TRANSLATION

Please note that the following purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of the Shareholders outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Matters for Internet Disclosure under Laws and Regulations and the Articles of Incorporation

(From April 1, 2017 to March 31, 2018)

Tokyo Electric Power Company Holdings, Incorporated

With regard to "Systems for Ensuring Properness of Business Operations and Overview of Operating Status of the Systems," "Consolidated Statement of Changes in Net Assets," "Notes to Consolidated Financial Statements," "Statement of Changes in Net Assets," and "Notes to Non-Consolidated Financial Statements" are hereby provided to our shareholders in accordance with relevant laws and regulations and with Article 17 of the Articles of Incorporation.

Systems for Ensuring Properness of Business Operations and Overview of Operating Status of the Systems

Outline of Resolution on Establishment of Systems for Ensuring Properness of Business Operations

1. Systems for Ensuring Effective Audits by the Audit Committee

i) As employees to support the duties of the Audit Committee, the Company shall appoint Audit Committee Aides. In addition, the Company shall establish a full-time body for assisting the duties of the Audit Committee and assign the necessary personnel.

ii) Audit Committee Aides and members of the full-time body for assisting the duties of the Audit Committee shall comply with instructions and orders from the Audit Committee, and matters concerning their personnel shall be consulted with the Audit Committee in advance.

iii) When discovering facts that could cause the Company significant damage, Directors and Executive Officers shall report immediately the same to a member of the Audit Committee, while also making necessary reports on matters requested by Audit Committee Members selected by the Audit Committee. A system shall also be arranged to enable necessary and appropriate reporting to the Audit Committee by a Director, Executive Officer, Corporate Officer or employee of the Company, or by a Director, Auditor, Corporate Officer or employee of a Group company or by a person who received a report from one of them. At the same time, appropriate measures shall be taken to ensure that a person who makes such a report does not receive disadvantageous treatment because of making such a report.

iv) The Company shall establish a system that enables members of the Audit Committee to attend the meetings of the Board of Executive Officers, the Management & Planning Meeting and other important meetings and state their opinions whenever necessary. Moreover, in addition to creating the environment to achieve the cooperation of the Accounting Auditor and the internal audit body with the Audit Committee, the Company shall make arrangements to ensure the effectiveness of audits by the Audit Committee, including the payment of the expenses deemed necessary for the execution of the duties as a member of the Audit Committee.

2. Systems for Ensuring that Execution of Duties by Directors and Executive Officers is in Compliance with Laws and Regulations and the Articles of Incorporation

i) To rigorously enforce operations of business in line with social norms and observance of corporate ethics, the Company shall draw up the “TEPCO Group Charter of Corporate Conduct” and the “Corporate Ethics Code of Conduct” and Directors and Executive Officers shall take the lead in practicing these, while ensuring their observance by Corporate Officers and employees.
Meanwhile, the “TEPCO Group Corporate Ethics Committee,” which includes external experts as its members, shall be set up to oversee corporate ethics as a whole and promote compliance-oriented management.

ii) The Board of Directors shall meet once a month in principle and additionally as necessary to discuss and make decisions on important execution of duties in accordance with laws and regulations and the Articles of Incorporation and supervise execution of duties undertaken by Directors and Executive Officers by such means as receiving reports from Executive Officers on the status of their execution of duties on both a regular and an as-needed basis. The Board of Directors, whenever necessary, shall request Corporate Officers to report to the Board of Directors on their status of execution of duties.
The Board of Executive Officers shall be established to assist the functions of the Board of Directors and achieve efficient and appropriate decision-making. The Board of Executive Officers shall meet once a week in principle and additionally as necessary to discuss on important management matters including the agenda of meetings of the Board of Directors. Directors and Executive Officers shall always gather sufficient information and make

appropriate business judgments in compliance with laws and regulations and the Articles of Incorporation.

3. Systems for Preservation and Management of Information on Execution of Duties by Executive Officers

i) The summary of the minutes of meetings of the Board of Executive Officers and other information on execution of duties by Executive Officers shall be managed appropriately in accordance with laws and regulations and internal rules in all processes from its creation to use, utilization, preservation and disposal.

ii) An IT environment shall be established that contributes not only to information security but also to the improvement of efficiency and the assurance of appropriateness in relation to the execution of duties.

4. Regulations on Risk Management and Other Systems

i) Directors and Executive Officers shall identify and evaluate risks associated with the business activities of the Company and its Group companies on both a regular and an as-needed basis and appropriately reflect such risks in the business management plan formulated for each fiscal year. Internal rules shall also be prepared to enable risk management of the entire group to be carried out appropriately.

ii) Such risks are basically managed as part of execution of duties by individual body in charge of the relevant business in line with internal rules. Any risk that involves more than one body shall be managed appropriately based on discussions by cross-organizational committee and other forums.

iii) Concerning risks that might seriously affect corporate management, the “Risk Management Committee” chaired by the Executive Officer and President shall prevent such risk from materializing. If the risk does materialize, the committee shall quickly and accurately deal with such risk in order to minimize its impact on corporate management.

iv) Appropriate systems shall be arranged in readiness for the occurrence of a major earthquake or similar emergency disaster, including the setting up of a response body, creating a system for communication of information and carrying out periodic disaster prevention drills.

v) The internal audit body shall audit the effectiveness of the risk management system periodically and additionally as necessary, and report the results of audit to the Board of Executive Officers, etc. The Executive Officers shall make necessary improvements based on the audit results.

vi) The Management & Planning Meeting shall be established to share information on the overall management of the Company and to promote corporate reform. The Management & Planning Meeting shall be held as necessary and discuss on the policy for responding to important management issues and the direction of that response.

vii) Based on reflection on the accident at the Fukushima Daiichi Nuclear Power Station, a “Nuclear Safety Oversight Office” shall be established as a body that is directly controlled by the Executive Officer and President. Drawing on the expertise of external specialists, the Nuclear Safety Oversight Office shall monitor nuclear safety initiatives, provide advice whenever necessary and involve itself directly in the decision-making on those initiatives, and by arranging such system, the Company shall achieve improvement of management of nuclear power safety. Moreover, the Chief of Nuclear Safety Oversight shall report directly to the Board of Directors as necessary regarding matters of nuclear safety.

A system for communicating appropriately with the general public about the Company’s business activities in general, including nuclear power business, shall also be established.

5. Systems for Ensuring Efficient Execution of Duties by Executive Officers

i) Steps shall be taken for efficient decision-making on important management matters, including the appropriate discussions at the Management & Planning Meeting and other forums, in addition to by the Board of Executive Officers.

ii) The responsibilities and authority of Executive Officers in their execution of duties shall be clarified in internal rules, and Executive Officers, Corporate Officers and employees shall execute their respective duties appropriately and promptly.

6. Systems for Ensuring that Execution of Duties by Employees is in Compliance with Laws and Regulations and the Articles of Incorporation

i) Steps shall be taken to establish and rigorously enforce the "TEPCO Group Charter of Corporate Conduct" and the "Corporate Ethics Code of Conduct," such as continuously providing training in corporate ethics and other measures, so that all employees observe them.

ii) The Company shall establish a "Consultation Desk for Corporate Ethics" to allow for anonymous inquiries about issues around laws and regulations and corporate ethics and shall take appropriate action on cases reported based on discussions by the "TEPCO Group Corporate Ethics Committee." The privacy of those using the Consultation Desk shall be strictly protected in accordance with internal rules.

iii) The Company shall clarify the laws and regulations, etc. that must be observed when executing duties in internal rules and rigorously enforce the execution of duties based on internal rules through education and training, etc.

iv) To ensure that execution of duties by employees is in compliance with laws and regulations and the Articles of Incorporation, the internal audit body shall audit the status of execution of duties by employees periodically and at other times if necessary and report the results of audit to the Board of Executive Officers, etc. Executive Officers shall make necessary improvements based on the audit results.

v) Based on these initiatives, the Company shall enhance and rigorously enforce a "Climate of active compliance," under which each employee is aware of and acts in accordance with corporate ethics and creates a workplace with a positive atmosphere, a "Mechanism of ensuring compliance" under which internal rules are continuously improved and steps are taken to rigorously enforce them, and a "Framework for speaking out," under which employees can speak of their own accord on work-related issues and problems and their input is positively welcomed.

7. Systems for Ensuring Properness of Business Operations of the Corporate Group Comprising the Company and its Subsidiaries

i) Under the "TEPCO Group Charter of Corporate Conduct," the Group shall indicate the shared direction and targets, etc. as management policy to be aimed for by the Group as a whole, and make concerted efforts to achieve them. Meanwhile, the Company shall provide appropriate support to Group companies to help them autonomously develop and operate systems to ensure the properness of their business operations.

ii) The Company shall clarify responsibilities and authority in internal rules to facilitate efficient decision-making and appropriate and prompt execution of duties at Group companies.

iii) The Company shall arrange a system for prior consultation and reporting from Group companies in accordance with internal rules, etc. regarding important matters in the execution of duties. Meanwhile, the Company's Directors and Executive Officers shall exchange opinions, etc. with the Directors of Group companies at periodic meetings to ascertain the status of management at Group companies and share and resolve any management issues within the Group.

iv) The Company shall establish an environment which facilitates the use of the "Consultation Desk for Corporate Ethics" by Group companies.

v) The Company's internal audit body shall conduct audits, etc. as necessary to enable the properness of business operations at Group companies to be ensured.

