underwater remotely operated vehicle/IRID (Toshiba)

Shifting toward a “normal worksite”

To ensure the steady continuation of decommissioning activities over the next three to four decades, with the primary emphasis on ensuring the safety of numerous workers and employees, we focus our efforts on improving the work environment to enable workers to work effectively. Such efforts include the reduction of the radiation dose to which workers engaged in decontamination are exposed and the simplification of radiation protective clothing to reduce the burden on workers.

Large rest area



A building with nine stories above ground. A canteen accommodating about 1,200 people and a rest space are available. Showers and a convenience store are also available.

Partner companies' building



The partner companies' building was established so that partner companies' staff can go to work easily and can cooperate with TEPCO in decommissioning activities in an integrated manner. (February 2017)

Dietary environment



A meal preparation center was constructed in Okuma Town. Some 100 local people are employed. The center provides up to 3,000 hot meals. (Since April 2015)

Improvement of the healthcare system



An emergency treatment room was established where an emergency doctor is stationed around the clock. There are four ambulances and a heliport to transport emergency patients.

Radiation protective gear

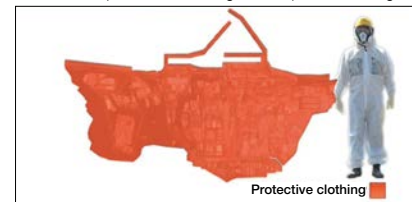
Following the accident, workers in all areas had to wear a full-face mask and protective clothing in view of the harsh environment produced when radioactive materials were scattered due to the hydrogen explosion. At present, as a result of efforts to reduce radiation, workers are allowed to wear a simple face mask and regular uniform across 95% of the entire premises of the power station. Efforts have also been made to improve the quality of work and increase safety, such as improvement of the full-face mask.

Improvement to reduce burdens

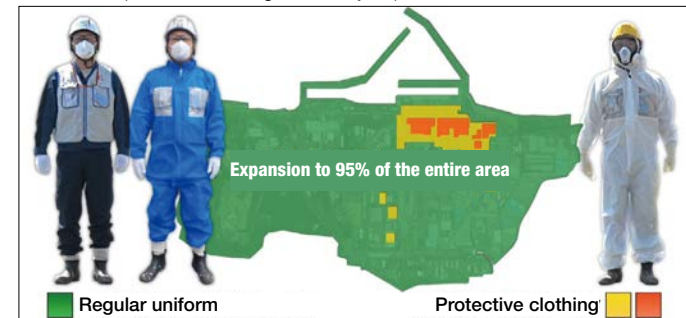


Expansion of field of vision, improvement in audibility of voices

Areas where protective clothing was required following the accident



Areas where protective clothing is currently required



Communication regarding decommissioning

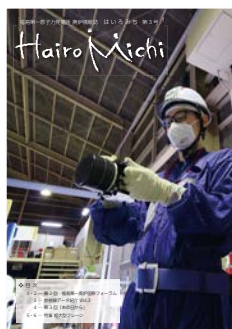
Since August 2015, we have released, on our company's website, all the radioactivity analytical data and data on dose rates measured at the Fukushima Daiichi NPS. The annual number of data released has reached about 100,000. We are also enhancing communication regarding decommissioning through various media and organizing site tours to visit the power station that are designed to help people deepen their understanding of decommissioning activities.

“Hairo Michi” the magazine newsletter

“Hairo Michi” was first published in April 2017 to provide local residents with information on the progress of the decommissioning project at Fukushima Daiichi NPS and on people who are engaged in the project and their feelings. (About 10,000 copies have been issued.)

It is intended as a publication that provides information that makes people living in Fukushima and those planning to return to Hama-dori feel safer. We will try to make the newsletter easier to understand based on comments and opinions received from readers.

 Hairo Michi
www.tepco.co.jp/decommision/about-f-nps/magazine/index-j.html



Site tour of Fukushima Daiichi NPS

We organize site tours to the Fukushima Daiichi NPS to provide people with an opportunity to visit the site and help deepen their understanding of the progress of the decommissioning work. The number of visitors in FY 2016 exceeded 10,000 and the accumulated total since FY 2011 exceeds 30,000. We will host more visitors in the future to achieve our goal of increasing the number of visitors to about 20,000 in FY 2020, or double that in FY 2016.



Inspection by United States Secretary of Energy Rick Perry (June 2017)

“1 FOR ALL JAPAN” and “Monthly Ichi-Efu,”

The “1 FOR ALL JAPAN” website has launched for 5,500 workers at Fukushima Daiichi NPS and their families since 2015. (Average number of views to the website: about 28,000/month)

“Monthly Ichi-Efu,” (Ichi-Efu is a popular name of Fukushima Daiichi NPS in Japanese), a monthly newsletter, is distributed as a tool to communicate with workers in the power station. The circulation is about 2,000 copies.

We will continue to gather and publish information on issues in which workers are most interested.

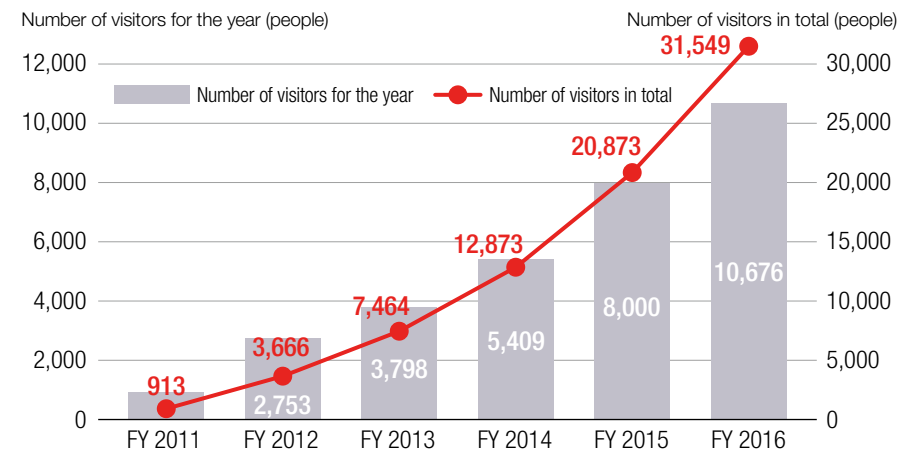


Monthly Ichi-Efu



 1 FOR ALL JAPAN
1f-all.jp

Change in the number of visitors taking a study tour of the Fukushima Daiichi NPS



Energy Service

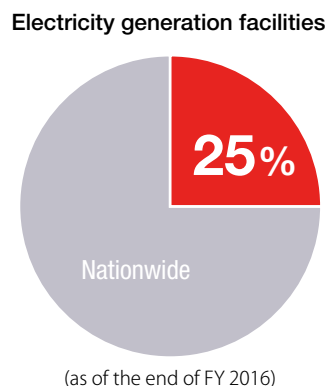
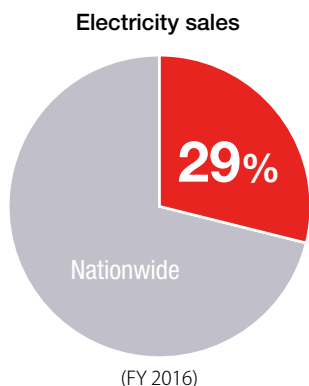
Corporate DNA of
pursuing stable supply and
innovation in energy services

Night view of Tokyo

TEPCO Group Business Scale

The TEPCO Group provides electricity mainly in the Kanto region, including the capital city, Tokyo, to support daily life and industry. In April 2016, the total deregulation of retail electricity sales was started. Our electricity sales account for about 30% of the nation's electricity consumption by volume.

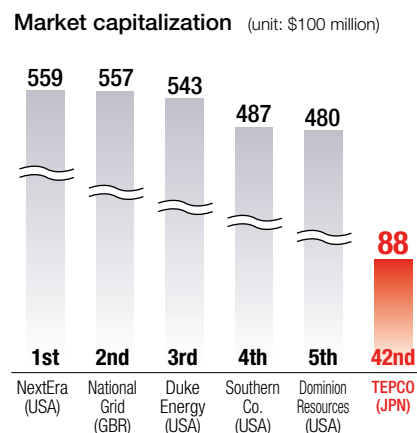
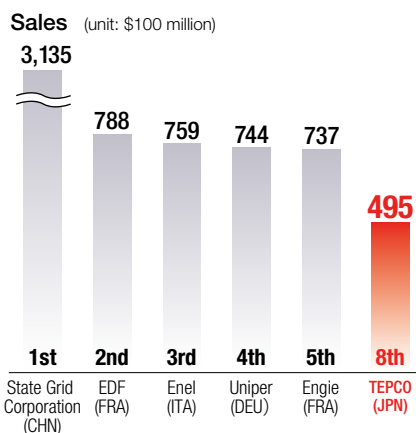
Position of TEPCO in Japan



* Excluding non-utility generation; * Excluding electricity received from other companies

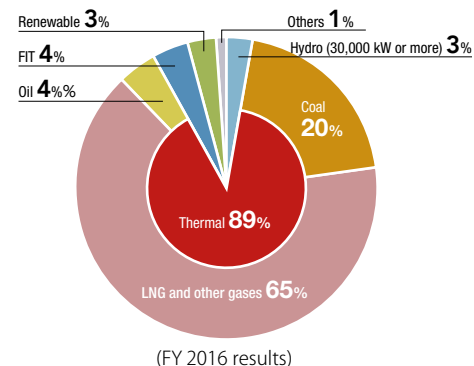
Position of TEPCO in the world

(Source: Bloomberg New Energy Finance)



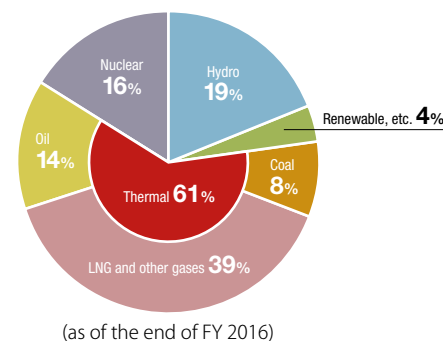
Composition of Electricity Sources

Breakdown of sold electricity by energy (based on kWh)



* Including electricity received from other companies

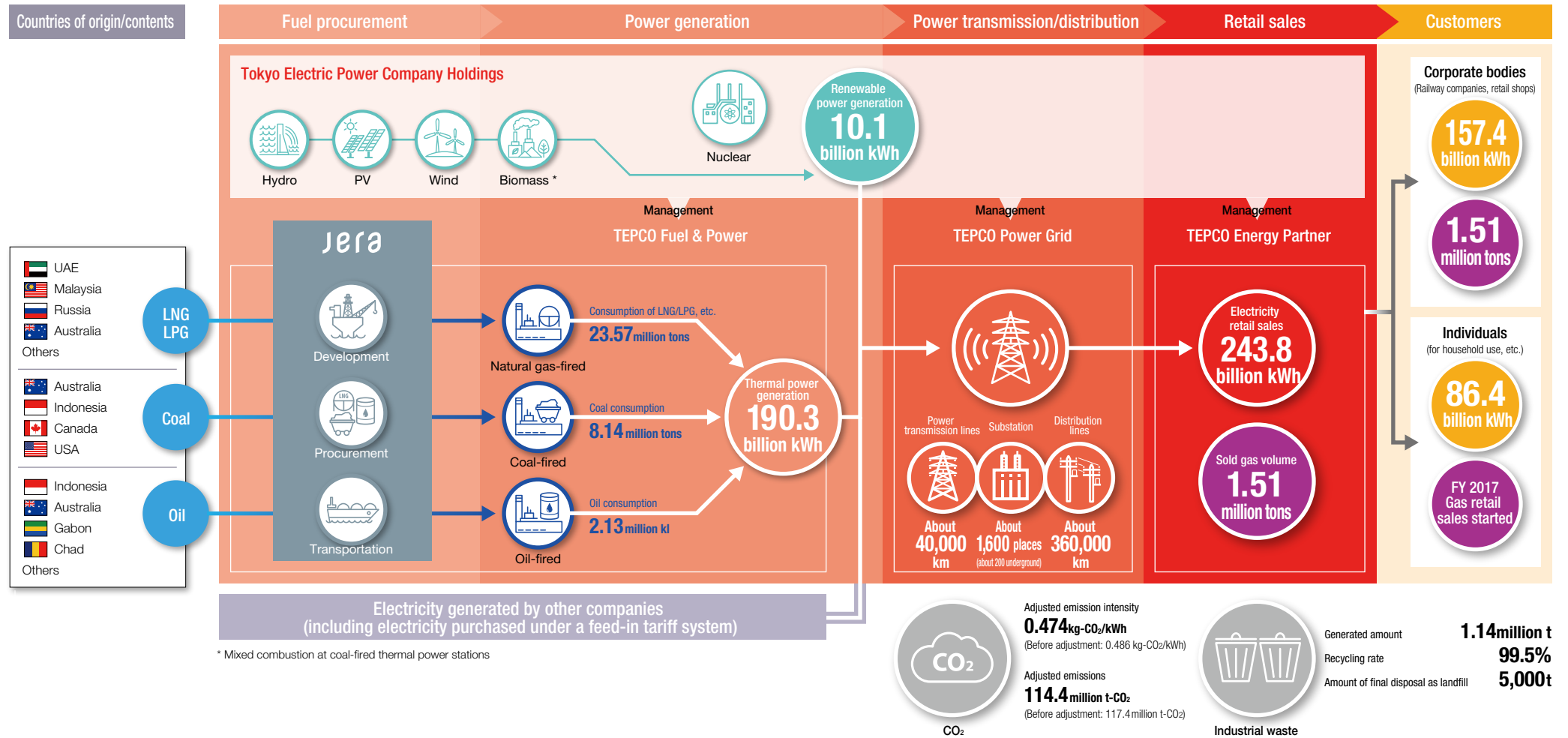
Electricity generation facilities (based on kW)



* Including electricity received from other companies

TEPCO Group System after the Shifting to a Holding Company System

(All figures are for FY 2016.)



