

[TRANSLATION]

May 21, 2012

To whom it may concern:

Name of Company: The Tokyo Electric Power Company, Incorporated

Name of Representative: Toshio Nishizawa, President
(Code: 9501 First Section of TSE, OSE and NSE)

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Notice Regarding Issuance of Preferred Shares by Third Party Allotment

On March 29, 2012, The Tokyo Electric Power Company, Incorporated (the “Company”) applied to the Nuclear Damage Compensation Facilitation Corporation (the “Corporation”), for financial support, including subscription for shares, pursuant to the Act to Establish Nuclear Damage Compensation Facilitation Corporation (Law No. 94, August 10, 2011; “Corporation Act”); on May 9, 2012, the Corporation, following approval of the Comprehensive Special Business Plan by the minister in charge, made the decision to provide financial support to the Company. Thus the Company, at its board of directors meeting held this day, passed a resolution for issuance of shares for subscription (Class A preferred shares and Class B preferred shares; collectively, the “Preferred Shares”) by way of third party allotment, with the Corporation as allottee (the “Preferred Share Issuance”), subject to approval of the resolution for increasing the total number of authorized shares of the Company, etc. at its Ordinary General Meeting of Shareholders scheduled for June 27 of this year, and hereby announce as follows:

I. Purpose of the Preferred Share Issuance

We would like to take this opportunity once again to apologize deeply for the tremendous suffering endured by those afflicted by the accident at Fukushima Daiichi Nuclear Power Station in the wake of the Tohoku-Chihou-Taiheiyou-Okai Earthquake of March 11, 2011, in particular the residents of the neighboring region of the power station, as well as for the great concern that we have caused for our electricity customers and the broader society.

Since the accident at Fukushima Daiichi Nuclear Power Station, the Company has been compensating those afflicted by damage while receiving from the Corporation funds needed for such compensation. However, with the recording of huge expenses and losses in the wake of the accident and the increase in fossil fuel expenses following the shutdown of nuclear power stations, etc., expenses and losses other than from compensation for damage have ballooned, and the Company’s

financial standing has deteriorated sharply. As a result, net assets for the Company on a non-consolidated basis as of the end of FY2011 showed a decrease of more than 2 trillion yen from the level of net assets before earthquake disaster (the amount of net assets at the end of the third quarter of FY2010 was 2.6364 trillion yen), to 527.4 billion yen, and the Company's capitalization ratio fell to approximately 3.5%.

Further, even though the Company received roughly two trillion yen in emergency financing from financial institutions in March 2011 and its balance of cash and cash equivalents as of the end of FY2010 was 2.1343 trillion yen, there was need for investments to maintain functionality of electricity business facilities and for large corporate bond redemptions in addition to the increase in fossil fuel costs; for these and other reasons, cash and cash equivalents as of the end of FY2011 had fallen to 984.9 billion yen (excluding the statutory financial support from the Corporation).

The Company will work towards a thorough group-wide management streamlining through achieving cost reductions surpassing the target set in the Action Plan to Promote Reform, developed in December 2011 (i.e., 2.6488 trillion yen), accelerating sales of assets and otherwise. Nevertheless, even if electricity rates are raised to the minimum extent on top of such management streamlining, a net loss of 105 billion yen is expected for FY2012; as this financial weakness continues, there are even concerns that, if the projection of the estimated entire amount to be compensated increases or other event causes deterioration in earnings and expenditures, the Company's liabilities may exceed its total assets. Moreover, with the significant fall in the Company's ability to procure financing autonomously, it has become difficult to procure the funds necessary for fuel procurement and facility investment that are indispensable for the stable supply of electricity, as well as the funds for the systematic investment necessary for decommissioning Units 1 through 4 of Fukushima Daiichi Nuclear Power Station (the "Decommissioning"); as long as these conditions continue, the staff expansion for facilitating payment of future compensation and acceleration of the Decommissioning will not be possible.

In order for the Company to avoid these excess liability risks and cash-flow risks and ensure the continuation of business, and to be able to make an early return to the publicly offered bonds market and otherwise rapidly regain its ability to procure funds autonomously, the Company must start with increasing its capital and strengthening its financial basis. For this reason, the Company began considering the amount of a capital increase and the possible subscriber.

Article 41, Paragraph 1, Item 2 of the Corporation Act provides that subscription for shares issued by a nuclear operator is one of the possible financial support measures to help ensure swift and due compensation for nuclear damage, stable electricity supply, and smooth operation of other businesses relating to the operation of nuclear reactors. As discussed above, the purpose for this share issuance matches the objectives of financial support pursuant to the Corporation Act, and moreover, given the scale of the amount needed and the urgency of the situation, the Company determined that its best option was to apply to the Corporation for subscription for shares.

On March 29, 2012, on the basis of this determination, the Company applied to the Corporation, seeking financial support including subscription for shares issued by the Company (subscription in a

total amount of one trillion yen). After that, the Company worked with the Corporation to formulate a Comprehensive Special Business Plan that includes the subscription for the shares in one trillion yen. On April 27, 2012, the Corporation and the Company applied to the minister in charge for approval of the plan, and on May 9, 2012, after receiving the approval of the minister in charge, the Company received notice from the Corporation of its decision to provide financial support, including the subscription of shares.

With this background, at the board of directors meeting held today, the Company passed a resolution for the Preferred Share Issuance with the Corporation as allottee, subject to approval of the resolution for the increase in the total number of authorized shares of the Company and other necessary agenda items at the Ordinary General Meeting of Shareholders scheduled for June 27, 2012.

Going forward, based on our financial basis strengthened by this capital increase, and in accordance with the Comprehensive Special Business Plan, the Company will strive to achieve, concurrently, the implementation of swift and due compensation to those afflicted by damage, steady progress in the Decommissioning and ensuring of stable electricity supply, and to enhance the Company's enterprise value through thorough management streamlining and effective utilization of managerial resources cultivated by the Company.

II. Overview of the Comprehensive Special Business Plan (approved on May 9, 2012)

1. Basic Philosophy in Formulating the Comprehensive Special Business Plan

The accident at Fukushima Daiichi Nuclear Power Station has raised issues that can be called “national problems posed to every generation”, i.e., compensation for those afflicted by damage, decommissioning of nuclear reactors, and ensuring stable and efficient electricity supply. The Company has a fundamental awareness that it is facing these problems simultaneously and in a compounded manner; being the entity liable for compensating those afflicted by damage and for decommissioning the stricken plants, and an entity with duties under law to supply electricity, directly responsible for stable electricity supply, the Company will employ every measure and meet its responsibilities head on to attain “compensation, Decommissioning and stable supply,” simultaneously.

2. The Company's Basic Policy for Business Operation

On the three principles underlying the direction in which the “New TEPCO” is headed —“Taking Responsibility,” “Shifting to an Open TEPCO,” and “Innovating Energy Services together with Customers and the Society,” the Company will take the following measures:

- To begin with, the Company will fulfill its responsibility in regards to compensation with empathy and consideration, implementation of steady Decommissioning, holding down the electricity rates, and ensuring a stable electricity supply and safe facilities. Throughout these activities, the Company will thoroughly streamline its present management.
- The Company will take measures directed towards the prompt, proactive and

easy-to-understand disclosure of information to those afflicted by damage, customers and the broader society, and tackle with introducing a managerial style that listens to voices of customers and the society, reforming corporate governance and organizations, and reforming the procurement practice to ensure fair and transparent trade. The basis of these reforms will be the reform of its corporate consciousness, which will be achieved simultaneously.

- The Company will also take the perspective of customers to respond to their diverse needs, and will switch to a business model pivoting more on competition and alliance, thereby innovating energy services.

3. Measures for Management Streamlining

The Company will, in accordance with the Comprehensive Special Business Plan, move forward with thorough cost reductions, asset sales and other managerial streamlining. Specifically, the streamlining will be divided into the following three phases: “Ordinary Streamlining,” where measures that can be implemented quickly are executed collectively (Phase 1); “Structural Streamlining,” where the streamlining gets further into top-to-bottom procurement structure and the operation of personnel system (Phase 2); and “Strategic Streamlining,” where the Company’s business strategy itself is changed and alliances with entities outside the Company will be sought (Phase 3), with the specific measures of (i) through (iii) below to be taken.

(i) Thorough cost reductions

All expenses will have cost reduction strategies, and in addition to the comprehensive reductions of recurring expenses in Phase 1, the streamlining will go further to reviewing investment plans and implementing structural reforms; through such measures, the Company will achieve a “cost reduction exceeding 3.365 trillion yen over 10 years” in the 10 years from the time of formulation of the Emergency Special Business Plan until 2021, which such figure includes an additional cost reduction of 656.5 billion yen.

(ii) Review of capital investment plan

In respect to the capital investment plan for supply facilities and distribution (system) facilities, the Company will, compatibly with the prerequisite of maintaining stable supply, carry out a review of the plan from the perspective of thorough management streamlining over the medium-to-long term. By implementing strategies to reduce peak demand, the Company will achieve reductions in capital expenditure that would otherwise be required in summer 2020 for supply of approximately 3.27 million kW, as compared to the time of formulation of the Emergency Special Business Plan. Moreover, in regards to supply facilities, from the perspective of restraining a large amount of capital expenditure, the Company will carry out tenders for the construction and replacement of all thermal power stations, with the exception of power stations for which investments have been initiated; this will achieve reductions in capital expenditure totaling 797.2 billion yen during the 10

years through 2021. Further, with respect to distribution facilities, by reducing investments that would turn out to be unnecessary and by reviewing facility specifications, in light of the trends and circumstances taking into account the future demand and future power source composition or otherwise, a 121.3 billion yen reduction in capital expenditure will be achieved during the 10 years through 2021.

(iii) Asset sales

In respect to asset sales, the “Action Plan to Promote Reform” will be accelerated to the maximum extent possible, with the sales taking place far ahead of the schedule. Those subsidiaries and affiliates that were categorized not “to be sold” but “to be retained” at the time of preparation of the Emergency Special Business Plan will also be subject to action plans for cost reduction. The entire group will take up the task of thorough management streamlining.

4. Business Reform

For each business field, alliances with IPP businesses and other outside businesses will be aggressively promoted, and by providing users with a variety of options to meet their diversifying needs of electricity, the Company will achieve an “Energy Service Innovation”. Specifically, the measures of (i) through (iii) below will be taken.

(i) More stable and less expensive fuel procurement and greater efficiency in thermal power stations through alliances with other businesses

a. Greater efficiency in thermal power stations

The Company will move aggressively towards replacing old facilities to achieve greater efficiency, and in doing so, will carry out tenders for construction and replacement of all facilities, except for those projects for which the investment has been initiated. In addition, by selling or lending the Company’s assets to other businesses, and thus having them replace those assets instead, the Company will keep its own facility investment costs to a minimum, while at the same time effectively utilizing the assets it possesses.

b. Strategic business development aimed at more stable and less expensive fuel procurement

By bringing greater efficiencies to fuel intake operations, the Company will increase its uses of LNG thermal power generation, which is relatively less expensive. Moreover, the Company will enhance joint construction and operation of fuel-related facilities with external partner businesses, for example, moving forward to more efficient operation of tanks, berths, pipelines and other facilities, as well as construction of such facilities together with gas and oil companies. Further, the Company will seek greater diversity in fuel sources, including unconventional sources, as well as in price determination formulas, and, with the aim to contribute to the forming of alliances for more intensive fuel

procurement, will be proactive in reaching out to other energy-related companies and government agencies. Further, while taking into consideration of financial restraints, the Company will deepen its involvement in the upstream sectors of fuel procurement and participate in joint investment projects targeting the upstream.

c. Utilization of facility operation know-how in developing countries

The Company will participate in IPP businesses in emerging overseas markets through providing technical consulting services, utilizing its facility operation know-how for new and advanced LNG thermal power stations and other facilities. This will contribute to easing supply/demand imbalances across the world, and will also result in expanded revenues.

(ii) Making the power transmission and distribution divisions neutral with greater transparency

a. Ample information disclosure and greater fairness

By utilizing the supply capabilities and power source developments of other businesses, as well as the power-saving capabilities of customers, the Company will aim to reduce the fuel costs for supply and demand adjustment as well as future capital expenditure. For such purposes, the Company will proactively disclose information relating to supply and demand, system operation and system load, and the Company's network enhancement cost.

b. Open and expanded procurement and deployment of smart meters from domestic and overseas suppliers

In procuring smart meters, the Company will undertake a major procurement reform of introducing international bidding and seeking opinions of outside the Company. In addition, by 2018, the Company will intensively deploy roughly 17 million smart meters in households (further, by no later than 2023, achieve installation of 27 million smart meters in all residences), seeking to materialize the world's "smartest" society.

(iii) New businesses in the retail sector

a. Restraints on peak demand through energy-saving incentives

By bringing greater diversity to fee menus and developing energy management businesses in collaboration with external businesses parties, the Company will provide customers with energy-saving incentives as well as reduced rates.

b. New services and businesses matching the needs of customers

For large scale customers (contracting for 500kW or more electricity), the Company will address needs which were not fully matched heretofore, and through attaining synergy effects through alliances with other businesses, will develop and introduce new energy services. Specifically, the Company will provide electricity generated by a combination

of diverse energy sources, including natural energy, and will otherwise develop services that are tailored to respective customer needs and provide high degrees of satisfaction, thereby increasing revenues. For other customers—who may, for example, wish to use electricity that comes from natural energy sources—the Company will, in the future, provide green fees and otherwise offer service menus that enable customers to make their own choices.

c. New services for households by utilizing smart meters

In conjunction with the full-fledged deployment of smart meters in the residential sector, the Company will prepare a fee menu that offers households energy-saving incentives during peak use hours; this will reduce customers' expenses and will also lead to restraints on facility investment and fuel costs. Furthermore, through alliances with external partner business parties, the Company will develop new services, such as optimized control of home electrical appliances through collaboration with home energy management systems ("HEMS").

5. Consciousness reform

In order to reform the consciousness of the Company, the following three reform measures will be taken.

