

TOKYO ELECTRIC POWER COMPANY

Meeting Transcript (Presentation)

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Corporate Participants:

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Presentation

Mamoru Muramatsu - Tokyo Electric Power Company, Inc., Managing Executive Officer

It has been more than two years and seven months since accident occurred at our Fukushima Daiichi Nuclear Power Station in 2011. I sincerely apologize that the accident still causes anxiety and worry to people in the areas around the power station as well as our investors and shareholders and indeed, all of society, especially with recent troubles such as contaminated water issue.

First of all, I would like to explain second quarter earnings results for fiscal year ending March 31, 2014 just announced today based on presentation materials distributed. After that, I will open a Q&A session.

Please look at page 2 of the presentation material.

<Slide 1 and 2 – Key Points of FY2013 Second Quarter Earnings Results>

First, I cover operating revenues. Consolidated and non-consolidated operating revenues increased 11.8 percent year on year to 3,216.1 billion yen and 12.8 percent to 3,126.5 billion yen, respectively, mainly due to an increase in the unit electricity sales price resulting from electricity rate revision implemented in 2012 and the fuel cost adjustments, etc.

Regarding expenses, consolidated and non-consolidated ordinary expenses increased 1.2 percent to 3,113.5 billion yen and 1.7 percent to 3,040.3 billion yen, respectively, mainly due to extensive cost reduction efforts targeting all of TEPCO such as reduction of personnel expenses and urgent postponement of maintenance works, although there was an increased fuel usage at thermal power stations caused by the suspension of all nuclear power stations as well as the increase in fuel costs caused by factors such as the large depreciation of the yen. Consequently, consolidated and non-consolidated ordinary incomes recorded profits of 141.6 billion yen and 112.0 billion yen, respectively.

For the second quarter earnings, while extraordinary incomes from grants-in-aid from Nuclear

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Damage Liability Facilitation Fund and gains on sales of fixed assets were recorded, TEPCO also recorded extraordinary losses from natural disasters and expenses for nuclear damage compensations resulting from the Tohoku-Chihou-Taiheiyo-Oki Earthquake. As the result, TEPCO recorded net income of 616.1 billion yen and 593.1 billion yen on consolidated and non-consolidated basis, respectively.

As was the case with the first quarter of fiscal 2013, this is mainly due to the difference of the timings between recording of the expense for nuclear damage compensation and that of corresponding grants-in-aid from Nuclear Damage Liability Facilitation Fund. A part of expense for nuclear damage compensation was recorded in fiscal 2012, while the corresponding amount of grants-in-aid was recorded in fiscal 2013.

Please go back to page 1. Regarding full-year performance outlook of fiscal 2013, it has been left as "to be determined". This is due to the situation that, while we applied for the compliance examination under the New Regulatory Requirements for Units 6 and 7 of Kashiwazaki-Kariwa Nuclear Power Station on September 27, 2013, it is difficult for us to determine when we will be able to restart the power station, and that we must study cost reduction measures across all areas, giving careful consideration to the many factors that are necessary to ensure a stable power supply and public safety. We will announce the outlook as soon as we are in a position to do so.

With regard to dividends, we have not revised our outlook from the previous period. We have decided to pay out no interim dividends and are regret to plan no year-end dividends, as well.

I sincerely apologize to our shareholders for no dividend as well as significant share price declines.

Please note that the ordinary income recorded in this second quarter was a result of cost reduction and urgent postponement of part of construction works, and that it is estimated that the full-year result of fiscal 2013 will be extremely severe considering the factors that;

- if the postponed works are to be implemented in the second half of the fiscal year, the financial balance will be suppressed by the expenses for such works;
- there will be larger amount of expenses for maintenance and business outsourcing to be recorded in the second half than that in the first half as there tends to be more receipt of goods or services contracted at the end of a fiscal year;
- there are expenses to be recorded en bloc in the second half such as expense for processing of designated radioactive waste; and
- we will proceed with measures for mitigating the risks of contaminated water leakage from the tanks all the more.

Accordingly, we will continue to review the measures to improve the balance for the purpose of achieving profits for fiscal 2013. Our measures include attempting further cost reduction while ensuring safety and assessing the possibility of postponement of expenses into next fiscal year.

Please go on to the page 3.

<Slide 3 – FY2013 2nd Quarter Electricity Sales Volume and Total Power Generated and Purchased>

Please see the total of electricity sales volumes and total power generated and purchased for the first half in the flame shaded with darker color. The total electricity sales volume decreased by 1.3 percent year on year to 131.7 billion kWh. This is mainly due to decline in the use of heating with the effect of the temperature in March and April being higher than the previous year.

