TEPCO Integrated Report 2018 Financial Section

Year ended March 31, 2018

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Tokyo Electric Power Company Holdings, Incorporated

Consolidated 11-Year Summary

Tokyo Electric Power Company Holdings, Incorporated and its Consolidated Subsidiaries

	2018	2017	2016	2015
Years ended March 31:				
Operating revenues	¥ **5,850,939**	¥ 5,357,734	¥ 6,069,928	¥ 6,802,464
Operating income (loss)	**288,470**	258,680	372,231	316,534
Income (loss) before income taxes and non-controlling interests	**327,817**	146,471	186,607	479,022
Net income (loss) attributable to owners of the parent	**318,077**	132,810	140,783	451,552
Depreciation and amortization	**561,257**	564,276	621,953	624,248
Capital expenditures	**602,710**	568,626	665,735	585,958
Per share of common stock (Yen and U.S. dollars):				
Net (loss) income (basic)	¥ **198.52**	¥ 82.89	¥ 87.86	¥ 281.80
Net income (diluted) (Note 3)	**64.32**	26.79	28.52	91.49
Cash dividends	**—**	—	—	—
Net assets	**1,030.67**	838.45	746.59	669.60
As of March 31:				
Total net assets	¥ **2,657,265**	¥ 2,348,679	¥ 2,218,139	¥ 2,102,180
Equity (Note 4)	**2,651,385**	2,343,434	2,196,275	2,072,952
Total assets	**12,591,823**	12,277,600	13,659,769	14,212,677
Interest-bearing debt	**6,022,970**	6,004,978	6,606,852	7,013,275
Number of employees	**41,525**	42,060	42,855	43,330
Financial ratios and cash flow data:				
ROA (%) (Note 5)	**2.3**	2.0	2.7	2.2
ROE (%) (Note 6)	**12.7**	5.9	6.6	24.9
Equity ratio (%)	**21.1**	19.1	16.1	14.6
Net cash provided by (used in) operating activities	¥ **752,183**	783,038	1,077,508	872,930
Net cash used in investing activities	**(520,593)**	(478,471)	(620,900)	(523,935)
Net cash (used in) provided by financing activities	**12,538**	(603,955)	(394,300)	(626,023)
Other data (Non-consolidated):				
Electricity sales (million kWh)				
Electricity sales for lighting	¥ **82,686**	¥ 86,380	¥ 89,421	¥ 90,683
Electricity sales for power	**150,437**	155,145	9,598	9,865
Electricity sales to eligible customers	**—**	—	148,057	156,498
Total	**233,123**	241,525	247,075	257,046
Power generation capacity (thousand kW) (Note 7):				
Hydroelectric	¥ **9,872**	¥ 9,871	¥ 9,859	¥ 9,857
Thermal	**41,155**	42,786	44,279	43,555
Nuclear	**12,612**	12,612	12,612	12,612
Renewable energy, etc	**52**	52	52	33
Total	¥ **63,691**	¥ 65,320	¥ 66,802	¥ 66,057
Nuclear power plant capacity utilization rate (%)	**0.0**	0.0	0.0	0.0

Notes: 1. All dollar amounts refer to U.S. currency. Yen amounts have been translated, solely for the convenience of the reader, at the rate of ¥106.25 to US$1.00 prevailing on March 31, 2018.
2. Amounts of less than one million yen have been omitted. All percentages have been rounded to the nearest unit.
3. Net income per share after dilution by potential shares for the years ended March 31, 2008, March 31, 2009 and March 31, 2012 is omitted as there were no potential shares and the Company recognized a Net income per share after dilution by potential shares for the years ended March 31, 2011 and March 31, 2013 is omitted despite the existence of potential shares as net loss for both years.
4. Equity = Total net assets – Stock acquisition rights – Minority interests
5. ROA = Operating income/Average total assets
6. ROE = Net income/Average equity
7. TEPCO facilities only. "Renewable energy, etc." includes geothermal and wind power generation capacity. Prior to the year ended March 31, 2010, geothermal power generation capacity was included in thermal power generation capacity. Due to reclassification, it has been included in "Renewable energy, etc." from the year ended March 31, 2010. Prior years have not been restated.

Millions of yen, unless otherwise noted							Millions of U.S. dollars, unless otherwise noted (Note 1)
2014	2013	2012	2011	2010	2009	2008	**2018**
¥ 6,631,422	¥ 5,976,239	¥ 5,349,445	¥ 5,368,536	¥ 5,016,257	¥ 5,887,576	¥ 5,479,380	**$ 55,068**
191,379	(221,988)	(272,513)	399,624	284,443	66,935	136,404	**2,715**
462,555	(653,022)	(753,761)	(766,134)	223,482	(99,574)	(212,499)	**3,093**
438,647	(685,292)	(781,641)	(1,247,348)	133,775	(84,518)	(150,108)	**2,995**
647,397	621,080	686,555	702,185	759,391	757,093	772,460	**5,282**
575,948	675,011	750,011	676,746	640,885	695,981	664,295	**5,673**
¥ 273.74	¥ (427.64)	¥ (487.76)	¥ (846.64)	¥ 99.18	¥ (62.65)	¥ (111.26)	**$ 1.87**
88.87	—	—	—	99.18	—	—	**0.61**
—	—	—	30.00	60.00	60.00	65.00	—
343.31	72.83	491.22	972.28	1,828.08	1,763.32	1,967.03	**9.70**
¥ 1,577,408	¥ 1,137,812	¥ 812,476	¥ 1,602,478	¥ 2,516,478	¥ 2,419,477	¥ 2,695,455	**$ 25,009**
1,550,121	1,116,704	787,177	1,558,113	2,465,738	2,378,581	2,653,762	**24,954**
14,801,106	14,989,130	15,536,456	14,790,353	13,203,987	13,559,309	13,679,055	**118,511**
7,629,720	7,924,819	8,320,528	9,024,110	7,523,952	7,938,087	7,675,722	**56,687**
45,744	48,757	52,046	52,970	52,452	52,506	52,319	—
1.3	(1.5)	(1.8)	2.9	2.1	0.5	1.0	—
32.9	(72.0)	(66.7)	(62.0)	5.5	(3.4)	(5.3)	—
10.5	7.5	5.1	10.5	18.7	17.5	19.4	—
638,122	260,895	(2,891)	988,710	988,271	599,144	509,890	**$ 7,080**
(293,216)	(636,698)	(335,101)	(791,957)	(599,263)	(655,375)	(686,284)	**(4,900)**
(301,732)	632,583	(614,734)	1,859,579	(495,091)	194,419	188,237	**118**
¥ 94,567	¥ 95,277	¥ 95,797	¥ 103,422	¥ 96,089	¥ 96,059	¥ 97,600	
10,516	10,890	11,160	12,174	11,393	11,905	12,785	
161,610	162,866	161,273	177,790	172,686	180,992	187,012	
266,692	269,033	268,230	293,386	280,167	288,956	297,397	
¥ 9,456	¥ 9,453	¥ 8,982	¥ 8,981	¥ 8,987	¥ 8,986	¥ 8,985	
42,945	41,598	40,148	38,696	38,189	37,686	36,179	
12,612	14,496	17,308	17,308	17,308	17,308	17,308	
33	34	34	4	4	1	1	
¥ 65,046	¥ 65,582	¥ 66,472	¥ 64,988	¥ 64,487	¥ 63,981	¥ 62,473	
0.0	0.0	18.5	55.3	53.3	43.8	44.9	

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Eligible customers are retail electric power customers included in the scope of liberalization. From March 2000, eligible customers were those in the high-voltage market with contracts to receive over 2,000 kW annually. From April 2004, eligible customers were those in the high-voltage market with contracts to receive over 500 kW annually. From April 2005, eligible customers were those in the high-voltage market with contracts to receive over 50 kW annually. The category of eligible customers was removed due to the start of full liberalization from April 2016.

Financial Review

Analysis of business performance from an owner's perspective

Business Performance

Amidst forecasted decreases in domestic energy demand, with the beginning of across-the-board liberalization of gas retail in April of last year, which followed the liberalization of electric power, during this consolidated financial year, the TEPCO Group continues to find itself embroiled in harsh competition that transcends industrial fields and regions.

In accordance with the Third Comprehensive Special Business Plan (Third Business Plan), the TEPCO Group has been engaged in initiatives to strengthen "earning power," such as by entering the gas market and expanding its coverage area in order to increase corporate value and fulfill its responsibilities to Fukushima.

Electricity sales (consolidated) for the TEPCO Group during this consolidated financial year decreased YoY by 1.4% to 240.3 billion kWh due to the impact of the across-the-board liberalization of electricity and gas.

In regards to consolidated revenue for this consolidated financial year, and in particular revenues, operating revenues increased YoY by 9.2% to ¥5,850.9 billion as a result of the increase in the unit price of electricity charge revenue caused by the fuel cost adjustment system, and the total of all other operating profits increased 8.8% to ¥5,899.5 billion.

However, with the continued shutdown of all nuclear reactors, total operating costs increased 8.7% YoY to ¥5,677.4 billion as a result of increases in fuel costs and purchased electricity caused by increased fuel prices despite Group efforts to cut costs.

As a result, operating revenues increased 12.0% YoY to ¥254.8 billion. And, while the ¥381.9 billion in grants-in-aid received from Nuclear Damage Compensation and Decommissioning Facilitation Corporation was appropriated as special profit, ¥308.1 billion for extraordinary loss on disaster and the payment of compensation for damage caused by the nuclear accident was appropriated as extraordinary loss, so the net income attributable to owners of the parent for this term was ¥318 billion.

Equity ratio for this consolidated financial year increased from 19.1% to 21.1% YoY and debt-to-equity ratio decreased from 2.56 to 2.27 YoY thereby showing that financial strength continues to improve.

Furthermore, TEPCO Power Grid continued to issue corporate bonds during this term in order to procure capital that enables smooth business management.

Segment Results

The performance by each segment (including intersegment transactions) for this consolidated financial year are as follows:

Holdings

Operating Revenues increased 4.3% YoY to ¥957.7 billion due to the appropriation of decommissioning charge revenue from TEPCO Power Grid this consolidated financial year, and total ordinary revenues that includes other revenue sources increased by 13.5% to ¥1,143 billion as a result of an increase in non-operating revenue in the form of dividends from core companies. Meanwhile, thanks to thorough efforts to cut costs, total ordinary expenses decreased 2.6% YoY to ¥1 trillion 700 million.

As a result, ordinary income increased by ¥163.1 billion YoY to ¥142.2 billion.

Fuel & Power

Although electricity sales volume decreased, operating revenues increased 11.8% YoY to ¥1,828.4 billion as a result of increased revenue from thermal electricity charges caused by higher fuel prices, and total ordinary revenues increased 11.8% to ¥1,848.4 billion.

However, despite efforts to cut costs, such as by shortening periodic inspection periods, etc., rising fuel prices led to increases in fuel expenses thereby causing total ordinary expenses to rise by 12.3% YoY to ¥1,796.4 billion.

As a result, ordinary income decreased by 2.4% YoY, or ¥51.9 billion, during this consolidated financial year.

Power Grid

Operating revenue increased 3.0% to ¥1,742 billion due to increased revenue from consigned transmission (1.7% YoY increase to 276.6 billion kWh) caused by increased demand in the area as a result of colder temperatures. Total ordinary revenues increased 3.0% to ¥1,752.8 billion.

Meanwhile, despite efforts to cut costs, such as by streamlining facility maintenance, etc., total ordinary expenses increased 5.3% YoY to ¥1,679.2 billion due to the appropriation of decommissioning charges from this consolidated financial year, which serve as funds for decommissioning reserves.

As a result, ordinary income decreased 29.2% YoY to ¥79 billion.

TEPCO Energy Partner

Although electricity sales volume (consolidated) decreased 1.4% YoY to 240.3 billion kWh, operating revenue increased 7.7% to ¥5,532.4 billion as a result of an increase in electricity charge revenue unit price caused by the fuel cost adjustment system, and total ordinary revenues increased 7.8% to ¥5,540.3 billion.

Meanwhile, although purchased electricity charges increased as a result of an increase in fuel prices, total ordinary expenses only increased 7.1% YoY to ¥5,424.3 billion YoY as a result of efforts to cut costs, such as by making power source procurement more efficient.

As a result, ordinary income increased 51.1% YoY to ¥115.9 billion.

Net Income Attributable to Owners of the Parent

Income before income taxes and non-controlling interests in the fiscal year under review stood at ¥327.8 billion. The principle contributors to the posting of income before income taxes and non-controlling interests included extraordinary income consisting mainly of grants-in-aid from the NDF totaling ¥381.9 billion. Negative factors affecting income before income taxes and non-controlling interests included extraordinary loss consisting of compensation for damage caused by the nuclear accidents totaling ¥286.8 billion and extraordinary loss on disaster totaling ¥21.3 billion.

For the fiscal year under review, TEPCO recorded income taxes of ¥20.8 billion, income taxes—deferred of positive ¥11.3 billion, and profit attributable to non-controlling interests of ¥0.1 billion. As a result, net income attributable to owners of the parent for the fiscal year under review totaled ¥318.0 billion. Net income per share stood at ¥198.52.

Fiscal Policy

Due to the accident at the Fukushima Daiichi Nuclear Power Station caused by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, TEPCO's financial standing and income structure have been impaired. As a result, TEPCO recorded substantial expenses and losses as well as an increase in fuel costs accompanying the suspension of nuclear power generation. Accordingly, TEPCO's independent fund procurement capability has declined significantly.

Because of this, in accordance with the Comprehensive Special Business Plan approved by the minister in charge in May 2012, TEPCO received an investment from the NDF totaling ¥1 trillion. Moreover, upon a request submitted by TEPCO also in accordance with the subsequent New Comprehensive Special Business Plan approved by the minister in charge in January 2014, correspondent financial institutions have maintained TEPCO's existing credit lines through refinancing while providing the Company with additional credit.

The Third Comprehensive Special Business Plan, approved by the minister in charge in May 2017, also asks financial institutions with which we transact to continue to maintain our credit as requested in the previous New Comprehensive Special Business Plan, and they have agreed. With the cooperation and support of these organizations and financial institutions our equity ratio has approved and we have moved forward with initiatives to return to the publicly offered corporate bond market. During FY2017, TEPCO Power Grid issued ¥400 billion worth of publicly offered corporate bonds. We shall continue to issue corporate bonds in an effort to restore the ability of the TEPCO Group to procure capital independently.

The TEPCO Group has adopted a group financial system to improve the fund raising efficiency of TEPCO Group members.

Cash Flow

Cash and cash equivalents (hereinafter referred to as, "capital") increased by ¥244.1 billion (26%) YoY to ¥1,184.3 billion on a consolidated basis during the consolidated financial year under review.

(Cash flow from operating activities)

Capital revenue from operating activities during the consolidated financial year under review decreased 3.9% YoY to ¥752.1 billion as a result of an increase in expenditure related to the purchase of fuel for thermal power.

(Cash flow from an investing activities)

Capital expenditure for investment during the consolidated financial year under review increased 8.8% YoY to ¥520.5 billion as a result of a decrease in revenue resulting from the repayment of fixed deposits.

(Cash flow from financing activities)

Capital expenditure for financing activities during the consolidated financial year under review was ¥12.5 billion (expenditure for the previous consolidated financial year was ¥603.9 billion). This was due to an increase in revenue from short term loans.

Capital Expenditures

During the fiscal year ended March 31, 2018, TEPCO maintained its capital expenditures at the minimum level required to maintain a stable electricity supply. However, due mainly to expenses associated with decommissioning and countermeasures implemented at Fukushima Daiichi Nuclear Power Station against contaminated water, capital expenditures stood at ¥602,710 million in the fiscal year under review. By segment, capital expenditures, including intercompany transactions, amounted to ¥275,976 million in the holdings business segment; ¥73,088 million in the fuel & power business segment; ¥244,305 million in the power grid business segment; and ¥11,924 million in the energy partner business segment.

