

Meeting Transcript (Presentation)

Event Date/Time: November 4, 2011 / 06:30PM JST

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

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Presentation

Toshio Nishizawa - *The Tokyo Electric Power Company, Inc. – President*

I am President Toshio Nishizawa. Thank you for joining our meeting today. First of all, once again I sincerely apologize a series of accidents occurred at our Fukushima Daiichi Nuclear Power Station causes anxiety and inconvenience to our investors and shareholders as well as people especially living in the surrounding area.

Today, I'm going to begin with the earnings results for the 2nd quarter of the fiscal year ending March 31, 2012 that TEPCO has just announced. Next, I would like to briefly explain about the TEPCO's special business plan just authorized today. After that, I will open a Q&A session. Let's get started. Please turn to Page 1.

<Page 1 – Key Points of FY2011 2nd Quarter Earnings Results>

I would like to cover key points of our performance here. Please also refer to the table on page 2. First I will cover operating revenues. In the electric power business, consolidated and non-consolidated operating revenues decreased 7.7 percent year on year to 2,502.7 billion yen and 8.3 percent to 2,389.1 billion yen,

TOKYO ELECTRIC POWER COMPANY

respectively. The declines in revenues primarily reflected a significant drop in electricity sales volume.

Regarding expenses, a decrease in personnel and maintenance expenses was more than offset by substantially higher fuel expenses, which were affected by a spike in fuel prices. As a result, first 6-month consolidated and non-consolidated ordinary expenses increased 4.0 percent to 2,655.8 billion yen and 3.9 percent to 2,560.5 billion yen. Consequently, consolidated and non-consolidated ordinary incomes recorded losses of 105.7 billion yen and 130.4 billion yen, respectively.

For the 1st half earnings, TEPCO recorded net losses of 627.2 billion yen and 638.4 billion yen on consolidated and non-consolidated basis, respectively. While gains on sales of marketable securities and grants-in-aid from Nuclear Damage Compensation Facilitation Corporation were recorded as an extraordinary income during the period, the amount was more than offset by an extraordinary loss on disposal and restoration of fixed assets damaged by the Great East Japan Earthquake and on nuclear damage compensations.

Regarding the performance outlook for Fiscal 2011, consolidated and non-consolidated operating revenues are expected to decrease 1.0 percent year on year to 5,315.0 billion yen and 1.3 percent to 5,080.0 billion yen, respectively. In the expenses side, decreasing expenses for personnel and maintenance under our strict streamlining policy will be more than offset by increasing fuel expenses. Consequently, our ordinary loss and net loss are expected to be approximately 400 billion yen and 600 billion yen, respectively both on consolidated and non-consolidated bases.

Considering such extremely severe earnings performances, we regret to have declared no interim dividend and to plan no year-end dividend as we announced before. I once again sincerely apologize to our shareholders for no dividend as well as significant share price declines.

<Page 3 – FY2011 2nd Quarter Electricity Sales Volume and Total Power Generated and Purchased>

Let me briefly comment for electricity sales volume in the first 6 months of fiscal 2011. Please see the yellow-shaded area in the upper table. Total electricity sales volume decreased 13.6 percent year on year to 130.2 billion kWh. In addition to the customers' power-saving efforts, a significant drop in industrial production level severely affected by the earthquake, a decrease in power demand for air conditioning during the summer season resulted in the sales plunge. We project our annual power sales volume will decrease 9.0

percent to 267.1 billion kWh, reflecting the hugest sales volume decline during the first half ever. For detailed data of our sales volume will be provided on Pages 23 through 24. Please see them later.

<Page 4. FY2011 2nd Quarter Business Performance– Comparison with Previous Fiscal Year Results>

Page 4 presents a comparison with results of the corresponding period of the previous fiscal year. The positive impact in comparison with a year earlier totaled approximately 160 billion yen, contributed by a decrease in personnel and maintenance expenses under a streamlining policy. On the other hand, the negative impact on the year-on-year comparison mounted up to approximately 470 billion yen, mainly due to substantially higher fuel expenses and a sales plunge. As a result, non-consolidated ordinary income decreased by 309.8 billion yen in the first half year on year.

