

August 1, 2012

Notice concerning Extraordinary Income and Loss, Revision of the Earnings Forecasts and Removal of Notes regarding a Going Concern from Financial Reports

As to the earnings results for the first quarter of the fiscal year ending March 31, 2013 or FY2012 released today, Tokyo Electric Power Company Incorporated (TEPCO, TSE: 9501) hereby makes a notice concerning extraordinary income and loss, revision of the earnings forecasts and removal of notes regarding a going concern from financial reports. The details are as follows. All the numbers below are on consolidated basis, unless otherwise noted.

1. Extraordinary Income

- ✓ Gain on sales of securities and affiliate companies' stock

TEPCO has recognized gain on sales of securities and affiliated companies' stock of 6.2 billion yen (11.8 billion yen as gain on sales of marketable securities on a non-consolidated basis) in the quarter.

2. Extraordinary Loss

- ✓ Expenses for nuclear damage compensation

Based on the Governmental compensation guidelines such as "Interim Guidelines for Judgment on the Scope of Nuclear Damage" resolved by Government's Nuclear Damages Indemnification Adjustment Committee, TEPCO has updated the estimate of its nuclear damage compensation caused by a series of accidents at our Fukushima Nuclear Power Stations at 2,805.9 billion yen so far. By the end of the quarter, TEPCO has recognized the expenses for nuclear damage compensation of 2,685.9 billion yen, deducting the amount of the Governmental indemnity paid to the company according to Law concerning Indemnity Agreement for Nuclear Damage Compensation (Law No.148 approved on June 17, 1961) of 120 billion yen from the estimate. Thus, 161.0 billion yen, the difference between the new and the previous estimate as of May 14, 2012, was additionally recorded as the expenses for nuclear damage compensation in the quarter.

3. Revision of the Earnings Forecasts

(1) Consolidated basis

(Unit: million yen, unless otherwise noted)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
The Previous Forecast (A)	6,025,000	(235,000)	(355,000)	(100,000)	(62.40)
The Revised Forecast (B)	5,975,000	(305,000)	(425,000)	(160,000)	(99.85)
Variance (B – A)	(50,000)	(70,000)	(70,000)	(60,000)	
Changes (%)	(0.8)	—	—	—	
(Reference) FY2011 Actual	5,349,445	(272,513)	(400,405)	(781,641)	(487.76)

(2) Non-consolidated basis

(Unit: million yen, unless otherwise noted)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
The Previous Forecast (A)	5,845,000	(265,000)	(375,000)	(105,000)	(65.46)
The Revised Forecast (B)	5,795,000	(335,000)	(445,000)	(155,000)	(96.63)
Variance (B – A)	(50,000)	(70,000)	(70,000)	(50,000)	
Changes (%)	(0.9)	—	—	—	
(Reference) FY2011 Actual	5,107,778	(319,176)	(408,359)	(758,423)	(472.81)

(3) The Reasons for the Revision

We have revised the full-year earnings forecasts to reflect impacts by the governmental assessments on our rate increase application initially submitted in May to the Ministry of Economics, Trade and Industry. Please see Appendix for the details.

4. Removal of Notes regarding a Going Concern from Financial Reports

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, TEPCO appended "Notes regarding a Going Concern" to its financial reports from FY2010 to FY2011 as significant deterioration of TEPCO's financial position raised substantial doubt about its ability to continue as a going concern during the period.

With sincerely recognizing our position as a causing party of the accidents, TEPCO has been committed to fair and prompt compensation to the nuclear victims with Governmental supports based on the Nuclear Damage Compensation Law. Responding to our request, "Governmental Supporting Scheme for the Damages Caused by Nuclear Accidents" was officially announced in May 2011 and "bill concerning the Nuclear Damage Liability Facilitation Fund (NDF)" passed the Diet in August 2011. Along with the new law, TEPCO officially applied for the grants-in-aid from NDF while jointly working with NDF for settlement of Temporary Special Business Plan and on November 4, 2011, NDF officially made a decision to pay out the amount TEPCO applied as funds for payments of the nuclear damage compensation just after an approval on the business plan by ministers in charge. After that, as revised an estimate of nuclear damage compensations upward, TEPCO applied for the grants-in-aid from NDF and for a governmental approval on the amendment of the special business plan. On February 13, TEPCO got an approval on the amendment of the business plan by the ministers in charge and then NDF decided to implement additional financial assistance to TEPCO.