Overview of Operating Status of the Systems for Ensuring Properness of Business Operations

1. Ensuring the Effectiveness of Audits by the Audit Committee

i) The Audit Committee comprises four Audit Committee Members, including three Outside Directors. Moreover, in fiscal 2017, the Company assigned two Audit Committee Aides to assist the Audit Committee in addition to allocating seven members of staff to the Office of Audit Committee, a full-time body for assisting the duties of the Audit Committee, and having the full-time Audit Committee Members, Audit Committee Aides and relevant staff members serve as part-time auditors for Group companies.

ii) Based on this system, the Audit Committee carries out effective and efficient audits, including the periodic exchange of opinions with the Accounting Auditor and the internal audit body in addition to exchanging opinions with employees in frontline worksites and conducting meetings with Group companies.

iii) The Audit Committee Members also attend the meetings of the Board of Executive Officers, the Management & Planning Meeting and other important meetings in addition to requesting the necessary reports from the Directors and Executive Officers as appropriate to check on the process for key decision-making and the status of execution of operations.

2. Appropriate and Efficient Execution of Duties by the Directors and Executive Officers

i) The Board of Directors of the Company, which is a Company with Nominating Committee, etc., holds full deliberations based on the annual topics schedule, formulated by selecting regular matters to be submitted and reported as well as important management issues in advance, makes decisions on important business execution and supervises the business execution undertaken by the Directors and Executive Officers. In fiscal 2017, the Company held 19 meetings of the Board of Directors.

ii) The Company strives for efficient and appropriate decision-making by deliberating and making decisions on important management issues, including matters to be submitted to the Board of Directors, at the meetings of the Board of Executive Officers, which are held once a week as a rule, and the Management & Planning Meeting, etc.

iii) Decisions on important matters of business execution at Group companies need to be preliminarily approved by or reported to the Company based on internal rules, etc. Moreover, from the viewpoint of overall optimization, etc. in the Group, in addition to receiving regular reports on management status from Group companies, the Company has established opportunities for sharing management issues of the entire Group between its Directors and Executive Officers and the Directors of Group companies, including the holding of the “Group Management Presentation.”

3. Risk Management

i) The Executive Officer and President of the Company is the person with overall responsibility for risk management at the Group, and the Risk Management Committee, chaired by the Executive Officer and President, provides centralized supervision. In fiscal 2017, the Risk Management Committee met three times and deliberated on risks and their countermeasures in the business operations of the Group, including changes in the management environment and lawsuits, in addition to reporting a summary of its deliberations to the Board of Executive Officers and the Board of Directors.

ii) In addition, risk is recognized and managed appropriately on a daily basis through such means as the “Risk Management Meetings” held by each organization at the Company, which evaluate risk in the business operations of each organization and deliberate on countermeasures. In the event that a risk materializes, the Company has also clarified the reporting channels and details in addition to ensuring that a response headquarters, etc. is established to respond in accordance with the circumstances, to enable a prompt and precise response.

iii) The Company has established a basic policy on emergency and disaster measures with regard to emergencies and disasters that include a large-scale earthquake and is constantly promoting preparations for disaster prevention. At the same time, the Company has established a system for a united Group response in the event of a disaster, including holding disaster prevention drills, which were practiced 44 times in fiscal 2017.

iv) "The Nuclear Safety Oversight Office," headed by a foreign specialist in nuclear power safety, has strengthened supervision of the Company's initiatives on nuclear power safety by inviting external specialists as well as conducting training and education of monitoring and evaluation staff, etc., and it provides advices as necessary. The Chief of Nuclear Safety Oversight who serves as Head of Nuclear Safety Oversight Office also reports the results of the evaluation of the above initiatives to the Board of Directors quarterly.

4. Compliance

i) The Company has fully informed the Directors, Executive Officers, and employees, etc. about the "TEPCO Group Charter of Corporate Conduct" and "Corporate Ethics Code of Conduct" through the in-house intranet, etc. Moreover, in addition to continually conducting education and awareness raising activities, including e-learning and training, the Company rigorously enforces compliance with corporate ethics, including the assignment of corporate ethics managers to each organization to carry out activities in which corporate ethics are practiced and recognized in collaboration with the "TEPCO Group Corporate Ethics Committee."

ii) Moreover, in order to promote compliance management as a Group, the "TEPCO Group Corporate Ethics Committee" chaired by the Executive Officer and President of the Company deliberates and decides on activities for the practice and recognition of corporate ethics as well as the operating status of "Consultation Desk for Corporate Ethics" such as acceptance and response, etc. In fiscal 2017, the Committee met four times and a summary of meetings was posted on the Company's website.

iii) With the aim of assessing the awareness of employees about corporate ethics overall and improving activities for the practice and recognition of corporate ethics, the Company also implements the "Survey on Awareness of Corporate Ethics" targeting all employees once a year.

iv) The internal audit body audits the status of the execution of duties by employees, etc. from the perspectives of "achieving management policies and goals," "effective and efficient running of operations," "accurate reporting," "compliance with rules" and so on, and at the same time makes recommendations on areas that require improvement based on the audit results.

v) Based on these efforts and the results from verifying their effectiveness, etc., the Company formulates policies and plans concerning corporate ethics activities and rigorously enforces a "Climate of active compliance," a "Mechanism of ensuring compliance," and a "Framework for speaking out."

Consolidated Statement of Changes in Net Assets (Period from April 1, 2017 to March 31, 2018)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	**1,400,975**	**743,123**	**193,404**	**(8,442)**	**2,329,061**
Changes of items during the period					
Profit attributable to owners of parent			318,077		318,077
Purchases of treasury stock				(15)	(15)
Disposal of treasury stock		(2)		2	0
Change of scope of equity method			(2,888)		(2,888)
Reversal of revaluation reserve for land			(9)		(9)
Other				0	0
Net changes in items other than those in shareholders' equity					
Total changes of items during the period	**–**	**(2)**	**315,179**	**(12)**	**315,165**
Balance at the end of current period	**1,400,975**	**743,121**	**508,584**	**(8,454)**	**2,644,226**

(millions of yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gain or loss on securities	Deferred gain and loss on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at the beginning of current period	**5,109**	**(1,871)**	**(2,301)**	**17,098**	**(3,662)**	**14,373**	**5,244**	**2,348,679**
Changes of items during the period								
Profit attributable to owners of parent								318,077
Purchases of treasury stock								(15)
Disposal of treasury stock								0
Change of scope of equity method								(2,888)
Reversal of revaluation reserve for land								(9)
Other								0
Net changes in items other than those in shareholders' equity	3,569	1,416	9	(24,944)	12,734	(7,214)	635	(6,579)
Total changes of items during the period	**3,569**	**1,416**	**9**	**(24,944)**	**12,734**	**(7,214)**	**635**	**308,586**
Balance at the end of current period	**8,679**	**(454)**	**(2,291)**	**(7,846)**	**9,072**	**7,158**	**5,880**	**2,657,265**

Notes to Consolidated Financial Statements

From April 1, 2017
to March 31, 2018

[Notes, etc. regarding Important Matters Forming the Basis of Preparation of Consolidated Financial Statements]

1. Scope of Consolidation

   Number of consolidated subsidiaries 43 companies

   Major consolidated subsidiaries are as follows:

   TEPCO Fuel & Power, Incorporated, TEPCO Power Grid, Incorporated, TEPCO Energy Partner, Incorporated, Toden Real Estate Co., Inc., The Tokyo Electric Generation Company, Incorporated, TEPCO SYSTEMS CORPORATION, Tokyo Power Technology Ltd., Tokyo Electric Power Services Company, Limited, Fuel TEPCO Limited, TOKYO WATERFRONT RECYCLE POWER CO., LTD., Tepco Town Planning Co., Ltd., Tokyo Densetsu Service Co., Ltd., Japan Facility Solutions, Inc., Tepco Customer Service Corporation Limited

2. Application of Equity Method

   Number of affiliates accounted for under the equity method 18 companies

   Affiliates accounted for under the equity method are as follows:

   Kimitsu Cooperative Thermal Power Company, Inc., KASHIMA KYODO ELECTRIC POWER COMPANY, Soma Kyodo Power Company, Ltd., JERA Co., Inc., Tokyo Energy Alliance Co., Ltd., TEPCO i-FRONTIERS, INC., JOBAN JOINT POWER CO., LTD., KANDENKO CO., LTD., Eurus Energy Holdings Corporation, LIXIL TEPCO Smart Partners Co., Ltd., TAKAOKA TOKO CO., LTD., TOKYO TOSHI SERVICE COMPANY, Hitachi Systems Power Services, Ltd., AT TOKYO Corporation, Energy Asia Holdings Ltd, Japan Nuclear Fuel Limited, The Japan Atomic Power Company, TOKYO ENERGY & SYSTEMS INC.

   Energy Asia Holdings Ltd was included in the scope of application of the equity method as its importance increased. Tokyo Energy Alliance Co., Ltd., TEPCO i-FRONTIERS, INC. and LIXIL TEPCO Smart Partners Co., Ltd. were included in the scope of application of the equity method as they were newly established.

   Affiliates which are not accounted for under the equity method (including JAPAN NUCLEAR SECURITY SYSTEM CO., LTD. and Nuclear Fuel Transport Company, Ltd.) have an insignificant effect, both individually and jointly, to the consolidated profit/loss and the consolidated retained earnings and other indicators.

3. Accounting Policies

   (1) Basis and method for valuation of significant assets

   A. Long-term investments (Available-for-sale securities that are securities classified as other securities under Japanese GAAP)

   Securities with readily determinable fair values are stated at fair value based on the market price, etc. on the balance sheet date (cost of securities sold is determined by the moving-average method), with unrealized gains or losses, net of applicable taxes, stated as a separate component of net assets.

   Securities without readily determinable fair values are stated at cost determined by the moving-average method.

   B. Inventories

   Stated at cost determined by the average method (the book value may be written down to market value due to decline in the profitability).