Our first 6-month non-consolidated net income got worse by 718.6 billion yen year on year, mainly caused by huger extraordinary losses recorded in the period as I mentioned at Page 1. Please come back to the details later at your convenience.

<Page 5. FY2011 2nd Quarter Business Performance– Financial Impact of March 11 Earthquake>

This slide illustrates a breakdown of the earthquake-related extraordinary income and losses recorded by the end of the quarter.

Regarding extraordinary losses from natural disaster, we revised upward to 184.6 billion yen this time, reflecting revisions of cost estimates based on the latest roadmap towards restoration from the nuclear accidents at our Fukushima Daiichi Nuclear Power Station. In addition, a loss of 890.9 billion was recorded as expenses for nuclear damage compensation, increased 493.2 billion yen from 397.7 billion yen recorded in the first quarter.

For the extraordinary income, TEPCO recognized Grants-in-aid from Nuclear Damage Compensation Facilitation Corporation of 543.6 billion yen in this quarter. For your information, TEPCO now estimates foreseeable portions of its nuclear damage compensation caused by a series of accidents at our Fukushima Daiichi Nuclear Power Station at 1,010.9 billion yen and have applied for the grants-in-aid from the Corporation of 890.9 billion yen, deducting the Governmental indemnity to TEPCO of 120 billion yen. Today,

November 4, the Corporation officially made a decision to pay out the amount TEPCO applied as funds for payments of the nuclear damage compensation. Therefore, a variance between the amount recognized as grants-in-aid from Nuclear Damage Compensation Facilitation Corporation of 543.6 billion yen in the second quarter and the amount to be paid out to TEPCO decided by the Corporation of 890.9 billion yen will be additionally recorded in the third quarter.

<Page 6. FY2011 Performance Outlook– Key Factors Affecting Performance and Financial Impact>

You can see figures of the key factors for our business performance here. I would like to briefly mention those for full-year performance outlook. To estimate full-year earnings performance, we projected our annual power sales volume at 267.1 billion kWh this time. Also, we projected an all Japan CIF crude oil price, a popular benchmark of various fuel prices in Japan and a USD/JPY exchange rate at approximately USD112/b and approximately 80, respectively. We forecast our full-year nuclear power plant capacity utilization ratio would be approximately 18 percent. We don't consider restarts of Kashiwazaki-Kariwa Units 1 or 7 by the end of this fiscal year in the forecast. Please go on to the next slide.

<Page 7. FY2011 Performance Outlook– Comparison with the Results of the Previous Fiscal Year >

This slide shows comparisons in business performances between the previous fiscal year results and this fiscal year outlook. I would like to explain major factors behind the variances in non-consolidated basis briefly. Non-consolidated ordinary revenues in this fiscal year are expected to decrease approximately 50 billion yen, led by a decrease in operating revenues due to a significant drop in electricity sales volume. In the expenses side, decreasing relatively constant expenses such as personnel and maintenance expenses under our strict streamlining policy will be more than offset by increasing fuel expenses and power purchasing cost. Consequently, ordinary expenses in this fiscal year will increase approximately 635 billion yen and therefore, ordinary income will decrease 685 billion yen to approximately 410 billion yen.

The net impact of extraordinary incomes and losses on this fiscal year earnings will be negative 165 billion yen, which consists of an incremental amount of extraordinary loss on natural disaster and a difference in a gain on sales of assets. As to income and expenses related to nuclear damage compensation, the same amounts of grants-in-aid and expenses are to be finally offset in this fiscal year.

Accordingly, non-consolidated net income will get worsen to approximately 575 billion yen.

<Page 8. Fuel Consumption and Procurement>

In this page, you can see the recent actual fuel consumption results and outlook. Mainly due to the shutdown of our nuclear plants at Fukushima Daiichi and Daini Nuclear Power Station after the earthquake, the amount of LNG consumed during the first 6-month period went beyond 11 million tons and is expected to be record-breaking approximately 22.6 million tons. For the details, please come back to the page later.