Assets, Liabilities and Net Assets

As of March 31, 2018, total assets increased ¥314.2 billion year on year to ¥12,591.8 billion, reflecting increases in cash and savings.

Total liabilities decreased ¥5.6 billion from the previous fiscal year-end to ¥9,934.5 billion. This was mainly attributable to an increase in interest-bearing debt.

Net assets increased ¥308.5 billion from the previous fiscal year-end to ¥2,657.2 billion, due mainly to net income attributable to owners of the parent recorded for the fiscal year under review. Consequently, the equity ratio increased 2.0 percentage points year on year to 21.1 percent.

Dividend Policy

TEPCO recognizes sharing corporate profits with shareholders as one of its primary tasks. However, due to such adverse factors as an ongoing severe management environment since the Tohoku-Chihou-Taiheiyou-Oki Earthquake, TEPCO has suspended the application of its basic dividend policy and will reconsider the new dividend policy depending on situation. Currently, TEPCO's Articles of Incorporation stipulate that the interim dividend may be paid upon the determination of the Board of Directors. Until now, TEPCO has maintained a basic policy of paying both an interim and a fiscal year-end dividend. The interim dividend is determined by the Board of Directors, the fiscal year-end dividend at TEPCO's Annual General Meeting of Shareholders.

Looking at the business results for the fiscal year under review, operating revenues increased in the electric power business due mainly to increases in fuel cost adjustment system, but the success of the Group's across-the-board cost reduction efforts, helped to secure ordinary income, allowing TEPCO to post net income attributable to owners of the parent for the fiscal year under review.

However, the management environment surrounding the Company is likely to remain harsh. Taking this into account, it was with sincere regret that TEPCO had to temporarily suspend the payment of both the interim and the year-end dividends. For the year ending March 31, 2018, TEPCO plans to again suspend the payment of the interim and year-end dividends, given the prospect of an ongoing severe management environment and its financial position.

Risk Factors

The following primary risk factors to which the TEPCO Group is subject may exert a significant influence on investor decisions. Issues that may not necessarily be relevant as risk factors are also presented below in keeping with TEPCO's vigorous efforts to disclose information to its investors.

The accident that occurred at the Fukushima Daiichi Nuclear Power Station in March 2011 as a result of the Tohoku-Chihou-Taiheiyou-Oki Earthquake and subsequent tsunami has caused widespread anxiety with regard to such issues as the dispersal of radioactive substances and disruption in the stable supply of electricity. Also, the accident led to a significant deterioration in the TEPCO Group's management conditions.

To address this adversity, the Company formulated the Revised Comprehensive Special Business Plan (The Third Plan) (hereinafter, "Revised Plan") in tandem with the NDF and obtained the approval of said plan from the minister in charge in May 2017. In line with this plan, TEPCO has been rallying all its strengths to promote various management reform initiatives while placing the utmost priority on facilitating appropriate payment of compensation and steady decommissioning efforts, with the cooperation of its shareholders, investors and other stakeholders.

In addition, TEPCO has adopted a Holding Company System to fulfill the demands of "Responsibility" and "Competitiveness." Committed to fulfilling its responsibilities regarding compensation, the revitalization of Fukushima and decommissioning, TEPCO is striving to prevail over harsh market competition and enhance the corporate value of the entire Group. Specifically, the three core operating companies, namely, TEPCO Fuel & Power, Incorporated (fuel and thermal power generation), TEPCO Power Grid, Incorporated (general power transmission and distribution) and TEPCO Energy Partner, Incorporated (electricity retail) are engaging in autonomous business management to maximize their competitiveness, while the stockholding company Tokyo Electric Power Company Holdings, Incorporated (TEPCO Holdings), is ensuring the optimal allocation of management resources based on solid corporate governance.

However, the operating environment surrounding the TEPCO Group remains harsh and the Company's business operations may be significantly affected if the following risks materialize.

The forward-looking statements included in the following represent estimates as of June 28, 2018.

(1) Accident at Fukushima Daiichi Nuclear Power Station

Putting the utmost emphasis on securing the safety of nuclear power generation, the Company is striving to push forward with decommissioning and other work at the Fukushima Daiichi Nuclear Power Station in accordance with the Mid-and-long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power (hereinafter the "Mid-and-long-Term Roadmap") and in cooperation with the government and relevant institutions.

However, the execution of such steps entails a number of challenges. Among these challenges are those associated with contaminated water, including disposing of and storing such water as well as the implementation of measures aimed at preventing underground water from entering the power station's structures. At the same time, the removal of nuclear debris involves technical difficulties that the Company has never before encountered. Because of these challenges, the implementation of these steps may not progress in accordance with the Mid-and-long-Term Roadmap. This could, in turn, impact the Group's business operations and performance as well as financial condition.

Furthermore, in view of the deterioration in the Group's fund procurement capability due to the lowering of its ratings following the nuclear accident, the Group's business performance, financial condition and operations may be affected.

(2) Stable Supply of Electric Power

Due to the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the operations of all generators at the Fukushima Daini and Kashiwazaki-Kariwa Nuclear Power Stations have been suspended. This, in turn, caused the TEPCO Group's electricity supply capability to deteriorate. In response, the Company is implementing measures aimed at securing stability on both the electricity supply and demand sides. However, natural disasters, accidents at facilities, sabotage, including terrorist acts, and problems in obtaining fuel are among the contingencies that could cause large-scale, extended power outages, which could render TEPCO unable to provide a stable supply of electric power. Such cases could negatively affect the TEPCO Group's business performance and financial condition, public trust and operations.

(3) Nuclear Power Generation and Nuclear Fuel Cycle

Based on the outcome of the nuclear accident at Fukushima, revisions are being made to Japan's national nuclear policy, while the Nuclear Regulation Authority has resolved to tighten safety regulations. The operations of the stockholding company TEPCO Holdings and its affiliates involving nuclear power generation and the nuclear fuel cycle might be affected by such revisions. These factors may, in turn, impact the Group's business performance and financial condition.

As for nuclear power plants, the Company is striving to further reinforce safety countermeasures while promoting corporate reforms, in line with its strong determination to prevent severe accidents from occurring no matter what the precipitating incident may be.

In addition, the outlook remains uncertain about how long it will be before the resumption of operations at the Kashiwazaki-Kariwa Nuclear Power Station. Therefore, the TEPCO Group's business performance and financial condition might be affected by the increase in thermal fuel costs and the generation of unnecessary nuclear fuel assets if the abovementioned circumstances surrounding nuclear power generation remain the same.

Moreover, the nuclear power generation and nuclear fuel cycle themselves pose various risks, such as those associated with reprocessing irradiated nuclear fuel, disposing of radioactive waste and decommissioning nuclear power plants and other facilities, all of which require substantial capital investment and long periods of operation. Initiatives such as the introduction of a national system for handling back-end business have reduced these risks, but issues such as revisions of this system, an increase in provisions to reserves for costs not included in this system, operating conditions at the Rokkasho Reprocessing Plant and other facilities, and procedures for the decommissioning of the Rokkasho Uranium Enrichment Plant could affect the TEPCO Group's business performance and financial condition.

(4) Business and Environmental Regulations

The possible regulatory environment changes closely related to the TEPCO Group, such as changes in the structure of electric power business resulting from the revisions of national policy on energy and a tightening of regulations on global warming, could affect the TEPCO Group's business performance and financial condition. In addition, such issues as a decrease in the quality of electric power due to a substantial increase in renewable energy resulting from stricter environmental regulations could disrupt the smooth execution of Group operations.

(5) Electricity Sales Volume

The volume of sales in the electric power business directly reflects economic and industrial activities and is subject to the influence of the economic environment. Moreover, demand for air conditioning and heating is subject to the influence of the weather, particularly in the summer and the winter. In addition, such factors as intensifying competition due to the full liberalization of the electricity retail market that took effect in April 2016, the popularization of energy conservation measures and the advancement of energy-saving technologies may impact the sales of electricity. These issues could affect the TEPCO Group's business performance and financial condition.

(6) Customer Service

The TEPCO Group is working to enhance customer service. However, inappropriate responses to customers and other issues could affect such matters as customer satisfaction and public trust in the TEPCO Group, which could affect its business performance and financial condition as well as the smooth execution of operations.

(7) Financial Markets Conditions

The TEPCO Group holds domestic and foreign stock and bonds in its pension plan assets and other portfolios. Changes in the value of these holdings due to issues that may include conditions in stock and bond markets could affect the TEPCO Group's business performance and financial condition. Moreover, issues including future interest rate movements affect the TEPCO Group's interest payments.

(8) Fossil Fuel Prices

The prices for liquefied natural gas (LNG), crude oil, coal and other fuels for thermal power generation change according to factors that include conditions in international fuel markets and foreign exchange market movements, which could affect the TEPCO Group's business performance and financial condition. However, changes in fuel prices and foreign exchange markets are reflected in electricity rates through the fuel cost adjustment system, which reduces the impact on performance from fuel price fluctuations within a defined range.

(9) Securing Safety, Quality Control and Preventing Environmental Pollution

The TEPCO Group works to secure safety, control quality and prevent environmental pollution while focusing on maintaining highly transparent and reliable information disclosure. However, the smooth execution of operations could be affected if the public's trust in the Group is violated by such events as 1) the occurrence of an accident, fatality or large-scale emission of pollutants into the environment as the result of such causes as operational error or breach of laws or internal regulations or 2) a public relations failure on the part of the Group resulting in such an incident as inappropriate information disclosure.

(10) Corporate Ethics and Compliance

The TEPCO Group works to ensure compliance with corporate ethics during the execution of operations. However, the violation of laws and regulations or other acts contrary to the TEPCO Group's corporate ethics could damage public trust in the TEPCO Group and affect the smooth execution of Group operations.

(11) Information Management

The TEPCO Group maintains information important to its operations, including a large volume of customer information. The Group strictly administers information through means that include internal regulations and employee training. However, leaks of information could damage public trust in the TEPCO Group and affect the smooth execution of Group operations.

(12) Businesses Other than Electric Power

The TEPCO Group operates businesses other than electric power, including businesses overseas. Various issues, including changes in the Group's management condition, increasing competition with other participants in these businesses, stricter regulations, changes in economic conditions, including foreign exchange rates and international fuel markets, political uncertainty and natural disasters, could cause actual results to differ from forecasts at the time of investment and may affect the TEPCO Group' business performance and financial condition.

(13) Acquisition of TEPCO Share by the NDF

On July 31, 2012, TEPCO issued Preferred Stocks (Class A Preferred Stocks and Class B Preferred Stocks; collectively, the "Preferred Stocks") by third-party allotment, with the NDF as allottee. Class A Preferred Stocks entail voting rights at the General Meeting of Shareholders as well as put options with Class B Preferred Stocks and Common Shares as consideration. Class B Preferred Stocks also entail put options with Class A Preferred Stocks and Common Shares as consideration, although holders are not granted voting rights unless otherwise provided for in laws and regulations. Due to the aforementioned acquisition of stocks, the NDF holds a majority of the total voting rights of the Company. Consequently, the NDF's exercise of its voting rights at the shareholder's meeting, etc., might affect the Company's business operations going forward. In addition, further dilution of the Company's existing shares is possible if 1) put options on Class B Preferred Stocks are executed by the NDF to acquire Class A Preferred Stocks and/or 2) put options on the Preferred Stocks are executed by the NDF to acquire Common Shares. In particular, should the NDF execute the latter put options as stated in 2) above, such dilutions might result in a decline in the share price of TEPCO Holdings, the stockholding company of the Group. The share price could also be affected if the NDF were to sell Common Shares on the secondary market. Depending on the circumstances of the stock market at the time of such sale, the impact of the sale on TEPCO Holdings' share price might be significant.

(14) Management Reform Initiatives Based on the Revised Plan

Under the Revised Plan, the TEPCO Group has been making efforts through fundamental management reforms with the aim of securing funds for compensation/decommissioning and improving corporate value in order to fulfill its responsibilities in Fukushima. However, if the productivity reforms stated in the Revised Plan and reorganization/integration through the establishment of a joint entity as well as other management reforms do not proceed as planned, it may have an impact on the TEPCO Group's business performance, financial standing, and business operation.

Consolidated Balance Sheet

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
March 31, 2018

	Millions of yen		Millions of U.S. dollars (Note 2)
ASSETS	**March 31, 2018**	March 31, 2017	**March 31, 2018**
Property, plant and equipment:			
Property, plant and equipment	**¥ 30,715,733**	¥ 30,664,082	**$ 289,089**
Construction in progress	**925,538**	840,444	**8,711**
	31,641,272	31,504,527	**297,800**
Less:			
Contributions in aid of construction	**414,446**	405,933	**3,901**
Accumulated depreciation	**23,433,688**	23,275,909	**220,552**
	23,848,134	23,681,842	**224,453**
Property, plant and equipment, net (Notes 6, 12 and 21)	**7,793,137**	7,822,684	**73,347**
Nuclear fuel :			
Loaded nuclear fuel	**120,509**	120,486	**1,134**
Nuclear fuel in processing	**539,858**	527,415	**5,081**
	660,368	647,902	**6,215**
Investments and other assets:			
Long-term investments (Notes 7, 12 and 33)	**129,869**	95,442	**1,222**
Long-term investments in subsidiaries and associates (Note 8)	**917,745**	934,672	**8,638**
Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation (Notes 16, 29 and 33)	**593,701**	531,974	**5,588**
Net defined benefit asset (Note 19)	**147,499**	131,611	**1,388**
Other (Note 20)	**123,345**	129,571	**1,161**
	1,912,161	1,823,272	**17,997**
Current assets :			
Cash and deposits (Notes 9, 12 and 33)	**1,187,283**	941,383	**11,175**
Notes and accounts receivable–trade (Note 33)	**587,907**	512,680	**5,533**
Inventories (Notes 5 and 12)	**160,240**	156,771	**1,508**
Other (Notes 9, 12 and 20)	**301,869**	386,038	**2,841**
	2,237,301	1,996,873	**21,057**
Less:			
Allowance for doubtful accounts	**(11,144)**	(13,133)	**(105)**
	2,226,156	1,983,740	**20,952**
Total assets	**¥ 12,591,823**	¥ 12,277,600	**$ 118,511**

See notes to consolidated financial statements.