(2) Depreciation and amortization method for significant depreciable and amortizable assets

Property, plant and equipment are depreciated by the declining-balance method.

Intangible fixed assets are amortized by the straight-line method.

Property, plant and equipment include the assets corresponding to asset retirement obligations related to the decommissioning measures for specified nuclear power units. The method of recording the related decommissioning costs is explained in "(6) Method of Recording Decommissioning Costs of Nuclear Power Units."

(3) Provision of significant reserves

A. Reserve for loss on disaster

1) For the loss on the Niigataken Chuetsu-Oki Earthquake

In order to provide for the losses and expenses required for the restoration of assets damaged by the Niigataken Chuetsu-Oki Earthquake, reserve is made at an estimated amount at the end of the fiscal year.

2) For the loss on the Tohoku-Chihou-Taiheiyou-Oki Earthquake

In order to provide for the losses and expenses required for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, reserve is made at an estimated amount at the end of the fiscal year.

Major expenses and/or losses included in reserve for loss on disaster are recognized as follows.

a) Expenses and/or losses for settling the nuclear accident and preparing for decommissioning of the Fukushima Daiichi Nuclear Power Station

Following the "Step 2 Completion Report – Roadmap towards Settlement of the Accident at the Fukushima Daiichi Nuclear Power Station, TEPCO" (December 16, 2011) prepared by Government-TEPCO Integrated Response Office established by the Nuclear Emergency Response Headquarters of the Government, "Mid-and-long-Term Roadmap towards the Decommissioning of the Fukushima Daiichi Nuclear Power Station, TEPCO" (December 21, 2011, hereinafter "Mid-and-long Term Roadmap") was prepared by Government and TEPCO's Mid-to-Long Term Countermeasure Meeting established by Nuclear Emergency Response Headquarters of the Government (most recently revised on September 26, 2017). Regarding expenses and/or losses related to Mid-and-long Term Roadmap, the Company records estimated amounts (excluding expenses required for retirement of the core, etc. in the plan regarding the recovery of the reserve for decommissioning, whereby a request for approval for Article 55-9, Paragraph 2 of "Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act" [Act No. 94 of 2011] has been made) based on specific target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way.

However, within expenses and/or losses related to Mid-and-long Term Roadmap, if the normal estimation is difficult because the specific contents of constructions, etc. cannot be estimated at this time, the Company records estimated amounts based on the historical amounts at an accident at overseas nuclear power stations.

b) Expenses for disposal of nuclear fuels in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4

For disposal costs of nuclear fuels in processing which are not expected to be spent, the Company records the present value (discount rate 4.0%) of such costs.

Disposal costs for loaded fuels are included in other long-term liabilities.

c) Expenses and/or losses for maintaining the status of “cold shutdown” at the Fukushima Daini Nuclear Power Station

Although the future treatment for the damaged Fukushima Daini Nuclear Power Station has not been determined yet, the Company records estimated amounts for expenses and/or losses for maintaining the status of “cold shutdown” based on the expenses and/or losses required for restoration of the Kashiwazaki-Kariwa Nuclear Power Station damaged by the Niigataken Chuetsu-Oki Earthquake.

Additional Information

• Breakdown of reserve for loss on disaster as of March 31, 2018

1) For the loss on the Niigataken Chuetsu-Oki Earthquake	¥	5,119 million
2) For the loss on the Tohoku-Chihou-Taiheiyou-Oki Earthquake:	¥	437,282 million
Of which:		
a) Expenses and/or losses for settling the nuclear accident and preparing for decommissioning of the Fukushima Daiichi Nuclear Power Station	¥	315,442 million
b) Expenses for disposal of nuclear fuels in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4	¥	5,885 million
c) Expenses and/or losses for maintaining the status of “cold shutdown” at the Fukushima Daini Nuclear Power Station	¥	115,384 million
d) Other	¥	569 million
Total	¥	442,402 million

• Estimates of expenses and/or losses related to Mid-and-long Term Roadmap within the expenses and/or losses for settling the nuclear accident and preparing for decommissioning , etc. of the Fukushima Daiichi Nuclear Power Station

Before nuclear power stations can be scrapped, nuclear fuels in the reactors must be removed, but the specific contents of the work will be decided after the status of inside of the reactors has been confirmed and also in consideration of the progress of necessary research and development activities. Accordingly, the Company records the amounts, including amounts recorded based on the historical amounts at an accident at overseas nuclear power stations, within the range of reasonable estimates possible at this moment for expenses and/or losses related to Mid-and-long Term Roadmap, although they might vary from now on.

B. Provision for preparation of removal of reactor cores in specified nuclear power facilities

In order to provide for the losses and expenses required for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, among amounts set in the plan regarding the recovery of the reserve for decommissioning—whereby a request for approval for Article 55-9, Paragraph 2 of “Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act” [Act No. 94 of August 10, 2011] has been made—expenses required for retirement of the core, etc. were recorded. As approval for Article 55-9, Paragraph 2 of the said Act was received on April 11, 2018, the Company plans to transfer this provision into the provision for removal of reactor cores in specified nuclear power facilities in the following fiscal year.

C. Reserve for compensation for nuclear power-related damages

In order to provide for expenses required for compensation payments for nuclear power-related damages concerning the accident of the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company records estimated amounts at the end of the fiscal year.

The Company has recorded a reserve for compensation for nuclear power-related damages after deducting the receivables of compensation pursuant to the provision of the “Act on Contract for Indemnification of Nuclear Damage Compensation” (Act No. 148 of June 17, 1961) and the amount of grants-in-aid applied pursuant to the provision of the “Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act” (Act No. 94 of August 10, 2011) (hereinafter the “Grants-in-aid”) corresponding to the compensation liability owed by the Company to the state based on the “Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials Discharged by the Nuclear Power Plant Accident Accompanying the Earthquake that Occurred off the Pacific Coast of the Tohoku Region on March 11, 2011” (Act No. 110 of August 30, 2011), etc. (a liability recognized on or after January 1, 2015, hereinafter the “Cost of Decontamination, etc.”) from the estimated compensation based on the “Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage Due to the Accident at the Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO” (August 5, 2011) and other state guidelines on compensation decided at the Committee for Adjustment of Compensation for Nuclear Damages Disputes, as well as the Company’s criteria for compensation taking the state guidelines in consideration, actual compensation claims and objective statistical data, etc. The Company has recorded the estimated compensation amounts as far as reasonable estimation is possible at this moment, although it might vary from now on, depending on newly decided state guidelines on compensation, the formulation of the Company’s criteria for compensation, more accurate reference data and agreements with sufferers in the future, etc.

Additional Information

Receivables of ¥1,627,254 million on grants-in-aid corresponding to the cost of decontamination, etc. are not recorded as “Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation” and the estimated amount of the said receivables are not recorded as “Reserve for compensation for nuclear power-related damages” at the end of the fiscal year in accordance with the Ordinance on Accounting at Electric Utilities.

(4) Expenses for contribution of reprocessing of irradiated nuclear fuel

For costs required for reprocessing irradiated nuclear fuel and others, contributions specified in Article 4, Paragraph 1 of the “Act on Partial Amendment of the Act on Creation and Management of Trust Funds for Reprocessing of Spent Fuel in Nuclear Power Generation” (Act No. 40 of May 18, 2016) are recorded as expenses according to the amount of irradiated nuclear fuel incurred by the operation.

Of the estimated costs for reprocessing irradiated nuclear fuel accrued by March 31, 2005, for differences resulted from the accounting changes made in the fiscal year ended March 31, 2006 for recognition of the reserve, the Company is deemed to have fulfilled the responsibility for bearing the costs by paying these differences as contributions related to irradiated nuclear fuel in accordance with Article 4 of the Supplementary Provisions to the “Ministerial Ordinance on the Partial Amendment of the Ordinance on Accounting at Electric Utilities, Etc.” (Ordinance of the Ministry of Economy, Trade and Industry No. 94 of September 30, 2016), i.e., an annual expense of ¥30,560 million is recorded as expenses until the year ending March 31, 2020.

In addition, contributions concerning processing related to reprocessing of irradiated nuclear fuel are recorded as special account related to reprocessing of spent nuclear fuel.

(5) Accounting for employee's retirement benefits

In order to provide for payments of retirement benefits to employees, an asset or liability is established based on the projected benefit obligations and the plan assets estimated at the end of the fiscal year.

In determining the retirement benefit obligations, the straight-line basis is adopted as the attribution method of the expected retirement benefits to the period up to the end of the fiscal year.

The entire amount of past service cost is mainly recognized in profit or loss in the fiscal year during which it arises.

Actuarial gains and losses are mainly charged to income from the period in which it arises using the straight-line method over a defined period (three years) within the average remaining service period of the employees as occurred.

Unrecognized actuarial gains and losses and unrecognized past service cost, net of applicable taxes, are stated in "Remeasurements of defined benefit plans" in accumulated other comprehensive income of net assets.

(6) Method of Recording Decommissioning Costs of Nuclear Power Units

The Company applies Paragraph 8 of "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 21, March 25, 2011) to the decommissioning measures for specified nuclear power units stipulated by the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (Act No. 166 of June 10, 1957) and in accordance with the provisions of the "Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of Ministry of Economy, Trade and Industry), the total estimated decommissioning costs of nuclear power units are charged to income by allocating them over the units' expected operational period plus expected safe storage period on a straight-line basis. The present value of the total estimated amount is recorded as asset retirement obligations.

Additional Information

- Estimated amount of decommissioning costs of the Fukushima Daiichi Nuclear Power Station Units 1 through 4:

  The Company records the estimated amount as far as reasonable estimation is possible at this moment, although it might vary from now on, since it is difficult to identify the whole situations of the damage.