(i) Governance reform: transition to a "company with committees" (*iinkai secchi kaisha*)

With the approval of the Company's Ordinary General Meeting of Shareholders in June of this year (i.e., approval concerning amendment to the Company's Articles of Incorporation), the Company will change its managerial mechanism to a company with committees (*iinkai secchi kaisha*), and will adopt a policy of having a managerial structure where a board of directors composed mainly of persons from outside the Company formulates important managerial strategy and supervises the execution of business, while executive officers (*shikkou-yaku*) and corporate officers (*shikkou-yakuin*), who will be primarily persons from the Company, will execute the business. The number of directors on the board will be slimmed down substantially from the present level. Further, by creating a staff department that reports directly to the Chairman of the Board and the President and by increasing the supervisory functions of the Chairman, the Company will have in place a system that enables the Chairman and President to exhibit strong leadership.

(ii) Organizational reform: introduction of an "in-house company system"

In order to clarify the mission and revenue/cost structures of each department, and to improve transparency to the outside, an "in-house company system" will be introduced. In this regard, an "In-house Company Transition Plan" will be formulated shortly in FY2012, and the thermal and fuel department will become an "in-house company" in the second half of FY2012 and each of the retail department and transmission/distribution department will become an "in-house company" around April 2013. For the medium term, the Company

will, while monitoring progress in the reform measures and status of the power system reform, consider intra-group company splits and/or shifting to a holding company structure.

(iii) Personnel system reform: transition to a new personnel system

A new personnel system befitting the “New TEPCO” will be introduced in the first half of FY2013. Specifically, while restraining overall personnel costs, by setting new missions for individual employees, introducing external assessment, greater reflection of performance in pay and promotion, and making team leader an official rank, seniority-based salary elements will be reduced and performance-based pay will be thoroughly implemented. Moreover, through setting rules for and encouraging personnel transfers among all departments, including the “in-house companies”, internal organizations being excessively vertically-structured will be prevented, and by strengthening ties among departments and expanding employees’ field of vision, the reform will be promoted.

6. Strengthening of financial basis

(i) Details of the requests for cooperation made to financial institutions

The Company is aiming to return to a financial footing as firm as its standing prior to the nuclear accident (on March 11, 2011); in addition, in order to secure the funds for payment of compensation for nuclear damage and the funds necessary for ensuring stable electricity supply, as a request for cooperation under the Comprehensive Special Business Plan, the Company requested the following to financial institutions with which it had transaction and that had loan claims against the Company (i.e., financial institutions that are the creditors for loan claims existed as of March 11, 2011; hereinafter the same).

- a) Until the time that the Company recovers its ability to procure financing autonomously by returning to the publicly offered bonds market or otherwise (under the Comprehensive Special Business Plan, until the end of March 2015), all financial institutions continue to extend credit in the form of refinancing etc., in accordance with the results of consultations with the Corporation and the Company.
- b) In accordance with the results of consultations with the Corporation and the Company, the major financial institutions promptly grant new loans or short-term lines of credit (such as commitment lines), thereby providing roughly one trillion yen in additional credit (i.e., injection of “new money”), inclusive of the restored funds described in (c) below (the “restoration”).
- c) Financial institutions that received payments from the Company from March 11, 2011 through the end of September 2011 provide, concurrently with the equity contributions by the Corporation and in accordance with the results of consultations with the Corporation and the Company, the Company with funds in an amount equivalent to any such payments received.

(ii) Thorough improvement of financial condition through the Corporation's equity contribution

To be capable of making full compensation, undertaking Decommissioning and ensuring stable electricity supply pursuant to the Comprehensive Special Business Plan, the Company must strengthen its financial basis so that it can make a quick return to the publicly offered bonds market and otherwise recover its ability to raise funds autonomously; for this purpose, subject to approval at the Company's general meeting of shareholders of the resolutions of increasing the total number of authorized shares and other necessary agenda items, the Corporation will subscribe for shares in the Company through capital increase by way of third party allotment (subscription in total amount of one trillion yen). In subscribing for the shares, to ensure improvement of the revenue structure through the Company's intensive managerial reform and to ensure that there will be mutually compatible solutions to the three issues of "compensation, Decommissioning and stable supply", the Corporation will, at the time of subscription, acquire voting rights exceeding one half of all voting rights through class shares with voting rights¹, and will also subscribe to convertible non-voting class shares² that will enable the Corporation to obtain additional voting rights, meaning that the Corporation will potentially hold more than two-thirds of all voting rights. Either at the stage the Corporation determines that the completion of the Company's intensive management reform is foreseen with a certain level of confidence, or that the Company is autonomously raising funds in the publicly offered bonds market, the Corporation will convert a part of its class shares with voting rights into convertible non-voting class shares or take other measures, thereby reducing its ratio of voting rights held to under one half of all voting rights; thereafter, to an extent and at a timing that will not have an adverse impact on the Company's managerial reform, through the Company's buyback of shares owned by the Corporation, by sale of those shares on stock markets following conversion into common shares or other measures, the Corporation will aim to recover the full amount of its investment at an early stage.

(iii) Details of the request for cooperation made to shareholders

The equity contribution by the Corporation is an unavoidable measure in order for the Company to ensure implementation of "compensation, Decommissioning and stable supply". Such Preferred Share Issuance will result in the relative dilution of the common shares held by current shareholders. That said, the Company make efforts to gain understanding among our shareholders regarding the necessity for the Corporation's contribution and its obtaining of voting rights, and the Company will also make efforts so that the shareholders will, at the general meeting of shareholders in June this year, pass resolutions for approving the amendments to the Articles of Incorporation regarding the increase in the total number of

¹ Class A preferred shares are the class shares referred to here.

² Class B preferred shares are the class shares referred to here.

authorized shares and the issuance of class shares, and other resolutions necessary for the contribution by the Corporation.

Further, in light of the harsh financial conditions in which the Company finds itself following the accident, the Company refrained from paying year-end dividend for FY2011 and interim dividend for FY2012, and from the perspective of minimizing the burden on the Japanese citizen, the Company will continuously refrain from paying dividends for the time being; we will ask for the understanding from shareholders in this respect.

(iv) Supply and demand forecasts and earnings and expenditures forecasts

a. Supply and demand forecasts

With respect to the summer of FY2012, because the reactor unit 6 at Kashiwazaki-Kariwa Nuclear Power Station was shut down for periodic inspection on March 26 of this year, all of the Company's nuclear power stations are offline. However, in addition to the construction of emergency power sources and otherwise securing additional supply capacity, the Company will expand and enhance its use of supply and demand adjustment agreements and otherwise utilize demand restraint strategies to ensure there are appropriate extra supply capabilities. Further, from FY2013, the Company will continue to ensure balanced supply and demand of electricity through starting operation of new power sources and establishing combined-circles of emergency power sources, etc.

b. Rate revisions

Since the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has faced a sharp increase in fuel costs due to the increased reliance on fossil fuel sources in conjunction with the decrease in nuclear power output; in addition, because of the construction of emergency power sources to ensure stable electricity supply, expenses have been increasing for structural reasons. The Company is implementing a thorough management streamlining based on the Comprehensive Special Business Plan and is reducing expenses to the extent possible. However, it is extremely difficult to cover the increase in fuel and other expenses.

If the current fee levels are maintained, an operating loss will be unavoidable, and the Company will get weaker financially, bringing the risk of being unable to effect smooth compensation payments, steadily enact Decommissioning, or ensure stable electricity supply. To avoid such a circumstance, the Company is at the view that it has no choice but to ask customers to endure an increase in electricity charges. We are keenly aware that such an increase in electricity charges will impose a great burden on the lives and commercial activities of our customers. Based on such awareness, the Company will, on the fundamental principles of "full disclosure of information and provision of intelligible explanation," "offering charge structure that reduce the burden on customers to the extent possible" and "thorough management streamlining," make efforts to gain our customers' understanding.

On the aforementioned assumptions, we plan to apply to the Minister of Economy, Trade and Industry for minimum rate revisions pursuant to Article 19, Paragraph 1 of the Electricity Business Act, promptly after approval of the Comprehensive Special Business Plan³.

c. Earnings and expenditures

In FY2011, the tremendous increase in fuel expenses caused forecasts of large losses at the operating profits stage⁴; starting from FY2012, however, as we made the assumptions of increased revenue from rate revisions and decreased expenses from the resumption of operations at Kashiwazaki-Kariwa Nuclear Power Station starting from FY2013, operating income/losses are expected to be; an operating loss of 264.7 billion yen in FY2012 but operating income of 171.5 billion yen in FY2013 and 347.8 billion yen in FY2014.

7. Measures for clarifying managerial responsibility

As part of the Company's measures for clarifying managerial responsibility in regards to the nuclear accident, in June 2011, the then President and the Vice President in Charge of Nuclear Power resigned, and further measures such as returning or reducing of officers' compensations and otherwise have been implemented.

Now that the Company has applied to the Corporation for a large amount of financial support in the form of a share subscription in addition to funding for compensation, and has asked both financial institutions and shareholders to provide a considerable degree of cooperation, and that a new system leading to the establishment of the "New TEPCO" is coming in place through execution of the Comprehensive Special Business Plan, the Company will take the following measures for further clarification of managerial responsibility.

- At the Ordinary General Meeting of Shareholders in June of this year, all directors and auditors will resign, and, with limited exception, will not be reappointed.
- Director/auditor gratuities (i.e., gratuities under the former gratuities system, approved upon abolition of such system) will be waived (including bonuses for persons who retired but have not received payment).
- Until the Ordinary General Meeting of Shareholders in June of this year, the reductions in compensation for directors and corporate officers will continue (similar compensation reduction will be applied to auditors as well).
- Advisor (*komon*) system will be abolished (implemented on the end of March 2012).

8. Ensuring performance of the Comprehensive Special Business Plan

The basic stance of the Company's new management following the close of the Ordinary General Meeting of Shareholders in June of this year will be, the management promoting

³ The Company applied for rate revisions on May 11, 2012.

⁴ In FY2011, the Company resulted in an operating loss of 319.1 billion yen (announced on May 14, 2012).

managerial reform pursuant to the Comprehensive Special Business Plan and the Corporation providing backup as well as monitoring the progress of reform. To ensure performance of the Comprehensive Special Business Plan, the Corporation will, through dispatching directors, executive officers and others to the Company, participate in the Company's decision-making at the board of directors, etc., assist the Chairman of the Board and the President in promoting the reform, and monitor the management streamlining.

9. Description of the Financial Support

In order to ensure swift compensation payment by the Company, the Corporation is going to provide the Company with 2 trillion and 426.2 billion yen for compensation of damage, which such amount is obtained by deducting 120 billion yen that has been received already as "compensation measures", from 2 trillion and 546.2 billion yen, which is the estimated entire amount to be compensated.

Further, to be capable of making full compensation, undertaking Decommissioning and ensuring stable electricity supply pursuant to the Comprehensive Special Business Plan, the Company must strengthen its financial basis so that it can make a quick return to the publicly offered bonds market and otherwise recover its ability to raise funds autonomously; for this purpose, subject to approval at the Company's general meeting of shareholders of the resolutions of increasing the total number of authorized shares and other necessary agenda items, the Corporation will subscribe for shares in the Company through capital increase by way of third party allotment (subscription in total amount of one trillion yen).

Further, in such an event, the parties concerned need to be fully aware of the notion that the said subscription for shares, the provision of new credit by financial institutions and the rate revision compose a single and indivisible measure for the purposes of "compensation, Decommissioning and stable supply."

III. Preferred Share Issuance Schedule

- May 21, 2012: Resolution at the meeting of the Board of Directors
- Convocation of the Ordinary General Meeting of Shareholders
 - Determining the terms and conditions of the Preferred Share Issuance, subject to approval of the meeting of shareholders
 - Execution of share subscription agreement with the Corporation
- June 27, 2012: Ordinary General Meeting of Shareholders (scheduled)
- Amendment to the Articles of Incorporation
 - Delegating the board of directors the decision of terms and conditions of the Preferred Share Issuance
- July 25, 2012: Completion of payment by the Corporation (scheduled)

IV. The Preferred Share Issuance by Third Party Allotment

Following receipt of the notice from the Corporation of its decision of providing financial support, including subscription for shares, the Company plans to implement the Preferred Share Issuance by way of third party allotment, the overview of which is described below. Due to the Preferred Share Issuance, existing shares are expected to be diluted. Please refer to the overview set forth below for details.

Please note that the Company plans to include the agenda items necessary for the Preferred Share Issuance in the agenda items submitted to the Ordinary General Meeting of Shareholders scheduled for June 27 of this year and the Preferred Share Issuance is subject to the following: approval of the respective resolutions at such Ordinary General Meeting of Shareholders for amending the Articles of Incorporation, including introduction of articles related to the Preferred Shares, delegating the decision regarding the Preferred Share Issuance to the board of directors, and electing the directors nominated by the Corporation; completion of other procedures necessary for commencing the Preferred Share Issuance, and none of such procedures being canceled; execution of loan agreement and other related contracts with financial institutions; and the absence of any event that would adversely affect the Company's implementation of the Special Business Plan (except for such minor event that would not hinder the Corporation's decision to subscribe for the Preferred Shares), and other conditions.

1. Overview of Offering

(1) Overview of Class A preferred shares

(1) Payment date	From July 11, 2012 until July 25, 2012 (*)
(2) Number of new shares to be issued	1,600,000,000 shares
(3) Issue price	200 yen per share
(4) Total amount of issue price	320,000,000,000 yen
(5) Amount of paid-in capital to be increased	100 yen per share
(6) Total amount of paid-in capital to be increased	160,000,000,000 yen
(7) Method of offering or allotment (allottee)	Third-party allotment; all shares will be allotted to the Corporation
(8) Other	The above items are all subject to the approval of resolutions necessary for the Preferred Share Issuance at the Ordinary General Meeting of Shareholders scheduled for June 27, 2012, and other conditions described above. For details, please refer to Attachment IV-1-(1)

* July 25, 2012 is planned to be the payment date. That said, the payment period under the Companies

Act is resolved as from July 11, 2012 until July 25, 2012, and, depending on the timing when the conditions precedent for closing under the share subscription agreement between the Company and the Corporation are satisfied, the payment date may be advanced within the range of the payment period mentioned above.