	Millions of yen		Millions of U.S. dollars (Note 2)
LIABILITIES AND NET ASSETS	**March 31, 2018**	March 31, 2017	**March 31, 2018**
Long-term liabilities and reserves:			
Long-term debt (Notes 10, 12 and 33)	**¥ 2,685,175**	¥ 3,418,785	**$ 25,272**
Other long-term liabilities (Note 20)	**372,839**	377,100	**3,509**
Provision for preparation of removal of reactor cores in the specified nuclear power facilities (Note 15)	**1,929**	—	**18**
Reserve for loss on disaster (Notes 14 and 27)	**442,402**	467,692	**4,164**
Reserve for nuclear damage compensation (Notes 16 and 27)	**600,647**	694,396	**5,653**
Net defined benefit liability (Note 19)	**386,735**	386,392	**3,640**
Asset retirement obligations (Note 21)	**784,581**	773,600	**7,385**
	5,274,312	6,117,969	**49,641**
Current liabilities:			
Current portion of long-term debt (Notes 10, 12 and 33)	**1,756,527**	1,726,040	**16,532**
Short-term loans (Notes 10 and 33)	**1,581,266**	860,152	**14,883**
Notes and accounts payable-trade (Note 33)	**208,576**	181,137	**1,963**
Accrued taxes	**131,566**	192,070	**1,238**
Other (Notes 21 and 33)	**974,829**	844,941	**9,175**
	4,652,768	3,804,342	**43,791**
Reserve under special laws:			
Reserve for fluctuation in water levels (Note 17)	**581**	—	**5**
Reserve for preparation of the depreciation of nuclear power construction (Note 18)	**6,895**	6,608	**65**
	7,477	6,608	**70**
Total liabilities	**9,934,558**	9,928,920	**93,502**
Net assets:			
Shareholders' equity (Note 22)**:**			
Common stock, without par value:			
Authorized — 35,000,000,000 shares in 2018 and 2017			
Issued —1,607,017,531 shares in 2018 and 2017	**900,975**	900,975	**8,480**
Preferred stock:			
Authorized — 5,500,000,000 shares in 2018 and 2017			
Issued —1,940,000,000 shares in 2018 and 2017	**500,000**	500,000	**4,706**
Capital surplus	**743,121**	743,123	**6,994**
Retained earnings	**508,584**	193,404	**4,787**
Treasury stock, at cost:			
4,765,505 shares in 2018 and 4,732,501 shares in 2017	**(8,454)**	(8,442)	**(80)**
Total shareholders' equity	**2,644,226**	2,329,061	**24,887**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	**8,679**	5,109	**82**
Deferred gains or losses on hedges	**(454)**	(1,871)	**(4)**
Land revaluation loss (Note 24)	**(2,291)**	(2,301)	**(22)**
Foreign currency translation adjustments	**(7,846)**	17,098	**(74)**
Remeasurements of defined benefit plans	**9,072**	(3,662)	**85**
Total accumulated other comprehensive income	**7,158**	14,373	**67**
Stock acquisition rights (Note 23)	**0**	—	**0**
Noncontrolling interests	**5,880**	5,244	**55**
Total net assets	**2,657,265**	2,348,679	**25,009**
Total liabilities and net assets	**¥12,591,823**	¥12,277,600	**$118,511**

See notes to consolidated financial statements.

Consolidated Statement of Operations

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2018

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**
Operating revenues:			
Electricity	**¥5,454,304**	¥ 5,095,037	**$ 51,335**
Other	**396,634**	262,696	**3,733**
	5,850,939	5,357,734	**55,068**
Operating expenses (Notes 25, 26 and 27)**:**			
Electricity	**5,188,433**	4,862,241	**48,832**
Other	**374,036**	236,812	**3,521**
	5,562,469	5,099,053	**52,353**
Operating income	**288,470**	258,680	**2,715**
Other income (expenses):			
Interest and dividend income	**2,251**	12,686	**21**
Interest expense	**(63,247)**	(75,588)	**(595)**
Loss on disaster (Notes 27 and 28)	**(21,302)**	(19,335)	**(201)**
Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation (Note 29)	**381,987**	294,234	**3,595**
Compensation for nuclear damages (Notes 27 and 29)	**(286,859)**	(392,006)	**(2,700)**
Equity in earnings of affiliates	**38,052**	26,186	**358**
Gain on changes in equity interest	**—**	36,459	**—**
Other, net	**(10,665)**	5,658	**(100)**
	40,216	(111,704)	**378**
Income before special items and income taxes	**328,686**	146,976	**3,093**
Special items:			
Provision for reserve for fluctuation in water levels (Note 17)	**(581)**		**(5)**
Provision for reserve for preparation of the depreciation of nuclear power construction (Note 18)	**(287)**	(505)	**(3)**
Income before income taxes	**327,817**	146,471	**3,085**
Income taxes (Note 20)**:**			
Current	**20,882**	15,352	**197**
Deferred	**(11,330)**	(2,002)	**(107)**
	9,552	13,350	**90**
Net income	**318,265**	133,120	**2,995**
Net income attributable to non-controlling interests	**187**	309	**1**
Net income attributable to owners of the parent	**¥318,077**	¥132,810	**$2,994**
Per share information (Note 35)**:**	Yen		U.S. dollars (Note 2)
Net assets (basic)	**¥1,030.67**	¥ 838.45	**$ 9.70**
Net income (basic)	**198.52**	82.89	**1.87**
Net income (diluted)	**64.32**	26.79	**0.61**
Cash dividends	**—**	—	**—**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive income

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2018

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**
Net income	**¥318,256**	¥133,120	**$2,995**
Other comprehensive income (Note 30)			
Valuation difference on available-for-sale securities	**2,129**	1,463	**20**
Deferred gains or losses on hedges	**—**	4	**—**
Foreign currency translation adjustments	**875**	(17,787)	**8**
Remeasurements of defined benefit plans	**12,187**	2,809	**115**
Share of other comprehensive (loss) income of affiliates accounted for under the equity method	**(1,860)**	25,787	**(17)**
Total other comprehensive income	**13,332**	12,277	**126**
Comprehensive income	**¥331,597**	¥145,398	**$3,121**
Total comprehensive income attributable to:			
Owners of the parent	**¥331,409**	¥147,173	**$3,119**
Noncontrolling interests	**187**	(1,775)	**2**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2018

	Year ended March 31, 2018														
	Millions of yen														
	Shareholders' equity						Accumulated other comprehensive income								
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at April 1, 2017	**¥900,975**	**¥500,000**	**¥743,123**	**¥193,404**	**¥(8,442)**	**¥2,329,061**	**¥5,109**	**¥(1,871)**	**¥(2,301)**	**¥17,098**	**¥(3,662)**	**¥14,373**	**¥—**	**¥5,244**	**¥2,348,679**
Net income attributable to owners of the parent	—	—	—	318,077	—	318,077	—	—	—	—	—	—	—	—	318,077
Purchases of treasury stock	—	—	—	—	(15)	(15)	—	—	—	—	—	—	—	—	(15)
Sales of treasury stock	—	—	(2)	—	2	0	—	—	—	—	—	—	—	—	0
Change of scope of equity method	—	—	—	(2,888)	—	(2,888)	—	—	—	—	—	—	—	—	(2,888)
Reversal of land revaluation loss	—	—	—	(9)	—	(9)	—	—	—	—	—	—	—	—	(9)
Other	—	—	—	—	0	0	—	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	3,569	1,416	9	(24,944)	12,734	(7,214)	0	635	(6,579)
Total changes	—	—	(2)	315,179	(12)	315,165	3,569	1,416	9	(24,944)	12,734	(7,214)	0	635	308,586
Balance at March 31, 2018	**¥900,975**	**¥500,000**	**¥743,121**	**¥508,584**	**¥(8,454)**	**¥2,644,226**	**¥8,679**	**¥ (454)**	**¥(2,291)**	**¥ (7,846)**	**¥ 9,072**	**¥ 7,158**	**¥ 0**	**¥5,880**	**¥2,657,265**

	Year ended March 31, 2017														
	Millions of yen														
	Shareholders' equity						Accumulated other comprehensive income								
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at April 1, 2016	¥900,975	¥500,000	¥743,125	¥ 60,803	¥(8,430)	¥2,196,473	¥3,618	¥(14,668)	¥(2,510)	¥20,768	¥(7,406)	¥ (198)	¥—	¥21,864	¥2,218,139
Net income attributable to owners of the parent	—	—	—	132,810	—	132,810	—	—	—	—	—	—	—	—	132,810
Purchases of treasury stock	—	—	—	—	(14)	(14)	—	—	—	—	—	—	—	—	(14)
Sales of treasury stock	—	—	(1)	—	2	0	—	—	—	—	—	—	—	—	0
Reversal of land revaluation loss	—	—	—	(209)	—	(209)	—	—	—	—	—	—	—	—	(209)
Other	—	—	—	—	0	0	—	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	1,491	12,796	209	(3,669)	3,744	14,571	—	(16,619)	(2,047)
Total changes	—	—	(1)	132,601	(12)	132,587	1,491	12,796	209	(3,669)	3,744	14,571	—	(16,619)	130,540
Balance at March 31, 2017	¥900,975	¥500,000	¥743,123	¥193,404	¥(8,442)	¥2,329,061	¥5,109	¥ (1,871)	¥(2,301)	¥17,098	¥(3,662)	¥14,373	¥—	¥ 5,244	¥2,348,679

	Year ended March 31, 2018														
	Millions of U.S. dollars (Note 2)														
	Shareholders' equity						Accumulated other comprehensive income								
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at April 1, 2017	**$8,480**	**$4,706**	**$6,994**	**$1,820**	**$(80)**	**$21,920**	**$48**	**$(17)**	**$(22)**	**$161**	**$(35)**	**$135**	**$—**	**$49**	**$22,104**
Net income attributable to owners of the parent	—	—	—	2,994	—	2,994	—	—	—	—	—	—	—	—	2,994
Purchases of treasury stock	—	—	—	—	(0)	(0)	—	—	—	—	—	—	—	—	(0)
Sales of treasury stock	—	—	(0)	—	0	0	—	—	—	—	—	—	—	—	0
Change of scope of equity method	—	—	—	(27)	—	(27)	—	—	—	—	—	—	—	—	(27)
Reversal of land revaluation loss	—	—	—	(0)	—	(0)	—	—	—	—	—	—	—	—	(0)
Other	—	—	—	—	0	0	—	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	34	13	0	(235)	120	(68)	0	6	(62)
Total changes	—	—	(0)	2,967	(0)	2,967	34	13	0	(235)	120	(68)	0	6	2,905
Balance at March 31, 2018	**$8,480**	**$4,706**	**$6,994**	**$4,787**	**$(80)**	**$24,887**	**$82**	**$ (4)**	**$(22)**	**$ (74)**	**$ 85**	**$ 67**	**$ 0**	**$55**	**$25,009**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2018

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from operating activities			
Income before income taxes	¥ 327,817	¥ 146,471	$ 3,085
Depreciation and amortization	561,257	564,276	5,282
Decommissioning costs of nuclear power units	16,927	17,869	159
Loss on disposal of property, plant and equipment	25,442	22,752	240
Reversal of reserve for reprocessing of irradiated nuclear fuel provision	—	(37,187)	—
Increase in provision for preparation of removal of reactor cores in the specified nuclear power facilities	1,929	—	18
Increase in reserve for loss on disaster	9,554	19,025	90
Net defined benefit liability	342	3,604	3
Interest and dividend income	(2,251)	(12,686)	(21)
Interest expense	63,247	75,588	595
Equity in earnings of affiliates	(38,052)	(26,186)	(358)
Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	(381,987)	(294,234)	(3,595)
Compensation for nuclear damages	286,859	392,006	2,700
Gain on changes in equity interest	—	(36,459)	—
Decrease in trust funds for reprocessing of irradiated nuclear fuel	—	55,683	—
Increase in notes and accounts receivable	(76,145)	(26,138)	(716)
Increase (decrease) in notes and accounts payable	33,961	(52,767)	320
Other	75,212	102,174	708
	904,115	913,790	8,510
Interest and cash dividends received	6,594	18,749	62
Interest paid	(64,822)	(62,641)	(610)
Payments for loss on disaster due to the Tohoku-Chihou-Taiheiyou-Oki Earthquake	(32,944)	(29,995)	(310)
Receipts of Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	893,900	1,141,800	8,413
Payments for nuclear damage compensation	(957,821)	(1,161,778)	(9,015)
Income taxes refunded (paid)	3,160	(36,887)	30
Net cash provided by operating activities	752,183	783,038	7,080
Cash flows from investing activities			
Purchases of property, plant and equipment	(562,006)	(562,242)	(5,289)
Contributions in aid of construction received	22,328	18,832	210
Increase in long-term investments	(10,077)	(23,934)	(95)
Proceeds from long-term investments	155	4,189	1
Other	29,006	84,682	273
Net cash used in investing activities	(520,593)	(478,471)	(4,900)
Cash flows from financing activities			
Proceeds from issuance of bonds	523,639	492,150	4,928
Redemptions of bonds	(1,499,805)	(766,838)	(14,116)
Proceeds from long-term loans	498,289	34,977	4,690
Repayments of long-term loans	(226,315)	(727,454)	(2,130)
Proceeds from short-term loans	3,939,019	1,976,554	37,073
Repayments of short-term loans	(3,217,974)	(1,609,626)	(30,287)
Other	(4,313)	(3,718)	(40)
Net cash provided by (used in) financing activities	12,538	(603,955)	118
Effect of exchange rate changes on cash and cash equivalents	12	(3,686)	0
Net increase (decrease) in cash and cash equivalents	244,140	(303,075)	2,298
Cash and cash equivalents at beginning of the year	940,243	1,339,910	8,849
Decrease in cash and cash equivalents resulting from change of scope of consolidation	—	(96,590)	—
Cash and cash equivalents at end of the year (Note 9)	¥1,184,384	¥ 940,243	$11,147

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
March 31, 2018

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The accompanying consolidated financial statements of "Tokyo Electric Power Company Holdings, Incorporated" (hereinafter the "Company") and its consolidated subsidiaries (collectively, the "Companies" or "Group") have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which differ in certain respects from the application and disclosure requirements of the International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Certain amounts in the prior year's comparative financial information have been reclassified to conform to the current year's presentation.

(b) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all companies which it controls directly or indirectly. (Subsidiaries: 43 in 2018 and 34 in 2017. Affiliates: 18 in 2018 and 14 in 2017.) Companies over which the Company or the Companies exercise significant influence in terms of their operating and financial policies have been included in the consolidated financial statements using equity method of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

The financial statements of overseas consolidated subsidiaries and affiliates are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the certain items required by Japanese generally accepted accounting principles as applicable.

(c) Nuclear Fuel and Amortization

Nuclear fuel is stated at cost less amortization. The amortization of loaded nuclear fuel is computed based on the quantity of energy produced in the generation of electricity.

(d) Investments

Securities are classified into three categories according to holding intent as follows: i) trading securities, which are held for the purpose of earning capital gains in the short-term; ii) held-to-maturity securities, which the Companies intend to hold until maturity; and iii) available-for-sale securities, which are not classified as either of the other two categories. The Companies have no securities categorized as trading securities or held-to-maturity securities. Available-for-sale securities are stated at fair value if available, or at cost determined by the moving-average method. Unrealized gains or losses, net of the applicable taxes, are reported under accumulated other comprehensive income as a separate component of net assets. Realized gain or loss on sales of these securities is calculated based on the moving-average cost.

(e) Inventories

Inventories are stated at the lower of cost, determined principally by the average method, or a net selling value.

(f) Depreciation and Amortization

Depreciation of property, plant and equipment is computed by the declining-balance method based on the estimated useful lives of the respective assets. Amortization of intangible fixed assets is computed by the straight-line method. Useful lives are the same as those stipulated in the Corporation Tax Act. Easements for transmission line rights-of-way acquired on or after April 1, 2005 are amortized over 36 years, the same number of years used for the useful life of the transmission lines. Other easements are depreciated over their average remaining useful lives.

Property, plant and equipment include removal costs corresponding to asset retirement obligations related to the decommissioning measures for specified nuclear power plants. The method of recording the related decommissioning costs is explained in Note 1 (i).

(g) Allowance for Doubtful Accounts
The Companies provide an allowance for doubtful accounts based on the historical ratio of actual credit losses to total receivables and the amount of uncollectible receivables estimated on an individual basis.

(h) Accounting for Employees' Retirement Benefits
The Companies record liability for employees' retirement benefits principally based on the projected benefit obligation and the fair value of the pension plan assets at the balance sheet date.

The projected benefit obligation is attributed to periods on a straight-line basis.

Past service costs are mainly charged to income when incurred.

Actuarial gains or losses are mainly amortized by the straight-line method over a defined period (three years) within the employees' average remaining service period, commencing on the fiscal year following the fiscal year in which the gains or losses are incurred.

Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized in remeasurements of defined benefit plans under accumulated other comprehensive income within the net assets section, after adjusting for tax effects.

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

(Additional information)
Estimated amounts of decommissioning costs of Fukushima Daiichi Nuclear Power Station Units 1 through 4:

The Company records the amounts within the range of reasonable estimates based on the currently available information, although they might vary from now on, since it is difficult to identify the whole situations of the damages.

Revisions of the Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units:

On April 1, 2018, the "Ministerial Ordinance to Revise a Part of the Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of Ministry of Economy, Trade and Industry No. 17 on March 30, 2018) was enforced and the "Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units" was revised. Previously, the Company applied paragraph 8 of ASBJ Guidance No. 21 concerning asset retirement obligations to the decommissioning measures and recorded the costs of assets corresponding to asset retirement obligations related to the decommissioning measures for specified nuclear power units among property, plant and equipment in accordance with the "Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units," by allocating total estimated amount of decommissioning costs of nuclear power units over the expected operational period plus expected safe storage period on a straight-line basis, but following the revisions of the Ministerial Ordinance, since the date of enforcement, the decommissioning costs will be recorded over the expected operational period on a straight-line method.

However, in case of decommissioning nuclear reactor following the changes in energy policies, safety rules, etc., if an entity obtained authorization of the Minister of Economic, Trade and Industry based on the request from a power generation operator, the decommissioning costs will be recorded over the period of 10 years from the month that includes the date of decommission of the specified nuclear power units (when the operation was ceased before the date of enforcement of the revised Ministerial Ordinance, for 10 years from the month that includes the date of cessation) on a straight-line method.

(j) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws expected to be in effect when the differences are expected to be recovered or settled.

(k) Foreign Currency Translation

The revenue and expenses of overseas consolidated subsidiaries are translated into yen at the average exchange rates prevailing during the fiscal year.

The assets and liabilities of overseas consolidated subsidiaries, except for the components of net assets, are translated into yen at the rates of exchange in effect at the respective balance sheet date.

Certain components of equity (net assets) are translated at their historical exchange rates. Translation differences arising from the translation of the financial statements of overseas consolidated subsidiaries are presented as foreign currency translation adjustments in net assets.

Current and non-current accounts denominated in foreign currency are translated into yen at the exchange rates prevailing as of the fiscal year-end, and the resulting gain or loss is credited or charged to income for the fiscal year.

(l) Derivatives and Hedging Activities

Derivatives are stated at fair values with any changes in unrealized gains or losses charged or credited to income, except for those that meet the criteria for deferral hedge accounting under which unrealized gains or losses is deferred as an asset or a liability.

Liabilities that are denominated in foreign currencies and hedged by derivative instruments are translated at their respective contract rates.

(m) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(n) Accounting Standards Issued, but not Yet Applied

Accounting Standard and Implementation Guidance on Revenue Recognition

On March 30, 2018, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30).

(1) Overview

The IASB (International Accounting Standards Board) and the FASB (Financial Accounting Standards Board) of USA have jointly developed comprehensive accounting standard on revenue recognition and the IASB issued IFRS No. 15 and the FASB issued Topic 606 "Revenue from Contracts with Customers" in May 2014. Considering the circumstances that IFRS No. 15 is applied from the fiscal year beginning on or after January 1, 2018 and Topic 606 is applied from the fiscal year beginning after December 15, 2017, the ASBJ has developed comprehensive accounting standard for revenue recognition, which was issued together with its implementation guidance.

As a basic policy in the development of the accounting standard for revenue recognition of the ASBJ, the accounting standard is determined starting from incorporating basic principles of IFRS No. 15 from the viewpoint of comparability between financial statements that is a benefit to ensure consistency with IFRS No. 15 and if there are any business practices to be given consideration in Japan, alternative treatments should be added unless they impair comparability.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and the implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of accounting standard and the implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and the implementation guidance on its consolidated financial statements.

2 U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥106.25 = US$1.00, the approximate rate of exchange in effect on March 31, 2018, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

3 Changes in Presentation

(1) Consolidated Statement of Operations

"Gain on sales of noncurrent assets" (¥1,695 million (US$16 million) for the year ended March 31, 2018) that was presented individually under "Other income" for the year ended March 31, 2017 is included in "Other" of "Other income" for the year ended March 31, 2018 because the amount has become insignificant. The consolidated financial statements for the year ended March 31, 2017 have been reclassified to reflect this change.

As a result, ¥7,029 million that was presented in "Gain on sales of noncurrent assets" under "Other income" in the consolidated statement of operations for the year ended March 31, 2017 has been reclassified as "Other."

(2) Consolidated Statement of Cash Flows

"Payments into time deposits" (¥(2,751) million (US$(26) million for the year ended March 31, 2018) and "Proceeds from withdrawal of time deposits" (¥1,060 million (US$10 million) for the year ended March 31, 2018) that were presented individually under "Cash flows from investing activities" for the year ended March 31, 2017 is included in "Other" for the year ended March 31, 2018 because the amount has become insignificant. The consolidated financial statements for the year ended March 31, 2017 have been reclassified to reflect this change.

As a result, ¥(20,323) million that was presented in "Payments into time deposits" and ¥77,577 million that was presented in "Proceeds from withdrawal of time deposits" under "Cash flows from investing activities" in the Consolidated Statement of Cash Flows for the year ended March 31, 2017 has been reclassified as "Other."

4 Additional Information

Fixed Assets Necessary for Decommissioning Reactors and Fixed Assets Requiring Maintenance after Having Discontinued Operation of Reactors

The outstanding balance of fixed assets necessary for decommissioning reactors and fixed assets requiring maintenance after having discontinued operation of reactors as of March 31, 2018 and 2017 was ¥432,804 million (US$4,073 million) and ¥366,807 million, respectively.

5 Inventories

Details of inventories were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Merchandise and finished products	**¥ 5,413**	¥ 5,262	**$ 51**
Work in process	**15,053**	18,791	**142**
Raw materials and stores	**139,773**	132,717	**1,315**
Total inventories	**¥160,240**	¥156,771	**$1,508**

6 Property, Plant and Equipment, Net

The major classifications of property, plant and equipment, net at March 31, 2018 and 2017 were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Hydroelectric power production facilities	**¥ 399,096**	¥ 415,728	**$ 3,756**
Thermal power production facilities	**1,016,890**	1,060,332	**9,571**
Nuclear power production facilities	**865,747**	816,184	**8,148**
Transmission facilities	**1,576,154**	1,655,098	**14,834**
Transformation facilities	**664,734**	690,766	**6,256**
Distribution facilities	**2,021,792**	2,005,542	**19,029**
Other electricity-related property, plant and equipment	**124,921**	147,434	**1,176**
Other property, plant and equipment	**198,262**	191,153	**1,866**
Construction in progress	**925,538**	840,444	**8,711**
	¥7,793,137	¥7,822,684	**$73,347**

Assets corresponding to asset retirement obligations related to the decommissioning of specified nuclear power generating facilities are included in property, plant and equipment (Note 21).

7 Investment Securities

At March 31, 2018 and 2017, available-for-sale securities for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2018			2017			**2018**		
	Carrying amount	Acquisition costs	Unrealized holding gains (losses)	Carrying amount	Acquisition costs	Unrealized holding gains (losses)	Carrying amount	Acquisition costs	Unrealized holding gains (losses)
Unrealized holding gains:									
Stocks, bonds and other	**¥10,003**	**¥ 8,123**	**¥1,880**	¥ 142	¥ 72	¥ 69	**$94**	**$76**	**$18**
Unrealized holding losses:									
Stocks, bonds and other	**2,906**	**3,449**	**(542)**	3,989	4,832	(843)	**28**	**33**	**(5)**
Total	**¥12,910**	**¥11,572**	**¥1,338**	¥4,131	¥4,904	¥(773)	**$122**	**$109**	**$13**

8 Long-term Investments in Associates

Shares and capital investments in associates (of which investments in jointly controlled entities) were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Shares and capital investments	**¥ 831,452**	¥ 821,572	**$ 7,825**
(Of which investments in jointly controlled entities)	**(308,558)**	(295,942)	**(2,904)**

9

Supplemental Cash Flow Information

A reconciliation of the difference between cash and deposits stated in the consolidated balance sheets as of March 31, 2018 and 2017 and cash and cash equivalents for the purpose of the statement of cash flows for the years ended March 31, 2018 and 2017 is as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Cash and deposits	¥1,187,283	¥ 941,383	$11,175
Time deposits with maturities of more than three months	(2,899)	(1,140)	(28)
Cash and cash equivalents	¥1,184,384	¥ 940,243	$11,147

10

Short-Term Loans and Long-Term Debt

Short-term loans are unsecured. The weighted-average interest rates of short-term loans were approximately 0.630% and 0.609% for the years ended March 31, 2018 and 2017, respectively.

At March 31, 2018 and 2017, short-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Loans from banks and other sources	¥1,581,266	¥ 860,152	$14,883

The annual interest rates applicable to the Company's domestic straight bonds at March 31, 2018 and 2017 ranged from 0.380% to 2.800%. The interest rates applicable to long-term debt (except for the current portion) at March 31, 2018 and 2017 averaged approximately 0.824% and 0.796%, respectively.

At March 31, 2018 and 2017, long-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Domestic straight bonds due from 2017 through 2040	¥ 2,230,891	¥ 3,205,987	$ 20,996
Loans from banks, insurance companies and other sources	2,210,811	1,938,839	20,808
	4,441,702	5,144,826	41,804
Less: Current portion	(1,756,527)	(1,726,040)	(16,532)
	¥ 2,685,175	¥ 3,418,785	$ 25,272

Financial covenants:

At March 31, 2018

Financial covenants on the financial position and operating results of the Company and its Group are attached to corporate bonds of ¥125,333 million (US$1,180 million), current portion of long-term debt of ¥894,682 million (US$8,421 million) and short-term loans of ¥566,543 million (US$5,332 million) of the Company as of March 31, 2018.

At March 31, 2017

Financial covenants on the financial position and operating results of the Company and its Group are attached to corporate bonds of ¥401,882 million, current portion of long-term debt of ¥895,669 million and short-term loans of ¥579,995 million of the Company as of March 31, 2017.

11 Leases

(a) As Lessee:

Future minimum lease payments subsequent to March 31, 2018 and 2017 for operating leases are summarized as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Within one year	**¥347**	¥ 451	**$3**
Later than one year	**401**	711	**4**
Total	**¥749**	¥1,162	**$7**

(b) As Lessor:

Future minimum lease income subsequent to March 31, 2018 and 2017 for operating leases is summarized as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Within one year	**¥12**	¥33	**$0**
Later than one year	**—**	13	**—**
Total	**¥12**	¥47	**$0**

12 Pledged Assets

The Company's entire property was subject to certain statutory preferential rights as security for loans from the Development Bank of Japan that amounted to ¥313,171 million (US$2,947 million) and ¥905,269 million, and for bonds that amounted to ¥1,740,891 million (US$16,385 million) and ¥3,115,987 million including current portion at March 31, 2018 and 2017, respectively.

Pursuant to the Nuclear Damage Compensation Act (June 17, 1961; Act No. 147 of 1961), the Company has made a deposit of ¥120,000 million (US$1,129 million) as a measure of compensation for damages to be paid as the operator for cooling of nuclear reactors and treatment of accumulated water of Fukushima Daiichi Nuclear Power Station.

The entire property of TEPCO Fuel & Power, Incorporated was subject to certain statutory preferential rights as security for loans from Development Bank of Japan that amounted to ¥208,534 million (US$1,963 million) including current portion at March 31, 2018.

The entire property of TEPCO Power Grid, Incorporated was subject to certain statutory preferential rights as security for bonds that amounted to ¥490,000 million (US$4,612 million) and ¥90,000 million at March 31, 2018 and 2017, respectively, and loans from Development Bank of Japan that amounted to ¥345,432 million (US$3,251 million) including current portion at March 31, 2018.

The entire property of TEPCO Energy Partner, Incorporated was subject to certain statutory preferential rights as security for loans from Development Bank of Japan that amounted to ¥55,554 million (US$523 million) including current portion at March 31, 2018.

Some of the Company's long-term loan agreements give the lenders the right, upon request, to have any proposed appropriation of retained earnings submitted to them for prior approval before submission to the shareholders. None of the lenders has ever exercised this right.

Assets pledged as collateral for certain consolidated subsidiaries' long-term debt of ¥117 million (US$1 million) and ¥162 million, which are related to plant mortgage, at March 31, 2018 and 2017, respectively, were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Property, plant and equipment, net:			
Other	**¥4,181**	¥4,628	**$39**
Investments and other:			
Long-term investments	**523**	516	**5**
	¥4,705	¥5,144	**$44**

Above property, plant and equipment-other are pledged as plant mortgage as of March 31, 2018 and 2017.

Long-term investments totaling ¥4 million (US$0 million) were pledged as collateral for long-term loans from financial institutions to investees of certain consolidated subsidiaries as of March 31, 2018 and 2017. In case of default of the investees, the burden of the consolidated subsidiaries is limited to the concerned amount of investments.

13

Method of Recording Contribution Costs Concerning Reprocessing of Irradiated Nuclear Fuel

The costs required to implement the reprocessing of irradiated nuclear fuel are recorded by booking the contribution stipulated in paragraph 1, Article 4 of the "Act on the Partial Revision of the Spent Nuclear Fuel Reprocessing Fund Act" (Act No. 40, May 18, 2016) as expenses in proportion to the amount of irradiated nuclear fuel generated from operation.

Of the estimated amount of costs required for the reprocessing of irradiated nuclear fuel generated up to March 31, 2004, the cost burden responsibility for the difference arising from changes in the reserve recording standards in the year ended March 31, 2005 will be fulfilled by paying the difference as contribution related to irradiated nuclear fuel in accordance with Article 4 of the Supplementary Provisions of the "Ministerial Ordinance to Revise a Part of the Electric Utility Accounting Regulations, etc." (Ordinance of the Ministry of Economy, Trade and Industry No. 94, September 30, 2016). An equal amount of ¥30,560 million (US$ 288 million) will be expensed each year until the year ending March 31, 2020.

In addition, contribution costs related to reprocessing of irradiated nuclear fuel is recorded in "Construction in progress" on the consolidated balance sheet.

14

Reserve for Loss on Disaster

For the Niigataken Chuetsu-Oki Earthquake

The Company provides reserve for loss on disaster for the restoration of assets damaged by the Niigataken Chuetsu-Oki Earthquake.

For the Tohoku-Chihou-Taiheiyou-Oki Earthquake

The Company provides reserve for loss on disaster for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake.

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

a. Expenses and /or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station

Responding to "Step 2 Completion Report- Roadmap towards Settlement of the Accident at Fukushima Daiichi Nuclear Power Station, Tokyo Electric Power Company, Incorporated (hereinafter "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 Fukushima Daiichi Nuclear Power Plant, 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 (finally 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 removal of reactor cores in the plan concerning recovery of reserve for decommissioning reactors applied for authorization pursuant to paragraph 2 of Article 55-9 of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (Act No.94 of 2011)) 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 concrete contents of constructions cannot be estimated at this time, the Company records estimated amounts based on the historical amounts at an accident at overseas nuclear power plants.

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

The Company records an amount equivalent to the present value (discount rate: 4.0%) of the processing costs of nuclear fuels in processing which are not expected to be spent, in accordance with the accounting guideline for "Reserve for reprocessing of irradiated nuclear fuel".