- Revision of Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units:

  On April 1, 2018, the "Ministerial Ordinance for Partial Revision of the Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of the Ministry of Economy, Trade and Industry No. 17 of March 30, 2018) was enforced, and the "Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units" was revised.

  Previously, regarding the method of recording costs for assets corresponding to asset retirement obligations related to the decommissioning measures for specified nuclear power units under property, plant and equipment, the Company applies Paragraph 8 of Guidance on Accounting Standard for Asset Retirement Obligations, in accordance with the Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units, the total estimated decommissioning costs of nuclear power units are charged to income by allocating them over the units' expected operational period plus expected safe storage period on a straight-line basis. However, due to this revision of the Ministerial Ordinance, from the date of enforcement, the method will be changed to charging decommissioning costs to income by allocating them over the units' expected operational period on a straight-line basis.

However, if a reactor is decommissioned in line with changes in the energy policy and safety regulations, etc., and the application by the power unit business operator is approved by the Minister of Economy, Trade and Industry, decommissioning costs are charged to income by allocating them over the period from the month where the decommissioning date of the specified nuclear power unit belongs to the month 10 years later (if operations were discontinued before the date of enforcement of the Ministerial Ordinance revision, the month where the decommissioning date belongs to the month 10 years later), on a straight-line basis.

(7) Accounting for consumption taxes

The tax-exclusion method is applied for the consumption tax and the local consumption tax.

[Notes to Changes in Presentation]

"Gain on sales of fixed assets" under non-operating revenues, which were separately presented in the previous fiscal year (¥1,695 million for this fiscal year), are included in "Other" under non-operating revenues in this fiscal year due to the lowered materiality.

[Notes to Consolidated Balance Sheet]

1. Assets Pledged as Collateral and Collateralized Debt

(1) All of the Company's property is pledged as general collateral for bonds and loans from the Development Bank of Japan Inc.

Bonds (including current portion)	¥ 1,740,891 million
Loans from the Development Bank of Japan Inc. (including current portion)	¥ 313,171 million

(2) All of the property of TEPCO Fuel & Power, Incorporated is pledged as general collateral for loans from the Development Bank of Japan Inc.

Loans from the Development Bank of Japan Inc. (including current portion)	¥ 208,534 million

(3) All of the property of TEPCO Power Grid, Incorporated is pledged as general collateral for bonds and loans from the Development Bank of Japan Inc.

Bonds (including current portion)	¥ 490,000 million
Loans from the Development Bank of Japan Inc. (including current portion)	¥ 345,432 million

(4) All of the property of TEPCO Energy Partner, Incorporated is pledged as general collateral for loans from the Development Bank of Japan Inc.

Loans from the Development Bank of Japan Inc. (including current portion)	¥ 55,554 million

(5) Pursuant to the Act on Compensation for Nuclear Damage (Act No. 147 of June 17, 1961), the Company has made a deposit as a measure of compensation for damages to be paid as the nuclear operator for cooling of nuclear reactors and treatment of accumulated water, etc. of the Fukushima Daiichi Nuclear Power Station.

Current assets	
Other	¥ 120,000 million

(6) Assets pledged as collateral for loans, etc. from financial institutions to certain consolidated subsidiaries and collateralized debt

Assets pledged as collateral

Fixed assets		
Other facilities	¥	4,181 million
Investments and other		
Long-term investments	¥	523 million
Total	¥	4,705 million

Of the above, other facilities of ¥4,181 million are pledged as mortgage on the Factory Foundation.

Collateralized debt

Long-term liabilities		
Long-term loans (including current portion)	¥	117 million

Of the above, ¥117 million is related to mortgage on the Factory Foundation.

(7) Assets pledged as collateral for loans, etc. from financial institutions to investees of certain consolidated subsidiaries

Assets pledged as collateral

Fixed assets		
Investments and other		
Long-term investments	¥	4 million

Obligation of the consolidated subsidiaries is limited to the invested amounts even in case of default of any of the investees.

2. Accumulated Depreciation of Property, Plant and Equipment ¥23,433,688 million

3. Guarantee Liabilities, etc.

(1) Guarantee liabilities

A. Guarantees of loans from financial institutions to the following companies		
Japan Nuclear Fuel Limited	¥	67,998 million
TeaM Energy Corporation	¥	7,197 million
SKZ-U LLP	¥	524 million
B. Guarantee of performance of ITM O&M Company Limited of the operation and maintenance contract with Arabian Power Company Private Joint Stock Company	¥	637 million
C. Guarantee of performance of TeaM Sual Corporation of the power sales contract with National Power Corporation	¥	1,593 million
D. Guarantee of performance of KEPCO Ilijan Corporation of the power sales contract with National Power Corporation	¥	1,147 million
E. Guarantee of performance of PT IPM Operations and Maintenance Indonesia of the operation and maintenance contract with P.T. Paiton Energy	¥	533 million
F. Guarantee of loans from financial institutions to employees under a property accumulation owner house loan system, etc.	¥	147,772 million
Total	¥	227,406 million

(2) Contingent liabilities

Contingent liabilities related to nuclear damage compensation

Regarding nuclear damage caused by a series of accidents at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, with seriously recognizing the Company's position as a causing party, the Company is implementing the compensation from the viewpoint of speedy realization of compensation for the sufferers with Government support under the Act on Compensation for Nuclear Damage (Act No. 147 of June 17, 1961). The Company has recorded a reserve for compensation for nuclear power-related damages as of the end of the fiscal year regarding the amounts possible to make reasonable estimates based on the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage Due to the Accident at the Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO" (August 5, 2011, hereinafter the "Interim Guidelines") and other state guidelines on compensation decided at the Committee for Adjustment of Compensation for Nuclear Damages Disputes, as well as the Company's criteria for compensation taking the state guidelines in consideration, actual compensation claims and objective statistical data, etc., but does not record any reserve for indirect damage and loss and/or damage on certain tangible assets for which reasonable estimation is not possible using the Interim Guidelines and currently available data, etc. Furthermore, treatment of wastes and decontamination measures, etc. have proceeded under the national fiscal measures based on the "Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials Discharged by the Nuclear Power Plant Accident Accompanying the Earthquake that Occurred off the Pacific Coast of the Tohoku Region on March 11, 2011" (Act No. 110 of August 30, 2011). Costs for these measures have been estimated within a reasonably determinable range based on past experience in acceptance of claims, available data and others. However, the Company cannot estimate the amount of compensation reasonably for costs that are under discussion between the Company and the national government with regard to the appropriate sharing of the costs, under the current circumstances where specific measures, etc. are not identifiable.

4. Reserve pursuant to the Provisions of Laws and Regulations other than the Companies Act

(1) Reserve for fluctuation in water levels

In preparation for losses due to fluctuation in water levels, pursuant to Article 36 of the Electricity Business Act prior to the revision, deemed to remain applicable by Article 16, Paragraph 3 of the Supplementary Provisions of the Act for Partial Revision of the Electricity Business Act, etc. (Act No. 72 of 2014), as applied by replacing terms of Paragraph 1 of the same Act, the Company records a reserve based on the “Ministerial Ordinance concerning Reserve for Fluctuation in Water Levels” (Ministry of Economy, Trade and Industry).

(2) Reserve for preparation of the depreciation of nuclear power construction

Pursuant to Article 27-3 and Article 27-29 of the Electricity Business Act, the Company records a reserve for preparation of the depreciation of nuclear power construction based on the “Ministerial Ordinance concerning Reserve for Preparation of Depreciation of Nuclear Power Construction” (Ordinance of the Ministry of Economy, Trade and Industry) in order to average the burden of depreciation recognized immediately after the start of operations of the nuclear power stations.

[Notes to Consolidated Statement of Changes in Net Assets]

Class and Total Number of Shares Issued as of March 31, 2018

Common stock	1,607,017,531 shares
Preferred stock - Class A	1,600,000,000 shares
Preferred stock - Class B	340,000,000 shares

[Notes to Financial Instruments]

1. Matters concerning Status of Financial Instruments

Since the debt rating of the Company was downgraded due to the accidents at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company’s fund raising capability has deteriorated. However, the Company tries to raise funds positively to meet its capital investments, etc. required for the electric power business, etc. by borrowing from financial institutions, issuance of bonds, etc.

The Company only uses short-term deposits to manage funds.

Investment securities consist mainly of equity securities. Fair values of listed equity securities are monitored on a quarterly basis.

Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation (carrying amount ¥593,701 million) is a receivable of funds on grants-in-aid stipulated in Article 41, Paragraph 1, Item 1 of the “Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act” (Act No. 94 of August 10, 2011). The fair value of this receivable is not presented because this fund will be paid from the Corporation for the necessary amount to implement compensation for nuclear damages caused by the accidents at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake and it is based on the amounts required for compensation, etc.

Notes and accounts receivable are exposed to the credit risk of customers. In compliance with internal policies, the Company monitors due dates and outstanding balances by individual customer, and follow up on collection of receivables that become past due.

Interest-bearing debt includes loans and bonds that are exposed to interest rate fluctuation risk. The Company hedges this risk by utilizing interest rate swaps for certain loans.

2. Matters concerning Fair Value of Financial Instruments

The carrying amount of financial instruments in the consolidated balance sheet as of March 31, 2018, their fair value and the difference are as shown below.

(millions of yen)

	Carrying amount (*1)	Fair value (*1)	Difference
(1) Investment securities (*2)			
Available-for-sale securities	12,910	12,910	—
(2) Cash on hand and in banks	1,187,283	1,187,283	—
(3) Notes and accounts receivable - trade	587,907	587,907	—
(4) Bonds (*3)	(2,230,891)	(2,291,006)	(60,115)
(5) Long-term loans (*3)	(2,210,812)	(2,235,107)	(24,294)
(6) Short-term loans	(1,581,266)	(1,581,266)	—
(7) Notes and accounts payable - trade	(208,576)	(208,576)	—
(8) Accrued taxes	(131,566)	(131,566)	—

(*1) Figures shown in parentheses represent liabilities.