Global Business Expansion

JERA and other TEPCO Group companies have made effective use of management resources, expertise and technology that the Group has acquired in their efforts to expand business areas around the world.

In particular, the consulting services that we have provided to electricity companies overseas by drawing on the kind of technological competence and expertise that have achieved steady electricity supply in super overcrowded areas have shown remarkable growth. More than 600 consultation services have so far been provided in about 70 countries.



21 countries, total of 4.78 million kW* (as of the end of FY 2016)

Australia, Canada, Finland, India, Indonesia, Italy, Mexico, Netherlands, Norway, Oman, Philippines, Qatar, South Korea, Spain, Taiwan, Thailand, UAE, UK, Uruguay, USA, Vietnam

* Total capacity of electrical power plants. This volume was provisionally calculated by us by multiplying the ownership ratio.

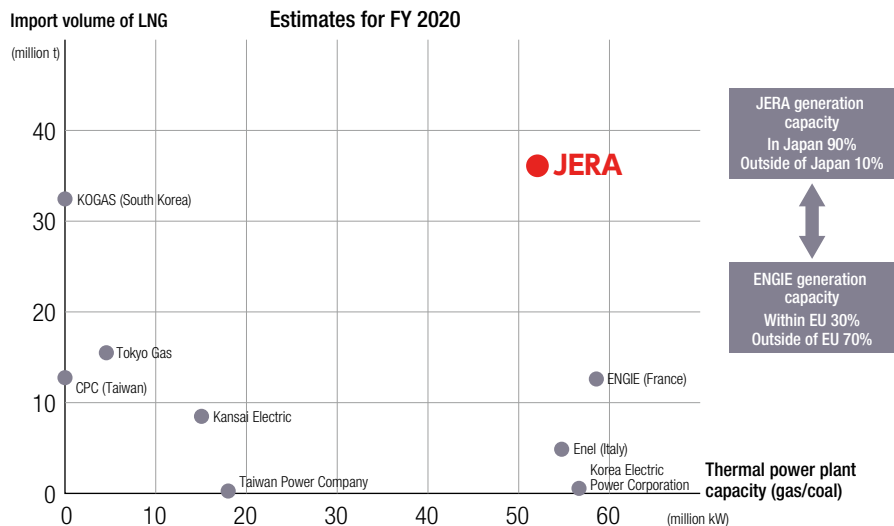
9 countries, sales of 1.1 billion yen (FY 2016)

India, Iran, Laos, Maldives, Myanmar, Serbia, Sri Lanka, Vietnam, Zambia

Position of JERA in the international market

JERA Co., Inc. focuses its business activities not only on the domestic thermal power generation business but also on the entire supply chain of the fuel and thermal power generation business. The company therefore has a global, borderless nature. The integration of fuel (upstream and procurement), existing overseas power generation, and energy infrastructure businesses was completed in July 2016, when the company started its full-scale operation as one of the leading energy companies in the world.

The amount of LNG procured by JERA is the largest in the world. In addition, when the ongoing integration of the existing domestic power generation business is completed, the amount of thermal power generation facilities will also be the largest in the world.



JERA generation capacity
In Japan 90%
Outside of Japan 10%

ENGIE generation capacity
Within EU 30%
Outside of EU 70%

An example of consulting services: Transmission network construction project in southern Zambia

In Lusaka, the capital of Zambia, which is situated in the southern part of the African continent, power outage occurs for eight hours every day. One of the reasons is that a hydraulic power station that supplies about 90% of the electricity used in Zambia is located remotely and there is no power line between the power station and Lusaka. Plans to construct new power lines connecting the station and the capital are now being formulated.

This is one of the candidate projects for infrastructure construction in developing countries led by the Japan International Cooperation Agency (JICA). Tokyo Electric Power Company Holdings has been involved in the project since 2015.



Consulting in Zambia

TEPCO Fuel & Power, Incorporated

Major business operation	Fuel and thermal power generation business
Location of Head Office	1-5-3 Uchisaiwai-cho, Chiyoda-ku, Tokyo
Representatives	Chairman: Toshihiro Sano President: Seiji Moriya
Established	April 1, 2015
Capital	¥30 billion
Parent company	Tokyo Electric Power Company Holdings, Inc. (100%)

Futtsu Thermal Power Station (Futtsu City, Chiba Prefecture)

Pursuing the Optimization of Value Chains to Take a Leading Position in the World

The fuel and thermal power generation business of TEPCO Fuel & Power is roughly divided into four groups: domestic power generation, overseas power generation, fuel procurement, and transportation/trading. Of these, the core business is domestic power generation. Due to decreased power demand in Japan and the emergence of renewable energies, it is obvious that growth will stagnate if we rely on the domestic market alone.

In response to the changing times, we took the opportunity presented by our transition to a holding company system to set two pioneering and challenging goals.

One is to promote globalization. In February 2015, we reached an agreement for a comprehensive alliance with Chubu Electric Power Co., Inc. to establish JERA Co., Inc. JERA is currently in the stage of preparing to grow into a company competitive enough to survive the fiercely contested global market, while focusing on fulfilling its mission to supply globally competitive energy to Japan as a public benefit.

The second goal is to improve the productivity of power stations. For the

time being, taking into account that the domestic power generation business will be the source of the company's strength, we are identifying where the company has superiority as well as its weak points as part of our asset management. For example, we are working to incorporate what we can learn from the Toyota style of kaizen into our efforts to reform our maintenance system. This will help us improve the quality of our operation and maintenance to the world's highest level and eventually supply our systematized expertise to the world as a product.

We will continue taking on global-scale challenges in order to create sources of financial assets to fulfill our most important mission: the revitalization of Fukushima.



President
TEPCO Fuel & Power, Inc.

Seiichi Moriya



Total capacity of thermal power stations

About **43 million kW**

World-class level



LNG tank capacity

1.3 million tons
(Partially shared with other companies)

World-class level



Average thermal efficiency of thermal power stations

49.0%
(Lower heating value [LHV])

World-class level

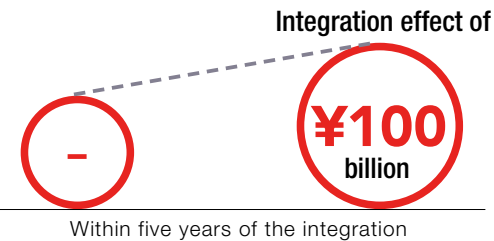
Risks and opportunities

- Decrease in demand as a result of promotion of energy saving
- Increase in renewable energies
- Upward trajectory of fuel prices
- Expansion of energy demand in Asia and other foreign countries and intensification of competition
- Total deregulation of retail gas sales

Efforts

- 1 Promotion of alliances**
(Promotion of globalization)
 - Fuel business
 - Overseas electric power generation
 - Transportation/trading
 - Domestic electric power generation
- 2 Value-up Project**
(Improvement of the productivity of power stations)
 - Shortening of the process of periodic inspections through improving work efficiency, etc.
 - Reduction in fuel, repair and other costs
 - Collaboration with other companies to achieve sophisticated management

Synergistic effects as a result of JERA integration



JERA (FY 2030)

Scale of capacity of overseas power generation (equity ownership in electricity output)

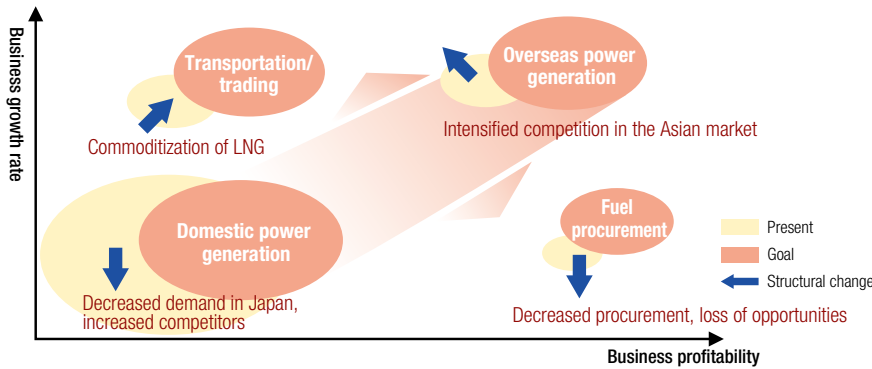
About 20 million kW

Scale of LNG handling
30 to 40 million tons

Scale of coal handling
20 to 30 million tons

Business portfolio developed in the next 10 years

Our aim is to strengthen the competitiveness of the domestic thermal power generation business, our core business, and grow the overall supply chain in the overseas business, which shows a high growth rate and profitability.



Promotion of alliances

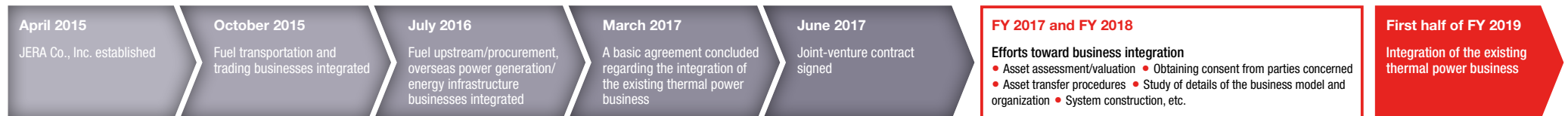
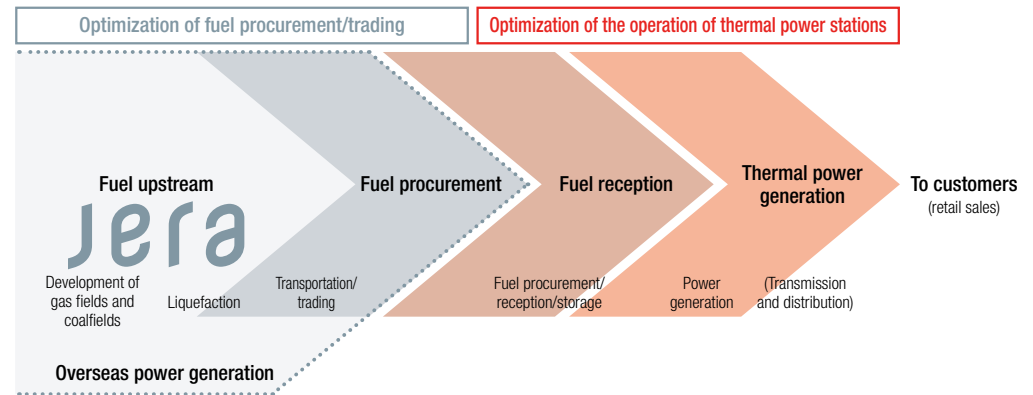
TEPCO and Chubu Electric Power Co., Inc. jointly established JERA Co., Inc. to achieve a comprehensive alliance covering the entire energy supply chain, from fuel upstream and procurement to power generation. Since the integration, JERA has been promoting efforts such as “strengthening of competitiveness in the domestic power generation business” and “increase in profitability in new business areas and achievement of synergistic effects between new business projects and JERA’s existing business projects.” The aim is to achieve the integration effect

of more than 100 billion yen/year within five years from the integration. While effectively using these effects to promote fair competition in newly created power and other markets in Japan, we will help JERA grow into a global energy company able to compete with rival companies in the international energy market. Through these efforts, we will also achieve the steady supply of internationally competitive energy and improvement of the corporate value of the two groups.

Value-up Project

We will continue our efforts to achieve our challenging goal of ensuring the world’s top-level operation of thermal power stations and developing new business projects around the world.

Operational reforms of power stations	<ul style="list-style-type: none"> Shortened periodic inspections Detection of signs of abnormality to prevent troubles Establishment of our own operation method to achieve efficient and optimized operation and maintenance and general management activities
Establishment of strategies to increase overseas profitability	<ul style="list-style-type: none"> Study of a new business model for operation and maintenance (Use of big data related to power generation facilities) Provision of expertise to overseas power stations
Enhancement of the organization and intelligence	<ul style="list-style-type: none"> Improvement of human resources development programs/shifting mindsets of on-site workers Further enhancement and improvement of the organization



TEPCO Power Grid, Incorporated

Major business operation	General power transmission and distribution, real estate rental, and power generation on remote islands
Location of Head Office	1-1-3 Uchisaiwai-cho, Chiyoda-ku, Tokyo
Representative	Yoshinori Kaneko, President
Established	April 1, 2015
Capital	¥80 billion
Parent company	Tokyo Electric Power Company Holdings, Inc. (100%)

Central Load Dispatching Center (Chiyoda-ku, Tokyo)

Power Transmission and Distribution Network that Achieves the World's Best Quality and Low Costs

TEPCO Power Grid, which is engaged in power transmission and distribution, possesses extensive facilities. The steady supply of electricity is supported by human resources and technical capabilities that are deployed to maintain, manage and operate these extensive facilities.

