

TOKYO ELECTRIC POWER COMPANY

Meeting Transcript (Presentation)

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Event Name: TEPCO Investor Meeting for FY2014 Second Quarter Earnings Results

Corporate Participants:

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Presentation

Katsuyuki Sumiyoshi Tokyo Electric Power Company, Inc., Managing Executive Officer

We sincerely apologize that the accident occurred at our Fukushima Daiichi Nuclear Power Station still cause anxiety and worry to our investors and shareholders as well as people in the areas around the power station.

In this material, I would like to explain second quarter earnings results for the fiscal year ending March 31, 2015 (fiscal 2014) that TEPCO has just announced. First of all, I would like to cover summary of our earnings results with the chart on slide 2.

<Slides 1 and 2 – Key Points of FY2014 2nd Quarter Earnings Results>

First, I will cover operating revenues. Consolidated and non-consolidated operating revenues increased 3.7 percent year on year to 3,334.1 billion yen and 4.3 percent to 3,259.5 billion yen, respectively, mainly due to an increase in the unit electricity sales price resulting from the fuel cost adjustments.

Regarding expenses, consolidated and non-consolidated ordinary expenses increased 0.3 percent year on year to 3,122.3 billion yen and 0.8 percent to 3,065.0 billion yen, respectively, mainly due to extensive cost reduction efforts targeting all of TEPCO continued from the previous year, such as postponement of maintenance works to the utmost extent, in spite of the fact that the amount of fuel expenses remains at high level caused by factors such as the depreciation of the yen amid the suspension of all nuclear power stations. Consequently, consolidated and non-consolidated ordinary incomes recorded profits of 242.8 billion yen and 214.6 billion yen, respectively.

For the second quarter earnings, while expenses for nuclear damage compensations resulting from the Tohoku-Chihou-Taiheiyo-Okai Earthquake were recorded as extraordinary loss, TEPCO also recorded extraordinary income from grants-in-aid from Nuclear Damage

Compensation and Decommissioning Facilitation Corporation. As a result, TEPCO recorded net income of 290.1 billion yen and 270.9 billion yen on consolidated and non-consolidated basis, respectively.

Please return to slide 1. We are not able to estimate fiscal 2014 full-year earnings forecast, because the present situation makes it difficult to release an operation plan for Kashiwazaki-Kariwa Nuclear Power Station. In addition, we are thoroughly studying the room for cost reduction through the initiative of Productivity Doubling Committee. We will announce the projection 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 go on to the page 3.

<Slide 3 – FY2014 2nd Quarter Electricity Sales Volume, Total Power Generated and Purchased>

This slide shows electricity sales volume and total power generated and purchased. Please look at the total electricity sales volume in the flame shaded with dark color. Total electricity sales volume decreased 3.7 percent year on year to 126.8 billion kWh. This is mainly due to decline in the use of air-conditioning with the effect of the temperature in summer being lower than the previous year.

As to the fiscal 2014 full-year electricity sales volume outlook, please see the flame shaded with pale color on the right side. We have revised downward by about 2.0 billion kWh to 263.9 billion kWh, 1.1 percent decrease from the previous outlook, taking into account the actual sales volume of the second quarter.

Detailed data of electricity sales volume is provided on slide 22 and 23. Please go on to slide 4.

<Slide 4 – FY2014 2nd Quarter – Comparison with the Previous Fiscal Year Results >

Slide 4 presents comparisons with results of the corresponding period of fiscal 2013 on a non-consolidated basis. Please see at the left part of the chart of “Factors behind variance between results of FY2014 1H and FY2013 1H (Non-consolidated)”. The positive impact in the corresponding period of comparison with fiscal 2013 mounted up approximately 222.5 billion yen, mainly resulted from 73.5 billion yen increase in electricity sales revenue with the effect of fuel cost adjustments and 80.9 billion yen decrease in fuel expenses.

Please see a balloon on the right side for the major factors behind the decrease of fuel expenses.

1. On consumption volume side, there was approximately 65.0 billion yen decrease in expenses as the result of decline of approximately 5.2 billion kWh (107.8 billion kWh to 102.6 billion kWh) in the thermal power generation due to the decrease of power

demand.

2. Also, on price side, while there was approximately 43.0 billion yen increase in expenses as the result of depreciation of the yen, weakened by more than 4 yen (98.86 yen=1\$ to 103.01 yen=1\$) compared with the corresponding period of fiscal 2013, there was approximately 59.0 billion yen decrease with the effect of improvement of the thermal efficiency due to the commencement of commercial operation of two combined cycle generated thermal power stations, which were Chiba Thermal Power Station and Kashima Thermal Power Station, as well as drastic decline of relatively expensive crude oil, heavy oil and LPG consumption.