(2) Overview of Class B preferred shares

(1) Payment date	From July 11, 2012 until July 25, 2012 (*)
(2) Number of new shares to be issued	340,000,000 shares
(3) Issue price	2,000 yen per share
(4) Total amount of issue price	680,000,000,000 yen
(5) Amount of paid-in capital to be increased	1,000 yen per share
(6) Total amount of paid-in capital to be increased	340,000,000,000 yen
(7) Method of offering or allotment (allottee)	Third-party allotment; all shares will be allotted to the Corporation
(8) Other	The above items are all subject to the approval of resolutions necessary for the Preferred Share Issuance at the Ordinary General Meeting of Shareholders scheduled for June 27, 2012, and other conditions described above. For details, please refer to Attachment IV-1-(2)

* July 25, 2012 is planned to be the payment date. That said, the payment period under the Companies Act is resolved as from July 11, 2012 until July 25, 2012, and, depending on the timing when the conditions precedent for closing under the share subscription agreement between the Company and the Corporation are satisfied, the payment date may be advanced within the range of the payment period mentioned above.

2. Purpose and Reason for the Offering

As described in “I. Purpose of the Preferred Share Issuance” above, in order for the Company to implement “compensation, Decommissioning and stable supply” swiftly and steadily, it is essential to strengthen its financial basis. Therefore, the Company will raise capital through third party allotment of Class A preferred shares and Class B preferred shares with the Corporation as the allottee.

Two classes of shares, namely, Class A preferred shares, which have voting rights (with put options the consideration of which is Class B preferred shares or common shares), and Class B preferred shares, which do not have voting rights (with put options the consideration of which is Class A preferred shares or common shares), are being issued; as set forth in “II. Overview of the

Comprehensive Special Business Plan,” “6. Strengthening of financial basis” “(ii) Thorough improvement of financial condition through the Corporation’s equity contribution” above, the reason for issuing the said two classes of shares is to ensure the Corporation to acquire more than one half of the total voting rights through the Class A preferred shares, which are class shares with voting rights, and to hold, potentially, more than two-thirds of the total voting rights by subscribing to Class B preferred shares, which are convertible non-voting class shares, enabling the Corporation to acquire additional voting rights. To make possible an early return to the publicly offered bonds market, the Company will secure income through thorough managerial streamlining and strategic business development, and steadily strengthen capital through appropriate internal reserves while continuing payment of the special assessments obligated under the Corporation Act. In cases where the Corporation determines that the completion of the Company’s intensive management reform is foreseen with a certain level of confidence, or that the Company is autonomously raising funds in the publicly offered bonds market, the Corporation plans to reduce the ratio of the voting rights it holds in the Company to under one half of all voting rights (calculated on the basis not including voting rights relating to dilutive shares), by converting a portion of Class A preferred shares, which are class shares with voting rights, to Class B preferred shares, which are convertible non-voting class shares, or other measures. The goal for returning to the publicly offered bonds market is the earliest possible timing during the latter half of the decade of the 2010s.

It is expected that, in conjunction with the Preferred Share Issuance, there will be a significant dilution of the existing shares, which would impose great burden on the shareholders of the Company; nonetheless, the Company decided that the Preferred Share Issuance to the Corporation is the best scheme because: (i) strengthening the Company’s financial basis and securing funds through the Preferred Share Issuance are essential in order for the Company to ensure its business continuity and to achieve “compensation, Decommissioning and stable supply” simultaneously; (ii) the planned total payment for subscription to the preferred shares to be issued amounts to a huge amount of one trillion yen, and given the urgency of this matter, no party but the Corporation could be the subscriber; (iii) through possession of shares by the Corporation, which is organized with approval from the government, positive effects such as improvement of the Company’s credit can be expected; and, as described above, (iv) the Corporation is going to reduce the voting rights held to under one half of the total voting rights (calculated on the basis not including voting rights relating to dilutive shares) when it determines that the completion of the Company’s intensive management reform is foreseen with a certain level of confidence, or that the Company is autonomously raising funds in the publicly offered bonds market, by converting a portion of Class A preferred shares to Class B preferred shares, or other measures.

In addition, in the share subscription agreement entered into with the Corporation on May 21, 2012 (the “Share Subscription Agreement”), the Company agreed to the following:

- (1) Regardless of before or after the payment for the Preferred Shares, the Company: (i) will not petition for insolvency proceedings without the consent of the Corporation; (ii) will obtain a prior

written consent of the Corporation if it carries out (a) disposal of surplus, (b) change in capital or legal reserves, or reduction of voluntary reserve, (c) issuance or disposal of shares, stock acquisition rights (*shinkabu yoyakuken*), bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*) and other securities (except for issuance or disposal done in response to demand for purchase of additional shares by shareholders having less than one voting unit (*tangen-miman kabunushi*)) or acquisition or cancellation of such securities (except for acquisition, etc. from the Corporation), (d) structural reorganization, or (e) in addition to (c) and (d) above, any act that would probably dilute the ratio of the voting rights or shares held by the Corporation; (iii) will consult with the Corporation in advance in case of (a) convening, or deciding agenda items submitted to, a general meeting of shareholders, (b) appointing or dismissing a member of the nominating committee after the Company makes transition to a company with committees (*iinkai secchi kaisha*), (c) amending or abolishing rules of the board of directors, rules of the nominating committee, or other material internal rules, or (d) deciding or revising the budget for a business year; and (iv) will report in writing to the Corporation if either of the following occurs: (a) an event that is likely to have a material adverse effect on the assets, management, finance, credit condition or future earnings forecasts of the Company (including subsidiaries and affiliates) on a consolidated basis, or (b) an event that is likely to have a material adverse effect on the implementation of the Special Business Plan.

- (2) Prior to the payment for the Preferred Shares, the Company: (i) will not carry out any material personnel change, structural reorganization, loan procurement, creation of pledges, or other acts that may cause material change in the assets, management, finance, credit condition or future earnings forecasts on a consolidated basis; (ii) will make the best effort to obtain the approval of resolutions at the Company's Ordinary General Meeting of Shareholders scheduled for June of this year, for the respective agenda items of (a) the election of director candidates nominated by the Corporation, (b) the prescribed amendments to the Articles of Incorporation, and (c) the Preferred Share Issuance; (iii) subject to obtaining approval of the relevant resolution at such general meeting of shareholders, will carry out procedures for approval of the rules of the board of directors, rules of the nominating committee, and other internal rules, with contents satisfactory to the Corporation; (iv) will carry out other procedures necessary for the issuance of the Preferred Shares under laws and regulations, the Articles of Incorporation, and other internal rules, in addition to the said approval resolutions at the general meeting of shareholders; and (v) will consult with the Corporation in good faith towards reaching an agreement regarding management and administration, operational structures and related personnel matters following the Corporation's subscription for the Preferred Shares.
- (3) After the payment for the Preferred Shares, the Company (i) will not delegate to executive officers matters that require prior approval or prior consultation under the Share Subscription Agreement, in addition to the matters prescribed in Article 416, Paragraph 4 of the Companies Act; (ii) with respect to matters to be determined at, or to be reported to, the board of directors, will give notice to the Corporation with contents identical to the those of the convocation notice

to the directors, concurrently with dispatching the convocation notice to the directors; and (iii) in case the Corporation decides to launch a secondary offering of the common shares, will provide full cooperation to such secondary offering.

- (4) If the Corporation intends to (a) increase the ratio of voting rights held to two-thirds or more (calculated on the basis of not including voting rights related to dilutive shares), or (b) re-increase the ratio of voting rights held that was once reduced to less than one-half pursuant to (5) below, to one-half or more, the Corporation will, upon consultations with the Company, carry out procedures to amend the approved Special Business Plan as stipulated in Article 46, Paragraph 1 of the Corporation Act (in such a case, the Company will apply jointly with the Corporation for approval of an amendment to the approved Special Business Plan in accordance with the determinations of the Corporation), and will exercise the put option to increase the ratio of voting rights held after obtaining approval of the minister in charge regarding such amendments (however, the foregoing will not apply to the Corporation's exercise of put option where common shares are obtained as consideration, if the option is exercised for the purpose of liquidating the Preferred Shares held by the Corporation through sales of common shares in the market or the like).
- (5) If the Corporation determines that (a) the completion of the Company's intensive management reform is foreseen with a certain level of confidence, or (b) that the Company is autonomously raising funds in the publicly offered bonds market, the Corporation will reduce the ratio of the voting rights it holds in the Company to under one half of the total voting rights (calculated on the basis not including voting rights relating to dilutive shares), by exercising the put option of Class A preferred shares where Class B preferred shares are obtained as consideration, and other measures.
- (6) If the ratio of the voting rights held by the Corporation (calculated on a basis including voting rights relating to the Class A preferred shares on the assumption that all Class B preferred shares held by the Corporation have been converted to Class A preferred shares) decreases to one-fifth or less, and whenever thereafter upon the Company's request with showing rational grounds, the Company and the Corporation will, in consideration of the ratio of voting rights at the time, engage in good faith consultation regarding the handling of the requirements of prior consent, prior consultation, etc. as set forth in the Share Subscription Agreement.

3. The amount, use and expected timing of expenditures for funds to be procured, and the rationale underlying reasonableness of the purpose of funds.

(1) Class A preferred shares

(i) Amount of funds to be procured (approximate net proceeds)	Total amount to be paid in: 320,000,000,000 yen (approximate net proceeds: 318,840,000,000 yen) * Approximate amount of issuance costs: 1,160,000,000 yen (expected)
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	(Breakdown: Registration-related costs and advisory fees, etc.)
(ii) Specific purpose of the procured funds and the scheduled timing of expenditure thereof	With respect to the aforementioned approximate net proceeds for Class A preferred shares and the approximate net proceeds for Class B preferred shares as described below, in the total amount of 996,360,000,000 yen, the funds are planned to be used, from time to time through around the end of March 2015, for establishing an adequate organization for ensuring implementation of swift and due compensation for nuclear damage, and for promoting steady Decommissioning to the maximum extent, and also as funds necessary for maintaining stable electricity supply. Until they are actually disbursed, the funds will be managed in the Company's bank account.
(iii) Rationale underlying reasonableness of purpose of procured funds	As set forth in " <u>I. Purpose of the Preferred Share Issuance</u> " above and this chapter (<u>IV. The Preferred Share Issuance by Third Party Allotment</u>) "2. Purpose and Reason for Offering," the issuance of Class A preferred shares will be carried out as part of the Comprehensive Special Business Plan and is essential for the Company's business; thus, we have determined that the abovementioned purposes of the funds are reasonable.

(2) Class B preferred shares

(i) Amount of funds to be procured (approximate net proceeds)	Total amount to be paid in: 680,000,000,000 yen (approximate net proceeds: 677,520,000,000 yen) * Approximate amount of issuance costs: 2,480,000,000 yen (expected) (Breakdown: Registration-related costs and advisory fees, etc.)
(ii) Specific purpose of the procured funds and the scheduled timing of expenditure thereof	As set forth in "(1) Class A preferred shares, (ii) Specific purpose of the procured funds and the scheduled timing of expenditure thereof," above.
(iii) Rationale underlying reasonableness of purpose of procured funds	As set forth in " <u>I. Purpose of the Preferred Share Issuance</u> " above and this chapter (<u>IV. The Preferred Share Issuance by Third Party Allotment</u>) "2. Purpose and Reason for the Offering," the issuance of Class B preferred shares will be

	<p>carried out as part of the Comprehensive Special Business Plan and is essential for the Company's business; thus, we have determined that the abovementioned purposes of the funds are reasonable.</p>
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4. Reasonableness of the Terms and Conditions, etc. of the Issuance

<p>(1) Basis for calculation of the amount to be paid in and specific details thereof</p>	<p>The Company considered various conditions that would impact the value of the Preferred Shares, including share price volatility, terms and conditions of dividends for the Preferred Shares, credit costs to be borne by the shareholders of Preferred Shares, and put options by which common shares are obtained as consideration, and comprehensively taking into account various matters such as the Company's business circumstances and financial condition and the liquidity of the Preferred Shares, decided the terms and conditions for the issuance of the Preferred Shares (including the terms and conditions contained in the Share Subscription Agreement). In the Preferred Share Issuance, the Company engaged in intensive discussion with the Corporation on the various factors that affect the value of shares, such as the voting rights, the terms and conditions of dividends and the put option, given the Company's business circumstances and financial condition. Further, the Company retained third party institutions (SMBC Nikko Securities Inc., Mizuho Securities, Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities, Co., Ltd.) to evaluate the Preferred Shares based on the terms and conditions of issuance settled and agreed upon with the Corporation, and the Company received a share valuation report which utilized commonly-used pricing models. Although valuation of preferred shares without any objective market prices is extremely sophisticated and complicated, and there are various views on this point, given that the respective amounts to be paid in for Class A preferred shares and Class B preferred shares are discounted for more than 10% compared to the value of shares calculated by each third party institution, the Company concluded that the said amounts to be paid are</p>
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	<p>likely to be regarded as prices “particularly favorable” to the subscriber for the shares, as stipulated in the Companies Act. Therefore, the Company plans to obtain approval concerning the Preferred Share Issuance through a super majority resolution at the Ordinary General Meeting of Shareholders scheduled for June 27, 2012.</p>
<p>(2) Basis for concluding that the number of shares to be issued and the extent of dilution are reasonable</p>	<p>Because Class A preferred shares come with voting rights, when Class A preferred shares are issued, there will be a 100.43% dilution to common shares on a voting rights basis (compared to the number of common shares issued before the Preferred Share Issuance (rounded to the second decimal place); hereinafter the same). Further, Class A preferred shares come with a put option, for which the consideration is Class B preferred shares or common shares, and Class B preferred shares come with a put option, for which the consideration is Class A preferred shares or common shares. Even if the Preferred Shares have not been converted into common shares, there will be a dilution of 313.83% on a voting rights basis in case where all Class B preferred shares have been converted into Class A preferred shares. Furthermore, if all Class A preferred shares and Class B preferred shares are converted into common shares, there will be dilution of up to 2,092.20% (in case the put options are exercised at the minimum exercise price (the minimum price of the exercise price when converting the Preferred Shares into common shares; hereinafter the same) of 30 yen). However, exercising the put option with the minimum exercise price of 30 yen requires a total number of authorized shares of approximately 35 billion shares, while the total number of authorized shares following the increase to be made upon the resolution at the Company’s Ordinary General Meeting of Shareholders scheduled for June 27 of this year (and the Preferred Share Issuance being effectuated) is only 14.1 billion shares; therefore, in order to exercise the put options in such a manner, the total number of authorized shares needs to be increased by holding another general meeting of shareholders.</p>

Incidentally, assuming that the total number of authorized shares is 14.1 billion shares, the dilution rate would be 784.13%.