(*2) Investment securities are included in "Long-term investments" in the consolidated balance sheet.

(*3) Bonds and Long-term loans include "Current portion of long-term debt" in the consolidated balance sheet.

(Note 1) Methods for estimating fair value of financial instruments

(1) Investment securities

The fair value of equity securities is determined by their market price on an exchange.

(2) Cash on hand and in banks and (3) Notes and accounts receivable - trade

Since these items are settled in a short period of time and their fair value approximates their carrying value, the relevant fair value is determined at carrying value.

(4) Bonds

For the fair value of bonds with floating interest rates, those interest rates are updated to reflect the market interest rate within a short period of time. Since their fair value approximates their carrying value, the relevant fair value is determined at carrying value. For the fair value of bonds with fixed interest rates, for which market prices are available, the fair value is based on their market prices. The fair value of bonds with no market price is estimated based on the present value of principal and interest discounted using the interest rate to be applied for a similar bond.

(5) Long-term loans

For the fair value of long-term loans with floating interest rates, those interest rates are updated to reflect the market interest rate within a short period of time. Since their fair value approximates their carrying value, the relevant fair value is determined at carrying value. For the fair value of long-term loans with fixed interest rates, the total amount of principal and interest of relevant long-term loans, grouped by certain period, is discounted to the present value using the interest rate to be applied for a similar loan. For those subject to the special hedge accounting treatment of interest rate swaps, the present value is determined using the swap rate that is deemed as their interest rate.

(6) Short-term loans, (7) Notes and accounts payable - trade and (8) Accrued taxes

Since these items are settled in a short period of time and their fair value approximates their carrying value, the relevant fair value is determined at carrying value.

(Note 2) Unlisted equity securities (carrying amount ¥24,341 million) are not included in "(1) Investment securities - Available-for-sale securities," as it is extremely difficult to determine their fair value since there is no market price.

[Notes to Per Share Information]

1. Net Assets per Share 1,030.67 yen

(Note) Net assets per share are calculated based on total net assets less payment of preferred stock by the Nuclear Damage Compensation and Decommissioning Facilitation Corporation. The basis of calculation is as follows.

(Basis of calculation)

Total net assets on the consolidated balance sheet	¥2,657,265 million
Amounts to be deducted from net assets	¥1,005,880 million
Of which payment of preferred stock	¥1,000,000 million
Of which stock acquisition rights	¥0 million
Of which non-controlling interests	¥5,880 million
Net assets as of March 31, 2018 attributable to common stock	¥1,651,385 million
Number of shares of common stock as of March 31, 2018 which was used to calculate net assets per share	1,602,252 thousand shares

2. Income per Share 198.52 yen

[Significant Subsequent Events]

JERA Co., Inc.'s Integration of Fuel Acceptance/Storage/Gas Transmission Businesses and Existing Thermal Power Generation Businesses by Corporate Split

Pursuant to the Joint-Venture Agreement concluded on June 8, 2017, TEPCO Fuel & Power, Inc. (hereinafter "TEPCO FP"), the Company's wholly-owned subsidiary, and Chubu Electric Power Co., Inc. (hereinafter "Chubu Electric Power"), have been considering in detail and proceeding with necessary procedures to have JERA Co., Inc. (hereinafter "JERA") integrate the two companies' fuel acceptance/storage/gas transmission businesses and existing thermal power generation businesses (hereinafter "the integration"). Following a resolution of the Company's Board of Directors on February 27, 2018, TEPCO FP reached an agreement with Chubu Electric Power on detailed schedules and the scope of assets and liabilities subject to the integration. Based on this agreement, and subsequent to a resolution of the Board of Directors on May 9, 2018, TEPCO FP concluded an absorption-type split agreement (this corporate split is hereinafter referred to as "the absorption-type split") with JERA on the same date, the aim of which is to have JERA integrate TEPCO FP's fuel acceptance/storage/gas transmission and existing thermal power generation businesses.

The Company plans to treat the absorption-type split as a creation of a jointly controlled entity under the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, September 13, 2013).

[Other Notes]

1. The consolidated financial statements are prepared in conformity with the "Ordinance on Accounting of Companies" (Ordinance of the Ministry of Justice No. 13 of 2006) and according to the "Ordinance on Accounting at Electric Utilities" (Ordinance of the Ministry of Economy, Trade and Industry No. 57 of 1965).

2. Compensation for Nuclear Power-related Damages and Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation

   Regarding nuclear damage caused by a series of accidents at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, with seriously recognizing the Company's position as a causing party, the Company is implementing the compensation from the viewpoint of speedy realization of compensation for the sufferers with Government support under the Act on Compensation for Nuclear Damage (Act No. 147 of June 17, 1961).

   The Company has recorded compensation for nuclear power-related damages of ¥286,859 million, which is the difference between the estimated amount for the previous year and that of this year which is ¥7,036,013 million after deducting ¥188,926 million of receipt of compensation pursuant to the provision of the “Act on Contract for Indemnification of Nuclear Damage Compensation” (Act No. 148 of June 17, 1961) and ¥3,167,286 million of grants-in-aid applied pursuant to the provision of the “Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act” (Act No. 94 of August 10, 2011; hereinafter the “Act on Corporation”) (hereinafter the “Grants-in-aid”) corresponding to the compensation liability owed by the Company to the state based on the “Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials Discharged by the Nuclear Power Plant Accident Accompanying the Earthquake that Occurred off the Pacific Coast of the Tohoku Region on March 11, 2011” (Act No. 110 of August 30, 2011), etc. (a liability recognized on or after January 1, 2015, hereinafter the “Cost of Decontamination, etc.”) from ¥10,392,227 million of the estimated compensation based on the “Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage Due to the Accident at the Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO” (August 5, 2011) and other state guidelines on compensation decided at the Committee for Adjustment of Compensation for Nuclear Damages Disputes, as well as the Company’s criteria for compensation taking the state guidelines in consideration, actual compensation claims and objective statistical data, etc.

The Company has recorded the estimated compensation amounts as far as reasonable estimation is possible at this moment, although they might vary from now on, depending on newly decided state guidelines on compensation, the formulation of the Company’s criteria for compensation, more accurate reference data and agreements with sufferers in the future, etc.

On the other hand, for the purpose of speedy and appropriate implementation of compensation, Nuclear Damage Compensation and Decommissioning Facilitation Corporation (hereinafter the “Corporation”) will provide necessary financial assistance to an applying nuclear operator based on the Act on Corporation.

It is necessary for the Company to receive necessary financial aid from the Corporation in order to execute prompt and appropriate compensation, since the compensation for nuclear damages is the estimated amount to be presented as the payment from the Company, although the most important thing is the agreement with the sufferers. Accordingly, based on the provision of Article 43, Paragraph 1 of the Act on Corporation, the Company submits an application for financial support of the compensation for nuclear damages as the estimated amount for the required compensation amount as of the application date for financial support. On March 27, 2018, the Company submitted an application for a change of the amount of financial support to ¥10,389,583 million, which was the estimated amount as of that date, and recorded ¥381,987 million as Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation for the fiscal year ended March 31, 2018. This amount is calculated as the difference between ¥7,033,369 million, which is the balance after deducting ¥188,926 million of receipt of compensation and ¥3,167,286 million of Grants-in-aid corresponding to the Cost of Decontamination, etc. from the aforesaid estimated amount as of March 27, 2018, and the amount applied on December 27, 2016.

In receiving the financial assistance, the recipient shall pay a special contribution defined by the Corporation pursuant to the provision of Article 52, Paragraph 1 of the Act on Corporation, but the Company has not recorded such an amount, except for that notified from the Corporation as applicable to the fiscal year, since the amount is determined by resolution of the steering committee of the Corporation every fiscal year in light of the Company’s status of revenue and expense and requires the approval of the minister in charge.

3. Financial Covenants

Financial covenants on the financial position and operating results of the Company and its Group companies are attached to bonds of ¥125,333 million, current portion of long-term debt of ¥894,682 million and short-term loans of ¥566,543 million.

4. Fixed Assets Necessary for Scrapping Reactors and Fixed Assets Requiring Maintenances Even after Having Discontinued Operation of Reactors

   The carrying value of the fixed assets necessary for scrapping reactors and fixed assets requiring maintenances even after having discontinued operation of reactors is ¥432,804 million.

Statement of Changes in Net Assets (Period from April 1, 2017 to March 31, 2018)

(millions of yen)

	Shareholders' equity					
		Capital surplus		Earned surplus		
					Other earned surplus	
	Capital stock	Capital legal reserve	Other capital surplus	Earned legal reserve	Reserve for overseas investment losses	Reserve for special disaster
Balance at the beginning of current period	**1,400,975**	**743,555**	**48**	**169,108**	**224**	**123**
Changes of items during the period						
Reversal of reserve for overseas investment losses					(74)	
Provision of reserve for special disaster						12
Profit						
Purchases of treasury stock						
Disposal of treasury stock			(2)			
Net changes in items other than those in shareholders' equity						
Total changes of items during the period	**–**	**–**	**(2)**	**–**	**(74)**	**12**
Balance at the end of current period	**1,400,975**	**743,555**	**46**	**169,108**	**149**	**135**

(millions of yen)

	Shareholders' equity				Valuation, translation adjustment and others	Total net assets
	Earned surplus					
	Other earned surplus					
	General reserve	Unappropriated retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain or loss on securities	
Balance at the beginning of current period	**1,076,000**	**(1,619,609)**	**(7,642)**	**1,762,784**	**8**	**1,762,793**
Changes of items during the period						
Reversal of reserve for overseas investment losses		74		–		–
Provision of reserve for special disaster		(12)		–		–
Profit		207,731		207,731		207,731
Purchases of treasury stock			(15)	(15)		(15)
Disposal of treasury stock			2	0		0
Net changes in items other than those in shareholders' equity				–	846	846
Total changes of items during the period	**–**	**207,793**	**(12)**	**207,716**	**846**	**208,563**
Balance at the end of current period	**1,076,000**	**(1,411,815)**	**(7,655)**	**1,970,500**	**855**	**1,971,356**

Notes to Non-Consolidated Financial Statements

From April 1, 2017
to March 31, 2018

[Notes to Matters regarding Significant Accounting Policies]

1. Basis and Method for Valuation of Assets

(1) Available-for-sale securities (securities classified as other securities under Japanese GAAP) included in long-term investments

Securities with readily determinable fair values are stated at fair value based on the market price, etc. on the balance sheet date (cost of securities sold is determined by the moving-average method), with unrealized gains or losses, net of applicable taxes, stated as a separate component of net assets.

