Meeting Transcript (Q&A Session)

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Event Name: TEPCO Investor Meeting for FY2011 1st Quarter Earnings Results

Corporate Participants:

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Q&A Session

Q1: Let me confirm the definition of "expenses for nuclear damage compensation" included in the

extraordinary loss posted in the 1st quarter earnings. Did you include just the minimum amount you could

estimate at this point? Do you believe the amount will increase in the future?

A1: As to expenses for nuclear damage compensation, we included the maximum amount we could

rationally estimate at this point. In other words, the amount does not include the portion impossible to

foresee at this point. For instance, it is especially hard to estimate the amount of "damages due to

groundless rumor" because of the difficulty in demonstrating causal relationships. We will take care of

this issue with establishing certain judging standards for the damages, reflecting knowledge and

experiences from ongoing individual negotiations. Needless to say, we are committed to fair and rational

compensation in accordance with such reasonable standards. For your information, we have entered a

note regarding contingent liability on disclosure statements of the earnings results since it is quite likely

that the amount of expenses for nuclear damage compensation is going to increase as the details of

governmental guidelines for the compensation are clarified.

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Q2: In the 1st quarter results, you recognized "Expenses and/or losses for scrap and safety restoration at Fukushima Daiichi Nuclear Power Station Units 1 through 4" of approximately 70 billion yen as a part of extraordinary loss. Do you expect at this time to further increase the amount of the expenses in the future?

A2: We newly recognized extraordinary loss from natural disaster of 69.3 billion yen in the quarter results. This represents the possible additional expenses for stabilization of Fukushima Daiichi Units 1 through 4 at this moment. We will let you know in a timely manner if we have an increase or a decrease in the amount of the extraordinary losses in the future, reflecting future monthly updates of the roadmaps for Fukushima Daiichi.

Q3: The bill concerning "Formation of a Nuclear Damage Compensation Support Organization" was approved in the beginning of this month. Do you see any changes in the environment of debt-financing?

A3: Honestly, it is true that our debt-financing environment after the earthquake had been quite severe due to various uncertainties and risks on our business, and we made our best efforts to sincerely explain our current situations to our lenders and to ask them continued support to us. We truly appreciate their understanding and business with us. We are eager to continuously improve transparency and trustworthiness of our management.

Q4: TEPCO's electricity sales volume in the 1st quarter dropped 12% year on year. Does this primarily reflect a temporary decrease due to an invocation of Article 27 of the Electric utilities Industry Law, which restricts maximum hourly power demand of bigger power users? Or should we understand the decreased consumption level would be a kind of standard of future power demand? My point is whether the decreased level would keep on to the future or just a temporary one.

A4: In addition to the Article 27 restriction, we believe our customers' voluntary energy-saving efforts during peak hours have also played a key role in power usage decline. These are joint efforts among governments, industries and individuals solely for securing power supply-and-demand balance.

Industrial power demand will be on a par with the pre-earthquake level with in a year as the production level in the Kanto region has gradually recovered.

Q5: Can you recognize approximately the same amount of extraordinary loss from nuclear damage compensation as "Claims to Nuclear Damage Compensation Support Organization" on the asset side of your balance sheet to meet its right and left once the support organization is launched?

A5: We will prepare "Special Operating Plan" with the organization once we receive a final report from governmental "Investigation Committee on TEPCO's Management and Finances". Then we'll apply to and receive the organization's financial support. In this scheme, the same amount of "Claims to Nuclear Damage Compensation Support Organization" and "Accrued Nuclear Damage Compensation" will be recorded on the asset and liability sides of our balance sheet, respectively. This realizes balancing of the asset and liability sides on our balance sheet, setting aside an influence due to a time lag between application to and receipt from the organization, and significantly reduce our default risk caused by future nuclear damage compensation liability.

Q6: The supplementary resolution of the bill concerning "Formation of a Nuclear Damage Compensation Support Organization" includes "the approval by the Cabinet on June 14 for nuclear damage compensation scheme completed its role at a time of the approval of this bill." What do you see the possibility of TEPCO's future default? Do you think any change on it has happened with the supplementary resolution at the Diet?

A6: Our current recognition on a series of discussions and outcomes in the Diet is that the law embodies the views shown in the Cabinet's approval on June 14 which mentioned "Government prevents nuclear operators from their default."

Q7: After discussions between ruling and opposition parties in the Diet, Article 45 regarding "Cooperation of TEPCO and its shareholders and the other stakeholders" was newly added on the "Law

concerning Formation of a Nuclear Damage Compensation Support Organization." I wonder who "the other stakeholders" are and what "appropriate and enough cooperation" is.

A7: First of all, we believe we are not the right persons to make comments for the interpretation of the law. We personally recognize that our stakeholders have already offered enough cooperation to us. We do truly appreciate it. We sincerely regret a steep decline and an ongoing slump in our share price, and no dividend to be paid this fiscal year. Our lenders accepted our offers to roll over our short-term borrowings in such difficult situations. I would like to once again express my deepest gratitude to our valued stakeholders for their continued support.

Q8: I guess TEPCO will be required to take governmental stress tests on its nuclear units in periodic inspections. Also, TEPCO will need careful explanations to local communities where nuclear plants exist. How are you going to manage nuclear-related issues?

A8: As a directly-concerned party of the accidents, TEPCO is committed to prompt independent scrutiny on the accidents based on reports by the governmental "Committee of Accident Investigation and Verification for TEPCO Fukushima Nuclear Power Station." Moreover, we will steadily take steps on the 1st and 2nd evaluations of the governmental stress tests, timely reporting to authorities, and appropriate information disclosure to the local communities.

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(Note)

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