

Description of the Supplemental Material

Event Date/Time: Jul 31, 2014 / 05:00PM JST

Event Name: Announcement of TEPCO FY2014 First Quarter Earnings Results

* Investor meeting is not held this time.

Description

It has been more than three years and four months since accident occurred at our Fukushima Daiichi Nuclear Power Station in 2011. We sincerely apologize that the accident still cause anxiety and worry to our investors and shareholders as well as people in the areas around the power station.

In this material, we would like to explain the earnings results for the first quarter of the fiscal year ending March 31, 2015 (FY2014) that TEPCO has just announced.

<Slide 1 and 2 – Key Points of FY2014 First Quarter Earnings Results>

First, I will cover operating revenues. Consolidated and non-consolidated operating revenues increased 9.1 percent year on year to 1,568.5 billion yen and 9.9 percent to 1,532.2 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 2.6 percent year on year to 1,534.6 billion yen and 3.2 percent to 1,505.2 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 52.5 billion yen and 39.0 billion yen, respectively.

For the first quarter earnings, TEPCO recorded net losses of 173.2 billion yen and 183.2 billion yen on consolidated and non-consolidated basis, respectively extraordinary loss from estimated amounts of expenses for nuclear damage compensation.

As for the FY2014 projections, Operating Revenues, Ordinary Income and Net Income have been left as “to be determined” due to forecasting difficulties and because the present situation makes it difficult to release an operation plan for Kashiwazaki-Kariwa Nuclear Power Station. We will announce the projections as soon as we are in a position to do so.

According to above results, non-consolidated ordinary income improved 80.7 billion yen. On

the other hand, the first quarter net income fell down by 614.0 billion yen due to a bounce-back from effects of grants-in-aid from the Nuclear Damage Liability Facilitation Fund which was recorded as extraordinary income in the corresponding period of fiscal 2013.

<Slide 3 – 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. Total electricity sales volume decreased 1.1 percent year on year to 59.7 billion kWh. This is mainly due to decline in the use of heating with the effect of the temperature late in April being higher than previous year.

As to the fiscal 2014 full-year electricity sales volume outlook, we have revised downward by 2.8 billion kWh to 265.8 billion yen kWh, 0.3 percent decrease from the previous outlook, taking into account the actual sales volume for the first quarter.

Detailed data of electricity sales volume is provided on slide 22 and 23.

<Slide 4 and 5 – FY2014 1st 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. The positive impact in the corresponding period of comparison with fiscal 2013 mounted up approximately 145.0 billion yen, mainly resulted from 104.4 billion yen increase in electricity sales revenue with the effect of fuel cost adjustments (approx. 104.0 billion yen). Also, fuel expenses which account for majority of ordinary expenses decreased 11.4 billion yen. As a result, fuel expenses made the first drop below the actual of the corresponding period of previous fiscal year in five years. Please see a balloon on the right side of major factors behind the decrease of fuel expense.

1. On consumption volume side, there was approximately 10.0 billion yen decrease in expense as the result of decline of approximately 0.8 billion kWh in the thermal power generation due to the decrease of the power demand.
2. Also, on price side, there was approximately 1.0 billion yen decrease in expense as the result 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, in spite of depreciation of the yen, weakened by more than 3 yen compared with the corresponding period of fiscal 2013.

On the other hand, the negative impact on the year-on-year comparison totaled approximately 65.0 billion yen. This is mainly resulted from

1. 15.6 billion yen increase in personnel expenses,
2. 17.6 billion yen increase in expense for purchased power due to significant increase in the amount of purchases from power generation facilities resulting from commencement of feed-in tariff scheme for renewable energy in 2012,
3. 24.6 billion yen increase in other expenses mainly due to an increase of payment on Act of Renewable Electric Energy by 16.4 billion yen.

As to personnel expense, the main factors for increase were to review of allowance for employee retirement benefit resulting from falling interest rates (7.3 billion yen) as well as improving the personnel management system which will be implement after July 2014.

Also, the amount of maintenance expenses increase in 0.6 billion yen, which remains at the almost same level compared with the corresponding period of fiscal 2013, as a result of postponement of maintenance works to the utmost extent taking safety and stable power supply into account in addition to continuation of extensive cost reduction

As a result,

<Slide 5 – Extraordinary Income/Loss>

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

First, for the extraordinary income, grants-in-aid from Nuclear Damage Liability Facilitation Fund was not recorded in the first quarter of fiscal 2014. Next, I would like to explain the extraordinary loss. While extraordinary loss on natural disaster was not recorded, TEPCO recorded the expense for nuclear damage compensation of 218.8 billion yen mainly due to determination on the calculation method for housing assurance damages, and cumulative amount reached 5,301.4 billion yen.