Processing costs for loaded fuels are included in "Other fixed liabilities".

c. Expenses and/or losses for maintaining the safe "cold shutdown condition" and others of reactors at Fukushima Daini Nuclear Power Station

Although the future treatment for the damaged Fukushima Daini Nuclear Power Station has not been decided yet, the Company records estimated amounts for expenses and/or losses for maintaining the safe "cold shutdown condition" and others of reactors 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)

Reserve for loss on disaster at March 31, 2018 and 2017 consists of the following:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Loss on the Niigataken Chuetsu-Oki Earthquake	**¥ 5,119**	¥ 15,009	**$ 48**
Loss on the Tohoku-Chihou-Taiheiyou-Oki Earthquake:	**437,282**	452,682	**4,116**
a. Expenses and/or losses for settlement of the Accident and the Decommissioning of Fukushima Daiichi Nuclear Power Station	**315,442**	330,653	**2,969**
b. Expenses for disposal of nuclear fuels in processing among expenses and/or losses for decommissioning Fukushima Daiichi Nuclear Power Station Units 1 through 4	**5,885**	5,659	**55**
c. Expenses and/or losses for maintaining the safe "cold shutdown condition" and others of reactors at Fukushima Daini Nuclear Power Station	**115,384**	115,583	**1,086**
d. Other	**569**	786	**6**
Total	**¥442,402**	¥467,692	**$4,164**

Estimates of expenses and/or losses related to Mid-and-long Term Roadmap towards Settlement and the Decommissioning of Fukushima Daiichi Nuclear Power Station:

Before nuclear power plants can be scrapped, nuclear fuels in the reactors must be removed, but the concrete working conditions 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 the amount recorded based on actual amounts in overseas nuclear power plant accidents, within the range of reasonable estimates based on the currently available information for expenses and/or losses related to Mid-and-Long Term Roadmap, although they might vary from now on.

15 Provision for Preparation of Removal of Reactor Cores in the Specified Nuclear Power Facilities

In order to provide for expenses/losses required for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has recorded expenses required for removal of reactor cores out of the amount prescribed in the plan concerning recovery of reserve for decommissioning of reactors applied for authorization pursuant to paragraph 2 of Article 55-9 of the "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (Act No.94 on August 10, 2011). The Company is scheduled to transfer it to reserve for removal of reactor cores in the specified nuclear power units in the following fiscal year since the Company obtained authorization pursuant to paragraph 2 of Article 55-9 of the Act No.94 of 2011 on April 11, 2018.

16 Reserve for Nuclear Damage Compensation

For the year ended March 31, 2018

In order to provide for compensation payments for nuclear damages concerning the accident of Fukushima Daiichi Nuclear Power station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company records estimated amounts at March 31, 2018.

The Company has recorded a reserve for nuclear damage compensation in the amounts after deducting the amount of receipt of compensation pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) and the amount which was submitted an application for based on the provision of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 (the "Decontamination Costs") based on the "Act on Special Measures concerning the Handling of pollution by Radioactive Materials Released by the Accident of Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011) from the estimated damage compensation based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO", previous trade name of the Company before April 1, 2016)" (hereinafter the "Interim Guidelines") on August 5, 2011 and the Company's compensation criteria considering these guidelines and the actual compensation claim amounts and objective statistical data.

The Company records the estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the government decisions on guidelines regarding new compensation, establishment of the Company's compensation criteria, accuracy of reference data and agreements with the victims in the future.

(Additional information)

Receivables of ¥1,627,254 million (US$15,315 million) on grants-in-aid corresponding to the cost of decontaminations, etc. are not recorded as "Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation" and the estimated amount of the 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.

For the year ended March 31, 2017

In order to provide for compensation payments for nuclear damages concerning the accident of Fukushima Daiichi Nuclear Power station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company records estimated amounts at March 31, 2017.

The Company has recorded a reserve for nuclear damage compensation in the amounts after deducting the amount of receipt of compensation pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) and the amount which was submitted an application for based on the provision of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 (the "Decontamination Costs") based on the "Act on Special Measures concerning the Handling of pollution by Radioactive Materials Released by the Accident of Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011) from the estimated damage compensation based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO", previous trade name of the Company before April 1, 2016)" (hereinafter the "Interim Guidelines") on August 5, 2011 and the Company's compensation criteria considering these guidelines and the actual compensation claim amounts and objective statistical data.

The Company records the estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the government decisions on guidelines regarding new compensation, establishment of the Company's compensation criteria, accuracy of reference data and agreements with the victims in the future.

(Additional information)
Receivables of ¥559,704 million on grants-in-aid corresponding to the cost of decontaminations, etc. are not recorded as "Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation" and the estimated amount of the 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.

17 Reserve for fluctuations in water level

In order to provide for losses arising from drought, the Company has recorded a reserve for fluctuations in water level based on the "Ministerial Order Concerning Reserve for Fluctuations in Water Level" (Ordinance of Ministry of Economy, Trade and Industry) pursuant to the provisions of Article 36 of the Electric Utility Industry Law before revision by the provision of Article 1 of "Act to revise a part of the Electric Utility Industry Law" (Act No.72 of 2014) which is applied by replacing the terms and phrases of the Law still effective pursuant to paragraph 3 of Article 16 of the Supplementary Provisions of the Law.

18 Reserve for Preparation of the Depreciation of Nuclear Power Construction

Articles 27-3 and -29 of the Electricity Utilities Industry Law requires the Company to provide for preparation of the depreciation of nuclear power construction to average the burden of depreciation recognized immediately after the start of operations of the nuclear power stations.

19 Employees' Retirement Benefits

The Company and certain consolidated subsidiaries have defined benefit plans, including a defined benefit corporate pension plan and lump-sum payment plans, and also defined contribution pension plans. The Company has defined benefit corporate pension plan, defined contribution pension plan and lump-sum payment plan.

Defined Benefit Plans

(1) The changes in projected benefit obligations for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Beginning balance of projected benefit obligations	**¥833,466**	¥836,440	**$7,844**
Service cost	**26,218**	26,876	**247**
Interest cost	**8,092**	8,125	**76**
Actuarial gain and loss	**(32)**	514	**(0)**
Retirement benefit paid	**(39,177)**	(38,489)	**(369)**
Other (Note 2 below)	**38**	(2)	**1**
Ending balance of projected benefit obligations	**¥828,606**	¥833,466	**$7,799**

(Notes):
1. For certain retirement benefit plans, a simplified method is applied in determining projected benefit obligations.
2. Other represents an increase or a decrease due to a transfer of employees, etc.

(2) The changes in plan assets for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Beginning balance of plan assets	**¥578,685**	¥571,027	**$5,446**
Expected return on plan assets	**14,195**	14,007	**134**
Actuarial gain and loss	**10,965**	9,553	**103**
Contribution from the employer	**5,814**	5,757	**55**
Retirement benefit paid	**(20,895)**	(22,279)	**(197)**
Other (Note 2 below)	**605**	618	**6**
Ending balance of plan assets	**¥589,370**	¥578,685	**$5,547**

(Notes):
1. Above amounts include plan assets of retirement benefit plans to which a simplified method is applied.
2. Other represents an increase due to employees' contribution, etc.

(3) Reconciliation between the ending balances of projected benefit obligations and plan assets and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Funded projected benefit obligations	¥ 444,312	¥ 449,848	$ 4,182
Plan assets	(589,370)	(578,685)	(5,547)
	(145,057)	(128,837)	(1,365)
Unfunded projected benefit obligations	384,293	383,617	3,617
Net liability (asset) recorded in the consolidated balance sheet	239,235	254,780	2,252
Net defined benefit liability	386,735	386,392	3,640
Net defined benefit asset	(147,499)	(131,611)	(1,388)
Net liability (asset) recorded in the consolidated balance sheet	¥ 239,235	¥ 254,780	$ 2,252

(4) The components of retirement benefit expenses for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Service cost (Notes 1 and 2 below)	¥ 25,599	¥ 26,251	$ 241
Interest cost	8,092	8,125	76
Expected return on plan assets	(14,195)	(14,007)	(134)
Amortization of actuarial gains and losses	3,013	(6,048)	28
Amortization of past service costs	(158)	(158)	(1)
Other (Note 3 below)	6	14	0
Retirement benefit expenses on defined benefit plans	¥ 22,356	¥ 14,177	$ 210

(Notes):
1. Service cost includes retirement expenses of the retirement benefit plans to which a simplified method is applied.
2. The amount excluded employees' contribution.
3. Other includes early additional severance payments.

(5) Remeasurements of defined benefit plans on other comprehensive income
The components of remeasurements of defined benefit plans (before tax effects) on other comprehensive income were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Past service costs	¥ (158)	¥ (158)	$ (2)
Actuarial gains and losses	14,010	2,990	132
Total	¥13,851	¥2,831	$130

(6) Remeasurements of defined benefit plans on accumulated other comprehensive income
The components of remeasurements of defined benefit plans (before tax effects) on accumulated other comprehensive income were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Unrecognized past service costs	**¥ 403**	¥ 562	**$ 4**
Unrecognized actuarial gains and losses	**10,120**	(3,890)	**95**
Total	**¥10,523**	¥(3,328)	**$99**

(7) Plan assets

a. Plan assets consisted of the following:

	2018	2017
Life insurance general account	46%	47%
Equity securities	21%	22%
Debt securities	27%	25%
Other	6%	6%
Total	100%	100%

b. Method of determining the long-term expected rate of return on plan assets
The long-term expected rate of return on plan assets is determined considering allocation of plan assets which are expected currently and in the future and the long-term expected rates of return which are currently and in the future from various components of plan assets.

(8) Assumptions used for actuarial calculation

	2018	2017
Discount rate	Mainly 1.0%	Mainly 1.0%
Long-term expected rate of return	Mainly 2.5%	Mainly 2.5%
Expected rate of salary increase	Mainly 6.2%	Mainly 6.2%

Defined Contribution Plans

The amount of the required contribution to the defined contribution plans of the Company and consolidated subsidiaries was ¥4,340 million (US$41 million) and ¥4,298 million for the years ended March 31, 2018 and 2017, respectively.

20 Income Taxes

The significant components of deferred tax assets and liabilities as of March 31, 2018 and 2017 were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Deferred tax assets:			
Reserve for nuclear damage compensation	**¥ 168,181**	¥ 195,687	**$1,583**
Depreciation and amortization	**152,829**	167,284	**1,438**
Asset retirement obligations	**127,742**	129,311	**1,202**
Reserve for loss on disaster	**123,932**	131,013	**1,167**
Net defined benefit liability	**110,754**	109,835	**1,043**
Amortization of easement on transmission line	**63,256**	58,462	**595**
Other	**171,084**	261,630	**1,610**
	917,780	1,053,226	**8,638**
Valuation allowance	**(675,175)**	(831,445)	**(6,355)**
Total deferred tax assets	**242,605**	221,780	**2,283**
Deferred tax liabilities:			
Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	**(166,236)**	(150,200)	**(1,565)**
Other	**(55,693)**	(60,606)	**(524)**
Total deferred tax liabilities	**(221,930)**	(210,806)	**(2,089)**
Net deferred tax assets	**¥ 20,674**	¥ 10,974	**$ 194**

Note: Net deferred tax assets at March 31, 2018 and 2017 are included in the following items of the consolidated balance sheet.

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Investments and other assets - other	**¥17,061**	¥9,708	**$160**
Current assets-other	**-4,024**	1,265	**38**
Other long-term liabilities	**(411)**	—	**(4)**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2018 and 2017 was as follows:

	2018	2017
Normal effective statutory tax rate	**28.2%**	28.2%
Change in valuation allowance	**(22.3)**	(7.6)
Gain on change in equity	**—**	(7.0)
Gain on equity method investments	**(3.3)**	(5.0)
Other	**0.3**	0.6
Actual effective tax rate	**2.9%**	9.1%

21 Asset Retirement Obligations

The Company recorded asset retirement obligations in the accompanying consolidated financial statements for the decommissioning of specified nuclear power plant facilities as prescribed in the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (effective on June 10, 1957; Law No.166 of 1957). The corresponding removal costs are accounted for in accordance with the paragraph 8 of ASBJ Guidance No. 21, March 25, 2011 and total estimated amounts of decommissioning costs of nuclear power units are charged to income over the estimated operating periods of the power generating facilities, plus expected safe storage periods on a straight-line basis based on the provisions of the "Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of Ministry of Economy, Trade and Industry).

In computing the amount of asset retirement obligations, the Company uses the remaining years deducting the years since the start of operations from the estimated operating period of the generating facilities, plus expected safe storage period, for each specified nuclear power unit as the expected terms until expenditure and applies a discount rate of 2.3%.

The changes in asset retirement obligations for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Balance at beginning of year	**¥773,693**	¥771,202	**$7,282**
Net changes during the year	**10,889**	2,490	**102**
Balance at end of year	**¥784,583**	¥773,693	**$7,384**

(Additional Information)
On April 1, 2018, the "Ministerial Ordinance to Revise a Part of the Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of Ministry of Economy, Trade and Industry No. 17 on March 30, 2018) was enforced and the "Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units" was revised. Previously, the Company applied paragraph 8 of ASBJ Guidance No. 21 concerning asset retirement obligations to the decommissioning measures and recorded the costs of assets corresponding to asset retirement obligations related to the decommissioning measures for specified nuclear power units among property, plant and equipment in accordance with the "Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units," by allocating total estimated amount of decommissioning costs of nuclear power units over the expected operational period plus expected safe storage period on a straight-line basis, but following the revisions to the ministerial ordinance, since the date of enforcement, the decommissioning costs will be recorded over the expected operational period on a straight-line method.

However, in case of decommissioning nuclear reactor following the changes in energy policies, safety rules, etc., if an entity obtained authorization of the Minister of Economic, Trade and Industry based on the request from a power generation operator, the decommissioning costs will be recorded over the period of 10 years from the month that includes the date of decommission of the specified nuclear power units (when the operation was ceased before the date of enforcement of the revised ministerial ordinance, for 10 years from the month that includes the date of cessation) on a straight-line method.

22

Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than capital reserve) and retained earnings (other than legal reserve) be transferred to the capital reserve or the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of common stock. The capital reserve amounted to ¥743,555 million (US$6,998 million) at March 31, 2018 and 2017 and the legal reserve amounted to ¥169,108 million (US$1,592 million) at March 31, 2018 and 2017. Moreover, neither the capital reserve nor the legal reserve is available for the payment of dividends, but distributions of capital surplus can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

The changes in the number of outstanding shares and treasury stock during the years ended March 31, 2018 and 2017 were as follows:

	Number of shares (in thousands)			
	April 1, 2017	Increase	Decrease	March 31, 2018
Outstanding shares issued:				
Common stock	**1,607,017**	**—**	**—**	**1,607,017**
Preferred stock— Class A	**1,600,000**	**—**	**—**	**1,600,000**
Preferred stock— Class B	**340,000**	**—**	**—**	**340,000**
Total	**3,547,017**	**—**	**—**	**3,547,017**
Treasury stock:				
Common stock	**4,732**	**35**	**2**	**4,765**

Note: An increase in common stock of treasury stock of 35 thousand shares is due to purchases of shares less than one unit and a decrease of 2 thousand shares is due to additional purchase requisition.

	Number of shares (in thousands)			
	April 1, 2016	Increase	Decrease	March 31, 2017
Outstanding shares issued:				
Common stock	1,607,017	—	—	1,607,017
Preferred stock — Class A	1,600,000	—	—	1,600,000
Preferred stock — Class B	340,000	—	—	340,000
Total	3,547,017	—	—	3,547,017

Stock acquisition rights
Outstanding balance at consolidated subsidiaries at March 31, 2018: ¥0 million ($0 million)

23 Stock Options

Amount of expenses recorded in relation to stock options for the year ended March 31, 2018:
Not applicable

Description of stock options:

Name of the issuer:	TRENDE Inc.
Date of resolution:	March 13, 2018
Individuals covered by the plan:	2 directors and a person expected to join TRENDE Inc.
Type and number of stock options to be granted (Note):	Common stock 240,000 shares
Date of grant:	March 14, 2018
Vesting conditions:	Director or employee of TRENDE Inc. upon the exercise
Service period:	Not defined
Exercise period:	March 14, 2018 through March 13, 2021

Note: the number of stock options is converted into the number of shares.

