

Action Plan to promote reform: actions by WG (related to the cost reduction)

December 9, 2011
The Corporation
Tokyo Electric Power Company

	measures	FY 2011					FY 2012				FY 2013		FY2014	target (Billion JPY)		result (2011)					
		NOV	DEC	JAN	FEB	MAR	1Q	2Q	3Q	4Q	1st half	2nd half	~	10 years	2011	result	status				
		→ Developing actual action plans → Preparing implementation → Implementing actions ★ Achieving the result (beginning)																			
Procurement Reform WG	Facility/Service procurement expense	Revision/cancellation of capital investment and inspection construction work ¹⁾ (B)	★ already determined/implemented																		
		Transaction with subsidiaries: increase the competitive order (B)	★ Develop new business partner, Price benchmarking based on market price																		
		Revision of transaction mechanism with third party and order mechanism (B)	Investigation of current status of agency work, identify unnecessary agent																		
			Preparation for separated order, identify contracts to be revised																		
			Select effective order mechanism																		
			Preparation of test introduction, test introduction, effect measurement																		
		Transaction with subsidiaries: efficiency improvement of construction work (B)	Develop the plan to improve overall efficiency in each work																		
		Standardization of facility spec (C)	Consider spec and process (smart meter)																		
		Revision of design in the plant construction (B)	Change to the design/spec which induces competition																		
		Standardization of design/spec across the power companies (C)	Consider facilities to be revised																		
Initial hearing with other companies																					
Power/Fuel Procurement expense	Price reduction in short term (B)	★ Price negotiation																			
	Fuel switch in power supply (B)	★ already determined/implemented																			
	Price reduction in purchasing power from others (B)	Review contents of contracts to be revised																			
Fuel expense	Fuel expense reduction in middle-long term (C)	Grasp current status, consider other measures																			
		Consider negotiation leverage against suppliers																			
Other expense	Revision/cancellation of other expense ²⁾ (B)	★ already determined/implemented																			
	Reduction of not urgent expense (B)	Review contents of service contracts																			
	Reduction of rent area (B)	Identify the rent contracts to be reduced																			
	Reduction of operating expense in non core business (B)	★ Implement reduction																			
Personal Expense Reduction WG	Revision of benefit program (A)	Discussion and settlement with labor union																			
	Revision of retirement benefit program (B)	Detailed design																			
	Reduction of salary/bonus	Salary/bonus reduction (A)	★ already determined/implemented																		
		New personnel system (C)	Detailed system design																		
			discussion and settlement with labor union																		
	Reduction of overtime rate (A)	discussion and settlement with labor union																			
Reduction of personnel (B,C)	Business reduction, efficiency improvement, suspension of new hiring, consideration of early retirement/ reduction timing, discussion and settlement with labor union																				
Total												2,648.8	237.4								

1: breakdown of measures: depreciation reduction from reduction of capital investment, revision of investment in T&D, increase of direct work in T&D facility inspection, other measures to reduce expenses

2: breakdown of measures: suspension of contribution, reduction of welfare facilities, reduction of R&D, suspension of theme based development, reduction of training, suspension of system charge, reduction of supplies expense to the minimum level, other measures to reduce expenses.

Categories of measures

A: immediate implementation after reviewing the action plan and establishing the implementation scheme involving the Corporation

B: immediate implementation after establishing the action plan within NOV and the implementation scheme involving the Corporation

C: setting the target date and process within NOV to achieve conclusion after establishing the discussion scheme involving the Corporation

Action Plan to promote reform: actions by WG (other than the cost reduction)

Measures		FY 2011					FY2012				FY 2013		FY 2014	Target (billion JPY)		Result (2011)		
		NOV	DEC	JAN	FEB	MAR	1Q	2Q	3Q	4Q	1st Half	2nd Half	~	10 years	2011	result	status	
		Facility Efficiency Improvement WG Develop/implement peak management plan Revision of Capital Investment plan Consider sales of existing power plants (C)		Develop/implement peak management plan in liberalized market (additional)		Consider to increase demand response contract			Discussion with customers/sing the contracts		Evaluation, implementation of demand response contract							
Marketing activities to improve load factor for peak management, promoting load factor improvement movement in cooperation with third party																		
Develop/implement peak management plan in regulated market (additional)				Consider peak management measures utilizing smart meter							Introduction of smart meter Evaluation of peak management							
				Consider peak management measures			Implementation/evaluation of peak management measures											
Revision of power development plan (utilization of third party's power source) (B)				Develop power development plan/policy with the basis of utilizing third party's power source (basic investigation, evaluation of operability/economic efficiency of such sources)					Preparation/implementation of bid for utilizing third party's power source (evaluation and revision of plan)									
				Technical review based on the power development plan, evaluation of economic efficiency, set the policy/plan					Implementation of measures for facilities for facilities (evaluation and revision of plan)									
Revision of T&D development plan (revision of trunk transmission plan) (B)				Consider technical/ legal issues for sales, evaluation of economic efficiency, determine policy					(Implementation of sales process based on the policy)									
Subsidiary WG				Sales of subsidiaries (A)		Implementation of sales process									130.1	32.8		
				Reconsider the sales of subsidiaries once determined not to be sold (C)		Consider the possibility of business continuation												
		Consolidation among subsidiaries (C)		Develop consolidation vision, determine policy and basic design, implement considation														
		Cost reduction in subsidiaries (B)		Develop actual plan for cost reduction		Preparation of cost reduction measures			Implement cost reduction measures									
Real Property/ Securities WG		Sales of real properties (A)		Implementation of sales process									247.2	15.2				
		Sales of securities (A)		Implementation of sales process (listed securities to be sold by Dec 2011.)									330.1	300.4				
Finance/Cash Management WG		Grasp the financial/cash condition (A)		Periodic monitoring (three times / month)														
Compensation Monitoring WG		Monitoring of compensation payout		Periodic monitoring (once / month, to be revised as necessary)														
		Monitoring "five promises"		Periodic monitoring (twice / month)			Periodic monitoring (to be revised as necessary)											