For your information, TEPCO submitted an application to the Nuclear Damage Liability Facilitation Fund on July 23, 2014, for increase in the amount of the financial support of 512.5 billion yen. In addition, based on this application, TEPCO also submitted jointly with the Fund the request for a change of the Special Business Plan including the increase in the amount of the financial support to the Competent Ministers. The increase of the amount is total of 293.7 billion yen and 218.8 billion yen, which were recorded as extraordinary loss in fiscal 2013 and in first quarter of fiscal 2014, respectively. TEPCO will record this increase of 512.5 billion yen as extraordinary income for the second quarter of fiscal 2014.

<Slide 6 – FY2014 Business Performance Outlook [Full year]– 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.

<Slide 7 – Fuel Consumption Results and Outlook>

This slide explains about the recent actual thermal fuel consumption results and outlook. The amounts of oil consumption have drastically decreased 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 thermal power generation. 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.

<Slide 8 – Implementation of the Streamlining policy>

This slide shows targets and progress status of cost reduction that are pillar of our streaming policies. As for cost reduction, TEPCO, its subsidiaries and affiliated companies implement the efforts together and the targets of TEPCO and its subsidiaries & affiliated companies for FY2014, which is set in the New Comprehensive Special Business Plan, are 576.1 billion yen and 36.7 billion yen, respectively. The prospect of achieving these targets will be determined around the end of 2014. As for asset disposal, the target regarding disposal of real estate, securities and subsidiaries & affiliated companies in three years to FY2013 was achieved. Maximum efforts will continue to be made aiming most efficient business operation on the basis of growth strategies from the New Comprehensive Special Business Plan.

<Slide 9 – Nationwide Power Sales through Subsidiary Company>

This slide introduces the approach towards nation power sales through one of our subsidiary company, Tepco Customer Corporation Limited. In order to fulfill our responsibility for the revitalization of Fukushima, in line with the New Comprehensive Special Business Plan, TEPCO Group is engaging in the development of new energy services in advance of the Electricity System Reform and improving the corporate value.

<Slide 10 – Resumption and Expansion of Overseas Business>

This slide presents our overseas business. TEPCO refrained voluntarily from overseas business since 2011. However, TEPCO has resumed and been expanding its overseas business to contribute globally by utilizing its engineering skills and knowledge that it has cultivated in the domestic and overseas markets as well as strengthening its revenue base and enhancing profitability.

<Slides 11 and 12 – Efforts towards Nuclear Reform>

These slides are regarding TEPCO's efforts towards nuclear reform. TEPCO is now underway of steady implementation of the reform based on the "Reassessment of Fukushima Nuclear Accident and Nuclear Safety Reform Plan" announced on March 29, 2013 and the initiatives proposed by the Nuclear Reform Monitoring Committee on regular basis.

<After slide 13 – FY2014 1st Quarter Earnings Results (Detailed Information), Fukushima Daiichi Nuclear Power Station and Kashiwazaki-Kariwa Nuclear Power Station>

The following slides introduce detailed information of fiscal 2014 first quarter at slides 13 through 25, the current status and future initiatives of Fukushima Daiichi Nuclear Power Station such as countermeasures for contaminated water problem at slides 26 through 33, and the current status and future initiatives of Kashiwazaki-Kariwa Nuclear Power Station such as efforts towards compliance examination under the New Regulatory Requirements at slides 34 through 37.

For reference, the slide 20 explains segment information. TEPCO expanded the application

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range of management control system based on in-house companies to the whole TEPCO Group in FY2014, and the operational control over affiliated companies have been taken by the related in-house company or corporate. In response to this policy change, TEPCO's reported segments have been modified to four segments (previously five) that are "Fuel & Power," "Power Grid," "Customer Service," and "Corporate" from FY2014. Accordingly, every affiliated company which was reported in same one segment called "Others" in FY2013 has been put into any of those four segments.

<In end>

On a final note, the current fiscal year is the first year of "FY2014 TEPCO Group Action Plan" announced on March 31, 2014. Therefore, our efforts in FY2014 accounts for important weight of the Action Plan.

The environment involving us remains severe. TEPCO Group will continue cost reduction through the technical innovation and operational rationalization, and at the same time, TEPCO Group will fulfill its responsibility toward Fukushima in the long term.

<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.