

TOKYO ELECTRIC POWER COMPANY

Meeting Transcript (Presentation)

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Event Name: TEPCO Investor Meeting for Management Policy toward Restoration and Intensive Reform Implementation Action Plan

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Presentation

First of all, once again I sincerely apologize a series of accidents occurred at our Fukushima Daiichi Nuclear Power Station cause anxiety and inconvenience to our investors and shareholders as well as people especially living in Fukushima prefecture and the surrounding areas. I am going to begin with “Management Policy toward Restoration” that was resolved by the board of directors today and then “Intensive Reform Implementation Action Plan” that compiles specific plans. Please look at the document, “Management Policy toward Restoration” for fiscal 2013 and fiscal 2014.

Management Policy toward Restoration

1. Our basic stance

TEPCO changed to a company with committees on June 27, 2012 and made mid-term management policies by receiving feedback from external directors as a new organization for the first time. Our basic stance of Management Policy toward Restoration is as follows.

We will be entrusted with new missions of fulfilling our responsibility for the Fukushima nuclear accidents, securing the world’s highest level safety and maintaining stable supplies under competitive situations. We think that we can not restore without Fukushima’s revitalization, so we will soundly fulfill

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our responsibility based on basic stance that Fukushima's restoration is our top priority.

In addition, we would like to beat out the competition in the deregulated market and increase revenue by working on corporate reform focusing on big trends of electric system reform.

2. The current crisis

Meanwhile, with respect to the current crisis, the total amount of compensation to those afflicted by the accidents and decontamination cost in the high-dose regions may exceed 5 trillion yen that is the total issuance of government compensation bonds by Act on Nuclear Damage Liability Facilitation Fund.

Especially, if the figures of annual exposed dose are lowered to 1mSv in accordance with the government's policy, the total amount of decontamination cost may be large. In addition, regarding decommissioning, we already made an allowance of 1 trillion yen as a decommission-related cost. However, we are currently not sure how much is the total amount of decommission-related costs. It is very difficult for TEPCO to cover these costs, fulfill our responsibility to Fukushima and defeat our competitors in the deregulated market if we have to do these tasks independently.

TEPCO and Nuclear Damage Liability Facilitation Fund made Special Business Plan in May 2012. However, this summer, the government made a basic plan such as full deregulation of electricity retailing due to changes in situations surrounding TEPCO after May 2012. In addition, we are not sure when we will be able to restart nuclear power stations. Furthermore, if we fulfill our responsibilities without having clear prospects, it leads to accelerate the deterioration of employees' morale and continues to increase the number of employees who quit the company.

3. Selection of the company structure

There would be controversy as to if the total amount of compensation and decontamination cost will exceed 5 trillion yen of government compensation bonds, the amount of the bonds will be able to be expanded depending on the total amount of compensation. However, we made a decision not to accept that we exist only for paying the huge amount of money over 40 years, 50 years or more.

One-trillion-yen public capital was already injected, but there would be another controversy as to further public capital injection. However, if TEPCO that accounts for more than a third of electricity market in

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Japan will be a public power corporation, company structure will be extremely distorted under promoting full deregulation in the electricity market in Japan.

We think that it is essential for us to change to a dynamic electric power supplier in the worldwide market by utilizing our experiences in Fukushima and our technologies for stable supply as an ideal company's structure.

So we ask the government to quickly consider framework of new support system by the government regarding huge financial risk and the total amount of decontamination cost that exceeds the amount of public capital from the current framework of Atomic Energy Damage Compensation Law.

Please look at the document which is titled "Intensive Reform Implementation Action Plan".

Intensive Reform Implementation Action Plan

P1 Formation of a decommissioning framework for the Fukushima Daiichi NPS by concentrating domestic and overseas expert wisdom

First, with regard to develop decommissioning system, we will collect the wisdom from across the world and will share findings and lessons with stakeholders including the government.

In addition, we would like to construct research facilities in Fukushima with the aim of development of human resource that has necessary knowledge and skill for decontamination and decommissioning.

