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Consolidated 11-Year Summary

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries

	2012	2011	2010	2009
Years ended March 31:				
Operating revenues.....	¥ 5,349,445	¥ 5,368,536	¥ 5,016,257	¥ 5,887,576
Operating (loss) income	(272,513)	399,624	284,443	66,935
Income (loss) before income taxes and minority interests.....	(753,761)	(766,134)	223,482	(99,574)
Net (loss) income	(781,641)	(1,247,348)	133,775	(84,518)
Depreciation and amortization	686,555	702,185	759,391	757,093
Capital expenditures	750,011	676,746	640,885	695,981
Per share of common stock (Yen and U.S. dollars):				
Net (loss) income (basic).....	¥ (487.76)	¥ (846.64)	¥ 99.18	¥ (62.65)
Net income (diluted) (Note 3)	—	—	99.18	—
Cash dividends.....	—	30.00	60.00	60.00
Equity	491.22	972.28	1,828.08	1,763.32
As of March 31:				
Total net assets (Note 4).....	¥ 812,476	¥ 1,602,478	¥ 2,516,478	¥ 2,419,477
Equity (Note 5).....	787,177	1,558,113	2,465,738	2,378,581
Total assets	15,536,456	14,790,353	13,203,987	13,559,309
Interest-bearing debt	8,320,528	9,024,110	7,523,952	7,938,087
Number of employees.....	52,046	52,970	52,452	52,506
Financial ratios and cash flow data:				
ROA (%) (Note 6).....	(1.8)	2.9	2.1	0.5
ROE (%) (Note 7)	(66.7)	(62.0)	5.5	(3.4)
Equity ratio (%).....	5.1	10.5	18.7	17.5
Net cash (used in) provided by operating activities.....	¥ (2,891)	¥ 988,710	¥ 988,271	¥ 599,144
Net cash used in investing activities.....	(335,101)	(791,957)	(599,263)	(655,375)
Net cash (used in) provided by financing activities	(614,734)	1,859,579	(495,091)	194,419
Other data (Non-consolidated):				
Electricity sales (million kWh)				
Electricity sales for lighting.....	95,797	103,422	96,089	96,059
Electricity sales for power (Note 8).....	11,160	12,174	11,393	11,905
Electricity sales to eligible customers (Note 8).....	161,273	177,790	172,686	180,992
Total.....	268,230	293,386	280,167	288,956
Power generation capacity (thousand kW) (Note 9):				
Hydroelectric	8,982	8,981	8,987	8,986
Thermal.....	40,148	38,696	38,189	37,686
Nuclear.....	17,308	17,308	17,308	17,308
Renewable energy, etc.....	34	4	4	1
Total.....	66,472	64,988	64,487	63,981
Nuclear power plant capacity utilization rate (%)	18.5	55.3	53.3	43.8

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 ¥82.13 to US\$1.00 prevailing on March 30, 2012.

2. Amounts of less than one million yen have been omitted. All percentages have been rounded to the nearest unit.

3. Diluted net income per share is not presented for the years ended March 31, 2005 to March 31, 2009 because no latent shares were outstanding. For the year ended March 31, 2011, TEPCO recorded net loss per share and thus actual diluted shares were not presented.

4. "Total net assets" is a new item presented to conform to revised Japanese accounting standards. The figure for the year ended March 31, 2006 has been restated to reflect this change.

5. Equity = Total net assets – Stock acquisition rights – Minority interests

6. ROA = Operating income/Average total assets

7. ROE = Net income/Average equity

8. Electricity sales for power and electricity sales to eligible customers are presented according to customers categorized as eligible in each fiscal year, and are not restated for changes in the number of eligible customers in succeeding years.

9. 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.

A

All subsidiaries became consolidated subsidiaries as of March 31, 2002.