The stock option activity is as follows:

Issuer	TRENDE Inc.
Date of resolution	March 13, 2018
Non-vested:	
March 31,2017- Outstanding	—
Granted	240,000
Forfeited	—
Vested	—
March 31, 2018-Outstanding	240,000
Vested:	—
March 31, 2017-Outstanding	—
Vested	—
Exercised	—
Forfeited	—
March 31, 2018-Outstanding	—

Unit price information:

Issuer	TRENDE Inc.
Date of resolution	March 13, 2018
Exercise price	¥50 (US$0)
Average stock price at the time of exercise	—
Fair unit price at the date of grant	¥0.5 (US$0)

Estimate method of the fair unit price of stock options:
Estimate method used: Monte-Carlo simulation

Major basic numerical value and estimate method:

Issuer	TRENDE Inc.
Date of resolution	March 13, 2018
Volatility (Note 1)	64.29%
Estimated dividend (Note 2)	0%
Risk free interest rate (Note 3)	(0.127)%

Notes:
1. Volatility is computed based on the following conditions following the treatments of "Guidance on Accounting Standard for Share-based Payment" (ASBJ Guidance No. 11):
   Since the issuer is unlisted, a listed company similar with the issuer is regarded as an observation object and its volatility is adopted.
   -Stock information collecting period: latest period corresponding to the period until maturity (3 years)
   -Frequency of price observation: weekly
   -Extraordinary information: not applicable
   -Discontinuous changes in circumstances surrounding the company: not applicable
2. Estimated dividend is computed to be 0% based on the recent actual dividend.
3. Government bond yields (time to maturity 3 years)

Estimate method of the vested number of stock options:
Since the reasonable estimation of number of options to be forfeited in future is difficult, the method to reflect only actual number of forfeited options is adopted.

24 Land Revaluation Loss

Land revaluation loss represents the amount corresponding to the Company's share of the revaluation differences resulting from revaluation of land used for business made by certain affiliates accounted for using the equity method in accordance with "Act on Revaluation of Land" (Act No. 34 issued on March 31, 1998).

25 Research and Development Costs

Research and development costs included in operating expenses for the years ended March 31, 2018 and 2017 totaled ¥19,848 million (US$187 million) and ¥17,254 million, respectively.

26 Selling, General and Administrative Expenses

The amount of selling, general and administrative expenses (before netting) included in the electric power business operating expenses (¥5,188,433 million ($48,832 million) after netting and offset amount of ¥(50,108) million ($(472) million) for the year ended March 31, 2018 and ¥4,862,241 million after netting and offset amount of ¥(16,917) million for the year ended March 31, 2017) was ¥315,819 million ($2,972 million) (¥352,842 million in 2017). Major components and amounts are shown below:

Since netting of transactions between consolidated companies in the electric power business is conducted for the total of electric power business operating expenses, the amount before netting is presented.

* The offset amount represents the amount excluding the netting of transactions between the Company and its core management companies. The selling, general and administrative expenses (before netting) represent the amount excluding transactions between the Company and its core management companies.

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Salaries and allowances	**¥83,274**	¥91,031	**$784**
Employees' retirement benefits	**22,836**	14,544	**215**
Consignment expenses	**84,472**	94,149	**795**

27 Provisions for Reserves

Provisions for reserves charged to net income during the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Reserve for reprocessing irradiated nuclear fuel	**¥ —**	¥ 17,145	**$ —**
Provision for preparation of removal of reactor cores in the specified nuclear power facilities	**1,929**	—	**18**
Reserve for loss on disaster	**20,356**	20,746	**192**
Reserve for nuclear damage compensation	**¥286,859**	¥392,006	**$2,700**

28 Extraordinary loss on disaster

For the year ended March 31, 2018

Costs required for or losses due to the restoration of assets that were affected by the Tohoku-Chihou-Taiheiyou-Oki Earthquake were booked in the year ended March 31, 2018 on a consolidated basis.

(1) Method of booking costs or losses included in extraordinary loss on disaster

A. Expenses and/or losses for settlement of the accident and decommissioning of Fukushima Daiichi Nuclear Power Station

Responding to "Step 2 Completion Report– Roadmap towards Settlement of the Accident at Fukushima Daiichi Nuclear Power Station, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO", previous trade name of the Company before April 1, 2016)" (December 16, 2011) prepared by the Government-TEPCO Integrated Response Office established by the Nuclear Emergency Response Headquarters of the Government, "Mid-and-long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Station, TEPCO" (December 21, 2011; hereinafter "Mid-and-long-Term Roadmap") was prepared by the Government and TEPCO's Mid-to-Long Term Countermeasure Meeting established by the Nuclear Emergency Response Headquarters of the Government (finally revised on September 26, 2017). Regarding expenses and/or losses related to the Mid-and-long-Term Roadmap, the Company records estimated amounts based on specific target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way.

Regarding expenses and/or losses related to the Mid-and-long-Term Roadmap, including expenses recorded based on actual amounts of accidents of overseas nuclear power plants, the estimated amounts within a range reasonably able to be calculated at the moment are recorded, although they are subject to change in the future.

For the year ended March 31, 2017

Costs required for or losses due to the restoration of assets that were affected by the Tohoku-Chihou-Taiheiyou-Oki Earthquake were booked in the year ended March 31, 2017 on a consolidated basis.

(1) Method of booking costs or losses included in extraordinary loss on disaster

A. Expenses and/or losses for settlement of the accident and decommissioning of Fukushima Daiichi Nuclear Power Station

Responding to "Step 2 Completion Report– Roadmap towards Settlement of the Accident at Fukushima Daiichi Nuclear Power Station, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO", previous trade name of the Company before April 1, 2016)" (December 16, 2011) prepared by the Government-TEPCO Integrated Response Office established by the Nuclear Emergency Response Headquarters of the Government, "Mid-and-long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Station, TEPCO" (December 21, 2011; hereinafter "Mid-and-long-Term Roadmap") was prepared by the Government and TEPCO's Mid-to-Long Term Countermeasure Meeting established by the Nuclear Emergency Response Headquarters of the Government (finally revised on June 12, 2015). Regarding expenses and/or losses related to the Mid-and-long-Term Roadmap, the Company records estimated amounts based on specific target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way.

Regarding expenses and/or losses related to the Mid-and-long-Term Roadmap, including expenses related to the extraction of fuel, the estimated amounts within a range reasonably able to be calculated at the moment are recorded, although they are subject to change in the future.

29 Compensation for Nuclear Damages and Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation

For the year ended March 31, 2018

Regarding nuclear damages caused by a series of accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake, while sincerely recognizing the Company's position as a causing party, the Company has been implementing compensation to the nuclear victims with Government support in accordance with the Nuclear Damage Compensation Act (the "Act") (effective on June 17, 1961; Act No.147 of 1961).

Consequently, the Company has recorded compensation for nuclear damages for the year ended March 31, 2018, amounting to ¥286,859 million (US$2,700 million), which is the difference between the estimated amount at March 31, 2017 and ¥7,036,013 million (US$66,221 million) after deducting ¥188,926 million (US$1,778 million) of receipt of compensation pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) and ¥3,167,286 million (US$29,810 million) of the amount which was submitted an application for based on the provision of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) (the "NDF Act") corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 (the "Decontamination Costs"), based on the "Act on Special Measures concerning the Handling of pollution by Radioactive Materials Released by the Accident of Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011) from the estimated damage compensation amounting to ¥10,392,227 million (US$97,809 million) based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO", previous trade name of the Company before April 1, 2016)" (hereinafter the "Interim Guidelines") on August 5, 2011 and the Company's compensation criteria considering these guidelines and the actual compensation claim amounts and objective statistical data.

The Company has recorded its estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the government decisions on guidelines regarding new compensation, establishment of the Company's compensation criteria, the extent of accuracy of reference data and agreements with the victims from now on.

On the other hand, for the purpose of speedy and appropriate implementation of compensation, the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the "NDF") which was newly established based on the "NDF Act" will provide necessary financial assistance to a nuclear operator.

It is necessary for the Company to receive necessary financial aid from the "NDF" 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 it should be agreed by the nuclear victims. Accordingly, the Company submitted an application for financial support of the compensation for nuclear damages as of the application date for financial support as the estimated amount for the required compensation amount based on paragraph 1 of the Article 43 of the "NDF Act". The Company submitted an application to the NDF for a change of the amount of financial support to ¥10,389,583 million (US$97,784 million), which is the estimated amount of compensation as of March 27, 2018, and recorded ¥381,987 million (US$3,595 million) as grants-in-aid from the NDF, which is the difference between ¥7,033,369 million (US$66,196 million) after deducting ¥188,926 million (US$1,778 million) of receipt of compensation and ¥3,167,286 million (US$29,810 million) of grants-in-aid corresponding to decontamination costs from the estimated amount of compensation above and the amount which was submitted as an application for financing the compensation on December 27, 2016.

In receiving the financial assistance, the recipient shall pay special contribution defined by the "NDF" based on the provision of paragraph 1 of the Article 52 of the "NDF Act", but the Company has not recorded such amount, except for the amount applicable to the year ended March 31, 2018 notified from the “NDF”, since the amount will be determined by the resolution of the steering committee of the “NDF” for every fiscal year in light of the Company’s operating results and also require the approval of the minister in charge.

For the year ended March 31, 2017

Regarding nuclear damages caused by a series of accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake, while sincerely recognizing the Company’s position as a causing party, the Company has been implementing compensation to the nuclear victims with Government support in accordance with the Nuclear Damage Compensation Act (the “Act”) (effective on June 17, 1961; Act No.147 of 1961).

Consequently, the Company has recorded compensation for nuclear damages for the year ended March 31, 2017, amounting to ¥392,006 million, which is the difference between the estimated amount at March 31, 2016 and ¥6,749,153 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 (effective on June 17, 1961; Act No. 148 of 1961) and ¥1,526,096 million of the amount which was submitted an application for based on the provision of “Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation” (effective on August 10, 2011; Act No. 94 of 2011) (the “NDF Act”) corresponding to the Company’s compensation liability to the government, which was recognized as a liability on and after January 1, 2015 (the “Decontamination Costs”), based on the “Act on Special Measures concerning the Handling of pollution by Radioactive Materials Released by the Accident of Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011” (effective on August 30, 2011; Act No. 110 of 2011) from the estimated damage compensation amounting to ¥8,464,177 million based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including “the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, Tokyo Electric Power Company, Incorporated (hereinafter “TEPCO”, previous trade name of the Company before April 1, 2016)” (hereinafter the “Interim Guidelines”) on August 5, 2011 and the Company’s compensation criteria considering these guidelines and the actual compensation claim amounts and objective statistical data.

The Company has recorded its estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the government decisions on guidelines regarding new compensation, establishment of the Company’s compensation criteria, the extent of accuracy of reference data and agreements with the victims from now on.

On the other hand, for the purpose of speedy and appropriate implementation of compensation, the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the “NDF”) which was newly established based on the “NDF Act” will provide necessary financial assistance to a nuclear operator.

It is necessary for the Company to receive necessary financial aid from the “NDF” 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 it should be agreed by the nuclear victims. Accordingly, the Company submitted an application for financial support of the compensation for nuclear damages as of the application date for financial support as the estimated amount for the required compensation amount based on paragraph 1 of the Article 43 of the “NDF Act”. The Company submitted an application to the NDF for a change of the amount of financial support to ¥8,366,405 million, which is the estimated amount of compensation as of December 27, 2016, and recorded ¥294,234 million as grants-in-aid from the NDF, which is the difference between ¥6,651,381 million after deducting ¥188,926 million of receipt of compensation and ¥1,526,096 million of grants-in-aid corresponding to decontamination costs from the estimated amount of compensation above and the amount which was submitted as an application for financing the compensation on March 18, 2016.

In receiving the financial assistance, the recipient shall pay special contribution defined by the “NDF” based on the provision of paragraph 1 of the Article 52 of the “NDF Act”, but the Company has not recorded such amount, except for the amount applicable to the year ended March 31, 2017 notified from the “NDF”, since the amount will be determined by the resolution of the steering committee of the “NDF” for every fiscal year in light of the Company’s operating results and also require the approval of the minister in charge.

30 Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Valuation difference on available–for-sale securities:			
Gain incurred during the year	**¥ 2,101**	¥ 1,581	**$ 20**
Reclassification adjustment to net income	**—**	—	**—**
Amount before tax effect	**2,101**	1,581	**20**
Tax effect	**27**	(117)	**0**
Valuation difference on available-for-sale securities	**2,129**	1,463	**20**
Deferred gains or losses on hedges:			
(Losses) gains incurred during the year	**(424)**	0	**(4)**
Reclassification adjustment to net income	**424**	3	**4**
Amount before tax effect	**—**	4	**—**
Tax effect	**—**	—	**—**
Deferred gains on hedges	**—**	4	**—**
Foreign currency translation adjustments:			
Amount incurred during the year	**875**	(20,332)	**8**
Reclassification adjustment to net income	**—**	2,545	**—**
Amount before tax effect	**875**	(17,787)	**8**
Tax effect	**—**	—	**—**
Foreign currency transaction adjustments	**875**	(17,787)	**8**
Remeasurements of defined benefit plans—			
Gain incurred during the year	**7,473**	6,179	**70**
Reclassification adjustment to net income	**6,378**	(3,348)	**60**
Amount before tax effect	**13,851**	2,831	**130**
Tax effect	**(1,664)**	(21)	**(15)**
Remeasurements of defined benefit plans	**12,187**	2,809	**115**
Share of other comprehensive income of associates accounted for using the equity method:			
(Losses) gains incurred during the year	**(4,435)**	14,983	**(42)**
Reclassification adjustment to net income	**2,575**	10,803	**24**
Share of other comprehensive (loss) income of associates accounted for using the equity method	**(1,860)**	25,787	**(18)**
Total other comprehensive income	**¥13,332**	¥12,277	**$125**

31 Related Party Transactions

Transactions with a major shareholder:
The Company received grants-in-aid from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the "NDF"), which is a major shareholder, who directly owns 50.1% ownership of the Company, of ¥893,900 (US$8,413 million) and ¥1,141,800 million in the years ended March 31, 2018 and 2017, respectively and the Company recorded "Grants-in-aid receivable from the NDF" under "Investments and Other" of ¥593,701 (US$5,588 million) and ¥531,974 million at March 31, 2018 and 2017, respectively. The Company also paid a contribution of ¥126,740 million (US$1,193 million) and ¥166,740 million to the NDF in the year ended March 31, 2018 and 2017, respectively, and recorded "Accrued expenses" of ¥126,740 million (US$1,193 million) and ¥166,740 million at March 31, 2018 and 2017, respectively.

Transactions with a company in which a director of the subsidiary of the Company owns a majority of voting rights at his own account:
The Company paid ¥23 million (US$0 million) to MULTITTO, Inc., which is wholly owned by Mr. Tadashi Tamura, a director of TEPCO Energy Partner, Inc., in consideration of advisory services on business restructuring related to a new service. The Company recorded accrued expenses in an amount of ¥1 million (US$0 million) at March 31, 2018.

32 Contingent Liabilities

Contingent liabilities totaled ¥227,406 million (US$2,140 million) and ¥268,270 million, of which ¥79,634 million (US$749 million) and ¥105,460 million were in the form of co-guarantees or commitments to give co-guarantees if requested for the loans, bonds or other commitments of other companies at March 31, 2018 and 2017, respectively. Furthermore, ¥147,772 million (US$1,391 million) and ¥162,810 million consisted of guarantees given in connection with housing loans made to employees of the Companies at March 31, 2018 and 2017, respectively.