As discussed above, it is expected that, in conjunction with the Preferred Share Issuance, there will be a significant dilution of the existing shares, which would impose great burden on the shareholders of the Company; nonetheless, the Company decided that the Preferred Share Issuance to the Corporation is the best scheme because: (i) strengthening the Company's financial basis and securing funds through the Preferred Share Issuance are essential in order for the Company to ensure its business continuity and to achieve "compensation, Decommissioning and stable supply" simultaneously; (ii) the planned total payment for subscription to the preferred shares to be issued amounts to a huge amount of one trillion yen, and given the urgency of this matter, no party but the Corporation could be the subscriber; (iii) through possession of shares by the Corporation, which is organized with approval from the government, positive effects such as improvement of the Company's credit can be expected; and, (iv) the Corporation is going to reduce the voting rights held to under one half of the total voting rights (calculated on the basis not including voting rights relating to dilutive shares) when it determines that the completion of the Company's intensive management reform is foreseen with a certain level of confidence, or that the Company is autonomously raising funds in the publicly offered bonds market, by converting a portion of Class A preferred shares to Class B preferred shares, or other measures. Accordingly, the Company believes that the dilution caused by the Preferred Share Issuance is reasonable.

Incidentally, a resolution or decision for a third party allotment with a dilution rate that exceeds 300% would fall under a situation where the Tokyo Stock Exchange ("TSE") may find that the rights of shareholders and the exercise of their rights would be restricted unjustifiably,

	<p>and such a dilution will meet the criteria for delisting, unless the TSE finds, after comprehensively taking into account the purpose of such third party allotment, the attributes of the allottee, the status of the procedures to change the total number of authorized shares, and other terms and conditions, that the likelihood of infringing the interests of shareholders and investors is small (Article 601, Paragraph 13, Item (6) of the Securities Listing Regulations Enforcement Rules, and Section IV9 of Guidelines Concerning Listing Control etc. of the TSE). However, because of the reasons of (i) through (iv) above, the Company believes that the likelihood of infringing the interests of shareholders and investors is small for the Preferred Share Issuance and as such it does not meet the delisting criteria.</p>
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5. Reasons for Selection of the Allottee, etc.

(1) Class A preferred shares and Class B preferred shares

(i) Overview of the allottee	<p>Nuclear Damage Compensation Facilitation Corporation For details on the overview of the allottee, please refer to Attachment IV-5-(1).</p>
(ii) Reason for selecting the allottee	<p>As set forth in “<u>I. Purpose of the Preferred Share Issuance</u>” and “<u>IV. The Preferred Share Issuance by Third Party Allotment</u>” “2. Purpose and Reason for the Offering.”</p>
(iii) Allottee’s policies for holding shares	<p>(a) As set forth in “<u>I. Purpose of the Preferred Share Issuance</u>” and “<u>IV. The Preferred Share Issuance by Third Party Allotment</u>” “2. Purpose and Reason for the Offering.” Further, the Company plans to obtain a confirmation letter from the Corporation agreeing that if, during the two year period after the allotment of the Class A preferred shares and Class B preferred shares, the Corporation assigns all or a part of the Class A preferred shares, the Class B preferred shares, or the common shares that were delivered in exchange for the Class A preferred shares or the Class B preferred shares, the Corporation will immediately notify the Company in writing of the name and address of the assignee, the number of assigned shares</p>

and other details, the Company will notify the TSE of the contents of such notice, and the contents of such notice would be made available for public inspection.

(b) In the Comprehensive Special Business Plan and the Share Subscription Agreement, and other materials, the Company and the Corporation have agreed to and have announced the following shareholding policy of the Corporation:

(i) With respect to the exercise of put options for the purpose of securing the voting rights (conversion of Class B preferred shares into Class A preferred shares or conversion of Class A preferred shares and Class B preferred shares into common shares) that would be done in the case there is a compelling circumstance in light of the status of implementation of the compensation for damage, etc.: if the Corporation needs to (a) increase the ratio of voting rights held by it to two-thirds or more, or (b) re-increase the ratio of voting rights held that was once reduced to less than one-half to one-half or more, the Corporation will, upon consultations with the Company, carry out, jointly with the Company, the procedures to amend the approved Special Business Plan as stipulated in Article 46, Paragraph 1 of the Corporation Act, and will exercise the put option after obtaining approval of the minister in charge regarding such amendments (however, the foregoing will not apply to the Corporation's exercise of put option where common shares are obtained as consideration, if the option is exercised for the purpose of liquidating the Preferred Shares held by the Corporation through sales of common shares in the market or the like); and

(ii) With respect to the policy of disposal, if the Corporation determines that (i) the completion of the Company's intensive management reform is foreseen with a certain level of confidence or (ii) the Company is autonomously raising funds in the publicly offered bonds market, the Corporation will convert a part of its Class A preferred shares into Class B preferred shares or take other

	<p>measures, thereby reducing its ratio of voting rights held in the Company to under one half of all voting rights (calculated on the basis not including voting rights relating to dilutive shares) (the conclusion of the “Provisional Government Supervision”). Further, the Corporation plans to recover the investment after the conclusion of the Provisional Government Supervision through the Company’s buyback of shares owned by the Corporation or by sale of common shares on stock markets following conversion into common shares, to an extent that will not have an adverse impact on the Company’s managerial reform and the stock market, and at an appropriate timing, taking into account the Company’s revenue and financial status, trends in the stock market, etc.</p> <p>In addition to the above, the Corporation does not plan to implement any borrowing and lending transaction of shares, etc. or any over-the-counter derivative transaction for hedging purposes. Thus, the Preferred Share falls within the exemption under Article 434, Paragraph 2 of the Securities Listing Regulations of the TSE and the Company and the Corporation have not taken any measure to restrict the conversion into common shares by the Corporation.</p>
(iv) Details of confirmation concerning the existence of property necessary for payment by the allottee	<p>In order for the Corporation to secure the funds for providing financial support, a government guarantee of 4 trillion yen was recorded in the government budget for fiscal year 2012. In fiscal year 2012, the Corporation will procure from financial institutions the funds necessary to subscribe for the Preferred Shares by utilizing such government guarantees; thus, we determined that it has the necessary property for the payment.</p>

6. Major Shareholders and Their Holding Ratios after the Offering

(1) Common shares

Before the Offering (March 31, 2012)		After the Offering	
Tokyo Metropolitan Government	2.66%	Tokyo Metropolitan Government	2.66%
TEPCO Employees' Shareholding Association	2.39%	TEPCO Employees' Shareholding Association	2.39%
Sumitomo Mitsui Banking Corporation	2.24%	Sumitomo Mitsui Banking Corporation	2.24%
The Dai-ichi Life Insurance Company, Limited	2.22%	The Dai-ichi Life Insurance Company, Limited	2.22%
Nippon Life Insurance Company	2.19%	Nippon Life Insurance Company	2.19%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1.85%	The Master Trust Bank of Japan, Ltd. (Trust Account)	1.85%
Japan Trustee Services Bank, Ltd. (Trust Account)	1.73%	Japan Trustee Services Bank, Ltd. (Trust Account)	1.73%
Mizuho Corporate Bank, Ltd.	1.48%	Mizuho Corporate Bank, Ltd.	1.48%
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	1.12%	SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	1.12%
State Street Bank West Client Treaty	0.78%	State Street Bank West Client Treaty	0.78%

(2) Class A preferred shares

Before the Offering	After the Offering
Not applicable	Nuclear Damage Compensation Facilitation Corporation 100.00%

(3) Class B preferred shares

Before the Offering	After the Offering
Not applicable	Nuclear Damage Compensation Facilitation Corporation 100.00%

- (4) State of voting rights in the case Class B preferred shares are converted into Class A preferred shares, or all of the Preferred Shares are converted into common shares, after the Preferred Share Issuance (forecast)

Before the Offering (March 31, 2012)	After the Offering	If all Class B preferred shares are converted into Class A preferred shares	If all Class A and Class B preferred shares are converted into common shares		
			On the basis of the total number of authorized shares –14.1 billion ⁽²⁾	On the basis of maximum dilution ⁽³⁾	
Nuclear Damage Compensation Facilitation Corporation	—	50.11%	75.84%	88.69%	95.44%
Tokyo Metropolitan Government	2.68%	1.34%	0.65%	0.30%	0.12%
TEPCO Employees' Shareholding Association	2.41%	1.20%	0.58%	0.27%	0.11%
Sumitomo Mitsui Banking Corporation	2.26%	1.13%	0.54%	0.26%	0.10%
The Dai-ichi Life Insurance Company, Limited	2.23%	1.11%	0.54%	0.25%	0.10%
Nippon Life Insurance Company	2.21%	1.10%	0.53%	0.25%	0.10%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1.87%	0.93%	0.45%	0.21%	0.09%
Japan Trustee Services Bank, Ltd. (Trust Account)	1.74%	0.87%	0.42%	0.20%	0.08%
Mizuho Corporate Bank, Ltd.	1.49%	0.75%	0.36%	0.17%	0.07%
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	1.13%	0.56%	0.27%	0.13%	0.05%
State Street Bank West Client Treaty	0.78%	0.39%	0.19%	0.09%	0.04%

Notes (1) Based on the shareholder registry (*kabunushi meibo*) as of March 31, 2012

- (2) The total number of authorized shares of the Company would be 14.1 billion shares assuming that the Ordinary General Meeting of Shareholders scheduled for June 27 of this year approves all of the agenda items to be submitted by the Company and that all of the Preferred Shares are issued; thus, the total number of common shares issued by the Company cannot be more than 14.1 billion shares (unless the total number of authorized shares is increased by a separate amendment to the Articles of

Incorporation). Therefore, the calculation here is made on the assumption that in case the Corporation, shareholder of the Preferred Shares, converts all Preferred Shares into common shares, the number of shares held by the Corporation is 12,492,982,000 shares (i.e., 14,100,000,000 minus 1,607,017,000 (i.e., number of common shares issued as of March 31, 2012)).

- (3) The calculation is made on the assumption that all Preferred Shares are converted into common shares with the minimum exercise price of 30 yen, and the common shares are diluted to the theoretical maximum extent, with the result that the Corporation, shareholder of the Preferred Shares, holds 33,333,333,000 shares. In such case, the total number of authorized shares needs to be increased through a separate amendment to the Articles of Incorporation.

7. Prospects Going Forward

With respect to the impact of the Preferred Share Issuance on the Company's performance, a review of performance and other factors is underway, and in the event that the Company judges that the business forecasts requires revision, we will provide prompt notice to that effect.

8. Procedures to be Taken under the Corporate Code of Conduct

Because the Preferred Share Issuance will cause dilution in a rate of 25% or more and a change in the Company's controlling shareholder, in accordance with Article 432, Item (2) of the Securities Listing Regulations of the TSE, in order to confirm the intent of shareholders, we will ask for our shareholders' decision regarding the necessity and appropriateness of the Preferred Share Issuance by third party allotment, through a super majority resolution at the Company's Ordinary General Meeting of Shareholders scheduled for June 27, 2012.

The Corporation plans to recover the full amount of its investment after conclusion of the Provisional Government Supervision, through the Company's buyback of shares owned by the Corporation or by sale of common shares on stock markets following conversion into common shares, to an extent that will not have an adverse impact on the Company's managerial reform and the stock market, and at an appropriate timing, taking into account the Company's revenue and financial status, trends in the stock market, etc. Further, the Corporation does not plan to implement any borrowing and lending transaction of shares, etc. or any over-the-counter derivative transaction for hedging purposes. Thus, the Preferred Share falls within the exemption under Article 434, Paragraph 2 of the Securities Listing Regulations of the TSE and the Company and the Corporation have not taken any measure to restrict the conversion into common shares by the Corporation.

9. Business Results and Equity Financing for the Past Three Years

(1) Business Results for the Past Three Years (Consolidated) (Unit: million yen)

	Fiscal year ended March 2010	Fiscal year ended March 2011	Fiscal year ended March 2012
Operating Revenues	5,016,257	5,368,536	5,349,445
Operating Income	284,443	399,624	(272,513)
Ordinary Income	204,340	317,696	(400,405)
Net income	133,775	(1,247,348)	(781,641)
Earnings per share (yen)	99.18	(846.64)	(487.76)
Dividend per share (yen)	60.00	30.00	0.00
Net assets per share (yen)	1,828.08	972.28	491.22

(2) Current Status of the Number of Issued Shares and the Number of Dilutive Shares (as of March 31, 2012)

Class	Number of shares	Percentage of issued shares
Number of issued shares	1,607,017,531 shares	100%

(Note) As of March 31, 2012, there is no dilutive share issued by the Company.