However, the environment surrounding power transmission and distribution companies is undergoing significant change due to energy saving efforts and the expanding use of renewable energies, as well as the spread of electric vehicles (EVs), the decreasing population, over-urbanization and depopulation of rural areas.

Viewing the changes in the market as a tremendous opportunity, we will adopt cutting-edge technology and create an ever-improving corporate culture in order to achieve business operation efficiency that meets international standards. Our goal is to become a company that is more sought after by customers and the general public than ever before.

To achieve the goal, we are making the following three efforts: (1) effort to culminate, (2) effort to create, and (3) effort

to expand. In our effort to “culminate,” we aim to achieve both the maintenance of stable supply and a reduction of transportation costs. In our effort to “create,” we aim to create new value from the power transmission and distribution network so as to meet diversified needs of customers and the general public, such as the total deregulation of retail electricity sales, expansion of the use of renewable energy, and technological innovation such as storage batteries. In our effort to “expand,” we aim to expand our business areas, including overseas, by making the most of technological competencies that we have cultivated and the power transmission and distribution network that we have constructed.

We will accelerate our business development through positive alliances with various partners in order to achieve more growth. Through non-consecutive management reforms, which differ from the conventional approach, we will grow into a world-leading power transmission and distribution company and fulfill our responsibilities in Fukushima.



President
TEPCO Power Grid, Inc.

Yoshinori Kareko



Number of power outages
0.06 times/year
 (Result in 2015)

World-class level



Duration of power outages
6 minutes/year
 (Result in 2015)

World-class level



Smart meters
12 million units
 (as of July 2017)

Installed units of smart meters
 The largest number of units in Japan



Sales from businesses other than transportation services
¥100 billion
 (FY 2026 Target)

Risks and opportunities

- Decrease in demand as a result of promotion of energy saving
- Expanding use of renewable energies and distributed generation sources
- Innovation in information technology
- Human power shortage, aging population
- Increase in aging facilities

Efforts

To culminate Strengthen the base for power transmission and distribution business (Achievement of both reduction of transportation costs and stable supply)

- Companywide adoption of Toyota's kaizen
- Organizational integration
- Digitalization
- Effective improvement of facilities, etc.

To create Improve convenience through the sophistication of the power transmission and distribution network

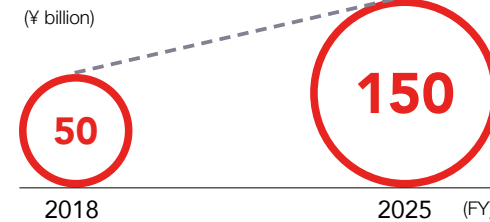
- Integrated operation of, planning of and investment in wide-area power transmission networks
- Expansion of interconnection of renewable energies
- Smart meter system, etc.

To expand Expand business areas (Sales from businesses other than transportation services and global expansion of power transmission and distribution business)

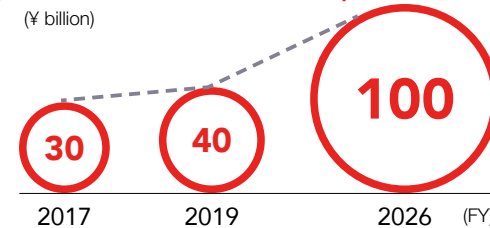
- Development of a platform business that generates new value
- Participation in overseas power transmission and distribution business projects

* Active alliances with other companies to further expand our business

Reduction in transportation costs



Sales from other than transportation services



* Including sales of subsidiaries, affiliated companies and partially owned companies that are calculated by proportional division based on investment ratio, etc.

Profits About **¥120 billion/year** Allocated as decommissioning fund

Toyota's kaizen/digitalization

We apply kaizen activities (Toyota's kaizen) to double productivity. The aim, through in-depth improvement of more than 80% of all jobs, is to raise the efficiency of personnel and further reduce costs in order to eventually improve competitiveness.

In addition, with the effective use of the advantages of digitalization, we will continue our efforts to promote non-consecutive reforms to reduce maintenance costs, improve staff productivity, and create new business projects.



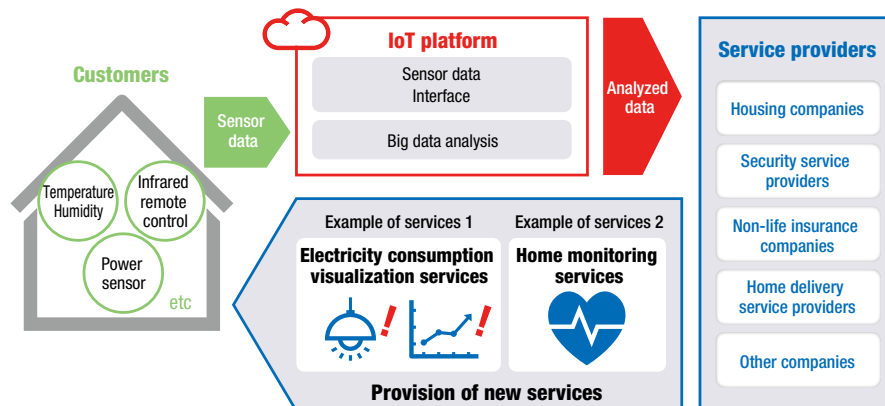
Use of drones to save labor in patrolling and inspecting power generation facilities



Thermal image inspection

Home IoT platform business

We provide services using an IoT platform to visualize changes in electricity consumption by type of home electrical appliance to alert users to a failure to turn off lights or excessive use of electricity. We plan to provide products and services that meet customer lifestyles based on the amount of electricity consumption, temperature and other relevant information. One of such services is a home monitoring service where data obtained by home appliances is used to monitor the condition of elderly people in their homes.



Return to the corporate bond market

In March 2017, we issued three-year bonds with a ¥40 billion face value and five-year bonds with a ¥50 billion face value, ¥90 billion in total, thereby returning to the public corporate bond market for the first time in about six and half years as the TEPCO Group. (Subsequently, during 2017, the company issued corporate bonds with a total face value of ¥70 billion [¥50 billion in five-year bonds; ¥20 billion in seven-year bonds] in June and a further round with a total face value of ¥100 billion [¥70 billion in five-year bonds; ¥30 billion in 10-year bonds] in August.)

As the redemption of a large amount of corporate bonds is approaching (FY 2017: about ¥630 billion; FY 2018: about ¥450 billion), we are planning to secure necessary funds independently by issuing corporate bonds on a continuous basis.

Summary of 1st and 2nd TEPCO Power Grid corporate bonds

	1st corporate bonds (three-year)	2nd corporate bonds (five-year)
Issued amount	¥40 billion	¥50 billion
Interest rate	0.38%	0.58%
Issuance date	March 9, 2017	
Redemption date	March 9, 2020	March 9, 2022
Credit rating	Rating and Investment Information, Inc. (R&I): BBB; Japan Credit Rating Agency (JCR): A	
Use of funds	Funds for facilities, repayment of debts, and redemption of corporate bonds for TEPCO Power Grid	
Composition of investors	Central:49% Local:51%	Central:41% Local:59%

*The composition of investors is based on information obtained from underwriting securities companies.

TEPCO Energy Partner, Incorporated

Major business operation	Retail electricity business, gas business
Location of Head Office	New Pier Takeshiba North Tower, 1-11-1, Kaigan, Minato-ku, Tokyo
Representative	Toshihiro Kawasaki, President
Established	April 1, 2015
Capital	¥10 billion
Parent company	Tokyo Electric Power Company Holdings, Inc. (100%)

Shaping the Future of Energy from a Customer-Oriented Perspective

The business environment surrounding TEPCO Energy Partner has changed significantly due to energy saving efforts and decreased demand for electricity as a result of the offshoring of production sites, as well as the total deregulation of retail electricity and gas sales. We are entering an ever more competitive environment.

Seeing this major change in the business environment as a tremendous opportunity, we will make more efforts to keep growing to become a company that is chosen by customers and the public, with a focus on improving services to ensure the safe and reliable supply of electricity, which is essential to gaining trust from customers.

We will also expand our business into new areas beyond the conventional framework of electric power sales, with our main emphasis on gas sales, energy saving, and IoT services. A huge customer base and digital technology will be effectively used to transform TEPCO Energy Partner into an integrated energy service company that provides products and services to customers throughout Japan to ensure greater comfort and

safety in daily life as well as business development. Our efforts will also be focused on reforming ourselves.

To successfully implement these efforts, we will integrate expertise and technology through promoting cross-industry alliances and evolving relationships with different kinds of partners, from those that are “competitive” to those that are “harmonious.” It is our goal to provide customers and the public with new value that exceeds their expectations as a company that shapes the future of energy from a customer-oriented perspective. Through these efforts, we will keep growing as a partner that develops with customers and the public in order to fulfill our responsibilities in Fukushima.



President
TEPCO Energy Partner, Inc.

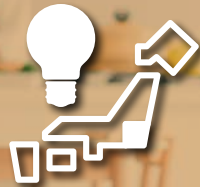
Toshikuro Kawasabi



Electricity sales

243.8 billion kWh
(FY 2016)

Largest in Japan
(Market share: 29%)



Nationwide electricity sales (areas other than Kanto area)

4 times

(from FY 2015 to FY 2016)



Gas sales

1.51 millions tons
(FY 2016)

4th largest in Japan



Active business alliances

4 cases

(Establishment of new JVs)

Risks and opportunities

- Total deregulation of retail electricity sales
- Total deregulation of retail gas sales
- Decrease in demand as a result of promotion of energy saving

Efforts

1 Efforts for the time being

- Nationwide business development
- Expansion of gas sales
- Development and expansion of services with focus on energy saving

2 Mid- and long-term efforts

- Further expansion of business areas through expanding alliances, increase in services, and expansion of business areas
- Development of a business model where energy-saving technology and ICT technology are integrated
- Contribution to regional development (Activation of local economy and acceleration of revitalization)

Expansion of gas sales

Gas retail sales started

2017

Improvement of conditions to enable sales equivalent to **1 million household users**

2019 (FY)

Sales in growing areas*:

¥450 billion

(FY 2019)

* Gas sales, new services, nationwide electricity sales, etc.

Nationwide business development

From a community-based perspective, we will provide products and services that ensure greater comfort and safety in daily life as well as business development for customers throughout Japan. This will be achieved by expanding cross-industry alliances to take advantage of alliance partners' high levels of customer interaction via services and commodities other than electricity and by expanding business areas in a speedy manner.

Development and expansion of services with a focus on energy saving

We will provide customers throughout Japan with new services with a focus on energy saving and IoT business, in addition to electricity sales and provision of information on energy saving, to satisfy diverse customer needs.

More specifically, we will provide customers who operate factories, stores and hospitals with energy services in an integrated manner, ranging from planning and installation to operation of energy facilities (as an energy service provider, or ESP).

For household customers, "one-stop" energy services covering everything from proposal, design and installation to performance assurance will be available. These will be provided by taking advantage of the company's huge customer base and energy analytic technology (as an energy service company, or ESCO, for households).



TEPCO HomeTech, Inc. was established jointly with EPCO, Ltd. (Left: EPCO Group CEO Iwasaki)

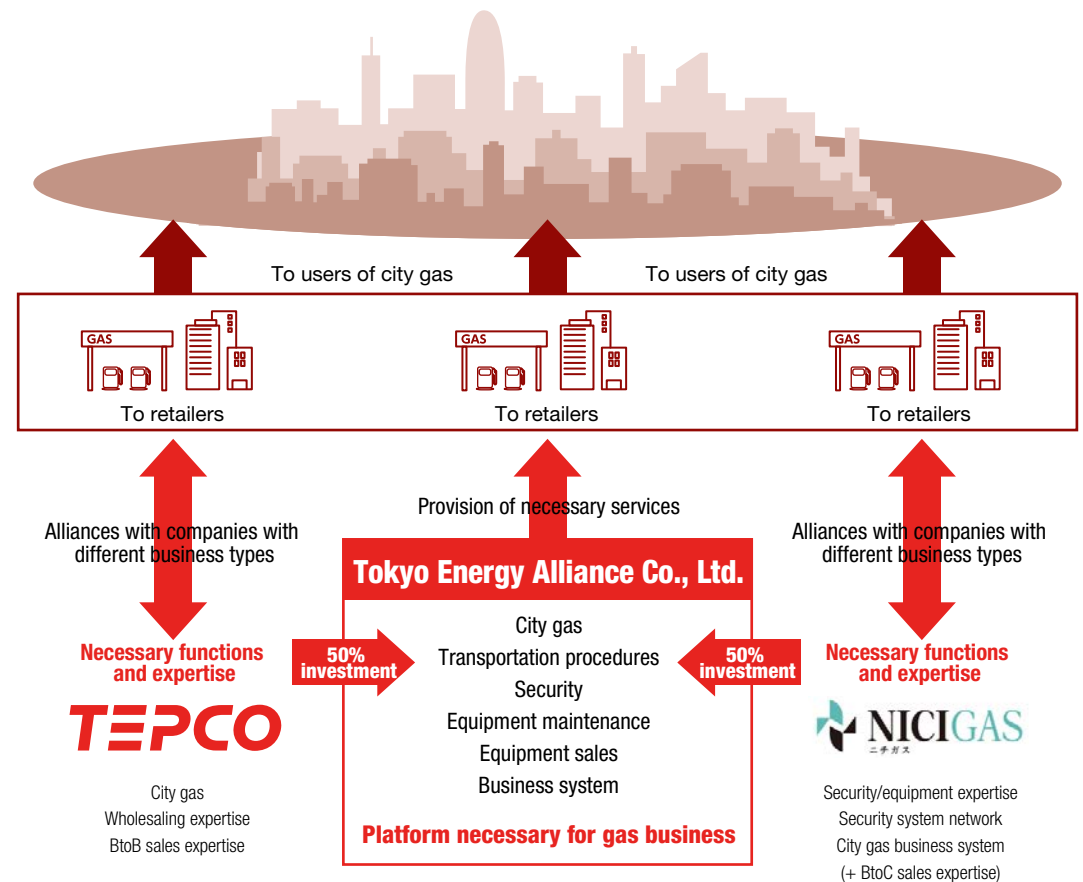
New services

<p><Energy saving></p> <p>ESP ESCO for households</p>	<p><IoT services></p> <p>Smart Home Security Plan Smart Home Elderly-care Plan</p>	<p><Safety and assurance services></p> <p>Home-visit services for emergency trouble of housing Household facilities/electrical appliance repair services Visualized diagnosis of solar power systems</p>
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Expansion of gas sales

Tokyo Energy Alliance Co., Ltd. was jointly established with Nippon Gas Co., Ltd. (Nichigas) as a business operation platform that provides functions and expertise necessary for the procurement and sales of "city gas."

