

Meeting Transcript (Presentation)

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Presentation

Masaru Takei - *The Tokyo Electric Power Company, Inc. – Executive Vice President*

I am Vice President Masaru Takei. 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 1st quarter of the fiscal year ending March 31, 2012 that TEPCO has just announced. Next, I will cover our management topics including, power demand and supply balance in this summer, and current status of Fukushima Daiichi Nuclear Power Station. After that, I will open a Q&A session. Let's get started. Please turn to Page 1.

<Page 1 – Key Points of FY2011 1st 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 7.2 percent year on year to 1,133.1 billion yen and 7.8 percent to 1,077.9 billion yen, respectively. While unit sales prices rose year on year due to the fuel cost adjustments, the declines 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, quarterly consolidated and non-consolidated ordinary expenses increased 1.7 percent to 1,221.8 billion yen and 1.5 percent to 1,174.6 billion yen. Consequently, consolidated and non-consolidated ordinary incomes recorded losses of 62.7 billion yen and 71.7 billion yen, respectively.

For the quarterly earnings, TEPCO recognized expenses and losses for restoring damaged facilities by the Tohoku-Chihou-Taiheiyou-Oki Earthquake in the quarter of 105,500 million yen and 105,300 million yen on consolidated and non-consolidated basis, respectively. In addition, based on the "Interim Guidelines for Judgment on the Scope of Nuclear Damage" resolved by Government's Nuclear Damages Indemnification Adjustment Committee, TEPCO estimated foreseeable portions of the nuclear damage compensation caused by a series of accidents at our Fukushima Daiichi Nuclear Power Station and recognized it in the quarter as expenses for nuclear damage compensation of 397.7 billion yen on a non-consolidated basis. Consequently, TEPCO recorded quarterly net losses of 571.7 billion yen and 573.8 billion yen on consolidated and non-consolidated basis, respectively. As for details of the extraordinary losses, I will cover on Page 6 later.

Reflecting shrinking shareholders' equity due to the continued huge net loss in this quarter, TEPCO's consolidated and non-consolidated equity ratios dropped 3.4 percentage points to 7.1 percent and 3.7 percentage points to 5.2 percent from those in the end of the previous fiscal year, respectively.

For fiscal 2011 performance outlook, we regret that we can't indicate any of numbers such as operating revenues, ordinary income or loss and net income or loss at this moment as we can hardly foresee annual power demand and supply to be greatly impacted by the Great East Japan Earthquake. We will update the information once we are ready to disclose the details.

<Page 3 – FY2011 1st Quarter Electricity Sales Volume and Total Power Generated and Purchased>

Let me briefly comment for electricity sales volume in the 1st quarter. Please see the yellow-shaded area in the upper table. Total electricity sales volume decreased 12.1 percentage points year on year to 60.2TWh. In addition to the customers' power-saving efforts, a significant drop in industrial production level severely affected by the earthquake resulted in the sales plunge. For detailed data of our sales volume will be provided on Pages 21 through 22. Please see them later.

<Page 4. FY2011 1st 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. Non-consolidated ordinary income decreased by 103.0 billion yen. An approximately 90-billion yen decrease in relatively constant expenses such as personnel and maintenance expenses was more than offset by substantially higher fuel expenses and power purchasing costs, which were affected by a spike in fuel prices and supply capacity shortfall. The negative impact in comparison with a year earlier totaled approximately 200 billion yen.

As I mentioned at Page 1, we recorded much more huge net loss in the quarter due to the extraordinary losses. Please come back to the details later at your convenience.

<Page 5. Key Factors Affecting Performance and Financial Impact>

Here are the 1st quarter and fiscal 2010 actual results of the key factors for our business performance. All Japan CIF crude oil price, a popular benchmark of various fuel prices in Japan, recorded in the quarter approximately 115 dollar per barrel, which is close to the record-high in 2008.

For your information, historical fuel prices in Japan will be provided on Page 25. Please see them later. Please note none of fiscal 2011 outlook has been disclosed at this point as mentioned before.

<Page 6. Financial Impact of March 11 Great East Japan Earthquake>

This slide illustrates a breakdown of the earthquake-related extraordinary losses recorded to date. Regarding extraordinary losses from natural disaster, we added 105.3 billion yen in the 1st quarter, reflecting revisions of cost estimates based on the latest roadmap towards restoration from the nuclear accidents at our Fukushima Daiichi Nuclear Power Station. Accordingly, cumulative amount of the losses at this moment totals 1,122.8 billion yen.

In addition, based on the "Interim Guidelines for Judgment on the Scope of Nuclear Damage" resolved by Government's Nuclear Damages Indemnification Adjustment Committee on August 5, TEPCO estimated

foreseeable portions of the nuclear damage compensation caused by a series of accidents and newly recognized it in the quarter as expenses for nuclear damage compensation of 397.7 billion yen.