Securities without readily determinable fair values are stated at cost determined by the moving-average method.

(2) Securities included in long-term investments in subsidiaries and affiliates

Stated at cost determined by the moving-average method.

(3) Inventories

Stated primarily at cost determined by the moving-average method (the book value may be written down to market value due to decline in the profitability).

2. Depreciation and Amortization Method for Fixed Assets

Property, plant and equipment are depreciated by the declining-balance method.

Intangible fixed assets are amortized by the straight-line method.

Property, plant and equipment include the assets corresponding to asset retirement obligations related to the decommissioning measures for specified nuclear power units. The method of recording the related decommissioning costs is explained in "5. Method of Recording Decommissioning Costs of Nuclear Power Units."

3. Provision of Reserves

(1) Accrued pension and severance costs

In order to provide for payments of retirement benefits to employees, an asset or liability is established based on the projected benefit obligations and the plan assets estimated at the end of the fiscal year.

In determining the retirement benefit obligations, the straight-line basis is adopted as the attribution method of expected retirement benefits to the period up to the end of the fiscal year.

The entire amount of past service cost is mainly recognized in profit or loss in the fiscal year during which it arises.

Actuarial gains and losses are charged to income from the period in which it arises using the straight-line method over a defined period (three years) within the average remaining service period of the employees as occurred.

(2) Reserve for loss on disaster

A. For the loss on the Niigataken Chuetsu-Oki Earthquake

In order to provide for the losses and expenses required for the restoration of assets damaged by the Niigataken Chuetsu-Oki Earthquake, reserve is made at an estimated amount at the end of the fiscal year.

B. For the loss on the Tohoku-Chihou-Taiheiyou-Oki Earthquake

In order to provide for the losses and expenses required for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, reserve is made at an estimated amount at the end of the fiscal year.

Major expenses and/or losses included in reserve for loss on disaster are recognized as follows.

1) Expenses and/or losses for settling the nuclear accident and preparing for decommissioning of the Fukushima Daiichi Nuclear Power Station

Following the "Step 2 Completion Report – Roadmap towards Settlement of the Accident at the Fukushima Daiichi Nuclear Power Station, TEPCO" (December 16, 2011) prepared by Government-TEPCO Integrated Response Office established by the Nuclear Emergency Response Headquarters of the Government, "Mid-and-long-Term Roadmap towards the Decommissioning of the Fukushima Daiichi Nuclear Power Station, TEPCO" (December 21, 2011, hereinafter "Mid-and-long Term Roadmap") was prepared by Government and TEPCO's Mid-to-Long Term Countermeasure Meeting established by Nuclear Emergency Response Headquarters of the Government (most recently revised on September 26, 2017). Regarding expenses and/or losses related to Mid-and-long Term Roadmap, the Company records estimated amounts (excluding expenses required for retirement of the core, etc. in the plan regarding the recovery of the reserve for decommissioning, whereby a request for approval for Article 55-9, Paragraph 2 of "Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act" [Act No. 94 of 2011] has been made) based on specific target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way.

However, within expenses and/or losses related to Mid-and-long Term Roadmap, if the normal estimation is difficult because the specific contents of constructions, etc. cannot be estimated at this time, the Company records estimated amounts based on the historical amounts at an accident at overseas nuclear power stations.

2) Expenses for disposal of nuclear fuels in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4

For disposal costs of nuclear fuels in processing which are not expected to be used, the Company records the present value (discount rate 4.0%) of such costs.

Disposal costs for loaded fuels are included in "Miscellaneous long-term liabilities."

3) Expenses and/or losses for maintaining the status of "cold shutdown" at the Fukushima Daini Nuclear Power Station

Although the future treatment for the damaged Fukushima Daini Nuclear Power Station has not been determined yet, the Company records estimated amounts for expenses and/or losses for maintaining the status of "cold shutdown" based on the expenses and/or losses required for restoration of the Kashiwazaki-Kariwa Nuclear Power Station damaged by the Niigataken Chuetsu-Oki Earthquake.

Additional Information

- Breakdown of reserve for loss on disaster as of March 31, 2018

A. For the loss on the Niigataken Chuetsu-Oki Earthquake	¥	5,119 million

B. For the loss on the Tohoku-Chihou-Taiheiyou-Oki Earthquake:	¥	436,770 million
Of which:		
1) Expenses and/or losses for settling the nuclear accident and preparing for decommissioning of the Fukushima Daiichi Nuclear Power Station	¥	315,442 million
2) Expenses for disposal of nuclear fuels in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4	¥	5,885 million
3) Expenses and/or losses for maintaining the status of "cold shutdown" at the Fukushima Daini Nuclear Power Station	¥	115,384 million
4) Other	¥	58 million
Total	¥	441,890 million

- Estimates of expenses and/or losses related to Mid-and-long Term Roadmap within the expenses and/or losses for settling the nuclear accident and preparing for decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station

  Before nuclear power stations can be scrapped, nuclear fuels in the reactors must be removed, but the specific contents of the work will be decided after the status of inside of the reactors has been confirmed and also in consideration of the progress of necessary research and development activities. Accordingly, the Company records the amounts, including amounts recorded based on the historical amounts at an accident at overseas nuclear power stations, within the range of reasonable estimates possible at this moment for expenses and/or losses related to Mid-and-long Term Roadmap, although they might vary from now on.

(3) Provision for preparation of removal of reactor cores in specified nuclear power facilities

In order to provide for the losses and expenses required for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, among amounts set in the plan regarding the recovery of the reserve for decommissioning—whereby a request for approval for Article 55-9, Paragraph 2 of "Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act" [Act No. 94 of August 10, 2011] has been made—expenses required for retirement of the core, etc. were recorded. As approval for Article 55-9, Paragraph 2 of the said Act was received on April 11, 2018, the Company plans to transfer this provision into the provision for removal of reactor cores in specified nuclear power facilities in the following fiscal year.

(4) Reserve for compensation for nuclear power-related damages

In order to provide for expenses required for compensation payments for nuclear power-related damages concerning the accident of the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company records estimated amounts at the end of the fiscal year.

The Company has recorded a reserve for compensation for nuclear power-related damages after deducting the receivables of compensation pursuant to the provision of the "Act on Contract for Indemnification of Nuclear Damage Compensation" (Act No. 148 of June 17, 1961) and the amount of grants-in-aid applied pursuant to the provision of the "Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act" (Act No. 94 of August 10, 2011) (hereinafter the "Grants-in-aid") corresponding to the compensation liability owed by the Company to the state based on the "Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials Discharged by the Nuclear Power Plant Accident Accompanying the Earthquake that Occurred off the Pacific Coast of the Tohoku Region on March 11, 2011" (Act No. 110 of August 30, 2011), etc. (a liability recognized on or after January 1, 2015, hereinafter the "Cost of Decontamination, etc.") from the estimated compensation based on the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage Due to the Accident at the Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO" (August 5, 2011) and other state guidelines on compensation decided at the Committee for Adjustment of Compensation for Nuclear Damages Disputes, as well as the Company's criteria for compensation taking the state guidelines in consideration, actual compensation claims and objective statistical data, etc.

The Company has recorded the estimated compensation amounts as far as reasonable estimation is possible at this moment, although it might vary from now on, depending on newly decided state guidelines on compensation, the formulation of the Company's criteria for compensation, more accurate reference data and agreements with the sufferers in the future, etc.

Additional Information

Receivables of ¥1,627,254 million on grants-in-aid corresponding to the cost of decontamination, etc. are not recorded as "Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation" and the estimated amount of the said receivables are not recorded as "Reserve for compensation for nuclear power-related damages" at the end of the fiscal year in accordance with the Ordinance on Accounting at Electric Utilities.

4. Method of Recording Expenses for Contribution of Reprocessing of Irradiated Nuclear Fuel

For costs required for reprocessing irradiated nuclear fuel and others, contributions specified in Article 4, Paragraph 1 of the "Act on Partial Amendment of the Act on Creation and Management of Trust Funds for Reprocessing of Spent Fuel in Nuclear Power Generation" (Act No. 40 of May 18, 2016) are recorded as expenses according to the amount of irradiated nuclear fuel incurred by the operation.

Of the estimated costs for reprocessing irradiated nuclear fuel accrued by March 31, 2005, for differences resulted from the accounting changes made in the fiscal year ended March 31, 2006 for recognition of the reserve, the Company is deemed to have fulfilled the responsibility for bearing the costs by paying these differences as contributions related to irradiated nuclear fuel in accordance with Article 4 of the Supplementary Provisions to the "Ministerial Ordinance on the Partial Amendment of the Ordinance on Accounting at Electric Utilities, Etc." (Ordinance of the Ministry of Economy, Trade and Industry No. 94 of September 30, 2016), i.e., an annual expense of ¥30,560 million is recorded as expenses until the year ending March 31, 2020.