We will further improve our competitiveness and increase gas sales by creating new services through alliances with companies with different business types by providing our platform.



Nuclear Power

To continue to maintain unparalleled safety

TEPCO promotes efforts to ensure the promotion of nuclear safety reform, locally oriented activities, and improvement of technological competence in order to achieve our determination to never forget the Fukushima nuclear accident and to become a nuclear power company that continues to maintain unparalleled safety through constant efforts to ensure day-by-day safety improvement.

Improving safety and regaining public trust

Promotion of nuclear safety reform

- Establishment of a management model to achieve companywide safe and efficient operation
- Enhancement of education on management skills for managers

Locally oriented activities

- Best possible cooperation in the three investigations* conducted by Niigata Prefecture and other relevant activities
- Provision of detailed explanations of safety and other measures
- Presentation of action plans to enhance support in regional disaster prevention and other efforts at an early stage

Improvement of technological competence

- Review of the organizational structure, including the formation of a team to improve regulatory compliance
- Proactive implementation of innovative efforts and acceptance of overseas assessments

* Three investigations concerning the Fukushima nuclear accident (cause of the accident, impact on health and daily life, safe means of evacuation)

Efforts to improve corporate value

Improvement of productivity

- Implementation of detailed review of investments and costs to focus resources on improving safety
- Improvement of efficiency by 30% in terms of procurement costs within three years of restarting operations

Enhancement of cooperation with other companies

- Cooperation to achieve a highly safe and efficient light-water reactor
 - ⇒ Establishment of a basic framework for cooperation by around FY 2020
 - ⇒ Higashidori Nuclear Power Station-related issues to be discussed within this basic framework
- Expansion of business into overseas power generation and decommissioning in the future

Fire engines of Kashiwazaki-Kariwa NPS

Nuclear Power & Plant Siting Division "Management Model"

A management model was prepared to help organizations and individuals engage in their work while sharing a common understanding of overall goals and each other's roles. The management model clearly indicates "ideal goals," "critical success factors" and "achievement level indicators" by component (business field). All organizations and individuals are expected to act in line with the model and collaborate each other to achieve the overall goals based on an understanding of the correlations between their own tasks and those of others in order to accelerate the cultivation of a sense of unity and the implementation of improvement activities.

Along with the management model, a list of "fundamentals," basic behaviors expected for each component, was prepared for distribution to all employees working in nuclear power-related departments. Efforts are being made to help these employees better understand the fundamentals so that they can effectively incorporate them into their daily activities, such as on-site management observation and instructions to subordinates.

An internal communication team, mainly consisting of young employees, was also formed to promote cross-organizational communication beyond vertical segmentation.

Vision

To become a nuclear power company that Never forgets the Fukushima nuclear accident, Ensures day-by-day safety improvement and Continues to maintain unparalleled safety.

Mission

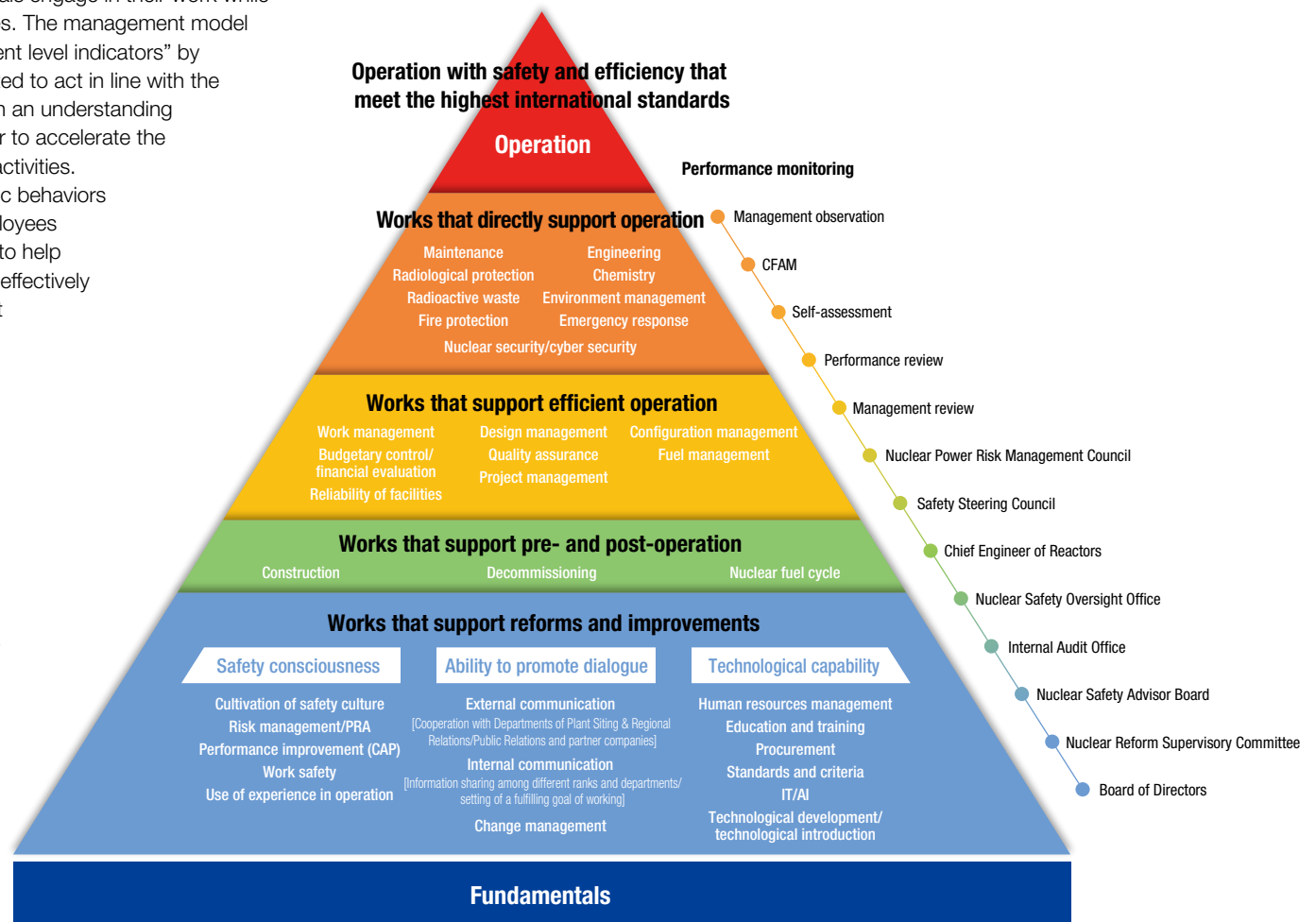
To achieve nuclear power generation with safety and efficiency that meet the highest international standards

Values

Safety consciousness, dialogue competence, technological capability

Basic policy to achieve goals

Constant reforms and improvements
Promotion of work under direct management, by seeing, hearing and feeling



Improvement of "safety consciousness," "technological capability" and "ability to promote dialogue"

Safety consciousness

Management must be keenly aware of risks specific to nuclear power and of its responsibilities for addressing such risks. We provide newly appointed executive officers with training designed to help them enhance their knowledge about nuclear power safety, mainly focusing on nuclear power safety design, nuclear power safety management, and nuclear power disaster prevention.

Following the example of excellent nuclear operators overseas, we established the Nuclear Safety Advisory Board (NSAB) to receive advice and direction on organizational management and overall management for managers of nuclear power-related departments. We have invited five overseas experts to sit on the board.



NSAB preparation meeting (May 2017)

Technological capability

Various programs are available to learn about global standard viewpoints and measures to improve abilities to increase nuclear safety, including workshops given by overseas experts to share information on their experiences in operation and provide coaching on on-the-spot observation.

There are also ongoing efforts to improve techniques needed for work under direct management in emergencies, such as replacement of electric motors and operation of heavy machinery. In connection with this, Fukushima Daini NPS held its third skills competition (the first competition was held in 2015).



On-site observation coaching (Kashiwazaki-Kariwa NPS)



In-house skill competition (Fukushima Daini NPS)

Ability to promote dialogue

We invited world authority on corporate communication Prof. Argenti from Dartmouth College to hold a training session for risk communicators and staff in charge of public relations. The participants learned that leaders must be good communicators and that a communication strategy must present a simple message.

We also offer people an opportunity to visit power stations to help them deepen their understanding. (Total number of visitors attending for inspection from FY 2011 to FY 2016: Fukushima Daiichi NPS: 31,549 visitors; Kashiwazaki-Kariwa NPS: 40,544 visitors) More efforts will be made to improve these study tours.



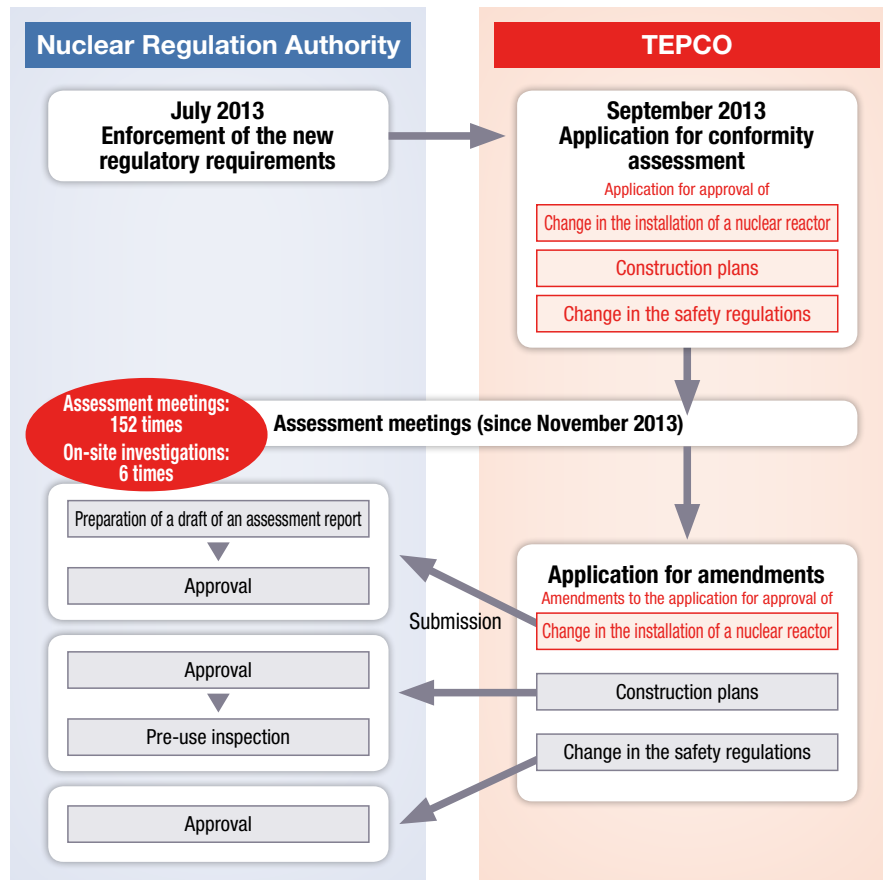
Lecture given by Prof. Argenti (May 2017)