(3) Current Status of Share Price

(i) Status over the Past Three Years

	Fiscal year ended March 2010	Fiscal year ended March 2011	Fiscal year ended March 2012
Highest price	2,540 yen	2,499 yen	643 yen
Lowest price	2,085 yen	461 yen	148 yen

(ii) Status Over the Past Six Months

	November 2011	December	January 2012	February	March	April
Highest price	323 yen	290 yen	233 yen	262 yen	250 yen	221 yen
Lowest price	264 yen	175 yen	153 yen	192 yen	207 yen	195 yen

(4) Status of Equity Finance over the Last Three Years

• Issuance of new shares by public offering (common shares)

Issuance Date	October 19, 2010
Amount of procured fund	400,275,210,000 yen (approximate net proceeds)
Issue price	1,767 yen
Number of issued shares at the time of offering	1,352,867,531 shares (including treasury stock)
Number of shares issued by the offering	227,630,000 shares
Total number of issued shares after the offering	1,580,497,531 shares
Initial use of funds at the time of issuance	Capital investment funds directed at lowering carbon emissions including streamlining of efficiency of power sources and investment and loan funds for the purpose of expanding high-growth businesses.
Timing of expenditures as scheduled as of the time of issuance	End of March 2014
Current appropriation status	In the wake of the March 11, 2011 Tohoku-Chihou-Taiheiyou-Oki Earthquake, a fundamental review of the business operations became inevitable; therefore, a review was carried out on the investment plan, including investments for lowering carbon emissions and investments in high-growth businesses, the initially intended uses of the funds. As a result, the balance of procured funds from the capital increase is being appropriated for equipment funds necessary to carry out the electricity supply business for the time being.

• Issuance of new shares by third party allotment (third party allotment in conjunction with secondary offering by way of over-allotment)

Issuance Date	November 1, 2010
Amount of procured fund	46,633,840,000 yen (approximate net proceeds)
Issue price	1,767 yen
Number of issued shares at the time of offering	1,580,497,531 shares (including treasury stock)
Number of shares issued by the offering	26,520,000 shares
Total number of issued shares after the offering	1,607,017,531 shares
Allottee	Nomura Securities Co., Ltd.

Initial use of funds at the time of issuance	Capital investment funds directed at lowering carbon emissions including streamlining of efficiency of power sources and investment and loan funds for the purpose of expanding high-growth businesses.
Timing of expenditures as scheduled as of the time of issuance	End of March 2014
Current appropriation status	In the wake of the March 11, 2011 Tohoku-Chihou-Taiheiyou-Oki Earthquake, a fundamental review of the business operations became inevitable; therefore, a review was carried out on the investment plan, including investments for lowering carbon emissions and investments in high-growth businesses, the initially intended uses of the funds. As a result, the balance of procured funds from the capital increase is being appropriated for equipment funds necessary to carry out the electricity supply business for the time being.

10. Details of issue

Please refer to Attachments IV-1-(1) and IV-1-(2).

[TRANSLATION]

Attachment IV-1-(1)

Terms and Conditions of Issuance of Class A Preferred Shares

1. Name of Shares
Tokyo Electric Power Company, Incorporated Class A Preferred Shares (the “Class A Preferred Shares”)
2. Number of Shares Offered for Subscription
1,600,000,000 shares
3. Amount to be Paid in for Shares Offered for Subscription
200 yen per share
4. Total Amount to be Paid in
320,000,000,000 yen
5. Stated Capital and Capital Reserve to be Increased

Stated Capital	160,000,000,000 yen (100 yen per share)
Capital reserve	160,000,000,000 yen (100 yen per share)
6. Payment Period
From July 11, 2012 to July 25, 2012
7. Method of Offering
1,600,000,000 Class A Preferred Shares will be allotted to the Subscribers by way of a third-party allotment.
8. Distribution of Surplus
 - (1) Class A Preferred Year-End Dividends
If the Company is to pay year-end dividends, it shall pay to shareholders who hold the Class A Preferred Shares (“Class A Preferred Shareholders”) or registered Class A Preferred Share pledgees (“Registered Class A Preferred Share Pledgees”) entered or recorded in the Register of Shareholders as of the end of the record date pertaining to such year-end dividends, in preference to shareholders who hold Common Shares (“Common Shareholders”) or registered Common Share pledgees (“Registered Common Share Pledgees”), year-end dividends of surplus for each Class A Preferred Share in an amount calculated by multiplying the amount paid in per Class A Preferred Share (200 yen; provided that if the Class A Preferred Shares have been subject to a share split, gratis allotment

of shares, share consolidation, or any other similar event, such amount will be appropriately adjusted) by the annual dividend rate provided for in Item (2) below (calculated to the three decimal places denominated in yen and rounded to the two decimal places) (“Class A Preferred Annual Dividend Rate”) (the amount so calculated will be referred to as the “Class A Preferred Dividend Base Amount”). However, that if the Class A Preferred Interim Dividends provided for in Item (3) below have been paid to Class A Preferred Shareholders or Registered Class A Preferred Share Pledges in the business year which includes such record date, the amount so paid shall be deducted accordingly from the amount of such year-end dividends.

(2) Class A Preferred Dividend Annual Rate

Class A Preferred Dividend Annual Rate = Twelve (12)-month Japanese Yen TIBOR + 0.25%

The Class A Preferred Dividend Annual Rate shall be calculated on a percentage basis to the four decimal places and rounded to the three decimal places. In the formula provided above, the “Twelve (12)-month Japanese Yen TIBOR” shall be the rate published by the Japanese Bankers Association as the Twelve (12)-month Japanese Yen Tokyo Inter Bank Offered Rate (Japanese Yen TIBOR) as of 11:00 a.m. on the first day of each business year (or, if such day is a bank holiday, then the immediately preceding bank business day) (the “Class A Preferred Dividend Annual Rate Determination Date”), or any rate which is considered to be equivalent thereto. In the case where Twelve (12)-month Japanese Yen TIBOR is not published on such day and time, the rate published by the British Bankers’ Association (BBA) as the London Inter Bank Offered Rate (Twelve (12)-month Euro Yen LIBOR (quoted on a 360 day basis)) appearing on Reuters page 3750 as of 11:00 a.m., London Time, on the Class A Preferred Dividend Annual Rate Determination Date (or, if such day is a bank holiday in London, then the immediately preceding bank business day in London), or any rate which is considered to be equivalent thereto, shall be used in place of the Twelve (12)-month Japanese Yen TIBOR.

(3) Class A Preferred Interim Dividends

If the Company is to pay interim dividends, it shall pay to Class A Preferred Shareholders or Registered Class A Preferred Share Pledges entered or recorded in the Register of Shareholders as of the end of the record date pertaining to such interim dividends, in preference to Common Shareholders or Registered Common Share Pledges, interim dividends of surplus for each Class A Preferred Share in an amount determined by a resolution adopted at a meeting of the Board of Directors (the “Class A Preferred Interim Dividends”) up to one-half of the Class A Preferred Dividend Base Amount.

(4) Non-cumulative Clause

If the amount of distribution of surplus per Class A Preferred Share paid to a Class A Preferred Shareholder or Registered Class A Preferred Share Pledgee in any particular business year does not reach the Class A Preferred Dividend Base Amount, the shortfall amount per Class A Preferred Share shall not accumulate and carry over to subsequent business years.

(5) Non-participation Clause

No distribution of surplus in excess of the Class A Preferred Dividend Base Amount shall be paid to

Class A Preferred Shareholders or Registered Class A Preferred Share Pledges, except for (i) distribution of surplus provided for in Article 758, Item 8(b) of the Companies Act or Article 760, Item 7(b) thereof, which may be paid in the process of an absorption-type company split by the Company, or (ii) distribution of surplus provided for in Article 763, Item 12(b) thereof or Article 765, Paragraph 1, Item 8(b) thereof, which may be paid in the process of an incorporation-type company split by the Company.

(6) Order of Priority

The Class A Preferred Shares and the Class B Preferred Shares shall have the same order of priority in respect of payment of distribution of surplus.

9. Distribution of Residual Assets

(1) Class A Preferred Distribution Amount of Residual Assets

If the Company is to distribute residual assets, it shall pay to Class A Preferred Shareholders or Registered Class A Preferred Share Pledges, in preference to Common Shareholders or Registered Common Share Pledges, an amount for each Class A Preferred Share equal to the amount paid in per Class A Preferred Share (provided that if the Class A Preferred Shares have been subject to a share split, gratis allotment of shares, share consolidation, or any other similar event, such amount will be appropriately adjusted) plus the Amount Equal to Accrued Class A Preferred Dividends provided for in Item (3) below.

(2) Non-participation Clause

No distribution of residual assets shall be made to Class A Preferred Shareholders or Registered Class A Preferred Share Pledges, except as provided for in Item (1) above.

(3) Amount Equal to Accrued Class A Preferred Dividends

The Amount Equal to Accrued Class A Preferred Dividends shall mean, as of the day on which residual assets are distributed (the "Distribution Date"), the amount calculated by multiplying the number of days in the period from the first day (inclusive) of the business year which includes the Distribution Date to the Distribution Date (inclusive) by the Class A Preferred Dividend Base Amount, and then dividing that product by 365 (calculated to the three decimal places denominated in yen and rounded up to the two decimal places). However, that if the Class A Preferred Interim Dividends have been paid to Class A Preferred Shareholders or Registered Class A Preferred Share Pledges in the business year which includes the Distribution Date, the amount so paid shall be deducted accordingly from the amount of such Amount Equal to Accrued Class A Preferred Dividends.

(4) Order of Priority

The Class A Preferred Shares and the Class B Preferred Shares shall have the same order of priority in respect of distribution of residual assets.

10. Voting Rights

Class A Preferred Shareholders shall have voting rights at General Meeting of Shareholders. One

hundred (100) shares shall constitute one unit of the Class A Preferred Shares.

11. Put Option with Common Shares as Consideration

(1) Put Option with Common Shares as Consideration

Each Class A Preferred Shareholder is entitled to request the Company, at any time on or after the day on which an amount to be paid in for the Class A Preferred Shares was paid, to acquire all or part of the Class A Preferred Shares held by such Class A Preferred Shareholder in accordance with laws and regulations (the “Put Option with Common Shares as Consideration”) in exchange for the delivery of Common Shares in such number as provided for in Item (2) below (the “Common Shares Subject to Put Option”), and the Company shall deliver the Common Shares Subject to Put Option to such Class A Preferred Shareholder to the extent permitted under laws and regulations in exchange for acquiring the Class A Preferred Shares subject to such Put Option with Common Shares as Consideration.

However, if, as of the day on which the Put Option with Common Shares as Consideration is exercised by a Class A Preferred Shareholder pursuant to this paragraph (the “Put Option Date with Common Shares as Consideration”), the Number of Residual Authorized Shares (as defined below; here and hereinafter the same) is less than the Aggregate Number of Common Shares Subject to Put Option (as defined below; here and hereinafter the same), the Put Option with Common Shares as Consideration shall become effective only with respect to the Class A Preferred Shares in a number (calculated to the one decimal place and rounded down to the nearest whole number; if less than zero (0), then such number shall be zero (0)) obtained by multiplying (i) the number of the Class A Preferred Shares subject to the Put Option with Common Shares as Consideration exercised by each Class A Preferred Shareholder by (ii) the number obtained by dividing the Number of Residual Authorized Shares by the Aggregate Number of Common Shares Subject to Put Option, and no Put Option with Common Shares as Consideration shall be deemed to have been exercised with respect to the Class A Preferred Shares subject to the Put Option with Common Shares as Consideration other than those Class A Preferred Shares with respect to which the Put Option with Common Shares as Consideration becomes effective. Upon such partial acquisition, the Class A Preferred Shares to be so acquired shall be determined by a lottery, a pro rata allotment in proportion to the number of the Class A Preferred Shares subject to the Put Option with Common Shares as Consideration, or any other reasonable method determined by the Board of Directors of the Company.

The “Number of the Residual Authorized Shares” shall mean the number that represents the difference between (I) the total number of shares to be issued of the Company as of the Put Option Date with Common Shares as Consideration and (II) the sum of (i) the number of issued shares (excluding treasury stock (limited to the Common Shares)) as of such Put Option Date with Common Shares as Consideration and (ii) the number of shares that the holders of new share subscription rights (excluding those which the first day of the period provided for in Article 236, Paragraph 1, Item 4 of the Companies Act has not arrived) as of such Put Option Date with Common Shares as Consideration acquire pursuant to the provisions of Article 282 of the Companies Act.

The “Aggregate Number of Common Shares Subject to Put Option” shall mean the number (calculated to the one decimal place and rounded up to the nearest whole number) obtained by dividing by the relevant exercise price as provided for in Items (3) through (5) below as of such Put Option Date with Common Shares as Consideration the amount obtained by multiplying the number of the Class A Preferred Shares with respect to which a Class A Preferred Shareholder exercises the Put Option with Common Shares as Consideration on such Put Option Date with Common Shares as Consideration by the amount to be paid in per Class A Preferred Share (provided that if the Class A Preferred Shares have been subject to a share split, gratis allotment of shares, share consolidation, or any other similar event, such amount will be appropriately adjusted).

(2) Number of Common Shares to be Delivered in Exchange for Acquisition of Class A Preferred Shares
The number of Common Shares to be delivered in exchange for acquisition of Class A Preferred Shares shall be the number obtained by dividing by the exercise price provided for in Items (3) through (5) below the amount obtained by multiplying the number of the Class A Preferred Shares subject to the Put Option with Common Shares as Consideration by the amount to be paid in per Class A Preferred Share (provided that, if the Class A Preferred Shares have been subject to a share split, gratis allotment of shares, share consolidation, or any other similar event, such amount will be appropriately adjusted). Any fraction of a share that arises in the total number of Common Shares to be delivered in exchange for the acquisition of Class A Preferred Shares subject to the Put Option with Common Shares as Consideration shall be discarded, and in such case, the payment of money shall be made pursuant to Article 167, Paragraph 3 of the Companies Act.

(3) Initial Exercise Price

The initial exercise price shall be 200 yen.

