

Description of the Supplemental Material

Event Date/Time: August 1, 2012 / 04:30PM JST

Event Name: Announcement of TEPCO FY2012 1st Quarter Earnings Results

*No investor meeting is held this time.

Description

First of all, once again we 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.

In this material, we would like to explain the earnings results for the 1st quarter of the fiscal year ending March 31, 2013 (FY2012) that TEPCO has just announced. Also, we'll cover FY2012 earnings outlook just revised reflecting governmental assessments on our application of the rate revision submitted to the Ministry of Economics, Trade and Industry in this May.

<Slides 1-2. Key Points of FY2012 1st Quarter Earnings Results>

We would like to cover key points of our performance here. Please refer to page 1 and 2 of the Supplemental Material. First I will cover operating revenues. In the electric power business, consolidated and non-consolidated operating revenues increased 15.6 percent year on year to 1,309.7 billion yen and 16.4 percent to 1,254.5 billion yen, respectively. The increases in revenues primarily reflected rises in electricity unit sales prices and an increase in sales volume.

Regarding expenses, substantially higher fuel expenses caused by a significant drop in power generated by nuclear power plants and a rise in fuel prices resulted in ordinary expenses increases on both consolidated and non-consolidated bases. Consolidated and non-consolidated ordinary expenses increased 19.4 percent to 1,459.0 billion yen and 20.5 percent to 1,414.9 billion yen. Consequently, consolidated and non-consolidated ordinary incomes recorded losses of 124.2 billion yen and 134.1 billion yen, respectively.

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For the 1st quarter earnings, TEPCO recorded net losses of 288.3 billion yen and 285.5 billion yen on consolidated and non-consolidated bases, respectively. While gains on sales of securities were recorded as an extraordinary income during the period, additional losses on nuclear damage compensations were recorded as an extraordinary loss since we can now rationally estimate the amount of compensations for losses and damages on tangible assets.

Regarding the performance outlook for Fiscal 2012, we have just revised the one released on May 14, reflecting the impact of governmental assessments on our initial application of the rate revision submitted to the Ministry of Economics, Trade and Industry in this May. FY2012 consolidated and non-consolidated operating revenues are expected to shrink by approximately 1% or 50 billion yen against those on the previous outlook. Consequently, our consolidated and non-consolidated ordinary losses are expected to be 425.0 billion yen and 445.0 billion yen, respectively. Consolidated and non-consolidated net losses are expected to be 160.0 billion yen and 155.0 billion yen, respectively. For the details of the 1st quarter earnings and FY2012 outlook, we will cover later.

<Slide 3. FY2012 1st Quarter Electricity Sales Volume and Total Power Generated and Purchased>

In this slide, you can see electricity sales volume in the 1st quarter of FY2012. Please see the yellow-shaded area in the upper table. Total electricity sales volume increased 3.7 percent year on year to 62.4 billion kWh led by a bounce-back from the previous year's power demand plunge affected by the Great East Japan Earthquake. As to full-year electricity sales volume outlook, we have made no change on existing one announced in the FY2011 year-end earnings results. We project our annual power sales volume will increase 1.5 percent year on year to 272.3 billion kWh, reflecting the bounce-back and expected business upturn. For detailed data of our sales volume will be provided on Pages 21 through 22.

<Slide 4. FY2012 1st Quarter Business Performance– Comparison with Previous Fiscal Year Results>

Slide 4 presents a comparison with results of the corresponding period of the previous fiscal year. The positive impact in comparison with a year earlier totaled approximately 210 billion yen, contributed by an increase in operating revenues thanks to rises in unit sales prices and sales volume. On the other hand, the negative impact on the year-on-year comparison mounted up to approximately 270 billion yen, mainly due to substantially higher fuel expenses caused by a drop in power generated by nuclear power plants. As a result,

non-consolidated ordinary income in the 1st quarter decreased by 62.3 billion yen year on year. Our 1st quarter non-consolidated net income improved by 288.3 billion yen year on year, mainly caused by a bounce-back from huge extraordinary losses recorded in the same period a year earlier.