Kashiwazaki-Kariwa Nuclear Power Station

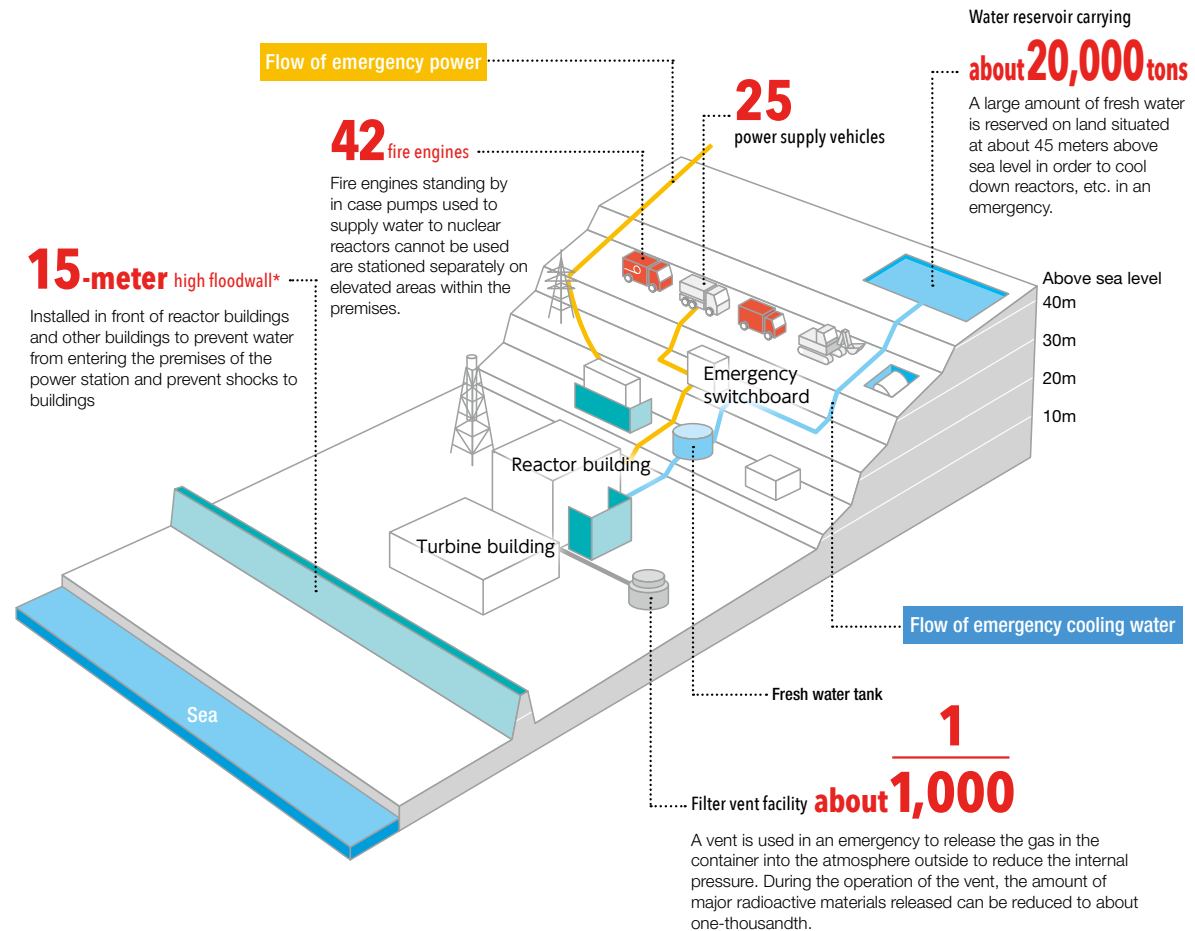
In the operation of the Kashiwazaki-Kariwa NPS, we make efforts to gain the understanding of local residents. We will also sincerely respond to results of assessments conducted by the Nuclear Regulation Authority. Through these efforts, we will steadily implement safety measures at the nuclear power plant.

Prerequisite: Local residents' understanding

Flowchart of assessment of conformity to the new regulatory requirements



As of September 2017; those in red frames have been completed.



* Measures to address liquefaction are being studied for flood walls of Units 1, 2, 3 and 4.

Use of renewable energy and other relevant efforts

In addition to the use of renewable energy power generation facilities owned by our company (total of 9.9 million kW), we will contribute to promoting the use of renewable energy on a national level and participate in new social infrastructure service business projects.

Efforts for the time being

Business development that takes advantage of the current business model

- Increase in connectable volume through the steady enhancement of systems and the management and control of the voltage and current of each system
- Power trading business that makes effective use of electricity storage and coordination capabilities of pumping power generation facilities
- Overseas business development by taking advantage of technology possessed by the TEPCO Group, etc.

Mid- and long-term efforts

Adoption of innovative business models

- Creation of new environmental value, such as "Green & Innovation"*
- **Efforts in new social infrastructure services business where new technology and owned facilities are used effectively.**

- Establishment of a system to accelerate overseas development

* Energy-related business using distributed generation sources, etc.

Overall picture of services we aim to provide



Business Foundation



Strengthening Business Foundation
to Execute Strategies

Transmission lines, towers and Mt. Fuji

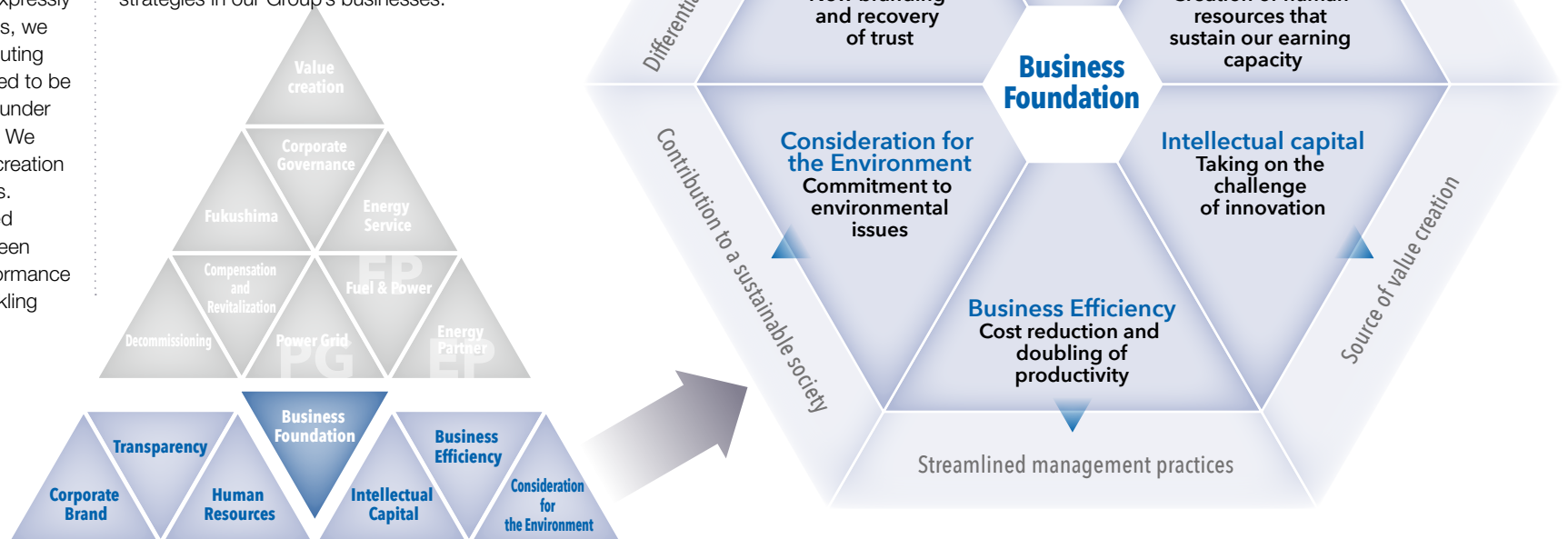
Six Components of Business Foundation that Sustain TEPCO Group Future

For each operating company of the TEPCO Group to secure competitiveness and earning capacity, as well as create corporate value and new social value in its respective field in the drastically changing energy market, it is crucial to build and strengthen a platform on which their strategies can be put into action.

To this end, the TEPCO Group must fully exploit all the management resources it could possibly possess, whether tangible or intangible. Of the intangible assets and initiatives that are not expressly indicated in our financial statements, we have identified six elements constituting our business foundation, which need to be strengthened with particular focus under our current operating environment. We are hereby reporting on our value-creation initiatives in the six respective areas.

The six components identified as our business foundation have been selected from among our key performance indicators (KPIs), which we are tackling with urgency.

In the six areas, we are addressing our pressing issues based on the Revised Comprehensive Special Business Plan and the KPIs over the medium term, but, at the same time, we also need to continue spurring the long-term growth of these six elements. We have thus delineated future visions toward which the six business foundation components will be improved on an ongoing basis. The enhanced six components and their synergistic strength will contribute to the execution of strategies in our Group's businesses.



Corporate Brand

Differentiation under Competitive Environment

The brand of a company is an intangible asset that represents its inherent value and the trust of society regarding its products and services, which has been established through the company's business activities. In the energy industry, where companies deal with electricity and gas, corporate brands play a particularly significant role in outrivaling competitors, as the products themselves cannot be differentiated.

TEPCO's brand image plummeted

after the Fukushima nuclear accident. Restoration of our brand value will help us enhance our pricing power, increase our profit margin based on a stronger presence in the value chain, acquire new customers, and reduce costs for retaining customers, as well as facilitate the recruitment of new employees.

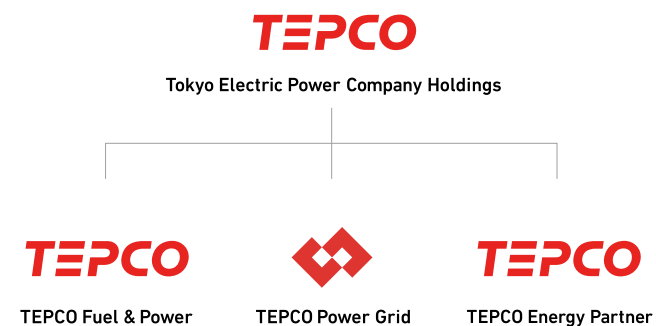
Given the current operating environment, we believe that TEPCO should now focus on strengthening

the five components of its business foundation other than its corporate brand—transparency, human resources, intellectual capital, business efficiency, and consideration for the environment—to support the execution of strategies in Fukushima and Energy Service. Through this endeavor, we are hoping to enhance our corporate value as well as improve our brand ratings.

Rebranding:

First time in **29** years

(April 2016)



Transparency

Establishing Understanding of our Business

Being the central player in the nuclear accident, TEPCO is obliged to accurately disclose the risks involved in nuclear power, widely share its countermeasures with the public, listen to the public's doubts and concerns, and face them squarely and with sincerity.

In the past few years, however, frequent incidents stemming from flaws in our communication behavior have

led to the loss of trust from society. In our efforts to restore trust, we reviewed our approach to information disclosure and accountability, and have decided to proactively disclose information. The full disclosure of radiation data at Fukushima Daiichi Nuclear Power Station undergoing the process of decommissioning is one example of our commitment.

In addition, we are also dedicated

to holding community dialogues through our Risk Communicators, who try to put themselves in the shoes of local communities and society. Our communication activities include hosting ongoing briefing sessions and other opportunities to provide updates on decommissioning and measures against contaminated water at Fukushima Daiichi Nuclear Power Station as well as safety

measures at Kashiwazaki-Kariwa Nuclear Power Station.

To regain trust, we are determined to take to heart what the public worldwide has to say, and to swiftly share information in an accurate and understandable manner by transforming the awareness of all the TEPCO Group employees including top management.

Full disclosure of radiation data:

100,000 pieces of data/year

On-site briefing sessions hosted in Kashiwazaki/Kariwa, Niigata Prefecture:

41,000 sessions

Number of visitors to Fukushima Daiichi NPS:

31,549

(cumulative total from FY 2011 to FY 2016)

Risk Communicators interacted with:

A total of 24,000 persons/year



Publicizing Information on Decommissioning

In our effort to relieve the anxiety of local residents, we release real-time, easy-to-understand radiation monitoring data from around the power station undergoing decommissioning. We also try to be ready for prompt communication of accurate information in the event of any abnormality. Furthermore, we are renewing our commitment to abiding by a lesson we have learned from the past, which is to promptly and frankly disclose all assessment results, even if they are backed by insufficient evidence, without groundlessly fearing the repercussions of disclosing the information.



Disclosing information on our website
www.tepco.co.jp/decommision/faq/index-j.html

Communication on Nuclear Power

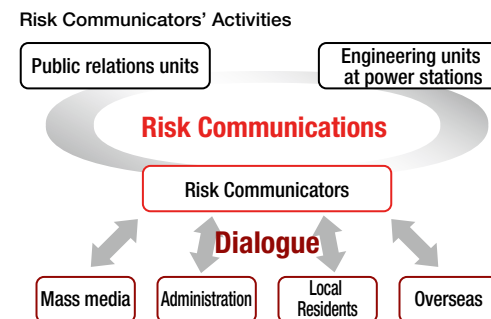
We adhere to the principle of putting local communities and safety first. It is crucial for us to build a business operation system that enables us to earn the trust of society, including the local communities in which our power plants are located. In establishing the public's understanding of our nuclear power, we must not only reflect deeply on the Fukushima nuclear accident and develop a corporate culture and sense of responsibility that constantly urge us to keep safety in check, but also engage in further dialogue with local communities. Through the dialogue, we are keeping track of how local residents and society at large view the TEPCO Group, and if any perception gap is found between their views and our awareness, we work to improve our business operations and transform the behavior of each individual employee. At the same time, we will continue to proceed with close dialogue with local communities while always remembering to ascertain what values we share with them.

Risk Communicators

The Social Communication Office, which was established following the Fukushima nuclear accident, deploys "Risk Communicators" at power plants and other business sites in Fukushima, Niigata, and Aomori Prefectures and Tokyo. There are 41 Risk Communicators as of September 2017, selected mainly from among nuclear engineers with diverse professional expertise.