(4) Revision of the Exercise Price

On or after the day immediately after the day on which an amount to be paid in for Class A Preferred Shares was paid, the exercise price shall be revised to an amount (calculated to the two decimal places denominated in yen and rounded to the one decimal place) equal to ninety (90) % of the Market Price as of the Put Option Date with Common Shares as Consideration (as defined below) (hereinafter the exercise price after such revision shall be referred to as the “Revised Exercise Price”). However, if the Revised Exercise Price exceeds 300 yen (the “Maximum Exercise Price”), then the Revised Exercise Price shall be the Maximum Exercise Price, and if the Revised Exercise Price falls below 30 yen (the “Minimum Exercise Price”), then the Revised Exercise Price shall be the Minimum Exercise Price. Each of the Maximum Exercise Price and the Minimum Exercise Price shall be subject to adjustment provided for in Item (5) below.

“Market Price as of the Put Option Date with Common Shares as Consideration” shall mean the average of the daily closing price (including the value of quotation) of Common Shares of the Company in regular trading on the Tokyo Stock Exchange, Inc. for the five (5) consecutive trading days (excluding any day on which there was no closing price, and the average shall be calculated to the two decimal places denominated in yen and rounded to the one decimal place) immediately prior to each Put Option Date with Common Shares as Consideration (the “Exercise Price Calculation

Period”). However, if the Class A Preferred Shareholder and the Company execute a primary underwriting agreement under the Financial Instruments and Exchange Act with a financial instruments firm or registered financial institution for the purpose of a secondary offering of the Common Shares Subject to Put Option (including the Class A Preferred Shareholder and the Company execute an agreement similar to such primary underwriting agreement with a foreign securities brokers for the purpose of a secondary offering of the Common Shares Subject to Put Option outside Japan), when a Class A Preferred Shareholder will exercise the Put Option with Common Shares as Consideration from the day immediately after the day on which the Company released that such primary underwriting agreement was executed to the day immediately before the delivery date of such secondary offering, the Exercise Price Calculation Period shall be twenty (20) consecutive trading days commencing on the 120th trading day prior to the day on which the Company released that the decision relating to such secondary offering is made. If, during the Exercise Price Calculation Period, any of the events provided for in Item (5) below occurs, the average of the daily closing price (including the value of quotation) referred to above shall be revised to a price that the Company deems appropriate in a manner similar to that provided for in Item (5) below.

- (5) Adjustment of the Exercise Price, the Maximum Exercise Price and the Minimum Exercise Price
- (a) If any of the events provided for below occurs, the exercise price, the Maximum Exercise Price and the Minimum Exercise Price shall be adjusted as follows (however, the exercise price shall be adjusted pursuant to this Item (5) only where any of the events provided for below occurs during the period from when the closing price (including the value of quotation) of Common Shares of the Company in regular trading is fixed on the last day of the Exercise Price Calculation Period to when the Put Option with Common Shares as Consideration is exercised.):
- (i) If the Common Shares are subject to a share split or gratis allotment of shares, the exercise price shall be adjusted in accordance with the following formula. In the case of a gratis allotment of shares, the “number of issued Common Shares before split” and the “number of issued Common Shares after split” in the following formula shall be deemed to be replaced with the “number of issued Common Shares before gratis allotment (excluding, however, any Common Shares held by the Company at that time)” and the “number of issued Common Shares after gratis allotment (excluding, however, any Common Shares held by the Company at that time)”, respectively.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{number of issued Common Shares before split}}{\text{number of issued Common Shares after split}}$$

The exercise price after adjustment shall apply starting on the day immediately after the record date for the share split, or the effective date of the gratis allotment of shares (or, if a record date for the gratis allotment of shares has been set, such record date).

- (ii) If the Common Shares of the Company are subject to a share consolidation, the exercise price will be adjusted in accordance with the following formula from the effective date of the share consolidation.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{number of issued Common Shares before consolidation}}{\text{number of issued Common Shares after consolidation}}$$

- (iii) If the Company issues Common Shares or disposes of Common Shares held by the Company at an amount to be paid in that falls below the market price per Common Share provided for in Item (d) below (excluding in the case of a gratis allotment of shares, the case of an acquisition of shares or new share subscription rights (which includes new share subscription rights attached to bonds with new share subscription rights; the same applies below in this Item (5)) to be acquired in exchange for the delivery of Common Shares, the case of exercise of new share subscription rights the underlying shares of which are Common Shares, or the case of a delivery of Common Shares because of a merger, share exchange or corporate split), the exercise price shall be adjusted in accordance with the formula provided for below (the “Exercise Price Adjustment Formula”). The exercise price after adjustment shall apply starting on the day immediately after the payment date (or, if a payment period has been provided for, the last day of such payment period), or, if a record date for an allotment to shareholders has been provided for, starting on the day immediately after such record date (the “Shareholder Allotment Date”). In the case that the Company disposes of Common Shares held by it, the “number of Common Shares to be newly issued” and “number of Common Shares held by the Company” in the following formula shall be deemed to be replaced with “number of Common Shares held by the Company to be disposed of” and “number of Common Shares held by the Company immediately before the disposal”, respectively.

$$\begin{array}{rcl}
 \text{Exercise price after adjustment} & = & \text{Exercise price before adjustment} \times \frac{\text{(number of issued Common Shares - number of Common Shares held by the Company)} + \frac{\text{number of Common Shares to be newly issued} \times \text{amount to be paid in per share}}{\text{market price per Common Share}}}{\text{(number of issued Common Shares - number of shares held by the Company)} + \text{number of Common Shares to be newly issued}}
 \end{array}$$

- (iv) If the Company issues or disposes of any shares (including by way of a gratis allotment of shares) that entitle their holder to, by causing the Company to acquire or by being acquired by the Company, receive Common Shares at an exercise price per Common Share which falls below the market price per Common Share provided for in Item (d) below, all the shares issued or disposed of shall be deemed to have been acquired on the initial terms and conditions and Common Shares shall be deemed to have been delivered on the payment date for such shares (or, if a payment period has been provided for, the last day of such payment period; here and hereinafter the same in this Item (iv)), or in the case of a gratis allotment of shares, on the effective date thereof (or, if a record date for the gratis allotment of shares has been provided for, such record date; here and hereinafter the same in this Item (iv)), or if there is a Shareholder Allotment Date, on such date, and the amount as the “amount to be paid in per share” in the Exercise Price Adjustment Formula calculated by using such amount shall be the exercise price after adjustment. The exercise price after adjustment shall apply starting on the day immediately after the payment date, in the case of a gratis allotment of shares, on the day immediately after the effective date thereof, or if there is a Shareholder Allotment Date, on the day immediately after such date.
- (v) If the Company issues new share subscription rights (including by way of a gratis allotment of new share subscription rights) that entitle their holder to, by being exercised or by being acquired by the Company, receive Common Shares at a price of the sum of the amount to be paid in for the new share subscription rights per Common Share and the assets to be contributed on exercise of the new share subscription rights which falls below the market price per Common Share provided for in Item (d) below, all the new share subscription rights issued shall be deemed to have been exercised or acquired on the initial terms and conditions and Common Shares shall be deemed to have been delivered on the allotment date for the new share subscription rights in the case of a gratis allotment of new share subscription rights, on the effective date thereof (or, if a record date for the gratis allotment of new share subscription rights has been provided for, such record date; here

and hereinafter the same in this Item (v)) or if there is a Shareholder Allotment Date, on such date, and the amount as the “amount to be paid in per share” in the Exercise Price Adjustment Formula calculated by using the sum of the amount to be paid in for the new share subscription rights per Common Share and the amount per Common Share of the assets to be contributed on exercise of the new share subscription rights shall be the Exercise Price after adjustment. The exercise price after adjustment shall apply starting on the day immediately after the date of allotment for such new share subscription rights, in the case of a gratis allotment of new share subscription rights, on the day immediately after the effective date thereof, or if there is a Shareholder Allotment Date, on the day immediately after such date.

- (b) In addition to the events provided for in Item (a) above, if any of the events in Item (i) through (iii) below occurs, the Company shall appropriately adjust the exercise price upon giving prior written notice to Class A Preferred Shareholders and Registered Class A Preferred Share Pledges to that effect and of the reasons for the event, the exercise price after adjustment, the day on which such adjustment applies and any other necessary matters:
 - (i) Adjustment to the exercise price becomes necessary because of a merger, share exchange, acquisition of all issued shares of another company by way of a share exchange, share transfer, absorption-type company split, succession to all or part of the rights and obligations held by another company in relation to such company’s business by way of an absorption-type company split, or incorporation-type company split;
 - (ii) Two or more events necessitating an adjustment to the exercise price occur in proximity to each other, and it becomes necessary to consider the effect of one of the events on the market price that ought to be used in calculating the exercise price after adjustment because of the other event(s); or
 - (iii) It otherwise becomes necessary to adjust the exercise price because of the occurrence of an event which changes or has the possibility of changing the number of issued Common Shares (excluding, however, the number of Common Shares held by the Company).
- (c) If a calculation becomes necessary in adjusting the exercise price, the calculation shall be made to the two decimal places and rounded to the one decimal place.
- (d) The market price per Common Share to be used in the Exercise Price Adjustment Formula shall be the average daily closing price (including the value of quotation) of the Common Shares of the Company in regular trading on the Tokyo Stock Exchange, Inc. for the thirty (30) consecutive trading days (excluding any day on which there was no closing price, and the average shall be calculated to the two decimal place denominated in yen and rounded to the one decimal place) commencing on the 45th trading day prior to the day on which the exercise price after adjustment is applied.
- (e) If, as a result of a calculation made in adjusting the exercise price, the difference between the exercise price after adjustment and the exercise price before adjustment is less than one (1) yen, no adjustment to the exercise price will be made.

(6) Reasonable Measures

The exercise price provided for in Item (iii) through (v) above shall be construed in terms of the prevention of dilution and the substantive fairness between holders of shares of different classes. If the calculation of the exercise price becomes difficult or the result of calculation becomes unreasonable, the Company's Board of Directors shall take the appropriate adjustment of the exercise price and other reasonably necessary measures.

(7) Place at Which Put Options are Accepted

Mitsubishi UFJ Trust and Banking Corporation, Securities Agent Division
1-4-5 Marunouchi, Chiyoda-ku, Tokyo

(8) Each Class A Preferred Shareholder who wishes to exercise an put option shall fill out the Company's prescribed put option request form with necessary information, including the number of the Class A Preferred Shares subject to such put option, and submit such form to the place at which put options are accepted provided for in Item (7) above.

(9) A put option takes effect when the put option request form reaches the place at which put options are accepted provided for in Item (7) above, and the Company will acquire the Class A Preferred Shares and the Class A Preferred Shareholder who has exercised the put option will become a holder of Common Shares which the Company will be required to deliver in exchange for such Class A Preferred Shares.

(10) After the acquisition has taken effect, the Company shall deliver Common Shares to the Class A Preferred Shareholder who has exercised the put option by recording an increase in book-entry shares in the shares-held column in the register of book-entry account of Japan Securities Depository Center, Incorporated or an account management institution as designated by such Class A Preferred Shareholder.

12. Put Option with the Class B Preferred Shares as Consideration

(1) Put Option with the Class B Preferred Shares as Consideration

Each Class A Preferred Shareholder is entitled to request the Company at any time on or after day on which an amount to be paid in for the Class A Preferred Share was paid (the "Put Option with Class B Preferred Shares as Consideration") to acquire all or part of the Class A Preferred Shares held by such Class A Preferred Shareholder in accordance with laws and regulations in exchange for the delivery of the Class B Preferred Shares in such number as provided for in Item (2) below (the "Class B Preferred Shares Subject to Put Option"), and the Company shall deliver the Class B Preferred Shares Subject to Put Option to such Class A Preferred Shareholder to the extent permitted under laws and regulations in exchange for acquiring the Class A Preferred Shares subject to such Put Option with Class B Preferred Shares as Consideration.

(2) Number of the Class B Preferred Shares to be Delivered in Exchange for Acquisition of the Class A Preferred Shares

The number of the Class B Preferred Shares to be delivered in exchange for acquisition of the Class A Preferred Shares shall be the number obtained by multiplying the number of the Class A Preferred

Shares subject to the Put Option with Class B Preferred Shares as Consideration by 0.1. Any fraction of a share that arises in the total number of the Class B Preferred Shares to be delivered in exchange for the acquisition of the Class A Preferred Shares subject to the Put Option with Class B Preferred Shares as Consideration shall be discarded, and in such case, the payment of money shall be made pursuant to Article 167, Paragraph 3 of the Companies Act.

(3) Place at Which Put Options are Accepted and Manner of Put Options etc.

The provisions of Paragraph 11, Items (7) through (9) shall apply *mutatis mutandis* to the Put Option with Class B Preferred Shares as Consideration.

13. Share Consolidation or Split, Allotment of Shares Offered for Subscription, and Other Matters etc.

(i) In the case of share consolidation or split, the Company will effectuate such share consolidation or split simultaneously and in the same proportion with respect to the Common Shares, the Class A Preferred Shares and the Class B Preferred Shares.

(ii) If the Company grants to its shareholders the right to receive the allotment of shares offered for subscription or new share subscription rights offered for subscription, the Company will grant to Common Shareholders the right to receive the allotment of Common Shares or new share subscription rights the underlying shares of which are the Common Shares, as the case may be, to Class A Preferred Shareholders the right to receive the allotment of the Class A Preferred Shares or new share subscription rights the underlying shares of which are the Class A Preferred Shares, as the case may be, and to Class B Preferred Shareholders the right to receive the allotment of Class B Preferred Shares or new share subscription rights the underlying shares of which are the Class B Preferred Shares, as the case may be, simultaneously and in the same proportion.

(iii) If the Company makes a gratis allotment of shares or new share subscription rights to its shareholders, the Company will make a gratis allotment of the Common Shares or new share subscription rights the underlying shares of which are the Common Shares, as the case may be, to Common Shareholders, a gratis allotment of the Class A Preferred Shares or new share subscription rights the underlying shares of which are the Class A Preferred Shares, as the case may be, to Class A Preferred Shareholders, and a gratis allotment of the Class B Preferred Shares or new share subscription rights the underlying shares of which are the Class B Preferred Shares, as the case may be, to Class B Preferred Shareholders, simultaneously and in the same proportion.

