May 20, 2011

Notice concerning Extraordinary Loss, Valuation Allowance for Deferred Tax Assets, Notes regarding a Going Concern to Financial Statements, and Variance between Earnings Forecast and Actual Results

As to the earnings results for the fiscal year ended March 31, 2011 released today, The Tokyo Electric Power Company Incorporated (TEPCO, TSE: 9501) hereby makes a notice concerning extraordinary loss, valuation allowance for deferred tax assets, notes regarding a going concern to financial statements, and variance between earnings forecast and actual results**.**

1. Extraordinary loss (Consolidated and Non-consolidated)

TEPCO recognized expenses and losses for restoring damaged facilities by the earthquake of 1,020,400 million yen and 1,017,500 million yen on consolidated and non-consolidated basis, respectively.

Since it is quite difficult to count up every exact amount of damages at TEPCO Group's important facilities such as nuclear power plants, thermal power plants and power distribution networks, TEPCO decided to record the amount within the scope of present reasonable estimates. This includes estimated expenses and losses for securing safety through cooling reactors and avoiding further radiation proliferation, and for scrapping and decommissioning Fukushima Daiichi Nuclear Power Station Units 1 through 4.

For your information, scrap of the damaged four nuclear units above and cancelation of construction of Fukushima Daiichi Units 7 and 8 were resolved in the meeting of the board of directors held today.

2. Valuation allowance for deferred tax assets

After careful assessment on feasibility of our deferred tax assets, TEPCO wrote off an infeasible part of its deferred tax assets by 459.9 billion yen and 449.2 billion yen on consolidated and non-consolidated basis, respectively and recognized them in statements of income for the year ended March 31, 2011.

3. Notes regarding a going concern to financial statements

Regarding nuclear damages caused by a series of accidents at our Fukushima Daiichi Nuclear power Station after the earthquake, the Nuclear Damage Compensation Law (effective on June 17, 1961; Law No.147) requires TEPCO to bear the damage compensation under the nuclear damage compensation scheme in Japan if certain necessary conditions are satisfied. Accordingly, significant deterioration of TEPCO's financial position raises substantial doubt about its ability to continue as a going concern.

With sincerely recognizing our position as a causing party of the accidents, TEPCO is committed to fair and prompt compensation to the nuclear victims with Governmental supports under the national nuclear damage compensation scheme and is currently doing our best to prepare for the steps.

While TEPCO continues to be in need of sufficient working capital for investment in power facilities and difficult procurement of fossil fuels in order to secure stable power supply as well as for ongoing nuclear accidents management, we are aware that raising enough funds from financial markets has been increasingly difficult so far. Based on such recognition, we have sincerely asked Government to set up a supporting framework for ensuring the compensation to the nuclear victims under Article 16 of the Law.

Responding to our request, "Governmental Supporting Scheme for the Damages Caused by Nuclear Accidents" was officially announced on May 13, 2011. Government-backed new organization provides a nuclear operator in need of funds for nuclear damage compensation with necessary financial supports such as cash injection to secure the operator's responsible compensation. With consideration of importance of stable power supply and of sound financial markets, the compensation framework obligates a nuclear operator being rescued by the organization to repay the organization a proportion of its profits as special mandatory contribution. TEPCO is committed to completing our responsibility of the compensation under the framework with best efforts to streamline our management and to raise sufficient capital. On the other hand, we realize substantial risk in our ability to continue as a going concern at this moment as detailed compensation scheme has not been decided yet. We also need to wait for deliberation at the Diet for the legislation of the compensation scheme.

For your information, our consolidated financial statements were prepared assuming we will continue as a going concern. Please note the statements do not reflect any possible impacts of important uncertainty and/or risks related to a going concern.

4. Variance between Earnings Forecast and Actual Results

(1) Consolidated Fiscal Year Ended March 31, 2011 (April 1, 2010 through March 31, 2011)

(Unit: million yen, unless otherwise noted)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
The Previous Forecast (A)	5,385,000	320,000	240,000	110,000	74.66
The Actual Result (B)	5,368,536	399,624	317,696	(1,247,348)	(846.64)
Variance in Amount (B - A)	(16,463)	79,624	77,696	(1,357,348)	
Variance in Percentage (%)	(0.3)	24.9	32.4	-	
(Reference) Fiscal Year Ended March 31, 2010	5,016,257	284,443	204,340	133,775	99.18

(2) Non-consolidated Fiscal Year Ended March 31, 2011 (April 1, 2010 through March 31, 2011)

(Unit: million yen, unless otherwise noted)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
The Previous Forecast (A)	5,165,000	285,000	200,000	90,000	61.02
The Actual Result (B)	5,146,318	356,658	271,066	(1,258,552)	(853.33)
Variance in Amount (B - A)	(18,681)	71,658	71,066	(1,348,552)	
Variance in Percentage (%)	(0.4)	25.1	35.5	-	
(Reference) Fiscal Year Ended March 31, 2010	4,804,469	249,964	158,611	102,311	75.78

The Reason for the Difference

While actual operating revenues essentially matched those in the previous forecast and corresponding operating and ordinary incomes were better than those in the forecast, actual net income was substantially lower than that in the forecast mainly due to an extraordinary loss stated in 1. and valuation allowance for deferred tax assets stated in 2.