As to the fiscal 2013 full-year electricity sales volume outlook, please see the flame shaded with pale color. We have revised the outlook upward by 2.6 billion kWh to 268.5 billion kWh, 0.2 percent decrease from the previous fiscal 2013 full year outlook taking into account the actual sales volume for the second quarter.

Detailed data of electricity sales volume is provided on pages 21 and 22.
Please go on to the page 4.

<Slide 4 – FY2013 2nd Quarter – Comparison with Previous Fiscal Year Results>

Slide 4 presents comparisons with results of the corresponding period of fiscal 2012 on a non-consolidated basis.

Please see the left of the chart below, entitled “Factors behind variance between results of FY2013 1H and FY2012 1H (Non-consolidated)”. The positive impact in comparison with the corresponding period of fiscal 2012 mounted up approximately 410.0 billion yen, mainly resulted from 290.0 billion yen increase in electricity sales revenues with the effect of rate increase (177.0 billion yen) and fuel cost adjustments (75.0 billion yen).

Illustrated on the right side of the chart is the negative impact on the year-on-year comparison totaling approximately 110.0 billion yen. This is mainly resulted from 48.5 billion yen increase in expense for purchased power due to increase of amount of power received from other utility’s coal generated thermal power plant and 20.4 billion yen increase in fuel expenses, etc.

Please see a balloon on the right side for major factors behind the increase of fuel expense.

- On price side, there was 172.0 billion yen decrease in expense as the result of decline in price of CIF crude oil, and sharp decline of consumption of oil with the effect of trial operation of two coal generated thermal power stations with the total capacity of 1.60GW, i.e. Unit 2 of Hitachinaka Thermal Power Station (1.00GW) and Unit 6 of Hirono Thermal Power Station (0.60GW), commenced in April, 2013.
- On the other hand, there was 253.0 billion yen increase due to sharp depreciation of the yen. As the result, there was 81.0 billion yen increase in expense on price side.
- On consumption volume side, there was 61.0 billion yen decrease in expense as the result of increase of purchased power from other utility’s coal generated thermal power plant, which was restored from damage caused by the earthquake.

As a result, non-consolidated ordinary income improved 301.3 billion yen in comparison with second quarter of fiscal 2012.

Please go on to the page 5.

<Slide 5 – Financial Impact of Tohoku-Chihou-Taiheiyo-Oki earthquake [Extraordinary Income/Loss]>

This slide illustrates a breakdown of the earthquake-related extraordinary income and loss recorded on non-consolidated basis.

For the extraordinary income, TEPCO recognized grants-in-aid from Nuclear Damage Liability Facilitation Fund of 666.2 billion yen. As a result, the cumulative amount was 3,789.3 billion yen so far.

For the extraordinary losses, please see the shaded part of the second chart from the top. We recognized losses from natural disasters of 22.0 billion yen, increased by 12.0 billion yen from the first quarter of fiscal 2013. This is mainly due to increase of expenses for installation of storage tanks at the southern side of the Fukushima Daiichi Nuclear Power Station.

Shown at the bottom of the chart is the expense for nuclear damage compensations of 230.5 billion yen. This is mainly due to extension of the period for calculation of damages caused by governmental restriction on shipment, groundless rumor, etc. As a result, the cumulative amount was 3,917.4 billion yen so far.

Though it is not illustrated in the chart, gain on sales of fixed assets of 72.0 billion yen was recorded as extraordinary income.

Please go on to the page 6.

<Slide 6 – FY2013 Business Performance Outlook– Key Factors Affecting Performance and Financial Impact>

As mentioned first in this presentation, we have not decided fiscal 2013 full-year business performance outlook. Therefore, we have not estimated financial impacts of the fiscal 2013 full-year projection.

Please go on to the page 7.

<Slide 7 – Fuel Consumption and Procurement>

In this page, you can see the recent actual fuel consumption results and outlook.

The amounts of consumption of coal and LNG have increased, while those of oil have decreased. This is due to increase of operation of coal and LNG generated thermal power plants for their economic efficiency.

In respect to the outlook of fiscal 2013 on fuel consumption, it is currently not able to be estimated accurately due to the difficult situations that we can not announce operation plans of Kashiwazaki-Kariwa Nuclear Power Station.

Please go on to the page 8.

<Slides 8 – Implementation of the Streamlining policy>

This slide shows targets and progress situations of cost reduction and asset disposal that are pillar of our streamlining policies.

As for cost reduction, TEPCO, its subsidiaries and affiliated companies implement the efforts together and expect to achieve the annual targets in fiscal 2013. The original plans of cost reduction for fiscal 2013 are 271.9 billion yen for TEPCO and 28.0 billion yen for its subsidiaries and affiliated companies. In addition to these targets, we aim to achieve further cost reduction of 100.0 billion yen and 10.0 billion yen, respectively.