The primary roles of Risk Communicators are: To harness their expertise as nuclear engineers to provide members of the public, whether or not they have a professional background, with technical information in an understandable manner; to gather information of high interest to society at large and propose countermeasures to risks, and to conduct activities to enhance employees' social sensitivity; and to provide public relations and engineering units with advice on how to deal with problems when they arise.

Risk Communicators meet directly with a total of around 2,000 stakeholders every month, mainly providing updates on decommissioning and measures taken against contaminated water in Fukushima and safety measures for Kashiwazaki-Kariwa Nuclear Power Station in Niigata.



Dialogue examples

Individual briefing sessions	<ul style="list-style-type: none"> • Periodic presentations to municipal governments • Briefings to foreign embassies in Japan • Sessions held upon request from government officials
Media briefings	<ul style="list-style-type: none"> • Periodic press conferences (once a week in Tokyo and Fukushima; once a month in Niigata) • Periodic lectures for journalists (every morning/evening at press club in Fukushima)
Plant tours	<ul style="list-style-type: none"> • Explanations to guests visiting the Fukushima Daiichi, Fukushima Daini and Kashiwazaki-Kariwa NPS
Other briefings	<ul style="list-style-type: none"> • Participation in briefing sessions organized by municipal governments, fisheries cooperatives and local organizations • Dialogue with local residents

Human Resources

Drivers of Reform

For the TEPCO Group to execute non-consecutive management reform and enhance its corporate value, it needs to create and harness human resources with earning capacity and capitalize on its management resources with maximum efficiency.

To deploy such talent with flexibility and boldness widely across the corporate boundaries of TEPCO Holdings and the

core operating companies to drive our management reform forward, we are establishing a common platform, based on which all personnel can be managed for optimal reassignment across the Group.

Furthermore, in our efforts to secure human resources capable of leading our reform and creating a new corporate culture, we are reaching out to a wider range of candidates beyond the TEPCO Group with

the aim of expanding and reinforcing the recruitment of mid-career employees who can immediately put their skill sets to use at their respective workplaces.

Number of employees
(TEPCO Holdings and core operating companies)

33,197
(as of end of FY 2016)

Youngest employee promoted to manager

35 years old
(FY 2017 periodic personnel rotation)

Percentage of female managers

3.5% ⇒ 10.0%
FY 2016 result FY 2020 target

Number of newly hired mid-career employees
(E.g., specialized experts)

54
(FY 2016 result)

Human Resources Management Reform

If we are to outlive our competitors and fulfill our responsibilities to Fukushima amid an increasingly demanding operating environment, it is more crucial than ever that we foster talented professionals who can lead our non-consecutive management reform and provide them with wider career opportunities.

We are developing a structured personnel management system in which younger employees can be appointed to core positions at earlier stages in their career, and participate in discussions for establishing a consortium, thereby systematically providing them with opportunities to acquire the experience and competencies they need to develop the capacity to earn.

	Before Earthquake	From Earthquake to present	Future
		Breakaway from the past Departure from regional monopoly	Implementation of non-consecutive management reform
Objective	Maintain stable management Seniority-based career path	Appoint drivers of management reform to key positions Secure highly capable human resources, whether from within or outside the Group	Foster human resources with earning capacity that are capable of leading management reform, and provide them with wider career opportunities Continuous supply of internal human resources competing with new hires from outside
Diverse appointments	Seniority-based career path primarily within organizations	Appointment of senior managers taking into account discussion by the Nominating Committee Appointment of young/female managers sustaining the next generation of management Solicit voluntary retirement of seasoned managers to Fukushima External specialized experts Employees with capacity to guide the TEPCO Group	
Training/Development	Organization-specific specialized skills Study abroad programs		Next-generation management leader training Experience in other industrial sectors Resumption of study abroad program

Work-style Reform and Promotion of Diversity

To enhance corporate value across all areas we are involved in, it is imperative to proactively offer expanded career opportunities to a wide range of talented people with diverse perspectives, values and experience, including women, older people, employees with a disability, and non-Japanese employees.

In our efforts to engage diverse employees, we have been providing expanded systematic support, including instituting a wide range of work styles such as working from home, setting no-overtime days, and encouraging workers to take days off. Moreover, as part of our work-style reform, we are striving to instill among our employees the notion that work should basically be done during regular work hours.



	FY 2010 (Before Earthquake)	FY 2013 (the Second Plan approved)	FY 2016
Average age of directors ¹	57.8 (women: 0.0%)	56.7 (women: 2.5%)	56.3 (women: 3.2%)
Average age of presidents at major Group companies	58.9	56.0	55.8
Youngest age promoted to manager	38	38	36
Number of female managers	67 (1.6%) ²	91 (2.0%)	156 (3.5%)
External specialized experts	10	0 ³	54

Notes: 1. Persons in managerial positions at the level of executive officer and above, excluding outside directors (Includes directors of core operating companies for FY 2016)
 2. Percentage of women among all persons in managerial positions
 3. Hiring was frozen from FY 2012 to FY 2013.

Intellectual Capital

Source of Value Creation

The TEPCO Group's intellectual capital is its source of strength. It is what sets the Group apart from competitors in Japan and overseas and solidifies its competitive advantage.

We are undertaking further research and development and business development activities in new fields as well as in the energy supply value chain

encompassing fuel procurement, power generation, power transmission and distribution, electricity sales, and provision of services. We are translating the Group's knowledge, skills and expertise into explicit knowledge, based on which we strive to achieve innovations.

To maximize the value created by our intellectual capital, we are

implementing strategic investment and forming business alliances based on an open innovation platform. Further to such technological initiatives, we are striving to embody the created value by applying our comprehensive strength fostered through the reinforced Group-wide business foundation.

Number of patents applied for

4,367

(cumulative total from FY 2001 to FY 2016)

Research and development expenditure

170 billion yen

(FY 2016 result)



Establishment of Open Innovation Platform

In February 2016, we established an online platform named TEPCO CUUSOO as a means of implementing open innovation. Through the platform, we solicit partners with whom we seek to make a difference in society by applying new ideas and new science and technologies, creating new value, and solving social problems.

Our aim is to create new value for individual consumers and business operators and contribute to the development of society by pursuing new technologies, engaging in transactions with a variety of corporations, and sharing and utilizing the big data possessed and formulated by the TEPCO Group.

The number of accounts registered on the platform has now reached approximately 3,100, with access from outside Japan accounting for 18% of all website visits as of September 2017.



Project example Stand-alone power supply unit to undergo demonstration experiment

Background ▶ To run a canal-type small- or medium-sized hydroelectric power plant, facilities and equipment dotted across a vast mountainous area need to be operated by connecting them to the power plant with transmission lines, which is costly and inefficient. Using TEPCO CUUSOO, we solicited technologies for securing stand-alone power supply units for the facilities and equipment so that small- and medium-sized hydroelectric power plants can be developed more efficiently without installing transmission lines.

Result ▶ Following solicitation and screening, TEPCO decided to develop demonstration equipment for a stand-alone power supply unit by forming partnerships with COSMOSWEB Co., Ltd., NTN Corporation and Kandenko Co., Ltd. COSMOSWEB mainly engages in entrusted development of a variety of products ranging from prototypes of printed circuit boards to electric and electronic devices, power-saving equipment, and jigs and tools. We examined whether the company's signature control system could be used in the development of a stand-alone power supply unit. In the process, it was identified that a high-performance hydroelectric technology was effective for power generation in the mountains, which led to our decision to request NTN to provide us with a small-sized

hydraulic power unit employing its unique wing technology. In addition, we also decided to utilize a technology proposed by Kandenko, which allowed the construction of a highly reliable photovoltaic facility at a lower cost.

As a result of these partnerships, our initial investment was reduced considerably from the level conventionally required to build a small-sized hydroelectric power plant, which is expected to help us make efficient progress in our initiative to produce renewable energy in Japan by using unharnessed gravitational energy.

As of August 2017, demonstration equipment is being produced for installation. Demonstration experiments will begin as soon as the equipment is ready.



Event EV Utilization Application Idea Contest

Background ▶ The TEPCO Group has been seeking to proliferate the use of electric vehicles (EVs) as part of its range of environmental efforts, which include reducing emissions of global warming gases. An EV is a quiet, clean and energy efficient means of transportation, friendly to both its users and the Earth. TEPCO CUUSOO hosted an idea contest for participants to propose unprecedented ways of using EVs. Award winners are entitled to rent up to 10 EVs free of charge for a maximum of three years.

Result ▶ From February 14 to April 14, 2017, the EV Utilization Application Idea Contest was held to solicit ideas and proposals by lead users on new ways of using EVs. Out of 23 entries, one was presented with a Best Award and four with Excellence Awards.

• Best Award
Demonstration @ university campus: Using EVs for transporting and sharing sustainable energy
 Proposed by: Tokyo City University



A demonstration on how EVs can be used to transport and share sustainable energy, and an EV exhibition event were proposed.



Business Efficiency

Streamlining Management Practices

Under its Productivity Doubling Committee, the TEPCO Group endeavored to reduce costs by doubling productivity through various measures led by employees at each workplace. The measures included a procurement structure reform drawing on the working-level knowledge of external experts, the introduction of Toyota's just-in-time system, and restructuring of the IT system. Consequently, we achieved

a cost reduction that far exceeded our target set in the New Comprehensive Special Business Plan, allowing us to achieve positive net income without raising electricity rates.

However, the outlook on the restart of the Kashiwazaki-Kariwa Nuclear Power Station remains uncertain, and our genuine earning capacity, excluding factors outside of our own control such as

the fuel cost adjustments, is still insufficient in proportion to the share value target set in the New Comprehensive Special Business Plan. In consideration of such reality, as well as the changes in our business environment, we are determined to make further efforts to reduce costs and enhance business efficiency through a drastic and discontinuous management reform.

Cost reduction achieved in operating expenses for electric power business

▲767.3 billion yen (FY 2016 result)

Exceeded the target of ¥358.9 billion set in the New Comprehensive Special Business Plan

Cost reduction achieved by major subsidiaries

▲66.6 billion yen (FY 2016 result)

Exceeded the target of ¥34.3 billion set in the New Comprehensive Special Business Plan

Cumulative total of asset disposal

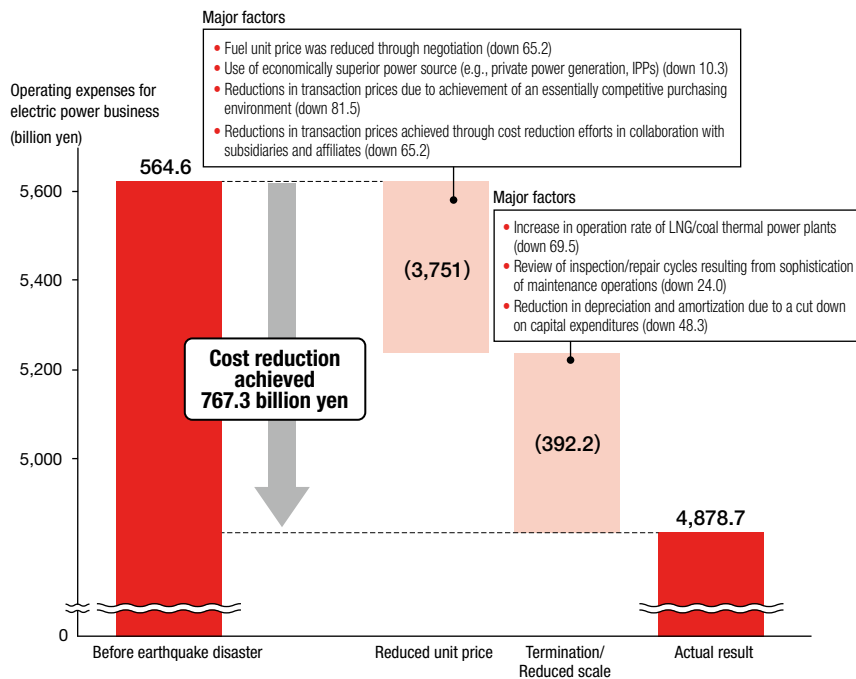
859.1 billion yen (FY 2015)

Making further efforts on top of achieving the target of ¥707.4 billion set in the Comprehensive Special Business Plan



Cost Reduction Achieved in FY 2016

A cost reduction of 767.3 billion yen was achieved in FY 2016, which exceeded the target of 358.9 billion yen set in the New Comprehensive Special Business Plan by 408.4 billion yen.



Examples of Initiatives to Double Productivity

We used mockup facilities simulating actual thermal power plants for training maintenance workers and exploring better engineering methods. As a result, we succeeded in expediting our regular inspection work, reducing the time and number of workers required.



Enhancing efficiency of boiler burner maintenance work

Burners installed in boilers are inspected in step with periodic inspections of thermal power plants. By using mockup facilities, optimal engineering methods and procedures are verified to enhance inspection efficiency. Furthermore, prior to periodic inspections, workers are trained on mockup facilities to ensure that they follow the improved work procedures.

Number of man-minutes required:
1,020 man-minutes ⇒
211 man-minutes (down 79%)



Reducing welding work and inspection periods

In welding and inspection/repair works for boiler heat exchanger pipes, sufficient safety distance had previously been secured by preventing workers from being positioned above or below another worker. However, by optimizing engineering methods and procedures using mockup facilities, welding work and inspections can now be conducted in a more intensive and concurrent manner, resulting in a shorter work period.

