

TEPCO Announces Changes to Special Business Plan—No Impacts on Ratings

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on application for approval of changes to the special business plan submitted by Tokyo Electric Power Company Holdings, Incorporated (security code: 9501).

- (1) Tokyo Electric Power Company Holdings, Incorporated ("TEPCO") on July 21, 2021 submitted to the competent ministers an application for approval of changes to the 4th Comprehensive Special Business Plan. The plan reflects revisions to the previous plan's business measures and financial forecast, but TEPCO's utmost commitment remains unchanged, as indicated by the fulfillment of obligations in Fukushima placed at the top of the list. Also, TEPCO's relations with financial institutions and shareholders appear to be the same as before. Moreover, the Nuclear Damage Compensation and Decommissioning Facilitation Corporation ("NDF") as the largest shareholder considers it necessary to continue its involvement in TEPCO's management. JCR on its part finds it not necessary to change the ratings on TEPCO because of the above announcement, on the grounds that the stability of the compensation/decommissioning scheme developed by TEPCO, the government and NDF is maintained.
- (2) TEPCO still faces tough business conditions. First, matters concerning nuclear material protection at Kashiwazaki-Kariwa Nuclear Power Station as well as a series of inappropriate matters including those related to facility maintenance/management at and information dissemination from Fukushima Dai-ichi Nuclear Power Station are eroding trust from society and local communities. Second, while financial forecast is developed based on certain assumptions, TEPCO anticipates delays in the improvement of earnings power and cash flow generation capacity subject to the resumption of Kashiwazaki-Kariwa Nuclear Power Station. Third, business conditions surrounding the power industry are changing; for instance, stepped-up efforts toward decarbonization are called for globally. Accordingly, JCR will closely watch whether TEPCO can remain competitive over the long term by fulfilling its commitment in Fukushima and injecting capital in growth areas while working to regain trust from society for the time being.

Shigenobu Tonomura, Tadashi Ono

<Reference>

Issuer: Tokyo Electric Power Company Holdings, Incorporated

Long-term Issuer Rating: A Outlook: Stable

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