Regarding asset disposal, we have been disposing real estates, securities, subsidiaries and affiliated companies and plan to sell these assets of 707.4 billion yen in total during the period of fiscal 2011 to fiscal 2013. The cumulative total of asset disposal at the end of second quarter amounted 746.0 billion yen. We will steadily proceed in asset disposal.

Please go on to the page 9.

<Slide 9 and 10 – Efforts towards Nuclear Reform>

These slides are regarding TEPCO's efforts towards nuclear reform. TEPCO is now underway of steady implementation of the reform based on the "Reassessment of Fukushima Nuclear Accident and Nuclear Safety Reform Plan" announced on March 29, 2013 and the initiatives proposed by the Nuclear Reform Monitoring Committee.

<After slide 11 – FY2013 2nd Quarter Earnings Results (Detailed Information), Fukushima Daiichi Nuclear Power Station and Kashiwazaki-Kariwa Nuclear Power Station>

These slides show detailed information of fiscal 2013 second quarter earnings results, the current status and future initiatives of Fukushima Daiichi Nuclear Power Station and Kashiwazaki-Kariwa Nuclear Power Station.

Among these topics, I would like to introduce the countermeasures against the contaminated water issue at Fukushima Daiichi Nuclear Power Station and the application to receive the compliance examination under the New Regulatory Requirements for Units 6 and 7 of Kashiwazaki-Kariwa Nuclear Power station.

Please go on to the page 29.

<Slide29 – Countermeasures against the contaminated water issues at Fukushima Daiichi Nuclear Power Station>

Again, I sincerely apologize that the contaminated water issue at Fukushima Daiichi Nuclear Power Station have caused anxiety and worry.

TEPCO recognizes that this issue is the most urgent and serious task for the management and established the "Contaminated Water and Tank Countermeasures Headquarters" headed directly

- by the President in August 2013. The purposes of the establishment of the Headquarters include;
- (1) to cause urgent and thoroughgoing reinforcement in management of tanks which was found to have been insufficient upon the leakage of large amount of contaminated water from a tank;
 - (2) to dissolve the situation where the countermeasures for prevention of outflow of contaminated water into the port and for suppression of contaminated water were forestalled, as well as to strengthen the analysis and risk management and to accelerate the mid-to-long term countermeasures; and
 - (3) to concentrate the company's resources to this issue as well as to actively utilize knowledge, proposals and know-how around the world.

As the measures for mitigating the risks of contaminated water leakage from the tanks, we will accelerate the processing of contaminated water stored in the tanks by purifying the highly contaminated water with the multi-nuclide removal equipment (ALPS). Also, the flange-type tanks with a structure of connecting the joint parts with bolts are going to be replaced with welded-type tanks.

As for the measures for preventing the outflow of contaminated water into the port and for suppressing the amount of contaminated water, as is shown on the slide, TEPCO will follow the general principle of the countermeasures, i.e. (1) removing contamination, (2) keeping ground water away from contamination, and (3) causing no leaks, and implement the emergency measures as well as the permanent measures to be implemented within 1 to 2 years.

Supported by the Japanese Government and utilizing the immense amount of expertise provided by professionals around the world, all of us at TEPCO will strive relentlessly to rectify this issue.

Please go on to the page 37.

<Slide 37 – Application to receive the compliance examination under the New Regulatory Requirements >

On September 27, 2013, TEPCO submitted to the Nuclear Regulation Authority the application to receive the compliance examination under the New Regulatory Requirements for Units 6 and 7 of Kashiwazaki-Kariwa Nuclear Power Station.

Since the occurrence of the Niigataken-Chuetsu-oki Earthquake in July 2007, we have been implementing measures to improve the safety of Kashiwazaki-Kariwa Nuclear Power Station such as works to strengthen earthquake resistance and construction of the seismic isolated building. Also, we have been implementing further measures for safety improvements such as construction of flooding embankment based on the reflection and lessons learned from the accident at Fukushima Daiichi Nuclear Power Station. Upon the application for the compliance examination, we have adopted maximum countermeasures available at present based on the new functions required by the New Regulatory Requirements.

TEPCO will continue to proceed with our efforts with the understanding from the stakeholders including local communities, while putting at most priority on safety.

As I explained today, we face a business environment as severe as ever. We will do our best for the group-wide streamlining of the management while fulfilling our responsibility on revitalization of Fukushima, securing safety of nuclear power generation and ensuring stable supply of electricity. I would like to sincerely ask your understanding and support.

<End of Presentation>

Disclaimer:

In the meeting upon which this event transcript is based, Tokyo Electric Power Company may make projections or other forward-looking statements regarding a variety of items. As such, these statements are not historical facts but rather predictions about the future, which inherently involve risks and uncertainties, and these risks and uncertainties could cause the company's actual results to differ materially from the forward-looking statements (performance projections) herein. Although the company may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

(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.