14. Changes in Laws and Regulations, etc.

If following a change or the like in laws or regulations it becomes necessary to change the readings of terms in these Terms and Conditions or take any other such measure, the Company's Board of Directors shall take reasonably necessary measures.

[End]

[TRANSLATION]

Attachment IV-1-(2)

Terms and Conditions of Issuance of Class B Preferred Shares

1. Name of Shares
Tokyo Electric Power Company, Incorporated Class B Preferred Shares (the “Class B Preferred Shares”)
2. Number of Shares Offered for Subscription
340,000,000 shares
3. Amount to be Paid in for Shares Offered for Subscription
2,000 yen per share
4. Total Amount to be Paid in
680,000,000,000 yen
5. Stated Capital and Capital Reserve to be Increased
Stated Capital 340,000,000,000 yen (1,000 yen per share)
Capital reserve 340,000,000,000 yen (1,000 yen per share)
6. Payment Period
From July 11, 2012 to July 25, 2012
7. Method of Offering
340,000,000 Class B Preferred Shares will be allotted to the Subscribers by way of a third-party allotment.
8. Distribution of Surplus
 - (1) Class B Preferred Year-End Dividends
If the Company is to pay year-end dividends, it shall pay to shareholders who hold the Class B Preferred Shares (“Class B Preferred Shareholders”) or registered Class B Preferred Share pledgees (“Registered Class B Preferred Share Pledges”) entered or recorded in the Register of Shareholders as of the end of the record date pertaining to such year-end dividends, in preference to shareholders who hold Common Shares (“Common Shareholders”) or registered Common Share pledgees (“Registered Common Share Pledges”), year-end dividends of surplus for each Class B Preferred Share in an amount calculated by multiplying the amount paid in per Class B Preferred Share (2,000 yen; provided that if the Class B Preferred Shares have been subject to a share split, gratis allotment

of shares, share consolidation, or any other similar event, such amount will be appropriately adjusted) by the annual dividend rate provided for in Item (2) below (calculated to the three decimal places denominated in yen and rounded to the two decimal places) (“Class B Preferred Annual Dividend Rate”) (the amount so calculated will be referred to as the “Class B Preferred Dividend Base Amount”). However, that if the Class B Preferred Interim Dividends provided for in Item (3) below have been paid to Class B Preferred Shareholders or Registered Class B Preferred Share Pledges in the business year which includes such record date, the amount so paid shall be deducted accordingly from the amount of such year-end dividends.

(2) Class B Preferred Dividend Annual Rate

Class B Preferred Dividend Annual Rate = Twelve (12)-month Japanese Yen TIBOR + 0.5%

The Class B Preferred Dividend Annual Rate shall be calculated on a percentage basis to the four decimal places and rounded to the three decimal places. In the formula provided above, the “Twelve (12)-month Japanese Yen TIBOR” shall be the rate published by the Japanese Bankers Association as the Twelve (12)-month Japanese Yen Tokyo Inter Bank Offered Rate (Japanese Yen TIBOR) as of 11:00 a.m. on the first day of each business year (or, if such day is a bank holiday, then the immediately preceding bank business day) (the “Class B Preferred Dividend Annual Rate Determination Date”), or any rate which is considered to be equivalent thereto. In the case where Twelve (12)-month Japanese Yen TIBOR is not published on such day and time, the rate published by the British Bankers’ Association (BBA) as the London Inter Bank Offered Rate (Twelve (12)-month Euro Yen LIBOR (quoted on a 360 day basis)) appearing on Reuters page 3750 as of 11:00 a.m., London Time, on the Class B Preferred Dividend Annual Rate Determination Date (or, if such day is a bank holiday in London, then the immediately preceding bank business day in London), or any rate which is considered to be equivalent thereto, shall be used in place of the Twelve (12)-month Japanese Yen TIBOR.

(3) Class B Preferred Interim Dividends

If the Company is to pay interim dividends, it shall pay to Class B Preferred Shareholders or Registered Class B Preferred Share Pledges entered or recorded in the Register of Shareholders as of the end of the record date pertaining to such interim dividends, in preference to Common Shareholders or Registered Common Share Pledges, interim dividends of surplus for each Class B Preferred Share in an amount determined by a resolution adopted at a meeting of the Board of Directors (the “Class B Preferred Interim Dividends”) up to one-half of the Class B Preferred Dividend Base Amount.

(4) Non-cumulative Clause

If the amount of distribution of surplus per Class B Preferred Share paid to a Class B Preferred Shareholder or Registered Class B Preferred Share Pledgee in any particular business year does not reach the Class B Preferred Dividend Base Amount, the shortfall amount per Class B Preferred Share shall not accumulate and carry over to subsequent business years.

(5) Non-participation Clause

No distribution of surplus in excess of the Class B Preferred Dividend Base Amount shall be paid to

Class B Preferred Shareholders or Registered Class B Preferred Share Pledges, except for (i) distribution of surplus provided for in Article 758, Item 8(b) of the Companies Act or Article 760, Item 7(b) thereof, which may be paid in the process of an absorption-type company split by the Company, or (ii) distribution of surplus provided for in Article 763, Item 12(b) thereof or Article 765, Paragraph 1, Item 8(b) thereof, which may be paid in the process of an incorporation-type company split by the Company.

(6) Order of Priority

The Class A Preferred Shares and the Class B Preferred Shares shall have the same order of priority in respect of payment of distribution of surplus.

9. Distribution of Residual Assets

(1) Class B Preferred Distribution Amount of Residual Assets

If the Company is to distribute residual assets, it shall pay to Class B Preferred Shareholders or Registered Class B Preferred Share Pledges, in preference to Common Shareholders or Registered Common Share Pledges, an amount for each Class B Preferred Share equal to the amount paid in per Class B Preferred Share (provided that if the Class B Preferred Shares have been subject to a share split, gratis allotment of shares, share consolidation, or any other similar event, such amount will be appropriately adjusted) plus the Amount Equal to Accrued Class B Preferred Dividends provided for in Item (3) below.

(2) Non-participation Clause

No distribution of residual assets shall be made to Class B Preferred Shareholders or Registered Class B Preferred Share Pledges, except as provided for in Item (1) above.

(3) Amount Equal to Accrued Class B Preferred Dividends

The Amount Equal to Accrued Class B Preferred Dividends shall mean, as of the day on which residual assets are distributed (the "Distribution Date"), the amount calculated by multiplying the number of days in the period from the first day (inclusive) of the business year which includes the Distribution Date to the Distribution Date (inclusive) by the Class B Preferred Dividend Base Amount, and then dividing that product by 365 (calculated to the three decimal places denominated in yen and rounded up to the two decimal places). However, that if the Class B Preferred Interim Dividends have been paid to Class B Preferred Shareholders or Registered Class B Preferred Share Pledges in the business year which includes the Distribution Date, the amount so paid shall be deducted accordingly from the amount of such Amount Equal to Accrued Class B Preferred Dividends.

(4) Order of Priority

The Class A Preferred Shares and the Class B Preferred Shares shall have the same order of priority in respect of distribution of residual assets.

10. Voting Rights

Unless otherwise provided for in the laws and regulations, Class B Preferred Shareholders shall not

have voting rights at General Meeting of Shareholders. Ten (10) shares shall constitute one unit of the Class B Preferred Shares.

11. Put Option with Common Shares as Consideration

(1) Put Option with Common Shares as Consideration

Each Class B Preferred Shareholder is entitled to request the Company, at any time on or after the day on which an amount to be paid in for the Class B Preferred Shares was paid, to acquire all or part of the Class B Preferred Shares held by such Class B Preferred Shareholder in accordance with laws and regulations (the “Put Option with Common Shares as Consideration”) in exchange for the delivery of Common Shares in such number as provided for in Item (2) below (the “Common Shares Subject to Put Option”), and the Company shall deliver the Common Shares Subject to Put Option to such Class B Preferred Shareholder to the extent permitted under laws and regulations in exchange for acquiring the Class B Preferred Shares subject to such Put Option with Common Shares as Consideration.

However, if, as of the day on which the Put Option with Common Shares as Consideration is exercised by a Class B Preferred Shareholder pursuant to this paragraph (the “Put Option Date with Common Shares as Consideration”), the Number of Residual Authorized Shares (as defined below; here and hereinafter the same) is less than the Aggregate Number of Common Shares Subject to Put Option (as defined below; here and hereinafter the same), the Put Option with Common Shares as Consideration shall become effective only with respect to the Class B Preferred Shares in a number (calculated to the one decimal place and rounded down to the nearest whole number; if less than zero (0), then such number shall be zero (0)) obtained by multiplying (i) the number of the Class B Preferred Shares subject to the Put Option with Common Shares as Consideration exercised by each Class B Preferred Shareholder by (ii) the number obtained by dividing the Number of Residual Authorized Shares by the Aggregate Number of Common Shares Subject to Put Option, and no Put Option with Common Shares as Consideration shall be deemed to have been exercised with respect to the Class B Preferred Shares subject to the Put Option with Common Shares as Consideration other than those Class B Preferred Shares with respect to which the Put Option with Common Shares as Consideration becomes effective. Upon such partial acquisition, the Class B Preferred Shares to be so acquired shall be determined by a lottery, a pro rata allotment in proportion to the number of the Class B Preferred Shares subject to the Put Option with Common Shares as Consideration, or any other reasonable method determined by the Board of Directors of the Company.

The “Number of the Residual Authorized Shares” shall mean the number that represents the difference between (I) the total number of shares to be issued of the Company as of the Put Option Date with Common Shares as Consideration and (II) the sum of (i) the number of issued shares (excluding treasury stock (limited to the Common Shares)) as of such Put Option Date with Common Shares as Consideration and (ii) the number of shares that the holders of new share subscription rights (excluding those which the first day of the period provided for in Article 236, Paragraph 1, Item 4 of the Companies Act has not arrived) as of such Put Option Date with Common Shares as

Consideration acquire pursuant to the provisions of Article 282 of the Companies Act.

The “Aggregate Number of Common Shares Subject to Put Option” shall mean the number (calculated to the one decimal place and rounded up to the nearest whole number) obtained by dividing by the relevant exercise price as provided for in Items (3) through (5) below as of such Put Option Date with Common Shares as Consideration the amount obtained by multiplying the number of the Class B Preferred Shares with respect to which a Class B Preferred Shareholder exercises the Put Option with Common Shares as Consideration on such Put Option Date with Common Shares as Consideration by the amount to be paid in per Class B Preferred Share (provided that if the Class B Preferred Shares have been subject to a share split, gratis allotment of shares, share consolidation, or any other similar event, such amount will be appropriately adjusted).

(2) Number of Common Shares to be Delivered in Exchange for Acquisition of Class B Preferred Shares

The number of Common Shares to be delivered in exchange for acquisition of Class B Preferred Shares shall be the number obtained by dividing by the exercise price provided for in Items (3) through (5) below the amount obtained by multiplying the number of the Class B Preferred Shares subject to the Put Option with Common Shares as Consideration by the amount to be paid in per Class B Preferred Share (provided that, if the Class B Preferred Shares have been subject to a share split, gratis allotment of shares, share consolidation, or any other similar event, such amount will be appropriately adjusted). Any fraction of a share that arises in the total number of Common Shares to be delivered in exchange for the acquisition of Class B Preferred Shares subject to the Put Option with Common Shares as Consideration shall be discarded, and in such case, the payment of money shall be made pursuant to Article 167, Paragraph 3 of the Companies Act.

(3) Initial Exercise Price

The initial exercise price shall be 200 yen.

(4) Revision of the Exercise Price

On or after the day immediately after the day on which an amount to be paid in for Class B Preferred Shares was paid, the exercise price shall be revised to an amount (calculated to the two decimal places denominated in yen and rounded to the one decimal place) equal to ninety (90) % of the Market Price as of the Put Option Date with Common Shares as Consideration (as defined below) (hereinafter the exercise price after such revision shall be referred to as the “Revised Exercise Price”). However, if the Revised Exercise Price exceeds 300 yen (the “Maximum Exercise Price”), then the Revised Exercise Price shall be the Maximum Exercise Price, and if the Revised Exercise Price falls below 30 yen (the “Minimum Exercise Price”), then the Revised Exercise Price shall be the Minimum Exercise Price. Each of the Maximum Exercise Price and the Minimum Exercise Price shall be subject to adjustment provided for in Item (5) below.

“Market Price as of the Put Option Date with Common Shares as Consideration” shall mean the average of the daily closing price (including the value of quotation) of Common Shares of the Company in regular trading on the Tokyo Stock Exchange, Inc. for the five (5) consecutive trading days (excluding any day on which there was no closing price, and the average shall be calculated to the two decimal places denominated in yen and rounded to the one decimal place) immediately prior

to each Put Option Date with Common Shares as Consideration (the “Exercise Price Calculation Period”). However, if the Class B Preferred Shareholder and the Company execute a primary underwriting agreement under the Financial Instruments and Exchange Act with a financial instruments firm or registered financial institution for the purpose of a secondary offering of the Common Shares Subject to Put Option (including the Class B Preferred Shareholder and the Company execute an agreement similar to such primary underwriting agreement with a foreign securities brokers for the purpose of a secondary offering of the Common Shares Subject to Put Option outside Japan), when a Class B Preferred Shareholder will exercise the Put Option with Common Shares as Consideration from the day immediately after the day on which the Company released that such primary underwriting agreement was executed to the day immediately before the delivery date of such secondary offering, the Exercise Price Calculation Period shall be twenty (20) consecutive trading days commencing on the 120th trading day prior to the day on which the Company released that the decision relating to such secondary offering is made. If, during the Exercise Price Calculation Period, any of the events provided for in Item (5) below occurs, the average of the daily closing price (including the value of quotation) referred to above shall be revised to a price that the Company deems appropriate in a manner similar to that provided for in Item (5) below.