In addition, contributions concerning processing related to reprocessing of irradiated nuclear fuel are recorded as special account related to reprocessing of spent nuclear fuel.

5. Method of Recording Decommissioning Costs of Nuclear Power Units

The Company applies Paragraph 8 of "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 21, March 25, 2011) to the decommissioning measures for specified nuclear power units stipulated by the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (Act No. 166 of June 10, 1957) and in accordance with the provisions of the "Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of Ministry of Economy, Trade and Industry), the total estimated decommissioning costs of nuclear power units are charged to income by allocating them over the units' expected operational period plus expected safe storage period on a straight-line basis. The present value of the total estimated amount is recorded as asset retirement obligations.

Additional Information

- Estimated amount of decommissioning costs of the Fukushima Daiichi Nuclear Power Station Units 1 through 4:

The Company records the estimated amount as far as reasonable estimation is possible at this moment, although it might vary from now on, since it is difficult to identify the whole situation of the damage.

• Revision of Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units:

On April 1, 2018, the "Ministerial Ordinance for Partial Revision of the Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of the Ministry of Economy, Trade and Industry No. 17 of March 30, 2018) was enforced, and the "Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units" was revised.

Previously, regarding the method of recording costs for assets corresponding to asset retirement obligations related to the decommissioning measures for specified nuclear power units under property, plant and equipment, the Company applies Paragraph 8 of Guidance on Accounting Standard for Asset Retirement Obligations, in accordance with the Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units, the total estimated decommissioning costs of nuclear power units are charged to income by allocating them over the units' expected operational period plus expected safe storage period on a straight-line basis. However, due to this revision of the Ministerial Ordinance, from the date of enforcement, the method will be changed to charging decommissioning costs to income by allocating them over the units' expected operational period on a straight-line basis.

However, if a reactor is decommissioned in line with changes in the energy policy and safety regulations, etc., and the application by the power unit business operator is approved by the Minister of Economy, Trade and Industry, decommissioning costs are charged to income by allocating them over the period from the month where the decommissioning date of the specified nuclear power unit belongs to the month 10 years later (if operations were discontinued before the date of enforcement of the Ministerial Ordinance revision, the month where the decommissioning date belongs to the month 10 years later), on a straight-line basis.

6. Accounting for Retirement Benefits

Accounting method for unrecognized actuarial gains and losses for retirement benefits is different from that applied in preparing the consolidated financial statements.

7. Accounting for Consumption Taxes

The tax-exclusion method is applied for the consumption tax and the local consumption tax.

[Notes to Non-consolidated Balance Sheet]

1. Assets Pledged as Collateral and Collateralized Debt

(1) All of the Company's property is pledged as general collateral for bonds and loans from the Development Bank of Japan Inc.

Bonds (including current portion)	¥	1,740,891 million
Loans from the Development Bank of Japan Inc. (including current portion)	¥	313,171 million

(2) Pursuant to the Act on Compensation for Nuclear Damage (Act No. 147 of June 17, 1961), the Company has made a deposit as a measure of compensation for damages to be paid as the nuclear operator for cooling of nuclear reactors and treatment of accumulated water, etc. of the Fukushima Daiichi Nuclear Power Station.

Miscellaneous current assets	¥	120,000 million

2. Accumulated Depreciation of Property, Plant and Equipment ¥6,122,295 million

3. Guarantee Liabilities, etc.

(1) Guarantee liabilities

A. Guarantees of loans from financial institutions to the following companies		
Japan Nuclear Fuel Limited	¥	67,998 million
Morigasaki Energy Service Co.	¥	8 million
Recyclable-Fuel Storage Company	¥	1,224 million
TeaM Energy Corporation	¥	7,197 million
SKZ-U LLP	¥	524 million
B. Guarantee of performance of ITM O&M Company Limited of the operation and maintenance contract with Arabian Power Company Private Joint Stock Company	¥	637 million
C. Guarantee of performance of TeaM Sual Corporation of the power sales contract with National Power Corporation	¥	1,593 million
D. Guarantee of performance of KEPCO Ilijan Corporation of the power sales contract with National Power Corporation	¥	1,147 million
E. Guarantee of performance of PT IPM Operations and Maintenance Indonesia of the operation and maintenance contract with P.T. Paiton Energy	¥	533 million
F. Guarantee of loans from financial institutions to employees under a property accumulation owner house loan system, etc.	¥	145,362 million
Of this guarantee, ¥109,139 million is guarantee for which there are joint and several guarantors other than the Company.		
Total	¥	226,229 million

(2) Contingent liabilities

Contingent liabilities related to nuclear damage compensation

Regarding nuclear damage caused by a series of accidents at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, with seriously recognizing the Company's position as a causing party, the Company is implementing the compensation from the viewpoint of speedy realization of compensation for the sufferers with Government support under the Act on Compensation for Nuclear Damage (Act No. 147 of June 17, 1961). The Company has recorded a reserve for compensation for nuclear power-related damages as of the end of the fiscal year regarding the amounts possible to make reasonable estimates based on the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage Due to the Accident at the Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO" (August 5, 2011, hereinafter the "Interim Guidelines") and other state guidelines on compensation decided at the Committee for Adjustment of Compensation for Nuclear Damages Disputes, as well as the Company's criteria for compensation taking the state guidelines in consideration, actual compensation claims and objective statistical data, etc., but does not record any reserve for indirect damage and loss and/or damage on certain tangible assets for which reasonable estimation is not possible using the Interim Guidelines and currently available data, etc. Furthermore, treatment of wastes and decontamination measures, etc. have proceeded under the national fiscal measures based on the "Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials Discharged by the Nuclear Power Plant Accident Accompanying the Earthquake that Occurred off the Pacific Coast of the Tohoku Region on March 11, 2011" (Act No. 110 of August 30, 2011). Costs for these measures have been estimated within a reasonably determinable range based on past experience in acceptance of claims, available data and others. However, the Company cannot estimate the amount of compensation reasonably for costs that are under discussion between the Company and the national government with regard to the appropriate sharing of the costs, under the current circumstances where specific measures, etc. are not identifiable.

4. Monetary Receivables and Payables to Subsidiaries and Affiliates

Long-term monetary receivables ¥2,645,665 million	Short-term monetary receivables ¥250,723 million
Long-term monetary payables ¥417,541 million	Short-term monetary payables ¥696,972 million

5. Reserve pursuant to the Provisions of Laws and Regulations other than the Companies Act

Reserve for preparation of the depreciation of nuclear power construction

Pursuant to Article 27-3 and Article 27-29 of the Electricity Business Act, the Company records a reserve for preparation of the depreciation of nuclear power construction based on the "Ministerial Ordinance concerning Reserve for Preparation of the Depreciation of Nuclear Power Construction" (Ordinance of the Ministry of Economy, Trade and Industry) in order to average the burden of depreciation recognized immediately after the start of operations of the nuclear power stations.

[Notes to Non-consolidated Statement of Income]

Transactions with Subsidiaries and Affiliates

Operating transactions		
Expenses	¥	128,862 million
Revenues	¥	834,161 million
Non-operating transactions	¥	183,211 million

[Notes to Non-consolidated Statement of Changes in Net Assets]

Number of Treasury Shares as of March 31, 2018 3,193,573 shares

[Notes to Tax Effect Accounting]

Major causes for accrual of deferred tax assets are shares of subsidiaries and affiliates from restructuring, reserve for compensation for nuclear power-related damages, and asset retirement obligations. Major causes for accrual of deferred tax liabilities are grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation.

Only deferred tax liabilities related to valuation difference on securities are presented in the balance sheet because a valuation allowance is credited in an amount equal to the net deferred tax assets after offsetting expected reversal of taxable and deductible temporary differences, excluding valuation difference on securities.

[Notes to Fixed Assets used under Lease]

In addition to the fixed assets recorded on the balance sheet, a part of nuclear power units are used under finance leases that do not transfer ownership of the leased assets.

[Notes to Related Party Transactions]

1. Major Shareholders

Category	Name	Description of business or occupation	Ownership (owned) percentage of voting rights, etc.	Relationship	Transac-tions	Transaction amounts (million yen)	Account	Fiscal year-end balance (million yen)
Major share-holder	Nuclear Damage Compensation and Decommissioning Facilitation Corporation	Receiving contributions, extending grants-in-aid, consultation and other incidental businesses pursuant to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act	50.1% directly (owned)	Receipt of Grants-in-aid and payment of contribution pursuant to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act	Receipt of Grants-in-aid (* 1)	893,900	Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	593,701
					Payment of contribu-tion (* 2)	126,740	Accrued expenses	126,740

The terms and conditions and policies for their determination

(*1) Receipt of Grants-in-aid is financial aid given under the provision of Article 41, Paragraph 1 of the Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act.

(*2) Payment of contribution is made under the provisions of Article 38, Paragraph 1 and Article 52, Paragraph 1 of the Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act .

2. Subsidiaries

Category	Name	Description of business or occupation	Ownership (owned) percentage of voting rights, etc.	Relationship	Transac-tions	Transaction amounts (million yen)	Account	Fiscal year-end balance (million yen)
Subsidi-ary	TEPCO Fuel & Power, Incorporated	Fuel and thermal power generation businesses, etc.	100.0% directly (own)	Borrowing and lending of funds Interlocking directorate	Bond subscrip-tion (*1)	41,508	Long-term investments in subsidiaries and affiliates	292,981
					Lending of funds (*2)	15,259	Long-term investments in subsidiaries and affiliates	81,102
							Short-term due from subsidiaries and affiliates	1,909
					Receipt of deposit of funds (*3)	–	Short-term due to subsidiaries and affiliates	198,726

The terms and conditions and policies for their determination

(*1) Bond subscription is subscription of ICB (Inter Company Bond) issued by TEPCO Fuel & Power, Incorporated for which the interest rate has been determined on equal terms with bonds, etc. issued by the Company.