<Pages 9-11. Progress status of Fukushima Daiichi Nuclear Power Station>

From Page 9 through 11, I'd like to briefly explain about progress status of works and steps at Fukushima Daiichi Nuclear Power Station. The temperature of the bottom of each of Units 1 through 3 reactor pressure vessels is now between to 50 and 80 degree centigrade and the maximum atmospheric radioactivity density around the west-end border of the power station has decreased to around 0.2 millisievert per annum, well below a maximum permissible dose of radiation outside nuclear facilities of 1.0 millisievert per annum. Taking into account these steady progresses, on October 17 we clearly mention that all of the tasks and targets shown in the STEP 2 on the "Roadmap towards Restoration from the Accident at Fukushima Daiichi Nuclear Power Station" will be complete by the end of this year. We are committed to continuous efforts for the completion of necessary works at Fukushima Daiichi with safety first approach.

You can refer to the following pages for detailed information and data regarding the 2nd quarter of fiscal 2011 earnings, current detailed situations at Fukushima Daiichi and Daini Nuclear Power Stations, and current status and future initiatives at Kashiwazaki-Kariwa Nuclear Power Station. Please refer to these pages later at your convenience.

Next, I would like to start explanation about the special business plan, which was prepared in cooperation with Nuclear Damage Compensation Facilitation Corporation on October 28 and was just authorized today by ministers in charge. Please open a handout "Outline of Special Business Plan."

<Page 1. Plan– Foundation and Basic Principles>

Pay-outs for nuclear damage compensation must be fully implemented without delay, while additional time is needed to rationally estimate the amounts of future expenses such as those for total compensation and decommissioning, and to consider and examine concrete implementation measures of the management streamlining policy.

With a deep understanding on such current situations in front of us, we have just prepared the temporary special business plan in cooperation with Nuclear Damage Compensation Facilitation Corporation solely to realize prompt compensation payment to people affected by a series of accidents. The plan focuses on improvement on compensation claim and payment procedures, realization of reliable compensation payments, and clarification of concrete measures of our management streamlining policy.

Also, we continue to prepare our comprehensive special business plan and plan to announce it in next spring. This plan will cover further streamlining measures and even drastic revision on TEPCO's future management from a mid to long-term point of view.

We are committed to steady implementation of the management rationalization measures, aiming to achieve 2,545.5 billion yen cost reduction in next 10 years, pointed out in the report prepared by Investigation Committee on TEPCO's Management and Finances. Please turn to the next page.

<Page 2-4. Compensation of Nuclear Damage>

In the temporary special business plan authorized today, at first, we show our basic stance on nuclear damage compensation: "the status of the nuclear damage," "prospects of necessary compensation amount," and "measures for prompt and appropriate implementation of compensation payouts."

With a deep recognition of our insufficient explanations and application procedures, we sincerely ask the

people affected by the accidents to accept our five promises for kind and obliging compensation, including prompt compensation payments and simplified paperwork procedures. We are committed to implementing the promises with sincerely responding to requests from the afflicted. The Corporation is to execute three major operations in order to secure TEPCO's smooth and afflicted-oriented compensations. For more details, please see Page 3 and 4 later. Now move on to Page 5.

<Page 5. TEPCO's Business Operation Plan>

I want to walk through Page 5 for explanation on our mid-term operation plan. Our company's basic mission, "stable power supply to our customers," should be unchanged. At the same time, our management will focus on "commitment to people affected by our nuclear accidents," "stabilization of crippled Fukushima Daiichi Nuclear Power Station," as well as "implementation of the streamlining policy."

In addition, "Reform Promotion Team," composed of TEPCO's employees and the Corporation's staff, has been established in order to make steadily progress in the execution of the plan. Please refer to the details at your convenience later.

<Page 6. Middle-term Business and Financial Performance Plan>

Here you can see our earnings performance outlook for fiscal 2011. As I explained at the beginning of this presentation, our full-year earnings are going to be very tough. "Cash and cash equivalent" and "net asset" in the end of this fiscal year are expected to be 953.6 billion yen and 708.8 billion yen, respectively.