As you may know, on August 3 the bill concerning "Formation of a Nuclear Damage Compensation Support Organization" was finally approved by the House of Councillors with tremendous efforts and support of many parties concerned. I would like to once again express my gratitude to your continued support. Under the nuclear damage compensation scheme including the law and with Governmental assistance, TEPCO is committed to fair and prompt compensation procedures based on the interim guidelines.

TEPCO is going to complete necessary works in preparation for early compensation payments in accordance with the interim guideline. Following the ideas appeared in the guideline, we will soon show our own detailed compensation guidelines and procedures by the end of August and aim to accept applications from September and start regular payment in October.

Overview of the interim guidelines and the bill is illustrated on Page 28 and 29-30, respectively. Please refer to the pages later. Now, go on to the Page 7.

<Page 7. Fuel Consumption and Procurement>

In this page, you can see the recent actual fuel consumption results. Due to the shutdown of Fukushima Daiichi and Daini Nuclear Power Station after the earthquake, the amount of LNG and oil consumed during the 1st quarter increased year on year. On the other hand, the amount of coal consumed during the period decreased because coal-fired thermal power stations on the Pacific Coast was severely damaged by the earthquake and forced to shut down for weeks.

<Page 8. Power Demand in This Summer>

I want to walk through Page 8 for explanation on power demand in this summer. As of yesterday, August 8, the highest daily maximum power demand to date in this summer is 46.52GW recorded at 3:00PM on Monday, August 8 with the highest air temperature of 33.2 degrees in Celsius or 91.8 degrees in Fahrenheit in Central Tokyo area. For your information, the maximum demand today on August 9 of 48.24GW has just broken this summer's record.

A maximum demand in each day between the end of July and the beginning of August seems approximately 9 to 10GW lower than that on its corresponding day of the previous year. Most of the gap is thought to come from our customers' power-saving efforts.

I sincerely regret to cause your inconvenience in offices and at home due to possible supply capacity shortage. Your cooperation for power-saving is truly appreciated. We are committed to avoiding rolling blackouts in this summer with every possible demand- and supply-side countermeasure.

<Page 9-11. Roadmap towards Restoration from the Accidents at Fukushima Daiichi NPS >

From Page 9 through 11, I'd like to briefly explain about progress status of works and steps in "Roadmap towards Restoration from the Accidents at Fukushima Daiichi Nuclear Power Station" updated on July 19. Regarding STEP 1 on the roadmap, we have worked with clear timelines for every necessary step such as establishing continuous cooling systems for reactors and spent fuel pools and securing enough space to store accumulated contaminated water, and successfully achieved its goal: "radiation level steadily decreasing".

Our judgment on the accomplishment of STEP 1 was grounded on the facts including "a significant decrease in the amount of radiation emitted from the power station" and "risk of hydrogen explosion greatly mitigated by nitrogen injection into the reactors."

No change has been made in the STEP 2 timeline of 3 to 6 months, where we aim to achieve the target: "emissions of radioactive substances are fully under control and consequently radiation level is kept quite low."

Pages 11 and 12 illustrate the whole roadmap revised on July 19. For your information, on August 1 we announced that we would construct a water shield wall to prevent further seawater pollution by existing contaminated groundwater. We will start designing the shield wall during the STEP 2 period.

<Page 12. Current Situation and Status of Fukushima Daiichi NPS>

In this page, I would like to update the situation and status of Fukushima Daiichi Nuclear Power Station. Circulatory water-cooling systems for the reactors of Units 1 through 3 are currently in operations to utilize contaminated water for coolant of the reactors. Also, we continue injecting nitrogen, which is inert gas, into

reactor containment vessels of Units 1 through 3 to mitigate the risk of possible hydrogen explosions.

For stabilization of spent fuel pools at Units 1 through 4, the primary task is to realize "more stable cooling system" by establishing continuous circulatory water-cooling operations. At Units 2 and 3, water temperature of each of the SFP has been stable as substitute cooling systems started operations. Also at Unit 4 SFP, a substitute cooling system started its operations on July 31. Moreover, trial operations of the same sort of the cooling system will start at Unit 1 SFP tomorrow.

As to disposal of accumulated contaminated water, we have completed construction works of a contaminated water treatment plant and started its operations in June. While the utilization ratio of the plant to date is just approximately 65% so far, we aim to raise the number up to 90%, our initial utilization target, by realizing stable and continuous operations and then to decrease the amount of contaminated water in the power station.

You can refer to the following pages for detailed information and data regarding the 1st quarter of fiscal 2011 earnings, current 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.

That concludes my presentation. Thank you for your attention.

<End of Presentation>

Disclaimer:

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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.