Millions of yen, unless otherwise noted							Millions of U.S. dollars, unless otherwise noted (Note 1)
2008	2007	2006	2005	2004	2003	2002	2012
¥ 5,479,380	¥ 5,283,033	¥ 5,255,495	¥ 5,047,210	¥ 4,853,826	¥ 4,919,109	¥ 5,220,578	\$ 65,134
136,404	550,911	576,277	566,304	489,004	521,406	658,933	(3,318)
(212,499)	496,022	473,832	372,814	255,309	265,170	312,414	(9,178)
(150,108)	298,154	310,388	226,177	149,550	165,267	201,727	(9,517)
772,460	751,625	824,041	847,505	889,955	922,357	953,437	8,359
664,295	574,687	623,726	561,206	663,967	706,656	995,842	9,132
¥ (111.26)	¥ 220.96	¥ 229.76	¥ 167.29	¥ 110.53	¥ 122.08	¥ 149.11	\$ (5.94)
—	—	—	—	110.32	121.33	147.89	—
65.00	70.00	60.00	60.00	60.00	60.00	60.00	—
1,967.03	2,248.34	2,059.52	1,853.52	1,748.06	1,662.38	1,612.97	5.98
¥ 2,695,455	¥ 3,073,778	¥ 2,815,424	¥ —	¥ —	¥ —	¥ —	\$ 9,893
2,653,762	3,033,537	2,779,720	2,502,157	2,360,475	2,245,892	2,181,983	9,585
13,679,055	13,521,387	13,594,117	13,748,843	13,900,906	14,177,296	14,578,579	189,169
7,675,722	7,388,605	7,840,161	8,261,717	8,765,175	9,076,289	9,564,914	101,309
52,319	52,584	51,560	53,380	51,694	52,322	53,704	—
1.0	4.1	4.2	4.1	3.5	3.6	4.5	—
(5.3)	10.3	11.8	9.3	6.5	7.5	9.6	—
19.4	22.4	20.4	18.2	17.0	15.8	15.0	—
¥ 509,890	¥ 1,073,694	¥ 935,622	¥ 1,411,470	¥ 1,147,591	¥ 1,406,300	¥ 1,464,181	\$ (35)
(686,284)	(550,138)	(615,377)	(577,503)	(693,871)	(863,797)	(905,453)	(4,080)
188,237	(514,885)	(350,193)	(785,600)	(451,371)	(573,761)	(558,182)	(7,485)
97,600	93,207	95,186	92,592	86,926	89,354	85,080	
12,785	12,631	13,499	78,239	114,772	116,551	115,354	
187,012	181,784	179,969	115,910	74,314	75,997	75,106	
297,397	287,622	288,655	286,741	276,012	281,902	275,540	
8,985	8,993	8,993	8,521	8,520	8,520	8,519	
36,179	35,533	35,536	36,995	36,831	34,548	34,548	
17,308	17,308	17,308	17,308	17,308	17,308	17,308	
1	1	1	1	1	1	1	
62,473	61,835	61,837	62,825	62,660	60,377	60,375	
44.9	74.2	66.4	61.7	26.3	60.7	80.1	

B

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.

Financial Review

Analysis of Business Results for the Year Ended March 31, 2012

Business Results

In the fiscal year ended March 31, 2012, operating revenues decreased 0.4 percent year on year to ¥5,349.4 billion and operating loss amounted to ¥272.5 billion, a turnaround from operating income of ¥399.6 billion in the previous fiscal year.

On the other hand, extraordinary income stood at ¥2,516.8 billion. This included grants-in-aid from the Nuclear Damage Liability Facilitation Fund amounting to ¥2,426.2 billion, gains on fixed assets sold amounting to ¥41.6 billion and profit on securities sold amounting to ¥49.0 billion. These gains and profit were attributable to TEPCO's asset sales efforts.

Extraordinary loss, totaling ¥2,867.8 billion, included ¥297.8 billion in extraordinary loss recorded due to restoration expenses for assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, a ¥2,524.9 billion payment of compensation for damage caused from the nuclear accidents, and a ¥45.1 billion loss on securities sold.

As a result, TEPCO recorded net loss of ¥781.6 billion, compared with net loss of ¥1,247.3 billion in the previous fiscal year.