TEPCO once again revised the estimate of nuclear damage compensations upward, reflecting "2nd Supplement on Interim Guidelines for Judgment on the Scope of Nuclear Damage" released on March 16, 2012 by Government's Nuclear Damages Indemnification Adjustment Committee. On March 29, 2012, TEPCO applied to NDF, seeking financial support including subscription for shares issued by TEPCO, in order to reinforce its financial position so that TEPCO will be able to better prepare for nuclear damage

compensation payment and to regain its ability to autonomously raise enough funds for the systematic investment necessary for decommissioning Units 1 through 4 of Fukushima Daiichi Nuclear Power Station and stable power supply. Moreover, at this point, TEPCO and NDF jointly revised the Temporary Special Business Plan from mid-to-long term perspectives towards even drastic management reforms and prepared the Comprehensive Special Business Plan. On May 9, 2012, NDF, following an approval on the new business plan by the ministers in charge, made the decision to provide additional financial support, including subscription of 1-trillion yen preferred shares to TEPCO. Thus TEPCO, at its board of directors meeting held on May 21, 2012, passed a resolution for issuance of shares for subscription with NDF as allottee. At TEPCO's Ordinary General Meeting of Shareholders held on June 27, 2012, all of the related resolutions, including the one for increasing the total number of authorized shares of TEPCO, were approved as planned. After TEPCO's board of directors meeting on July 25, 2012 passed a resolution for the change of the payment date appeared on the May 21 press release for the Preferred Share Issuance, NDF completed its payment for the subscription of the preferred share on July 31, 2012.

In addition, to improve our earnings structure currently suffering from a spike in fuel expenses led by the shutdown of all of our nuclear power plants, TEPCO officially asked METI for an approval on electricity tariff revision for regulated sector on May 11, 2012. METI instructed TEPCO to revise the applied power supply costs downward on July 20, 2012. TEPCO reapplied to METI minister with the revised numbers and got an approval on it on July 25, 2012. The new rates will be applied to customers in the regulated sector from September 1, 2012. To ask our customers' understanding, we are committed to implementation of the streamlining measures including drastic cost reduction efforts appeared on the Comprehensive Special Business Plan.

Since the TEPCO Group's financial position is expected to improve with the measures and efforts stated above, at this point we believe that there is no important uncertainty or risk related to a going concern. Hence, we reached a conclusion that notes regarding a going concern are to be removed from our "Brief note on the settlement of accounts for the 1st quarter of FY2012" and other financial reports to be issued afterward.

TEPCO is committed to completing our responsibility of the compensation payments to afflicted residents/businesses, steady decommissioning works at Fukushima Daiichi, stable power supply and even drastic management streamlining in the long run.

[Appendix]

Summary of Full-year Earnings Forecasts

Consolidated and non-consolidated operating revenues for FY2012 are expected to increase 11.7% year on year to 5,975.0 billion yen and 13.5% year on year to 5,795.0 billion yen, respectively. The increases are led by rises in unit retail prices reflecting the rate revision and positive fuel price adjustments.

In the expenses side, fuel expenses will continue to grow mainly due to a shutdown of our nuclear power stations.

Thus, consolidated and non-consolidated ordinary incomes for FY2012 are expected to be 425.0 billion yen and 445.0 billion yen, respectively.

In addition, FY2012 extraordinary income will total 450 billion yen from gain on pension benefits revision and sales of assets and grants-in-aid from NDF. On the other hand, FY2012 extraordinary loss will total 160 billion yen from expenses for nuclear damage compensation.

As a result, consolidated and non-consolidated net incomes for FY2012 are expected to be negative 160 billion yen and negative 155 billion yen, respectively.

Major Factors Affecting FY2012 Earnings Performance

	FY2012 Full-year Projection	
	New (as of Aug. 1)	Previous (as of May 14)
Electricity Sales Volume	272.3 billion kWh [1.5% increase, YOY]	272.3 billion kWh [1.5% increase, YOY]
Crude Oil Price (All Japan CIF)	\$110/barrel	\$110/barrel
Foreign Exchange Rate (Interbank)	80 yen/\$	80 yen/\$
Nuclear Power Plant Capacity Utilization Ratio	0%	0%
Flow Rate	100%	100%

Financial Impact (Sensitivity)

(Unit: billion yen)

	FY2012 Full-year Projection	
	New (as of Aug. 1)	Previous (as of May 14)
<Fuel Expenses>		
➤ Crude Oil Price (All Japan CIF; \$1/barrel)	Approx. 22.0	Approx. 22.0
➤ Foreign Exchange Rate (Interbank; 1 yen/\$)	Approx. 33.0	Approx. 32.0
➤ Nuclear Power Plant Capacity Utilization Ratio (1%)	-	-
<Interest Paid>		
➤ Interest Rate (1%)	Approx. 26.0	Approx. 26.0