We do not disclose earnings guidance for fiscal 2012 or after at this point. The figures will be disclosed in the comprehensive special business plan next spring after reviewing the business plan appeared on a report prepared by Investigation Committee on TEPCO's Management and Finances.

<Page 7. Management Streamlining Measures>

Regarding our streamlining measures, I would like to start from talking about the revision of capital investments. We are determined to revise the amount of capital investments and maintenance works in power

TOKYO ELECTRIC POWER COMPANY

supply and distribution facilities from the perspective of longer-term management streamlining and stable power supply.

First, capital investments are to be restrained and rationalized. For generation facilities, we will once try to reconsider our future demand outlook and then examine the necessity of our own new generation facilities. Expanding the volume of power purchases from other utilities and suppliers rather than constructing our own facilities would be a prime option. For supply and distribution facilities, we will revise capital investment plans based on the facts such as changes in current and future network power flow along with changes in line-ups of power sources after the March 11 earthquake.

Second, maintenance expenses are to be closely controlled. We continue to examine priorities and necessities of each work and to reduce unit costs in material procurement, on condition that all of the maintenance works crucial to stable power supply are done without fail.

<Page 8-12. Cost Reduction Measures>

Regarding costs and expenses other than maintenance expenses, we plan to reduce by 237.4 billion yen during this fiscal year. In areas such as material and fuel procurements, power purchasing and personnel, we challenge comprehensive revision in both amount and unit cost sides. In fiscal 2012 and after, we will continue and further consider measures to reduce costs, and execute as many feasible measures as possible. For more details of cost reduction measures, please come back later.

<Page 13. Sales of Assets, etc.>

On this page, we indicate typical types of assets under considerations for sales as one of the streamlining measures. First, we'll sell off our real estate assets not directly used for the electric power business in next three years. The current market value is approximately 247.2 billion yen. Second, marketable securities not directly contribute to the electric power business will be also sold off in next three years. The securities' current market value totals approximately 330.1 billion yen. Third, we will sell off business operations and affiliated companies which were pointed out to be sold in Investigation Committee on TEPCO's Management and Finances' report in next three years as well. The current market value totals approximately 130.1 billion yen. Additionally, sales of the rest of business operations and affiliate companies are to be widely considered.

We will restructure our group operations from the perspective of profitability and efficiency. Cost reduction measures are must in any of remaining group companies.

<Page 14. Request for TEPCO Stakeholders Support>

This page highlights requests for supports of TEPCO's stakeholders, especially financial institutions and shareholders. Our basic requests to financial institutions are to maintain enough short and long-term credits for loan refinancing. In this plan, we newly include three requests to financial institutions: maintaining their credits on TEPCO as of the authorization of this business plan, establishing a credit line for short-term loans from the Development Bank of Japan, and expanding use of the emergency loans in March from major financial institution. We would like to ask each of the request effective until current special business plan is updated to comprehensive special business plan in next spring. To our shareholders, I sincerely ask your understanding for no dividend.

On behalf of TEPCO management, I would like to once again express my deepest gratitude to our valued stakeholders. We have already asked you huge patience such as maintenance of credit lines, no dividend, sharp drops in share and bond prices, and so on. I truly appreciate your understanding and continued support.

<Page 15. Measures to Achieve Clear Management Accountability>

As to TEPCO management's responsibility to stakeholders, the Board of Directors has decided to continue reduction in directors' compensation. In addition, we continue to discuss additional measures to further clarify the responsibility and accountability of TEPCO management. The conclusion will be disclosed on the comprehensive special business plan to be released in next spring.

Lastly, I would like to sincerely declare my firm resolution in directing this company. I'm determined to demonstrate my strong leadership in order to make all of our employees strive as one to tide our company over this extremely difficult time. With understanding and supports of our stakeholders, I'm very much eager to make a great start for restructuring of TEPCO and finally break through this difficulty near future. That concludes my presentation. Thank you for your attention.

<End of Presentation>

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(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.