Welding/inspection period required:
53 days ⇒ 38 days (down 28%)

Consideration for the Environment

Contributing to a Sustainable Society [TEPCO Group Environmental Policy]

The TEPCO Group complies with environmental laws and regulations and gives consideration to the environment in all aspects of its corporate activities in order to help society achieve sustainability while fulfilling its responsibilities regarding the revitalization of Fukushima.

■ Contribution to a low-carbon society

We will contribute to achieving a low-carbon society by supplying low-carbon energies, supporting customers to save energy, and providing low-carbon solutions through technological developments and their widespread application.

■ Reduction of environmental impact

We will contribute to reducing environmental impacts and achieving a sound material-cycle society by ensuring risk management and measures against environmental polluting materials, and promoting recycling.

■ Coexistence with nature

We will contribute to creating a society in harmony with nature by conserving local ecosystems and reduce environmental impact.

The TEPCO Group is determined to rigorously engage in dialogue with stakeholders including local communities and disclose information while continuously improving and enhancing its environmental initiatives.



Initiatives for the environment

www.tepco.co.jp/en/corpinfo/esg/index-e.html

FY 2016 result

CO₂ emission intensity (after-adjustment)

0.474 kg-CO₂/kWh

0.516 kg-CO₂/kWh [Electric Power Council for a Low Carbon Society (ELCS)* member companies' average]

Amount of renewable energy used

22.9 billion kWh

Thermal power plant:
Average thermal efficiency

49.0%

(LHV: lower heating value)

Thermal power plant: NO_x emission intensity

0.10 g/kWh

Thermal power plant: SO_x emission intensity

0.05 g/kWh

Industrial waste recycling rate

99.5%

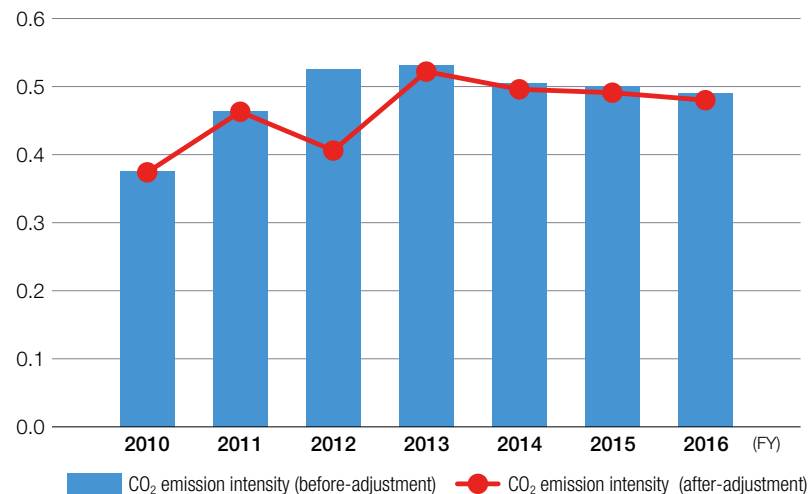
* Its membership consists of 42 electric power suppliers including the TEPCO Group. To achieve a low-carbon society, the ELCS upholds the target for the electric power industry as a whole of achieving a CO₂ emission intensity of 0.37 kg-CO₂/kWh (end use) by FY 2030.

Pursuing a Low-Carbon Society

As we strive to achieve a low-carbon society, the development of new technologies related to renewable energy and electric power are awaited with heightened anticipation.

As an energy provider, the TEPCO Group is working to enhance the efficiency of thermal power generation, expand renewable energy use, and improve the safety of nuclear power generation based on the balance of the 3Es, “Energy security,” “Economy,” and the “Environment,” with safety as a prerequisite. In addition, we will contribute to a low-carbon society through providing customers the Group’s technologies and know-hows, low-carbon solutions to reduce its CO₂ emissions, and enhancing technological innovations.

Changes in CO₂ emission intensity



CDP 2016 Score Results

CDP is an international NGO that collects information on the environmental initiatives undertaken by major companies around the world for analysis and assessment. CDP assesses companies’ engagements in three fields—climate change, water and forests—and rates them on an eight-point scale: A, A-, B, B-, C, C-, D, D- (with A being the highest level).

The TEPCO Group resumed disclosing data to CDP climate change in 2016 and began disclosing data to CDP water in the same year.

TEPCO Group’s 2016 scores:
Climate Change: B, Management
Water: A-, Leadership



For details on TEPCO’s response to the CDP questionnaire, please refer to:
www.tepco.co.jp/en/corpinfo/esg/cdp-e.html

Supporting low-carbon initiatives by providing green energy

(TEPCO Energy Partner, Inc.)



The TEPCO Group supports its customers in reducing their CO₂ emissions through providing low-carbon energies.

Aqua Premium (for businesses) and **Aqua Energy 100 (for households)** are electricity rate plans in which the full amount of electricity supplied is generated at the Group’s hydroelectric power stations. Proceeds from sales are partially used for maintaining and expanding the volume of hydroelectric power generated. The electricity sold under these plans is produced without emitting CO₂, and therefore helps our customers reduce their CO₂ emissions from electricity use. We have also begun offering the **TEPCO Green*Gas Plan** combined with the Green Heat Certificate System.

The TEPCO Group will continue to undertake environmentally friendly business activities, and to tackle climate change in accordance with the Japanese government’s energy and environmental policies.

Oze and TEPCO

Nature Conservation Activities in Oze

The Oze National Park, which sprawls across four prefectures—Gunma, Fukushima, Niigata and Tochigi—is known for its well-preserved and vast yet delicate nature. Designated as Japan's special natural treasure, Oze is also included in the List of Wetlands of International Importance under the Ramsar Convention. In the Taisho Era in the early 20th century, the electric power supplier to the area at that time acquired some land in Oze for generating electricity. This land was succeeded by TEPCO when it was founded. For around 60 years since then, together with the local communities and our group company Tokyo Power Technology Ltd., we have been working to protect this natural environment as well as to provide visitors with opportunities to enjoy its nature. Our specific activities include restoration of the wetland vegetation, installing and maintaining wooden paths, building and managing public toilets and lodges, and offering guided nature tours.



Value Creation through Oze

Enhance corporate value

- Create opportunities to communicate with stakeholders
- Enhance corporate brand image
- Foster employee awareness of environmental protection

Enhance corporate value

- Manage and preserve national assets
- Enhance awareness of biodiversity
- Contribute to local communities



Land owned by TEPCO

16,000 ha

(Around 40% of Oze National Park, around 70% of the special protection area)

Total lengths of the wooden path managed by TEPCO

20 km

(about 30% of the total length of paths)



Oze and TEPCO
www.tepco.co.jp/oze/index-j.html

Aim of This Report

Until fiscal 2010, the TEPCO Group issued an annual Sustainability Report in order to disclose its Environmental, Social and corporate Governance (ESG) information. It stopped issuing the report when the Fukushima nuclear power accident occurred in 2011.

TEPCO Integrated Report 2017 is the Group's first attempt to report its financial and non-financial information concerning its business activities based on integrated thinking.

By issuing this integrated report and setting forth our commitment to future value creation, we aim to spark dialogue with our stakeholders including shareholders and investors, enhance our corporate value, and create social value.

We have only just embarked on this challenging task of annually issuing the integrated report, but plans are already underway to incorporate more in our next issue onwards, including reports on stakeholder engagements, the process of identifying materiality, and our business undertakings from the perspective of Sustainable Development Goals (SDGs).

We will strive to compile reports that are beneficial to our stakeholders. We would be delighted to receive your frank views and feedback on this report.



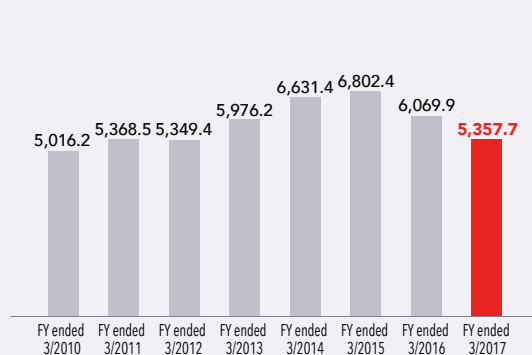
September 2017

Managing Executive Officer
Tokyo Electric Power Company Holdings, Inc.

Shin-ichiro Kengaku

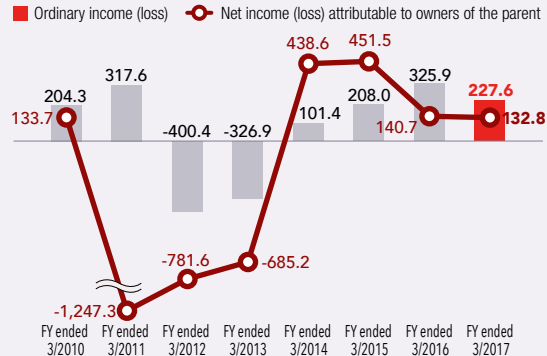
Financial Highlights

Operating revenues (billion yen)



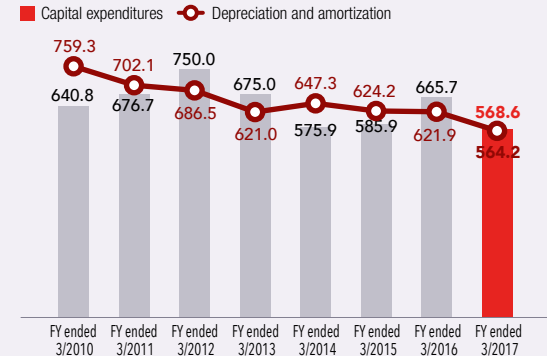
- Operating revenues increased over three consecutive fiscal years from the FY ended March 2013 to the FY ended March 2015, due mainly to such factors as the rate revision implemented in the FY ended March 2013 and the rises in unit sales prices of electricity resulting primarily from fuel cost adjustment system.
- Operating revenues decreased consecutively in the FYs ended March 2016 and March 2017 due mainly to such factors as the decrease in unit sales prices of electricity resulting primarily from fuel cost adjustment system.

Ordinary income (loss) & net income (loss) attributable to owners of the parent (billion yen)



- As a result of the Tohoku-Chihou-Taiheiyo-Oki Earthquake in the FY ended March 2011, extraordinary losses on disaster recorded for losses incurred or expenses required for recovery of damaged assets. Following the Earthquake, the TEPCO Group's financial performance took a downturn due mainly to an increase in fuel costs resulting from the suspension of nuclear power generation.
- Over four consecutive fiscal years since the FY ended March 2014, profitability was achieved due mainly to a rate revision implemented in the FY ended March 2013 as well as across-the-board efforts of cost reductions.

Capital expenditures & depreciation and amortization (billion yen)



- Capital expenditures of 568.6 billion yen were recorded in the FY ended March 2017, down approximately 15% from the previous fiscal year, due mainly to such factors as the decline in investments associated with thermal and nuclear power production facilities.
- Depreciation and amortization for the FY ended March 2017 decreased approximately 9% from the previous fiscal year due mainly to the progress in the declining-balance.

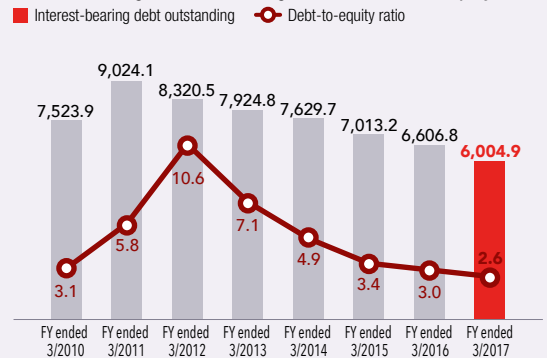
Equity ratio (%)



- The equity ratio dropped to 5.1% in the FY ended March 2012 as a result of a downturn in the Group's financial performance, but started climbing in the FY ended March 2012 to reach 19.1% as of March 31, 2017, outperforming the target of around 15.0% set under the New Comprehensive Special Business Plan. The increase was attributable to the reduction of more than 2.3 trillion yen in interest-bearing debt outstanding from the level recorded in the FY ended March 2012 and measures taken to secure profits through the Group's ongoing rigorous across-the-board efforts of cost reductions.

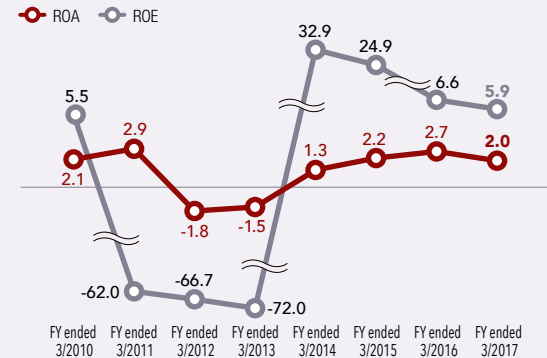
Equity ratio: (Net assets – Stock acquisition rights – Non-controlling interests) / Total assets

Interest-bearing debt outstanding (billion yen) & debt-to-equity ratio (%)



- Interest-bearing debt outstanding increased to 9.0 trillion yen as of March 31, 2011 due mainly to a weakened financial standing, but gradually decreased to 6.0 trillion yen by March 31, 2017, primarily caused by the redemption of public bonds.
- D/E ratio, which reached 10.6% in the FY ended March 2012 immediately after the Earthquake, declined to 2.6, back to its level prior to the Earthquake.

