

Meeting Transcript (Q&A Session)

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Event Name: TEPCO Investor Meeting for FY2011 2nd Quarter Earnings Results

Corporate Participants:

Toshio Nishizawa

The Tokyo Electric Power Company, Inc. –President

Masaru Takei

The Tokyo Electric Power Company, Inc. – Executive Vice President, Investor Relations

Yoshihiro Naito

The Tokyo Electric Power Company, Inc. – Managing Director, Investor Relations

Q&A Session

Q1: In the 1st half results, the amount of "extraordinary loss on natural disaster" increased compared with that in the 1st quarter. Please give me some major reasons for the increase during the 2nd quarter. Also, do you expect at this time to further increase the amount of the loss in the 2nd half?

A1: Expenses and losses for Fukushima Daiichi Nuclear Power Station Units 1 through 4, a part of the extraordinary loss on natural disaster, increased approximately 96 billion yen during the 2nd quarter. This represents the current rational estimate of additional expenses for constructing covering structures over the Units, storing used sludge and so on. We will let you know in a timely manner if we have an increase or a decrease in the amount of the extraordinary losses in the future.

Q2: TEPCO seems to have paved the way for required cost reductions. On the other hand, I believe the revision of electricity rates would be a must for the improvement of its profitability. I appreciate if you give us any comment on the tariff revision.

A2: I'd like to refrain from commenting on the tariff revision at this point. In my recognition, improving our earnings is one of the most important management missions. To restore our company's healthy profitability, we're starting from even drastic streamlining measures and cost reduction efforts.

Q3: Please show us a timeline for sales of marketable securities as your streamlining policy appeared on the special business plan released today.

A3: Considering possible impacts on financial market or counterparts, I would refrain from mentioning any of specific deals. What I can say at this point is TEPCO aims to sell off its marketable securities worth approximately 300 billion yen on favorable terms by the end of this fiscal year

Q4: What do you think about the necessity of government's or Nuclear Damage Compensation Facilitation Corporation's capital injection into TEPCO's equity based on TEPCO's current capital structure and management environment?

A4: We hope to endure as a privately-owned and listed entity, and therefore, are strongly committed to taking every necessary streamlining measure in order to avoid the capital injection. Anyway, we will discuss our important management issues with the Corporation and carefully make decisions on them.

Q5: "Request for TEPCO stakeholders support" section in the special business plan newly includes "establishing a credit line for short-term loans from the Development Bank of Japan" and "expanding use of the emergency loans in March from major financial institution." What context were such requests included this time?

A5: Basically we don't think financial assistance from the Corporation will be delayed. However, we decided to take every possible measure in order to secure compensation payments without delay to the afflicted people, in case.

Q6: What's your basic idea to keep enough cash position?

A6: Under "Law concerning Formation of Nuclear Damage Compensation Facilitation Corporation," the Corporation can also give TEPCO financial assistance for issues other than compensations. 2 trillion yen is currently available for the use in the national budget. Under the scheme, TEPCO will ask the Corporation for advices and possible further financial assistance. In addition, we would like to sincerely request financial institutions to maintain and even expand credits on us.

Q7: Could you briefly explain what "network power flow alteration" in transmission and distribution mean? The words appear on page 7 of the material "Outline of Special Business Plan."

A7: The power flow in TEPCO's network has been drastically changed compared with that before March 11, due to the shutdown of all the units at Fukushima Daiichi and Daini Nuclear Power Station and increased output by thermal power plants to cover the nuclear shutdown. In addition to such facts, the cancellation of Fukushima Daiichi Units 7 and 8 construction project should have a huge impact on a future power flow blueprint designed before the earthquake. Therefore, we need to revise our previous capital investment plans to realize future efficient power network operations.

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(Note)

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