P2 Deepening the efforts towards Fukushima's revitalization

With respect to deepening the efforts towards Fukushima's revitalization on page 2, we will set up Fukushima Revitalization Headquarters in Fukushima to strengthen community-based operations such as quick payment for compensation and decontamination by partially moving functions of headquarters from Tokyo to Fukushima. We also are planning to construct the world's most advanced coal-fired thermal power station in Hama-Dori region to recover and create local employment with engaging in electricity business that is our main business as a project to be considered.

P3 Nuclear reform

The page 3 illustrates the nuclear reform that we made policies to reborn as an organization with the world's highest safety, technology standard and capability to communicate with society. We set the Nuclear Reform Monitoring Committee in September 2012 and will make nuclear reform plans in December 2012.

P4 Construction of disaster prevention and business continuation frameworks, which are not defeated by the crisis such as the Great Earthquake

We set targets to improve our ability to achieve stable supply by strengthening our measures for disasters and reflecting experience and knowledge from the Great East Japan Earthquake on this page. Especially, a meeting led by me is going to be established to verify our disaster prevention plans and business continuation plans by external experts.

P5 Cost reduction for survival

Please move to page 5 for cost reduction for survival in creating financial ground. We will implement cost reduction by utilizing all measures. As you know, Comprehensive Special Business Plan includes average cost reduction of 336.5 billion yen per year in ten years. In addition, we will further implement cost reduction of 100.0 billion yen per year to cover 84.0 billion yen per year, because the average costs on electricity retail services for a three-year period, between fiscal 2012 and fiscal 2014, which is the period used for cost calculation, were revised downward by government through the approval of electricity price increase.

As a main specific plan of cost reduction, we will set up of the Procurement Committee that examines procurement for thorough procurement reform. In addition, we will further step up cost reduction plans such as change of risk limit with stable supply as a major premise. Furthermore, we will ask our subsidiaries and affiliates reasonable cost reduction.

P6 Thorough cost management by subdivided organization unit

Please see the next page. We will introduce in-house company system with a view to full liberalization and will thoroughly implement cost management not only by in-house company but also by segmentalized department or business unit based on management accounting system. In addition, each

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in-house company will make BS/PL. Furthermore, we will develop internal trading rules to promote mutual supervision and competition between in-house companies.

P7 Management reform bringing the HD company system into perspective

The page 7 illustrates in-house company system introduction focusing on holding company system. We will work on electricity system reform in preparation to full deregulation and will hardly try to develop mechanism to ensure management of revenue and cost at each in-house company.

P8 Revenue base building toward restoration

Move on to page 8. We set specific goals of fuels and thermal power company, power transmission and distribution company, and retail company. TEPCO announced the invitation for bidding on thermal power generation facilities with a supply capacity of 2.6 million kW on November 5, 2012. If possible, our fuel and thermal power company would like to bid for the invitation. We will try to defeat our competitors by utilizing business alliances with external companies and organizations.

With regard to import costs of LNG that account for significant portion of costs, we are not about to specifically announce at the moment. However, we already started discussions on introduction and procurement of the shale gas of North America origin. We think that about half amount of LNG that we currently procure is to eventually be changed to lean LNG.

Electric power transmission and distribution company is entrusted with a mission to certainly reduce wheeling rate with keeping power system credibility.

Retail company will introduce smart meters to promote new business for racking up new sales.

With regard to overseas projects, we implement business activities relatively well in overseas that make profits of 10.0 billion yen every year. We would like to develop new IPP business in overseas with business partners if possible.

P9 Operational reforms (human affairs, accounting, target setting and publication)

We explain human affairs and target setting on page 9. We proposed new personal management system to our labor union as review of treatment system to establish well-organized system by implementing

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demolish of seniority by length of service and thorough merit system.

With regard to PR activities, we will set up Fukushima Corporate Communication Department (provisional name) in Fukushima Revitalization Headquarters (provisional name) to send swift and exact information to the local area and enhancement of dialogue with the local area.

I briefly explained about “Management Policy toward Restoration” and “Intensive Reform Implementation Action Plan”. It is necessary to realize these action plans to restore TEPCO. We will truly make efforts to realize these action plans with unflinching resolve. I would like to sincerely ask your understanding and support.

<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.