Contingent Liabilities related to Nuclear Damage Compensation
At March 31, 2018 and 2017
Regarding nuclear damages caused by a series of accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake, with sincerely recognizing the Company's position as a causing party, the Company has been implementing the compensation from the viewpoints of speedy implementation of compensation for the nuclear victims with Government supports under the Nuclear Damage Compensation Act (the "Act") (effective on June 17, 1961; Act No.147 of 1961). The Company has recorded a reserve for nuclear damage compensation regarding the amounts possible to make reasonable estimates based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO", previous trade name of the Company before April 1, 2016)" (hereinafter the "Interim Guidelines") on August 5, 2011 and the Company's compensation criteria considering these guidelines, as well as the actual compensation claim amounts and objective statistical data, but does not record any reserve for indirect damages and losses and/or damages on tangible assets for which reasonable estimation is not possible using the "Interim Guidelines" and currently available data.

Furthermore, treatment of wastes and decontamination measures have been proceeded under the national fiscal measures based on the "Act on Special Measures concerning the Handling of pollution by Radioactive Materials Released by the Accident of Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011). The Company is estimating the costs related to treatment within a reasonably calculable range based on past compliance to claims for compensation and available data. However, a reasonable estimation of the amount of compensation concerning costs the allocation of which are being discussed with the government is not possible under the current circumstances, as concrete measures for the treatment of waste are not yet identifiable.

33 Financial Instruments

1. Status of financial instruments

(1) Policy regarding financial instruments

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

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

The Company and certain consolidated subsidiaries comply with internal policies in using derivatives solely to hedge risk, never for trading or speculation.

(2) Details of financial instruments, associated risk and risk management

Investment securities consist mainly of equity securities and are exposed to market price fluctuation risk. The Company and certain consolidated subsidiaries review the fair values of securities on a quarterly basis.

Grants-in-aid receivable from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the "NDF" with the carrying amount of ¥593,701 million (US $5,588million) (¥531,974 million in 2017) is grants-in-aid receivable of the "NDF" stipulated in the paragraph 1-1 of Article 41 of the NDF Act (effective on August 10, 2011; Act No. 94 of 2011). The fair value of this receivable is not presented because this fund will be paid from the "NDF" for the necessary amount to implement compensation for nuclear damages caused by the accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake and it is determined based on the amounts required for compensation.

Notes and accounts receivable-trade are exposed to the credit risk of customers. In compliance with internal policies, the Company and certain consolidated subsidiaries monitor due dates and outstanding balances by individual customer, and press for 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.

Almost all trade notes and accounts payable-trade have payment due dates within a year.

Bonds, loans, and trade notes and accounts payable-trade expose the Company to liquidity risk in that the Company and certain consolidated subsidiaries may not be able to meet their obligations on scheduled due dates. The Company and certain consolidated subsidiaries prepare and update their cash flow projections on a timely basis to manage this liquidity risk.

The Company and certain consolidated subsidiaries use derivatives, including interest rate swaps to hedge the risk of interest rate fluctuations associated with loans. The Company and certain consolidated subsidiaries have departments that conduct and manage such transactions in compliance with internal policies.

The Company and certain consolidated subsidiaries are also exposed to credit risk in the event of nonperformance by the counterparties to these derivatives positions, but consider the risk of any such loss to be minimal because they enter into derivative transactions only with financial institutions and companies that have high credit ratings. Information on hedge accounting is disclosed in the last section of this note.

(3) Supplementary explanation of items related to the fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, the fair value is determined based on reasonable estimates.

Estimates of fair value contain uncertainties because they employ variable factors and assumptions. In addition, the contractual amounts of the derivatives are not necessarily indicative of the actual market risk involved in relevant derivatives.

2. Fair value of financial instruments

The carrying amount of financial instruments in the consolidated balance sheets as of March 31, 2018 and 2017, their fair value and unrealized loss are as shown below. Items for which fair value is not readily determinable are not included in the following table (see Note 2).

	Millions of yen		
	2018		
	Carrying amount*1	Fair value*1	Difference
(1) Investment securities*2	**¥ 12,910**	**¥ 12,910**	**¥ —**
(2) Cash and deposits	**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)**	**—**

	Millions of yen		
	2017		
	Carrying amount*1	Fair value*1	Difference
(1) Investment securities*2	¥ 4,131	¥ 4,131	¥ —
(2) Cash and deposits	941,383	941,383	—
(3) Notes and accounts receivable-trade	512,680	512,680	—
(4) Bonds*3	(3,205,987)	(3,277,973)	(71,986)
(5) Long-term loans*3	(1,938,839)	(1,965,612)	(26,772)
(6) Short-term loans	(860,152)	(860,152)	—
(7) Notes and accounts payable-trade	(181,137)	(181,137)	—
(8) Derivatives*4	(192,070)	(192,070)	—

	Millions of U.S. dollars		
	2018		
	Carrying amount*1	Fair value*1	Difference
(1) Investment securities*2	**$ 122**	**$ 122**	**$ —**
(2) Cash and deposits	**11,175**	**11,175**	**—**
(3) Notes and accounts receivable-trade	**5,533**	**5,533**	**—**
(4) Bonds*3	**(20,997)**	**(21,563)**	**(566)**
(5) Long-term loans*3	**(20,808)**	**(21,036)**	**(228)**
(6) Short-term loans	**(14,883)**	**(14,883)**	**—**
(7) Notes and accounts payable-trade	**(1,963)**	**(1,963)**	**—**
(8) Accrued taxes	**(1,238)**	**(1,238)**	**—**

*1. Figures shown in parentheses represent liabilities.
*2. Investment securities are included in "Long-term investments" in the accompanying consolidated balance sheets.
*3. Bonds and long-term loans include "Current portion of long-term debt" in the accompanying consolidated balance sheets.

(Note 1) Investment securities and methods for estimating fair value of financial instruments

(1) Investment securities

The fair value of equity securities is determined by their market price. For further information on investment securities by holding intent, see Note 8.

(2) Cash and deposits 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 as 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 as carrying value. For the fair value of bonds with fixed interest rates, the fair value is based on their market prices.

The fair value of bonds without market prices is determined by discounting the total amount of principal and interest using the interest rate to be applied in the similar conditions.

(5) Long-term loans

For the fair value of long-term loans payable 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 as carrying value.

For the fair value of long-term loans payable with fixed interest rates, the total amount of principal and interest of relevant long-term loans, grouped by the remaining loan period, is discounted using the incremental borrowing rate to be applied in the similar conditions. 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, and (7) Notes and accounts payable-trade, and (8) Accrued taxes and other

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) Financial instruments for which fair value is not readily determinable:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
	Carrying amount	Carrying amount	Carrying amount
Unlisted equity securities	**¥10,402**	¥10,918	**$ 98**
Other	**13,939**	16,697	**131**
Total	**¥24,341**	¥27,615	**$229**

These financial instruments are not included in “Investment securities” because no quoted market price is available and their fair value is not readily determinable.

(Note 3) Redemption schedule for monetary instruments and debt securities with maturity dates subsequent to each fiscal closing date is as follows:

	Millions of yen			
	2018			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Investment securities:				
Available-for-sale securities with maturity				
Bonds				
Public bonds	**¥ 80**	**¥ —**	**¥ —**	**¥ —**
Corporate bonds	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Cash and deposits[*1]	**1,187,283**	**—**	**—**	**—**
Notes and accounts receivable-trade	**587,907**	**—**	**—**	**—**
Total	**¥1,775,270**	**¥ —**	**¥ —**	**¥ —**

	Millions of yen			
	2017			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Investment securities:				
Available-for-sale securities with maturity				
Bonds				
Public bonds	¥ —	¥79	¥ —	¥ —
Corporate bonds	—	—	—	—
Other	—	—	—	—
Other	—	—	—	—
Cash and deposits[*1]	941,383	—	—	—
Notes and accounts receivable-trade	512,680	—	—	—
Total	¥1,454,064	¥79	¥ —	¥ —

	Millions of U.S. dollars			
	2018			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Investment securities				
Available-for-sale securities with maturity				
Bonds				
Public bonds	**$ 1**	**$—**	**$—**	**$—**
Corporate bonds	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Cash and deposits [*1]	**11,174**	**—**	**—**	**—**
Notes and accounts receivable-trade	**5,533**	**—**	**—**	**—**
Total	**$16,708**	**$—**	**$—**	**$—**

*1. Portion due in 1 year or less includes cash.

(Note 4) Redemption schedule for bonds, long-term loans and other interest bearing liabilities subsequent to each fiscal closing date is as follows:

	Millions of yen					
	2018					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds	**¥ 853,058**	**¥420,560**	**¥227,722**	**¥ 86,178**	**¥222,123**	**¥421,250**
Long-term loans	**903,469**	**482,234**	**561,198**	**64,803**	**33,862**	**165,243**
Short-term loans	**1,581,266**	**—**	**—**	**—**	**—**	**—**
Total	**¥3,337,794**	**¥902,794**	**¥788,920**	**¥150,981**	**¥255,985**	**¥586,493**

	Millions of yen					
	2017					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds	¥1,499,805	¥ 730,472	¥420,560	¥227,722	¥86,178	¥241,250
Long-term loans	226,235	410,205	482,154	561,198	64,803	194,241
Short-term loans	860,152	—	—	—	—	—
Total	¥2,586,192	¥1,140,677	¥902,714	¥788,920	¥150,981	¥435,491

	Millions of U.S. dollars					
	2018					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds	**$ 8,029**	**$ 3,958**	**$ 2,143**	**$ 811**	**$2,090**	**$3,965**
Long-term loans	**8,503**	**4,539**	**5,282**	**610**	**319**	**1,555**
Short-term loans	**14,883**	**—**	**—**	**—**	**—**	**—**
Total	**$31,415**	**$ 8,497**	**$ 7,425**	**$1,421**	**$2,409**	**$5,520**

Derivatives to which hedge accounting is applied

Interest rate-related

	Millions of yen			
	2018			
	Hedged item	Contract amount	Portion over 1 year	Fair value
Special treatment of interest rate swaps				
Interest rate swaps	**Long-term loans**			
Payable fixed rate/receivable floating rate		**¥31,180**	**¥30,440**	*
Total		**¥31,180**	**¥30,440**	**¥—**

	Millions of yen			
	2017			
	Hedged item	Contract amount	Portion over 1 year	Fair value
Special treatment of interest rate swaps				
Interest rate swaps	Long-term loans			
Payable fixed rate/receivable floating rate		¥31,620	¥31,180	*
Total		¥31,620	¥31,180	¥—

	Millions of U.S. dollars			
	2018			
	Hedged item	Contract amount	Portion over 1 year	Fair value
Special treatment of interest rate swaps				
Interest rate swaps	**Long-term loans**			
Payable fixed rate/receivable floating rate		**$293**	**$286**	*
Total		**$293**	**$286**	**$—**

* Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income and accordingly, such interest rate swaps are not included in carrying value and fair value in the list of 2 "Fair value of financial instruments."

34 Segment Information

1. Summary of reportable segments

The Company's reportable segments consist of four segments that are "Holdings," "Fuel & Power," "Power Grid," and "Energy Partner."

Major business of each reportable segment is as follows:
"Holdings":
Supporting management, efficiently providing services common to key operating companies*, sales of electricity generated by hydroelectric power stations, and nuclear power generation *Key operating companies: TEPCO Fuel & Power, Inc., TEPCO Power Grid, Inc., TEPCO Energy Partner, Inc.
"Fuel & Power":
Sales of electricity generated by thermal power stations, procurement of fuel, development of thermal power stations and investment in fuel businesses
"Power Grid":
Wheeling of electricity by transmission lines, substations and distribution lines, construction and maintenance of transmission/distribution lines and telecommunication equipment, research, acquisition and maintenance of land and buildings for facilities
"Energy Partner":
Proposal of optimum total solution models that meet customer needs, high-standard customer services and inexpensive power purchase

2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

Accounting policies of each reportable segment are consistent with those disclosed in Note 1, "Summary of Significant Accounting Policies". Segment profit (loss) of the reportable segment is the figure based on ordinary income, which consists of operation income and non-operating income/ expenses. Non-operating income/expenses mainly include interest income, dividend income, interest expense, equity in earnings of affiliates. Inter-segment sales and transfers are calculated based on the market price and costs.

3. Information about sales, profit (loss), assets and other items is as follows:

Millions of yen — 2018

	Reportable segment				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Holdings	Fuel & Power	Power Grid	Energy Partner			
Sales:							
Sales to third parties	**¥ 61,533**	**¥ 26,093**	**¥ 388,230**	**¥ 5,375,082**	**¥ 5,850,939**	**¥ —**	**¥ 5,850,939**
Inter-segment sales and transfers	**896,174**	**1,802,389**	**1,353,837**	**157,377**	**4,209,779**	**(4,209,779)**	**—**
Total	**957,708**	**1,828,482**	**1,742,068**	**5,532,459**	**10,060,718**	**(4,209,779)**	**5,850,939**
Segment profit	**¥ 142,279**	**¥ 51,977**	**¥ 79,022**	**¥ 115,985**	**¥ 389,264**	**¥ (134,403)**	**¥ 254,860**
Segment assets	**¥9,421,558**	**¥2,002,973**	**¥5,460,137**	**¥ 1,277,254**	**¥18,161,923**	**¥ (5,570,099)**	**¥12,591,823**
Other items:							
Depreciation	**¥ 130,311**	**¥ 129,071**	**¥ 299,999**	**¥ 3,141**	**¥ 562,523**	**¥ (1,265)**	**¥ 561,257**
Interest and dividend income	**173,311**	**628**	**575**	**5,572**	**180,087**	**(177,835)**	**2,251**
Interest expense	**60,579**	**7,059**	**45,671**	**2,280**	**115,592**	**(52,344)**	**63,247**
Equity in earnings of affiliates	**9,681**	**18,168**	**9,640**	**321**	**37,812**	**239**	**38,052**
Investments in entities accounted for using equity method	**277,255**	**414,296**	**128,215**	**6,305**	**826,074**	**734**	**826,808**
ncrease in tangible and intangible fixed assets (Note 3)	**275,976**	**73,088**	**244,305**	**11,924**	**605,294**	**(2,583)**	**602,710**

Millions of yen — 2017

	Reportable segment				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Holdings	Fuel & Power	Power Grid	Energy Partner			
Sales:							
Sales to third parties	¥ 68,113	¥ 27,193	¥ 293,877	¥4,968,549	¥ 5,357,734	¥ —	¥ 5,357,734
Inter-segment sales and transfers	849,959	1,607,721	1,398,066	166,804	4,022,551	(4,022,551)	—
Total	918,073	1,634,914	1,691,943	5,135,354	9,380,285	(4,022,551)	5,357,734
Segment profit (loss)	¥ (20,888)	¥ 53,228	¥ 111,600	¥ 74,768	¥ 218,709	¥ 8,914	¥ 227,624
Segment assets	¥11,230,363	¥1,950,465	¥5,274,223	¥1,138,271	¥19,593,324	¥ (7,315,724)	¥12,277,600
Other items:							
Depreciation	¥ 119,098	¥ 136,471	¥ 308,011	¥ 2,373	¥ 565,955	¥ (1,679)	¥ 564,276
Interest and dividend income	74,739	3,645	652	4,956	83,993	(71,306)	12,686
Interest expense	81,139	8,017	55,294	2,423	146,874	(71,286)	75,588
Equity in earnings of affiliates	6,712	9,575	9,465	473	26,227	(40)	26,186
Investments in entities accounted for using equity method	265,292	401,622	120,009	5,786	792,710	(1,242)	791,467
Increase in tangible and intangible fixed assets (Note 3)	272,655	67,793	216,562	13,393	570,405	(1,779)	568,626