(*2) Lending of funds is financing to TEPCO Fuel & Power, Incorporated under ICL (Inter Company Loan) for which the interest rate has been determined on equal terms with the Company’s loans.

(*3) Receipt of deposit of funds is related to CMS (cash management system) and the interest rate has been reasonably determined in view of market rates. Since the transaction is conducted repetitively, disclosure of the transaction amount is omitted.

Category	Name	Description of business or occupation	Ownership (owned) percentage of voting rights, etc.	Relationship	Transac-tions	Transaction amounts (million yen)	Account	Fiscal year-end balance (million yen)
Subsidi-ary	TEPCO Power Grid, Incorporated	General power transmission and distribution business, etc.	100.0% directly (own)	Receipt of contribution for decommissioning as funds for reserve for decommissioning pursuant to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act Borrowing and lending of funds Debt guarantee received Interlocking directorate	Receipt of contribution for decommissioning (*1)	126,834	Short-term due from subsidiaries and affiliates	126,834
					Bond subscrip-tion (*2)	65,364	Long-term investments in subsidiaries and affiliates	1,661,816
					Receipt of bond interest (*3)	37,360	Short-term due from subsidiaries and affiliates	7,485
					Lending of funds (*4)	62,034	Long-term investments in subsidiaries and affiliates	339,791
							Short-term due from subsidiaries and affiliates	7,051
					Receipt of deposit of funds (*5)	–	Short-term due to subsidiaries and affiliates	237,470
					Debt guarantee received (*6)	900,000	–	–

The terms and conditions and policies for their determination

(*1) Receipt of contribution for decommissioning is the amount received from TEPCO Power Grid, Incorporated (hereinafter "TEPCO PG") as funds for the Company to transfer into the reserve for decommissioning stipulated in Article 55-3 Paragraph 1 of the Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act, based on the policy of "Funds for the decommissioning business will be provided for by the TEPCO Group as a whole using all its resources, but under the optimal assignment of roles within the Group, regarding the rationalized part of the power transmission and distribution business under regulated rate, TEPCO PG will pay the funds required for decommissioning to TEPCO Holdings" in the "Revised Comprehensive Special Business Plan (The Third Plan)" formulated together with the Nuclear Damage Compensation and Decommissioning Facilitation Corporation.

(*2) Bond subscription is subscription of ICB (Inter Company Bond) issued by TEPCO Power Grid, Incorporated for which the interest rate has been determined on equal terms with bonds, etc. issued by the Company.

(*3) Receipt of bond interest is related to ICB issued by TEPCO Power Grid, Incorporated.

(*4) Lending of funds is financing to TEPCO Power Grid, Incorporated under ICL (Inter Company Loan) for which the interest rate has been determined on equal terms with the Company's loans.

(*5) Receipt of deposit of funds is related to CMS (cash management system) and the interest rate has been reasonably determined in view of market rates. Since the transaction is conducted repetitively, disclosure of the transaction amount is omitted.

(*6) Debt guarantee received is receipt of debt guarantee from TEPCO Power Grid, Incorporated on the Company's loans, etc. The Company has paid guarantee fees taking into account the credit standing.

Category	Name	Description of business or occupation	Ownership (owned) percentage of voting rights, etc.	Relationship	Transac-tions	Transaction amounts (million yen)	Account	Fiscal year-end balance (million yen)
Subsidi-ary	TEPCO Energy Partner, Incorporated	Retail electricity business, etc.	100.0% directly (own)	Sale of electricity Borrowing and lending of funds Interlocking directorate	Sale of electricity (*1)	499,128	Accounts receivable - trade	43,514
					Bond subscrip-tion (*2)	12,389	Long-term investments in subsidiaries and affiliates	87,485
					Lending of funds (*3)	4,476	Long-term investments in subsidiaries and affiliates	23,771
							Short-term due from subsidiaries and affiliates	561
					Borrow-ing of funds (*4)	—	Long-term due to subsidiaries and affiliates	400,000
					Receipt of deposit of funds (*5)	—	Short-term due to subsidiaries and affiliates	153,742

The terms and conditions and policies for their determination

(*1) The sales price has been determined in light of power generating costs.

(*2) Bond subscription is subscription of ICB (Inter Company Bond) issued by TEPCO Energy Partner, Incorporated for which the interest rate has been determined on equal terms with bonds, etc. issued by the Company.

(*3) Lending of funds is financing to TEPCO Energy Partner, Incorporated under ICL (Inter Company Loan) for which the interest rate has been determined on equal terms with the Company's loans.

(*4) For borrowing of funds, the interest rate has been reasonably determined in view of market rates.

(*5) Receipt of deposit of funds is related to CMS (cash management system) and the interest rate has been reasonably determined in view of market rates. Since the transaction is conducted repetitively, disclosure of the transaction amount is omitted.

[Notes to Per Share Information]

1. Net Assets per Share 605.65 yen

(*) Net assets per share are calculated based on total net assets less payment of preferred stock by the Nuclear Damage Compensation and Decommissioning Facilitation Corporation. The basis of calculation is as follows.

(Basis of calculation)

Total net assets on the balance sheet	¥1,971,356 million
Amounts to be deducted from net assets	¥1,000,000 million
Of which payment of preferred stock	¥1,000,000 million
Net assets as of March 31, 2018 attributable to common stock	¥971,356 million
Number of shares of common stock as of March 31, 2018 which was used to calculate net assets per share	1,603,823 thousand shares

2. Income per Share 129.52 yen

[Other Notes]

1. Compensation for Nuclear Power-related Damages and Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation

Regarding nuclear damage caused by a series of accidents at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, with seriously recognizing the Company's position as a causing party, the Company is implementing the compensation from the viewpoint of speedy realization of compensation for the sufferers with Government support under the Act on Compensation for Nuclear Damage (Act No. 147 of June 17, 1961).

The Company has recorded compensation for nuclear power-related damages of ¥286,859 million, which is the difference between the estimated amount for the previous year and that of this year which is ¥7,036,013 million after deducting ¥188,926 million of receipt of compensation pursuant to the provision of the "Act on Contract for Indemnification of Nuclear Damage Compensation" (Act No. 148 of June 17, 1961) and ¥3,167,286 million of grants-in-aid applied pursuant to the provision of the "Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act" (Act No. 94 of August 10, 2011; hereinafter the "Act on Corporation") (hereinafter the "Grants-in-aid") corresponding to the compensation liability owed by the Company to the state based on the "Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials Discharged by the Nuclear Power Plant Accident Accompanying the Earthquake that Occurred off the Pacific Coast of the Tohoku Region on March 11, 2011" (Act No. 110 of August 30, 2011), etc. (a liability recognized on or after January 1, 2015, hereinafter the "Cost of Decontamination, etc.") from ¥10,392,227 million of the estimated compensation based on the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage Due to the Accident at the Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO" (August 5, 2011) and other state guidelines on compensation decided at the Committee for Adjustment of Compensation for Nuclear Damages Disputes, as well as the Company's criteria for compensation taking the state guidelines in consideration, actual compensation claims and objective statistical data, etc.

The Company has recorded the estimated compensation amounts as far as reasonable estimation is possible at this moment, although they might vary from now on, depending on newly decided state guidelines on compensation, the formulation of the Company's criteria for compensation, more accurate reference data and agreements with the sufferers in the future, etc.

On the other hand, for the purpose of speedy and appropriate implementation of compensation, Nuclear Damage Compensation and Decommissioning Facilitation Corporation (hereinafter the "Corporation") will provide necessary financial assistance to an applying nuclear operator based on the Act on Corporation.

It is necessary for the Company to receive necessary financial aid from the Corporation in order to execute prompt and appropriate compensation, since the compensation for nuclear damages is the estimated amount to be presented as the payment from the Company, although the most important thing is the agreement with the suffferers. Accordingly, based on the provision of Article 43, Paragraph 1 of the Act on Corporation, the Company submits an application for financial support of the compensation for nuclear damages as the estimated amount for the required compensation amount as of the application date for financial support. On March 27, 2018, the Company submitted an application for a change of the amount of financial support to ¥10,389,583 million, which was the estimated amount as of that date, and recorded ¥381,987 million as Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation for the fiscal year ended March 31, 2018. This amount is calculated as the difference between ¥7,033,369 million, which is the balance after deducting ¥188,926 million of receipt of compensation and ¥3,167,286 million of Grants-in-aid corresponding to the Cost of Decontamination, etc. from the aforesaid estimated amount as of March 27, 2018, and the amount applied on December 27, 2016.

In receiving the financial assistance, the recipient shall pay a special contribution defined by the Corporation pursuant to the provision of Article 52, Paragraph 1 of the Act on Corporation, but the Company has not recorded such an amount, except for that notified from the Corporation as applicable to the fiscal year, since the amount is determined by resolution of the steering committee of the Corporation every fiscal year in light of the Company's status of revenue and expense and requires the approval of the minister in charge.

2. Financial Covenants

   Financial covenants on the financial position and operating results of the Company and its Group companies are attached to the Company's bonds of ¥125,333 million and current portion of long-term debt of ¥401,258 million.

3. Fixed Assets Necessary for Scrapping Reactors and Fixed Assets Requiring Maintenances Even after Having Discontinued Operation of Reactors

   The carrying value of the fixed assets necessary for scrapping reactors and fixed assets requiring maintenances even after having discontinued operation of reactors is ¥432,804 million.