ROA & ROE (%)



- ROA dropped to -1.8% in the FY ended March 2012 due mainly to a downturn in the Group's financial performance resulting primarily from an increase in fuel costs caused by the suspension of nuclear power generation. However, it climbed back up to above 2.0% in and after the FY ended March 2015 due mainly to the rate revision implemented in the FY ended March 2013 and profits secured as a result of across-the-board efforts of cost reductions.
- ROE decreased due mainly to the record of an extraordinary loss on disaster for the FY ended March 2011, as well as the weakened financial performance resulting from an increase in fuel costs attributable to the suspension of nuclear power generation. However, it was restored in the FY ended March 2014, mainly due to the rate revision implemented in the FY ended March 2013 and all possible cost reductions. On the back of an upward trend continuously recorded in equity ratios, ROE has been retained at the standard prior to the Earthquake.

ROA (Return-on-Assets): Operating income / Average total assets

ROE (Return-on-Equity): Net income attributable to owners of the parent / Average equity

Eight-Year Financial Summary

(Millions of yen)

(Millions of US dollars)

	2017/3	2016/3	2015/3	2014/3	2013/3	2012/3	2011/3	2010/3	2017/3
FYs ended March 31:									
Operating revenues	¥ 5,357,734	6,069,928	6,802,464	6,631,422	5,976,239	5,349,445	5,368,536	5,016,257	\$ 47,756
Operating income (loss)	258,680	372,231	316,534	191,379	(221,988)	(272,513)	399,624	284,443	2,306
Income before income (loss) taxes and non-controlling interests	146,471	186,607	479,022	462,555	(653,022)	(753,761)	(766,134)	223,482	1,306
Net income (loss) attributable to owners of the parent	132,810	140,783	451,552	438,647	(685,292)	(781,641)	(1,247,348)	133,775	1,184
Depreciation and amortization	564,276	621,953	624,248	647,397	621,080	686,555	702,185	759,391	5,030
Capital expenditures	568,626	665,735	585,958	575,948	675,011	750,011	676,746	640,885	5,068
Per share data (yen, US dollars):									
Net (loss) income (basic)	¥ 82.89	87.86	281.80	273.74	(427.64)	(487.76)	(846.64)	99.18	\$ 0.74
Net income (diluted) ³	26.79	28.52	91.49	88.87	—	—	—	99.18	0.24
Cash dividends	—	—	—	—	—	—	30.00	60.00	—
Net assets	838.45	746.59	669.60	343.31	72.83	491.22	972.28	1,828.08	7.47
FYs ended March 31 (as of March 31):									
Total net assets	¥ 2,348,679	2,218,139	2,102,180	1,577,408	1,137,812	812,476	1,602,478	2,516,478	\$ 20,935
Equity ⁴	2,343,434	2,196,275	2,072,952	1,550,121	1,116,704	787,177	1,558,113	2,465,738	20,888
Total assets	12,277,600	13,659,769	14,212,677	14,801,106	14,989,130	15,536,456	14,790,353	13,203,987	109,436
Interest-bearing debt	6,004,978	6,606,852	7,013,275	7,629,720	7,924,819	8,320,528	9,024,110	7,523,952	53,525
Number of employees	42,060	42,855	43,330	45,744	48,757	52,046	52,970	52,452	—
Financial ratios and cash flow data:									
ROA (%) ⁵	2.0	2.7	2.2	1.3	(1.5)	(1.8)	2.9	2.1	—
ROE (%) ⁶	5.9	6.6	24.9	32.9	(72.0)	(66.7)	(62.0)	5.5	—
Equity ratio (%)	19.1	16.1	14.6	10.5	7.5	5.1	10.5	18.7	—
Net cash provided by (used in) operating activities	¥ 783,038	1,077,508	872,930	638,122	260,895	(2,891)	988,710	988,271	\$ 6,980
Net cash used in investing activities	(478,471)	(620,900)	(523,935)	(293,216)	(636,698)	(335,101)	(791,957)	(599,263)	(4,265)
Net cash provided by (used in) financing activities	(603,955)	(394,300)	(626,023)	(301,732)	632,583	(614,734)	1,859,579	(495,091)	(5,383)

Notes:

- All dollar amounts refer to U.S. currency. Yen amounts have been translated, solely for the convenience of the reader, at the rate of ¥112.19 to US\$1.00 prevailing on March 31, 2017.
- Amounts of less than one million yen have been omitted. All percentages have been rounded to the nearest unit.
- Net income per share after dilution by potential shares for the years ended March 31, 2011 and March 31, 2013 is omitted despite the existence of potential shares as the Company recognized a net loss per share for both years. Net income per share after dilution by potential shares for the FY ended March 31, 2012 is omitted as there were no potential shares and the Company recognized a net loss per share for this year.
- Equity = Net assets – Stock acquisition rights – Non-controlling interests
- ROA = Operating income / Average total assets
- ROE = Net income attributable to owners of the parent / Average equity

Group Companies

(as of August 31, 2017)

Tokyo Electric Power Company Holdings

TEPCO Fuel & Power, Inc.
 TEPCO Power Grid, Inc.
 TEPCO Energy Partner, Inc.
 Toden Real Estate Co., Inc.
 The Tokyo Electric Generation Company, Incorporated
 Tokyo Power Technology Ltd.
 Tokyo Electric Power Services Company, Limited
 TEPCO SYSTEMS CORPORATION
 TEPCO RESOURCES INC.
 TEPCO HUMMING WORK CO., LTD.
 Toso Real Estate Management Co., Ltd.
 Tepco Partners Co., Ltd.
 TEPCO Innovation & Investments US, Inc.
 Recyclable-Fuel Storage Company
 ATEMA KOGEN RESORT INC.
 TOKYO RECORDS MANAGEMENT CO., INC
 TOSETSU CIVIL ENGINEERING CONSULTANT INC.
 THE Power Grid Solution Ltd.
 T. T. Network Infrastructure Japan Corporation
 Eurus Energy Holdings Corporation
 Fukushima Soden Godo Kaisha
 Hitachi Systems Power Services, Ltd.
 Energy Asia Holdings, Ltd.
 Conjoule GmbH
 Japan Nuclear Fuel Limited
 The Japan Atomic Power Company
 TOKYO ENERGY & SYSTEMS INC.
 Nuclear Fuel Transport Company, Ltd.
 JAPAN NUCLEAR SECURITY SYSTEM CO., LTD.
 International Nuclear Energy Development of
 Japan Co., Ltd.
 SAP-Japan Co., Ltd.
 Harajuku-no Mori Ltd.

HD

TEPCO Fuel & Power

Bio Fuel Co., Inc.
 Fuel TEPCO
 Project Development
 TOKYO WATERFRONT RECYCLE POWER CO., LTD.
 KAWASAKI STEAM NET CO., LTD.
 NANSO SERVICE CO., LTD.
 JERA Co., Inc.
 Kimitsu Cooperative Thermal Power Company, Inc.
 KASHIMA KYODO ELECTRIC POWER Co., Ltd.
 Soma Kyodo Power Company, Ltd.
 Joban Joint Power Co., Ltd.
 Japan Coal Development Co., Ltd.

FP

TEPCO Power Grid

Tokyo Densetsu Service Co., Ltd.
 Tepco Town Planning Co., Ltd.
 Tokyo Land Management Corporation
 TEPCO IEC, Inc.
 TEPCO LOGISTICS CO., LTD.
 TEPCO OPTICAL NETWORK ENGINEERING INC.
 SHIN-NIHON HELICOPTER CO., LTD.
 Kandenko Co., Ltd.
 TAKAOKA TOKO HOLDINGS CO., LTD.
 AT TOKYO Corporation
 The Japan Utility Subway Company, Incorporated
 Daido Industrial Arts Co., Ltd.
 Transmission Line Construction Co., Ltd. (TLC)
 Toshiba Toko Meter Systems Co., LTD.

PG

TEPCO Energy Partner

Tepco Customer Service Corporation Limited
 FAMILYNET JAPAN CORPORATION
 Japan Facility Solutions, Inc.
 Morigasaki Energy Service Co.
 Houseplus Corporation, Inc.
 Japan Natural Energy Company Limited
 TEPCO HomeTech, Inc.
 Familynet Initiative Corporation
 Tokyo Energy Alliance Co., Ltd.
 TOKYO TOSHI SERVICE COMPANY
 HP Capital Co., Ltd.
 NF Power Service
 Houseplus Architectural Inspection, Inc.

EP

Stock Information

As of March 31, 2017

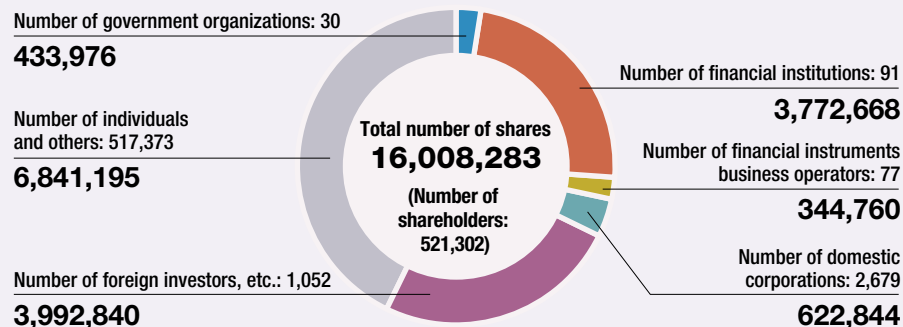
Basic Stock Information

Securities identification code	9501								
Stock listings	Tokyo Stock Exchange, First Section								
Total number of authorized shares	14,100,000,000								
Total number of issued shares	<table border="0"> <tr> <td>Common shares</td> <td>1,607,017,531</td> </tr> <tr> <td>Class A preferred shares</td> <td>1,600,000,000</td> </tr> <tr> <td>Class B preferred shares</td> <td>340,000,000</td> </tr> <tr> <td>Total</td> <td>3,547,017,531</td> </tr> </table>	Common shares	1,607,017,531	Class A preferred shares	1,600,000,000	Class B preferred shares	340,000,000	Total	3,547,017,531
Common shares	1,607,017,531								
Class A preferred shares	1,600,000,000								
Class B preferred shares	340,000,000								
Total	3,547,017,531								
Minimum units	<table border="0"> <tr> <td>Common shares</td> <td>100</td> </tr> <tr> <td>Class A preferred shares</td> <td>100</td> </tr> <tr> <td>Class B preferred shares</td> <td>10</td> </tr> </table>	Common shares	100	Class A preferred shares	100	Class B preferred shares	10		
Common shares	100								
Class A preferred shares	100								
Class B preferred shares	10								
Fiscal year	April 1 to March 31 of the following year								
General meeting of shareholders	June								
Means of public notice	Electronic public notice posted on TEPCO's website*								
Handling of shares	<p>Shareholder registry administrator Mitsubishi UFJ Trust and Banking Corporation</p> <p>Contact: Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-1, Nikko-cho, Fuchu-shi, Tokyo** Tel: 0120-232-711 (toll-free number in Japan)</p> <p>Postal address: Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation PO Box 29, Shin-Tokyo Post Office, Tokyo 137-8081, Japan</p>								

* In the event that an electronic public notice cannot be posted due to an unavoidable reason such as an accident, the notice will be announced in the Nihon Keizai Shimbun published in Tokyo.

** Contact has been updated effective August 14, 2017 due to the relocation of the administrative base of the shareholder registry administrator and special account administrator.

Breakdown of Shareholders (Share Unit) [in hundreds of shares]



Major Shareholders (Top 10 Shareholders)

Name of Shareholder	Number of Shares Held (Thousands)	Ratio (%)
Nuclear Damage Compensation and Decommissioning Facilitation Corporation	1,940,000	54.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	53,964	1.52
TEPCO Employees Shareholding Association	49,314	1.39
Japan Trustee Services Bank, Ltd. (Trust Account)	46,758	1.32
Tokyo Metropolitan Government	42,676	1.20
Sumitomo Mitsui Banking Corporation	35,927	1.01
Japan Trustee Services Bank, Ltd. (Trust Account 5)	31,162	0.88
Japan Trustee Services Bank, Ltd. (Trust Account 9)	29,218	0.82
Nippon Life Insurance Company	26,400	0.74
Mizuho Bank, Ltd.	23,791	0.67

Corporate Profile

Company name	Tokyo Electric Power Company Holdings, Incorporated
Head office	1-3, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo 100-8560, Japan Phone: +81-3-6373-1111
Representative	Tomoaki Kobayakawa, President
Established	May 1, 1951 (Trade name was changed on April 1, 2016.)
Equity capital	1,400.9 billion yen
Number of shareholders	736,194 (as of end of FY 2016)
Operating revenues (consolidated)	5,357.7 billion yen (FY 2016)
Ordinary income (consolidated)	227.6 billion yen (FY 2016)
Net income attributable to owners of the parent (consolidated)	132.8 billion yen (FY 2016)
Total assets (consolidated)	12,277.6 billion yen (as of end of FY 2016)
Number of employees (TEPCO HD and its consolidated subsidiaries)	42,060 (as of end of FY 2016)
Website	www.tepco.co.jp



Facebook
www.facebook.com/OfficialTEPCO



twitter
www.tepco.co.jp/twitter/index-j.html



Instagram
www.instagram.com/tepco.official/



youtube
www.youtube.com/user/TEPCOofficial



Tokyo Electric Power Company Holdings, Inc.

1-3, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo 100-8560, Japan

Phone: +81-3-6373-1111