- (5) Adjustment of the Exercise Price, the Maximum Exercise Price and the Minimum Exercise Price
- (a) If any of the events provided for below occurs, the exercise price, the Maximum Exercise Price and the Minimum Exercise Price shall be adjusted as follows (however, the exercise price shall be adjusted pursuant to this Item (5) only where any of the events provided for below occurs during the period from when the closing price (including the value of quotation) of Common Shares of the Company in regular trading is fixed on the last day of the Exercise Price Calculation Period to when the Put Option with Common Shares as Consideration is exercised.):
- (i) If the Common Shares are subject to a share split or gratis allotment of shares, the exercise price shall be adjusted in accordance with the following formula. In the case of a gratis allotment of shares, the “number of issued Common Shares before split” and the “number of issued Common Shares after split” in the following formula shall be deemed to be replaced with the “number of issued Common Shares before gratis allotment (excluding, however, any Common Shares held by the Company at that time)” and the “number of issued Common Shares after gratis allotment (excluding, however, any Common Shares held by the Company at that time)”, respectively.

$$\begin{array}{r} \text{Exercise price} \\ \text{after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{Exercise} \\ \text{price} \\ \text{before} \\ \text{adjustment} \end{array} \times \frac{\text{number of issued Common Shares before} \\ \text{split}}{\text{number of issued Common Shares after split}}$$

The exercise price after adjustment shall apply starting on the day immediately after the record date for the share split, or the effective date of the gratis allotment of shares (or, if a record date for the gratis allotment of shares has been set, such record date).

- (ii) If the Common Shares of the Company are subject to a share consolidation, the exercise price will be adjusted in accordance with the following formula from the effective date of the share consolidation.

$$\text{Exercise price after adjustment} = \frac{\text{Exercise price before adjustment} \times \text{number of issued Common Shares before consolidation}}{\text{number of issued Common Shares after consolidation}}$$

- (iii) If the Company issues Common Shares or disposes of Common Shares held by the Company at an amount to be paid in that falls below the market price per Common Share provided for in Item (d) below (excluding in the case of a gratis allotment of shares, the case of an acquisition of shares or new share subscription rights (which includes new share subscription rights attached to bonds with new share subscription rights; the same applies below in this Item (5)) to be acquired in exchange for the delivery of Common Shares, the case of exercise of new share subscription rights the underlying shares of which are Common Shares, or the case of a delivery of Common Shares because of a merger, share exchange or corporate split), the exercise price shall be adjusted in accordance with the formula provided for below (the “Exercise Price Adjustment Formula”). The exercise price after adjustment shall apply starting on the day immediately after the payment date (or, if a payment period has been provided for, the last day of such payment period), or, if a record date for an allotment to shareholders has been provided for, starting on the day immediately after such record date (the “Shareholder Allotment Date”). In the case that the Company disposes of Common Shares held by it, the “number of Common Shares to be newly issued” and “number of Common Shares held by the Company” in the following formula shall be deemed to be replaced with “number of Common Shares held by the Company to be disposed of” and “number of Common Shares held by the Company immediately before the disposal”, respectively.

$$\begin{array}{rcl}
 \text{Exercise price after adjustment} & = & \frac{\text{Exercise price before adjustment} \times (\text{number of issued Common Shares - number of Common Shares held by the Company})}{(\text{number of issued Common Shares - number of shares held by the Company}) + \text{number of Common Shares to be newly issued}} + \frac{\text{number of Common Shares to be newly issued} \times \text{amount to be paid in per share}}{\text{market price per Common Share}}
 \end{array}$$

- (iv) If the Company issues or disposes of any shares (including by way of a gratis allotment of shares) that entitle their holder to, by causing the Company to acquire or by being acquired by the Company, receive Common Shares at an exercise price per Common Share which falls below the market price per Common Share provided for in Item (d) below, all the shares issued or disposed of shall be deemed to have been acquired on the initial terms and conditions and Common Shares shall be deemed to have been delivered on the payment date for such shares (or, if a payment period has been provided for, the last day of such payment period; here and hereinafter the same in this Item (iv)), or in the case of a gratis allotment of shares, on the effective date thereof (or, if a record date for the gratis allotment of shares has been provided for, such record date; here and hereinafter the same in this Item (iv)), or if there is a Shareholder Allotment Date, on such date, and the amount as the “amount to be paid in per share” in the Exercise Price Adjustment Formula calculated by using such amount shall be the exercise price after adjustment. The exercise price after adjustment shall apply starting on the day immediately after the payment date, in the case of a gratis allotment of shares, on the day immediately after the effective date thereof, or if there is a Shareholder Allotment Date, on the day immediately after such date.
- (v) If the Company issues new share subscription rights (including by way of a gratis allotment of new share subscription rights) that entitle their holder to, by being exercised or by being acquired by the Company, receive Common Shares at a price of the sum of the amount to be paid in for the new share subscription rights per Common Share and the assets to be contributed on exercise of the new share subscription rights which falls below the market price per Common Share provided for in Item (d) below, all the new share subscription rights issued shall be deemed to have been exercised or acquired on the initial terms and conditions and Common Shares shall be deemed to have been delivered on the allotment date for the new share subscription rights in the case of a gratis allotment of new share subscription rights, on the effective date thereof (or, if a record date for the gratis allotment of new share subscription rights has been provided for, such record date; here and hereinafter the same in this Item (v)) or if there is a Shareholder Allotment Date, on

such date, and the amount as the “amount to be paid in per share” in the Exercise Price Adjustment Formula calculated by using the sum of the amount to be paid in for the new share subscription rights per Common Share and the amount per Common Share of the assets to be contributed on exercise of the new share subscription rights shall be the Exercise Price after adjustment. The exercise price after adjustment shall apply starting on the day immediately after the date of allotment for such new share subscription rights, in the case of a gratis allotment of new share subscription rights, on the day immediately after the effective date thereof, or if there is a Shareholder Allotment Date, on the day immediately after such date.

- (b) In addition to the events provided for in Item (a) above, if any of the events in Item (i) through (iii) below occurs, the Company shall appropriately adjust the exercise price upon giving prior written notice to Class B Preferred Shareholders and Registered Class B Preferred Share Pledges to that effect and of the reasons for the event, the exercise price after adjustment, the day on which such adjustment applies and any other necessary matters:
 - (i) Adjustment to the exercise price becomes necessary because of a merger, share exchange, acquisition of all issued shares of another company by way of a share exchange, share transfer, absorption-type company split, succession to all or part of the rights and obligations held by another company in relation to such company’s business by way of an absorption-type company split, or incorporation-type company split;
 - (ii) Two or more events necessitating an adjustment to the exercise price occur in proximity to each other, and it becomes necessary to consider the effect of one of the events on the market price that ought to be used in calculating the exercise price after adjustment because of the other event(s); or
 - (iii) It otherwise becomes necessary to adjust the exercise price because of the occurrence of an event which changes or has the possibility of changing the number of issued Common Shares (excluding, however, the number of Common Shares held by the Company).
- (c) If a calculation becomes necessary in adjusting the exercise price, the calculation shall be made to the two decimal places and rounded to the one decimal place.
- (d) The market price per Common Share to be used in the Exercise Price Adjustment Formula shall be the average daily closing price (including the value of quotation) of the Common Shares of the Company in regular trading on the Tokyo Stock Exchange, Inc. for the thirty (30) consecutive trading days (excluding any day on which there was no closing price, and the average shall be calculated to the two decimal place denominated in yen and rounded to the one decimal place) commencing on the 45th trading day prior to the day on which the exercise price after adjustment is applied.
- (e) If, as a result of a calculation made in adjusting the exercise price, the difference between the exercise price after adjustment and the exercise price before adjustment is less than one (1) yen, no adjustment to the exercise price will be made.

(6) Reasonable Measures

The exercise price provided for in Item (iii) through (v) above shall be construed in terms of the prevention of dilution and the substantive fairness between holders of shares of different classes. If the calculation of the exercise price becomes difficult or the result of calculation becomes unreasonable, the Company's Board of Directors shall take the appropriate adjustment of the exercise price and other reasonably necessary measures.

(7) Place at Which Put Options are Accepted

Mitsubishi UFJ Trust and Banking Corporation, Securities Agent Division
1-4-5 Marunouchi, Chiyoda-ku, Tokyo

(8) Each Class B Preferred Shareholder who wishes to exercise an put option shall fill out the Company's prescribed put option request form with necessary information, including the number of the Class B Preferred Shares subject to such put option, and submit such form to the place at which put options are accepted provided for in Item (7) above.

(9) A put option takes effect when the put option request form reaches the place at which put options are accepted provided for in Item (7) above, and the Company will acquire the Class B Preferred Shares and the Class B Preferred Shareholder who has exercised the put option will become a holder of common shares which the Company will be required to deliver in exchange for such Class B Preferred Shares.

(10) After the acquisition has taken effect, the Company shall deliver common shares to the Class B Preferred Shareholder who has exercised the put option by recording an increase in book-entry shares in the shares-held column in the register of book-entry account of Japan Securities Depository Center, Incorporated or an account management institution as designated by such Class B Preferred Shareholder.

12. Put Option with the Class A Preferred Shares as Consideration

(1) Put Option with the Class A Preferred Shares as Consideration

Each Class B Preferred Shareholder is entitled to request the Company at any time on or after day on which an amount to be paid in for the Class B Preferred Share was paid (the "Put Option with Class A Preferred Shares as Consideration") to acquire all or part of the Class B Preferred Shares held by such Class B Preferred Shareholder in accordance with laws and regulations in exchange for the delivery of the Class A Preferred Shares in such number as provided for in Item (2) below (the "Class A Preferred Shares Subject to Put Option"), and the Company shall deliver the Class A Preferred Shares Subject to Put Option to such Class B Preferred Shareholder to the extent permitted under laws and regulations in exchange for acquiring the Class B Preferred Shares subject to such Put Option with Class A Preferred Shares as Consideration.

(2) Number of the Class A Preferred Shares to be Delivered in Exchange for Acquisition of the Class B Preferred Shares

The number of the Class A Preferred Shares to be delivered in exchange for acquisition of the Class B Preferred Shares shall be the number obtained by multiplying the number of the Class B Preferred

Shares subject to the Put Option with Class A Preferred Shares as Consideration by 10.

(3) Place at Which Put Options are Accepted and Manner of Put Options etc.

The provisions of Paragraph 11, Items (7) through (9) shall apply *mutatis mutandis* to the Put Option with Class A Preferred Shares as Consideration.

13. Share Consolidation or Split, Allotment of Shares Offered for Subscription, and Other Matters etc.

(i) In the case of share consolidation or split, the Company will effectuate such share consolidation or split simultaneously and in the same proportion with respect to the Common Shares, the Class A Preferred Shares and the Class B Preferred Shares.

(ii) If the Company grants to its shareholders the right to receive the allotment of shares offered for subscription or new share subscription rights offered for subscription, the Company will grant to Common Shareholders the right to receive the allotment of Common Shares or new share subscription rights the underlying shares of which are the Common Shares, as the case may be, to Class A Preferred Shareholders the right to receive the allotment of the Class A Preferred Shares or new share subscription rights the underlying shares of which are the Class A Preferred Shares, as the case may be, and to Class B Preferred Shareholders the right to receive the allotment of Class B Preferred Shares or new share subscription rights the underlying shares of which are the Class B Preferred Shares, as the case may be, simultaneously and in the same proportion.

(iii) If the Company makes a gratis allotment of shares or new share subscription rights to its shareholders, the Company will make a gratis allotment of the Common Shares or new share subscription rights the underlying shares of which are the Common Shares, as the case may be, to Common Shareholders, a gratis allotment of the Class A Preferred Shares or new share subscription rights the underlying shares of which are the Class A Preferred Shares, as the case may be, to Class A Preferred Shareholders, and a gratis allotment of the Class B Preferred Shares or new share subscription rights the underlying shares of which are the Class B Preferred Shares, as the case may be, to Class B Preferred Shareholders, simultaneously and in the same proportion.

14. Changes in Laws and Regulations, etc.

If following a change or the like in laws or regulations it becomes necessary to change the readings of terms in these Terms and Conditions or take any other such measure, the Company's Board of Directors shall take reasonably necessary measures.

[End]

Attachment IV-5-(1): Overview of the Nuclear Damage Compensation Facilitation Corporation

(As of March 31, 2012)

(1) Name	Nuclear Damage Compensation Facilitation Corporation		
(2) Address	Kyodo Tsusin Kaikan, 2-5, Toranomom 2-chome, Minato-ku, Tokyo		
(3) Title and name of the representative	Takehiko Sugiyama, Chairperson		
(4) Purpose of the business	Supply of funds necessary for nuclear operators to compensate for damage, etc.		
(5) Capital	14,000 million yen		
(6) Date of establishment	September 12, 2011		
(7) Number of issued shares	—		
(8) Date of fiscal year end	March 31		
(9) Number of employees	57		
(10) Major customers	Not applicable		
(11) Major shareholders and ratio of shareholding	Breakdown of the capital (14,000 million yen) - Governmental funding: 7,000 million yen - 12 Nuclear operators, etc.: 7,000 million yen		
(12) Relationship with the Company	Capital relationship	The Company made an approximately 17% investment in the Nuclear Damage Liability Facilitation Corporation	
	Transactional relationship	The Company has received funds from the Nuclear Damage Liability Facilitation Corporation pursuant to Article 41, Paragraph 1, Item 1 of the Act to Establish Nuclear Damage Liability Facilitation Corporation.	
	Personnel relationship	N/A	
	Status as a related party	N/A	
(13) Performance and financial status over the past three years	(Unit: million yen)		
	Fiscal year ended March 2010	Fiscal year ended March 2011	Fiscal year ended March 2012
Net assets	/	/	Not determined (*)
Total assets			
Net assets per share (yen)			
Net sales			
Operating profit			
Ordinary profit			
Net income			
Net income per share (yen)			
Dividend per share (yen)			

(*) Scheduled to be determined by the end of June 2012.

(Note)

Please note that the above to be an accurate and complete translation of the original Japanese version prepared for the convenience of our English-speaking investors. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.