<Slide 5. FY2012 1st Quarter Business Performance– Financial Impact of March 11 Earthquake>

This slide illustrates a breakdown of the earthquake-related extraordinary income and losses recorded by the end of the quarter. For the extraordinary income, no grants-in-aid from the Nuclear Damage Liability Facilitation Fund was recorded in the quarter. Regarding extraordinary losses, while those on natural disaster was not recognized in the period, expenses for nuclear damage compensation of 161.0 billion yen were additionally recorded since we can now rationally estimate the amount of compensations for losses and damages on tangible assets. The cumulative expenses for nuclear damage compensation reached 2,685.9 billion yen as of the end of FY2012 1st quarter.

<Slide 6. FY2012 Performance Outlook– Key Factors Affecting Performance and Financial Impact>

You can see figures of the key factors for our business performance here. We would like to briefly mention those for full-year performance outlook. For the full-year earnings performance estimate, we projected our annual power sales volume at 272.3 billion kWh, no change from that on the previous outlook. Also, we projected an all Japan CIF crude oil price, a popular benchmark of various fuel prices in Japan and a USD/JPY exchange rate at approximately USD110/b and approximately 80, respectively. We forecast our full-year nuclear power plant capacity utilization ratio at zero percent. These three numbers have not been changed from those on the previous outlook also.

<Slide 7. FY2012 Performance Outlook– Comparison with the Previous Projection >

This slide shows variances between the previous and new FY2012 full-year performance outlook. Non-consolidated ordinary revenues have been revised downward by approximately 50 billion yen, led by the governmental assessments on our application of the rate revision. In the expenses side, non-consolidated ordinary expenses have been revised upward by approximately 20 billion yen, mainly due to an increase in fuel expenses. Thus, full-year ordinary income is expected to get worse by 70 billion yen to a loss of 445 billion yen, compared with that appeared on the previous outlook.

<Slide 8. FY2012 Performance Outlook– Comparison with the Results of the Previous Fiscal Year >

This slide shows comparisons in business performances between the previous fiscal year results and this fiscal year outlook. We would like to explain major factors behind the variances in non-consolidated basis briefly. Non-consolidated ordinary revenues in this fiscal year are expected to increase approximately 650 billion yen, led by rises in unit retail prices reflecting the rate hike and positive fuel price adjustments. In the expenses side, a decrease in some of expenses under our strict streamlining policy will be more than offset by an increase in fuel expenses and power purchasing costs. Consequently, ordinary expenses in this fiscal year will increase approximately 685 billion yen and therefore, ordinary income will decrease 35 billion yen to approximately negative 445 billion yen. The net impact of extraordinary incomes and losses on this fiscal year earnings will be positive 605 billion yen, and thus non-consolidated net income will improve to approximately negative 115 billion yen.

<Slide 9. Fuel Consumption and Procurement>

In this page, you can see the recent actual fuel consumption results and outlook. No change is made for the fuel consumption outlook at this point.

<Slides 10-11. Governmental Approval on Electricity Tariff Revision and Assumptions on Rate-making>

Slides 10 and 11 show some of key figures concerning the electricity tariff revision just approved by Minister of METI on July 25. You can find a breakdown table of the costs related to power supply in the revision and selected assumptions on the rate-making. As we are strongly asked by METI to revise our initial application of the rate revision, we revised the costs on electricity retail services downward by 83.3 billion yen (three year average between FY2012 and 2014) and thus average percent of the hike in the regulated sector shrank from 10.28 to 8.46. Tariff for the deregulated customers will also revised downward reflecting the revised total power supply costs.

<Slide 12. Implementation of the Streamlining Policy>

This slide illustrates a brief summary of the targets and progress in "Cost Reduction" and "Asset Disposal," two of key measures in our streamlining policy. For the cost reduction, being implemented not only TEPCO but also its subsidiaries and affiliated companies, we believe the target numbers for FY2012 can be reached by the end of the fiscal year. We have set the FY2012 target for TEPCO and its subsidiaries and affiliated companies at 351.8 billion yen and 28.0 billion yen, respectively. As to the asset disposal, we have set the FY2012 target at more than 200 billion yen through sales of real estate, marketable securities and shares of subsidiaries and affiliated companies.

<End of Description>

Disclaimer:

In this description, 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.