Next, please look at the negative impact on the chart. The negative impact on the year-on-year comparison totaled approximately 120.0 billion yen. This is mainly resulted from

1. 19.6 billion yen increase in personnel expenses,
2. 21.6 billion yen increase in expenses for purchased power due to significant increase in the amount of purchases from power generation facilities resulting from feed-in tariff scheme for renewable energy, and
3. 60.9 billion yen increase in other expenses mainly due to an increase of payment on Act of Renewable Electric Energy by 38.3 billion yen.

Also, increase in maintenance expenses was kept as slight as possible resulting from another postponement of maintenance works which had been once postponed from last fiscal year.

According to above results, non-consolidated ordinary income improved 102.5 billion yen in comparison with second quarter of fiscal 2013.

Please move to slide 5.

<Slide 5 – Extraordinary Income/Loss>

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

First, for the extraordinary income, in the top table, TEPCO recorded grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation of 512.5 billion yen.

Next, as for extraordinary loss, while extraordinary loss on disaster was not recorded, TEPCO recorded the expenses for nuclear damage compensation of 445.9 billion yen. 227.1 billion yen increased from the first quarter of this fiscal year, mainly due to extension of the calculation periods for damages due to shipping restriction order and groundless rumor. As a result, cumulative amount of nuclear damage compensation reached 5,528.5 billion yen.

Please go on to slide 6.

<Slide 6 – FY2014 Business Performance Outlook– Key Factors Affecting Performance and Financial Impact>

We have not decided fiscal 2014 full-year business performance outlook. Therefore, we have not estimated financial impacts of the fiscal 2014 full-year projection. Please move to the slide 7.

<Slide 7 – Fuel Consumption Results and Outlook>

This slide explains about the recent thermal fuel consumption results and outlook.

The amounts of oil consumption have drastically decreased in comparison with the corresponding period of fiscal 2013 due to increase in operation of coal and LNG generated thermal power plants for their economic efficiency as well as the decrease in the volume of power generation resulting from decline in power demand. We are not able to make operation plans of the nuclear power stations, so we can not announce projections of fuel consumption volume for fiscal 2014.

Please move to the slide 8.

<Slides 8 – Implementation of the Streamlining policy>

This slide shows cost reduction that is pillar of our streaming policies. As for our new efforts to the cost reduction, please go on to the slide 9.

<Slide 9 – Productivity Doubling Committee>

This slide shows the “Productivity Doubling Committee” established September of this year to proceed to further implementation of cost reduction measures including emergency cost deferral. This Committee, led by TEPCO Chairman Fumio Sudo, consists of TEPCO directors and the members of the “Procurement Committee”, which is made up of external experts on corporate regeneration and cost reduction.

The Productivity Doubling Committee, which second committee was held on October 30, is exploring any room left for cost reduction, coming up with the cost reduction measures and compiling a “Corporate Streamlining Report” by the end of this year, taking into consideration securing competitiveness in anticipation of the full liberalization of electricity market.

<After slide 10>

The following slides introduce our efforts towards Nuclear Reform, detailed information in fiscal 2014 second quarter earnings results, the current status and the countermeasures for contaminated water and decommissioning of Fukushima Nuclear Power Station, and the current status and main measures to secure safety of Kashiwazaki-Kaiwa Nuclear Power Station, etc.

<In end>

While we evaluate that the earnings results in this second quarter was a result of increase in the unit electricity sales price caused by the fuel cost adjustments as well as extensive cost

reduction efforts, it is estimated that expenses in the second half of fiscal 2014 will drastically increase compared to the first half 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 first half as there tends to be more receipt of goods or services contracted at the end of a fiscal year, and
- there are expenses to be recorded en bloc on the forth quarter such as special contribution.

Also, as we have not decided the fiscal 2014 full-year projection of foreign exchange rate, it is uncertain how exchange rate moves in future considering the current fluctuation. Depending on its movement, our business performance could be worsened.

Accordingly, although ordinary income for second quarter recorded a profit, the environment involving us remains severe considering the uncertainty about the restart timing of Kashiwazaki-Kariwa Nuclear Power Station and potential increase in expenses resulting from the factors described above, as well as the movement of exchange rates.

We will continuously undertake unprecedented management reform and drastic cost reduction including fuel expenses with our best effort regardless of the previous electric utility model.

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.