	Millions of U.S. dollars						
	2018						
	Reportable segment				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Holdings	Fuel & Power	Power Grid	Energy Partner			
Sales:							
Sales to third parties	$ 579	$ 246	$ 3,654	$50,589	$ 55,068	$ —	$ 55,068
Inter-segment sales and transfers	8,435	16,963	12,742	1,481	39,621	(39,621)	—
Total	9,014	17,209	16,396	52,070	94,689	(39,621)	55,068
Segment profit	$ 1,339	$ 489	$ 744	$ 1,092	$ 3,664	$ (1,265)	$ 2,399
Segment assets	$ 88,673	$18,852	$51,390	$12,021	$170,936	$ (52,425)	$118,511
Other items:							
Depreciation	$ 1,226	$ 1,215	$ 2,823	$ 30	$ 5,294	$ (12)	$ 5,282
Interest and dividend income	1,631	6	6	52	1,695	(1,674)	21
Interest expense	570	66	430	22	1,088	(493)	595
Equity in earnings of affiliates	91	171	91	3	356	2	358
Investments in entities accounted for using equity method	2,610	3,899	1,207	59	7,775	7	7,782
Increase in tangible and intangible fixed assets (Note 3)	2,598	688	2,299	112	5,697	(24)	5,673

Notes:

1. "Adjustments" of "Segment profit" in an amount of ¥(134,403) million (US$(1,265) million) includes inter-segment elimination of dividend in an amount of ¥(125,491) million (US$(1,181) million) for the year ended March 31, 2018.
   "Adjustments" of "Segment profit" in an amount of ¥8,914 million refers to inter-segment elimination and non-operating income that is not attributable to any reportable segment for the year ended March 31, 2017.
   "Adjustments" of "Segment assets" in an amount of ¥(5,570,099) million (US$(52,424) million) and ¥(7,315,724) million includes ¥(4,088,085) million (US$(38,476) million) and ¥(5,920,831) million of claims and obligations offsetting due to inter-segment transactions and ¥(1,384,452) million (US$(13,030) million) and ¥(1,384,452) million investment and capital offsetting at March 31, 2018 and 2017, respectively.
   "Adjustments" of "Depreciation" in an amount of ¥(1,265) million (US$(12) million) and ¥(1,679) million refers to inter-segment elimination for the years ended March 31, 2018 and 2017, respectively.
   "Adjustments" of "Increase in tangible and intangible fixed assets" in an amount of ¥(2,583) million (US$ (24) million) and ¥(1,779) million refers to inter-segment elimination for the years ended March 31, 2018 and 2017, respectively.
2. Segment profit is reconciled with ordinary income in the consolidated financial statements.
3. "Increase in tangible and intangible fixed assets" does not include the amount recorded in assets corresponding to asset retirement obligations.

Information about impairment loss on tangible fixed assets by reportable segment for the years ended March 31, 2018 and 2017 has been omitted, since there is no materiality.

Information about amortization and unamortized ending balance by reportable segment for the years ended March 31, 2018 and 2017 has been omitted, since there is no materiality.

Information about gain on negative goodwill by reportable segment is not applicable for the years ended March 31, 2018 and 2017.

35 Per Share Information

Per share information at March 31, 2018 and 2017 and for the years then ended is as follows:

	Yen		U.S. dollar
	2018	2017	2018
Net assets per share	¥1,030.67	¥838.45	$9.70
Net income per share	198.52	82.89	1.87
Diluted net income per share	64.32	26.79	0.61

Notes:

1. Net assets per share is computed based on the following information:

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Net assets	¥ 2,657,265	¥ 2,348,679	$ 25,009
Amounts to be deducted from net assets	1,005,880	1,005,244	9,467
(Of which payment of preferred stock)	(1,000,000)	(1,000,000)	(9,412)
(Of which stock acquisition rights)	(0)	—	(0)
(Of which Non-controlling interests)	(5,880)	(5,244)	(55)
Net assets at March 31 attributable to common stock	¥ 1,651,385	¥ 1,343,434	$ 15,542

	Number of shares (in thousands)	
	2018	2017
Number of shares of common stock at March 31 which was used to compute net assets per share	1,602,252	1,602,285

2. Net income per share is computed based on the following information:

	Millions of yen		Millions of U.S. dollars
	2018	2017	2018
Net income attributable to owners of the parent	¥318,077	¥132,810	$2,994
Net income not attributable to common stock shareholders	—	—	—
Net income attributable to owners of the parent of common stock	¥318,077	¥132,810	$2,994

	Number of shares (in thousands)	
	2018	2017
Average number of shares of common stock outstanding during the year	1,602,266	1,602,300

3. Diluted net income per share is computed based on the following information:

	Millions of yen		Millions of U.S. dollars
	2018	2017	**2018**
Adjustments to net income attributable to owners of the parent	**¥(635)**	¥(579)	**$ (6)**

	Number of shares (in thousands)	
	2018	2017
Increase in common stock	**3,333,421**	3,333,421
(Of which preferred stock — Class A)	**(1,066,666)**	(1,066,666)
(Of which preferred stock — Class B)	**(2,266,666)**	(2,266,666)
(Of which other)	**(88)**	(87)
Potential shares which were not included in computing net income per share after dilution of potential shares since they have no dilutive effect	*1	—

*1 Stock acquisition rights issued by TRENDE Inc., which is a consolidated subsidiary: 240 thousand shares of common stock

36 Subsequent Events

Integration of fuel receiving/storage and gas transportation business and existing thermal power generation business into JERA Co., Inc. by corporate split

TEPCO Fuel & Power, Incorporated (hereinafter "TEPCO Fuel & Power"), which is a wholly owned subsidiary of the Company, agreed with Chubu Electric Power Co., Inc. (hereinafter "Chubu Electric") about the scope of the assets and liabilities subject to the said business integration and detailed schedule (hereinafter "Agreement") through the resolution of the Company's Board of Directors' meeting held on February 27, 2018 based on detailed investigation and necessary procedures, toward the integration (hereinafter called the "Business Integration") of their fuel/storage and gas transportation and existing thermal power generation business (hereinafter called the "Business") into JERA Co., Inc. (hereinafter "JERA")

Based on the Agreement, TEPCO Fuel & Power entered into the absorption-type corporate split agreement (hereinafter called the "Absorption-type Split Agreement") with JERA through the resolution of the Board of Directors' meeting held on May 9, 2018 with the aim of integrating the Business into JERA by way of the corporate split (hereinafter called the "Absorption-type Split").

The Absorption-type Split will be accounted for as a formation of a jointly controlled entity in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and ("Guidance on Accounting Standards for Business Combinations and Business Divestures" (ASBJ Guidance No. 10, September 13, 2013).

JERA will enter into another absorption-type corporate split agreement with Chubu Electric at the same time as the conclusion of the Absorption-type Split Agreement and succeed fuel receiving/storage and gas transportation and existing thermal power generation business of Chubu Electric (hereinafter called the "Chubu Electric Absorption–type Split" and the "Joint Absorption-type Split" together with the Absorption-type Split").

(1) Purpose of the Absorption-type Split

TEPCO Fuel & Power has gradually moved forward the business integration into JERA for the entire supply chain from fuel upstream and procurement to power generation concerning the comprehensive alliance with Chubu Electric in the field of fuel and thermal power generation since the incorporation of JERA in April 2015. Until now, integration effects have steadily been produced in each business area through business development, taking advantage of economies of scale.

Under the prospective significantly changing domestic energy market environments, in order to respond flexibly to such changes in business environments and to further expand the alliance effects, TEPCO Fuel & Power and Chubu Electric decided to enter into the joint venture agreement related to the Business Integration and integrate the Business into JERA on June 8, 2017.

(2) Summary of the Absorption-type Split

a. Schedule of the Absorption-type Split

Conclusion of the basic agreement on the Business Integration:	March 28, 2017
Conclusion of the joint venture agreement on the Business Integration:	June 8, 2017
Agreement on assets, liabilities, etc. to be transferred on the Business integration:	February 27, 2018
Conclusion of the Absorption-type Split Agreement:	May 9, 2018
Shareholders' meeting (JERA) to authorize the Absorption-type Split Agreement:	June 18, 2018
Shareholders' meeting (TEPCO Fuel & Power) to authorize the Absorption-type Split Agreement:	June 27, 2018
Effective date of the Absorption-type Split:	April 1, 2019 (plan)

b. Method of the Absorption-type Split

TEPCO Fuel & Power will be a split company and JERA will be a succeeding company.

c. Details of allotment related to the Absorption-type Split

JERA, at the time of the Absorption-type Split, will newly issue 5,000,000 shares of common stock, which will be all allotted to TEPCO Fuel & Power. In addition, at the time of Chubu Electric Absorption-type Split, JERA will newly issue 5,000,000 shares of common stock, same number of shares as those allotted to TEPCO Fuel & Power, which will be all allotted to Chubu Electric. As a result, JERA will newly issue 10,000,000 shares of common stock at the time of the Joint Absorption-type Split and the ratio of the shares of common stock allotted to TEPCO Fuel & Power and Chubu Electric at the time of the Absorption-type Split and Chubu Electric Absorption-type Split will become 1:1 and accordingly, there is no change in the ratio of shareholding in JERA of TEPCO Fuel & Power and Chubu Electric.

d. Treatment of stock acquisition rights and corporate bonds with stock acquisition rights following the Absorption-type Spit

TEPCO Fuel & Power has not issued stock acquisition rights and corporate bonds with stock acquisition rights.

e. Capital to be changed due to the Absorption-type Split

There is no change in capital of TEPCO Fuel & Power.

f. Rights and obligations succeeded by the succeeding company

Following the Absorption-type Split, JERA will succeed rights and obligations owned concerning the Business engaged by TEPCO Fuel & Power on the effective date of the absorption-type split. Obligations to the succeeding company due to the Absorption-type Split will be succeeded by the method of noncumulative taking of obligations.

g. Prospects for default

The management judges there is no problem regarding the prospect for default of TEPCO Fuel & Power and JERA after the Absorption-type Split, because the amounts of respective assets of TEPCO Fuel & Power and JERA are expected to exceed the amounts of their respective liabilities after the Absorption-type Split and there is no estimation of default of TEPCO Fuel & Power and JERA after the Absorption-type Split.

(3) Status of the succeeding company after the Absorption-type Split (as of April 1, 2019 (plan))

	Succeeding company
Trade name	JERA Co., Inc.
Address	7-1, Nihonbashi 2 chome, Chuou-ku, Tokyo
Name of the representative	Yuji Kakimi, representative director and president
Capital	¥5,000 million (US$47 million)
Business	Fuel business and power generation business within and outside Japan

Independent Auditor's Report

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Independent Auditor's Report

The Board of Directors
Tokyo Electric Power Company Holdings, Incorporated

We have audited the accompanying consolidated financial statements of Tokyo Electric Power Company Holdings, Incorporated (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyo Electric Power Company Holdings, Incorporated and its consolidated subsidiaries as at March 31, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

(1) As explained in Note 29 to the accompanying consolidated financial statements, regarding nuclear damages caused by a series of accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has been implementing compensation to the nuclear victims with Government support in accordance with the Nuclear Damage Compensation Act (the "Act") (effective on June 17, 1961; Act No. 147 of 1961).

Consequently, the Company has recorded compensation for nuclear damages for the year ended March 31, 2018, amounting to ¥286,859 million (US$2,700 million), which is the difference between the estimated amount at March 31, 2017 and ¥7,036,013 million (US$66,221 million) after deducting ¥188,926 million (US$1,778 million) of receipt of compensation pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) and ¥3,167,286 million (US$29,810 million) of the amount which was submitted an application for based on the provision of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) (the "NDF Act") corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 (the "Decontamination Costs"), based on the "Act on Special Measures concerning the Handling of pollution by Radioactive Materials Released by the Accident of Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011) from the estimated damage compensation amounting to ¥10,392,227 million (US$97,809 million) based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO", previous trade name of the Company before April 1, 2016)" (hereinafter the "Interim Guidelines") on August 5, 2011 and the Company's compensation criteria considering these guidelines and the actual compensation claim amounts and objective statistical data.

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The Company has recorded its estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the government decisions on guidelines regarding new compensation, establishment of the Company's compensation criteria, the extent of accuracy of reference data and agreements with the victims from now on.

On the other hand, for the purpose of speedy and appropriate implementation of compensation, the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the "NDF") which was newly established based on the "NDF Act" will provide necessary financial assistance to a nuclear operator.

The Company submitted an application for financial support of the compensation for nuclear damages as of the application date for financial support as the estimated amount for the required compensation amount based on paragraph 1 of the Article 43 of the "NDF Act". The Company submitted an application to the "NDF" for a change of the amount of financial support to ¥10,389,583 million (US$97,784 million), which is the estimated amount of compensation as of March 27, 2018, and recorded ¥381,987 million (US$3,595 million) as grants-in-aid from the "NDF", which is the difference between ¥7,033,369 million (US$66,196 million) after deducting ¥188,926 million (US$1,778 million) of receipt of compensation and ¥3,167,286 million (US$29,810 million) of grants-in-aid corresponding to decontamination costs from the estimated amount of compensation above and the amount which was submitted as an application for financing the compensation on December 27, 2016.

In receiving the financial assistance, the recipient shall pay special contribution defined by the "NDF" based on the provision of paragraph 1 of the Article 52 of the "NDF Act", but the Company has not recorded such amount, except for the amount applicable to the year ended March 31, 2018 notified from the "NDF", since the amount will be determined by the resolution of the steering committee of the "NDF" for every fiscal year in light of the Company's operating results and also require the approval of the minister in charge.

(2) As explained in Note 32 to the accompanying consolidated financial statements, regarding nuclear damages caused by a series of accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has been implementing the compensation from the viewpoints of speedy implementation of compensation for the nuclear victims with Government supports under the Nuclear Damage Compensation Act (the "Act") (effective on June 17, 1961; Act No. 147 of 1961). The Company has recorded a reserve for nuclear damage compensation regarding the amounts possible to make reasonable estimates based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO", previous trade name of the Company before April 1, 2016)" (hereinafter the "Interim Guidelines") on August 5, 2011 and the Company's compensation criteria considering these guidelines, as well as the actual compensation claim amounts and objective statistical data, but does not record any reserve for indirect damages and losses and/or damages on tangible assets for which reasonable estimation is not possible using the "Interim Guidelines" and currently available data. Furthermore, treatment of wastes and decontamination measures have been proceeded under the national fiscal measures based on the "Act on Special Measures concerning the Handling of pollution by Radioactive Materials Released by the Accident of Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011). The Company is estimating the costs related to treatment within a reasonably calculable range based on past compliance to claims for compensation and available data. However, a reasonable estimation of the amount of compensation concerning costs the allocation of which are being discussed with the government is not possible under the current circumstances, as concrete measures for the treatment of waste are not yet identifiable.

(3) As explained in Note 14 to the accompanying consolidated financial statements, before nuclear power plants can be scrapped, nuclear fuels in the reactors must be removed, but the concrete working conditions 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 the amount recorded based on actual amounts in overseas nuclear power plant accidents, within the range of reasonable estimates based on the currently available information for expenses and/or losses related to Mid-and-Long Term Roadmap, although they might vary from now on.

(4) As explained in Note 1(i) to the accompanying consolidated financial statements, the Company records the amounts of decommissioning costs of Fukushima Daiichi Nuclear Power Station Units 1 through 4 within the range of reasonable estimates based on the currently available information, although they might vary from now on, since it is difficult to identify the whole situations of the damages.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 27, 2018

Tokyo Electric Power Company Holdings, Incorporated