Segment Results

Electric Power Business Segment

Due to customer cooperation in helping TEPCO save electricity and the impact of a decline in production activities, electricity sales decreased 8.6 percent from the previous fiscal year to 268.2 billion kWh, with all types of electricity usage declining compared with the previous fiscal year.

By demand type, electricity sales for lighting decreased 7.4 percent to 95.8 billion kWh, the electricity sales for power decreased 8.3 percent to 11.2 billion kWh, and electricity sales to eligible customers decreased 9.3 percent to 161.3 billion kWh compared with the previous fiscal year.

On the revenue side, operating revenues decreased 1.4 percent from the previous fiscal year to ¥4,995.6 billion due to the decrease in electricity sales.

On the expense side, operating expenses increased 12.9 percent year on year to ¥5,319.3 billion. This was mainly attributable to a considerable increase in fuel expenses due to such reasons as hikes in fuel prices and an increase in

fuel purchases due to a decrease in power normally supplied from nuclear power stations.

Consequently, operating loss in the electric power business segment amounted to ¥323.7 billion, a turnaround from operating income of ¥354.1 billion in the previous fiscal year.

Other Business Segments

In other business segments, operating revenues increased 2.7 percent year on year to ¥652.1 billion. This was attributable to a sales increase in the energy and environment business segment. On the other hand, operating expenses increased 2.0 percent to ¥602.1 billion, due to such factors as increased expenses in the energy and environment business segment. Consequently, operating income increased 12.8 percent year on year to ¥49.9 billion.

In addition, TEPCO has changed its business segmentation for reporting from the fiscal year under review.

Net Loss

Loss before income taxes and minority interests in the fiscal year under review stood at ¥753.7 billion. The main factors helping to decrease loss before income taxes and minority interests included a ¥2,426.2 billion of grants-in-aid by the Nuclear Damage Liability Facilitation Fund, as well as extraordinary income recorded due to gains on fixed assets sold amounting to ¥41.6 billion and profits on securities sold amounting to ¥49.0 billion as a result of assets sales.

The main factors helping to increase loss before income taxes and minority interests were an extraordinary loss recorded due to restoration expenses for assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake totaling ¥297.8 billion, payment of compensation for damage caused by the nuclear accidents amounting to ¥2,524.9 billion and a loss on securities sold amounting to ¥45.1 billion.

For the fiscal year under review, TEPCO recorded income taxes of ¥19.0 billion, income taxes—deferred of ¥3.7 billion, and minority interests of ¥5.0 billion.

As a result, net loss for the fiscal year under review totaled ¥781.6 billion. Net loss per share stood at ¥487.76.

Financial Policy

Due to the occurrence of the series of accidents 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. The aforementioned events have caused TEPCO to record 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, TEPCO is scheduled to receive investment from the Nuclear Damage Liability Facilitation Fund (hereinafter the "Fund") in accordance with the Comprehensive Special Business Plan (hereinafter the "Plan") approved by the minister in charge on May 9, 2012.

Based on the Plan, TEPCO asked all correspondent financial institutions to maintain existing credit lines through refinancing and requested the financial institutions through which it repaid its debt during the period from March 11 to September 30, 2011 to extend its finance loans equal to the repaid amounts. Moreover, TEPCO requested principal financial institutions to provide additional credit including the said finance loans.

With its paid-in capital strengthened by the Fund as well as with the support and cooperation of financial institutions, TEPCO is working to further augment its financial position so that it may recover the independent fund procurement capability it used to have and ultimately achieve its aim of returning to the bond market.

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 at the end of the fiscal year under review decreased 43.2 percent, or ¥952.3 billion from the previous fiscal year, to ¥1,253.8 billion.

Net cash used in operating activities amounted to ¥2.8 billion, a turnaround from net cash provided of ¥988.7 billion in the previous fiscal year. This was mainly attributable to an increase in purchases of fuel for thermal power.

Net cash used in investing activities decreased 57.7 percent year on year to ¥335.1 billion due mainly to an increase in proceeds from long-term investments.

Net cash used in financing activities amounted to ¥614.7 billion, a turnaround from net cash provided of ¥1,859.5 billion in the previous fiscal year. This was mainly attributable to a decrease in proceeds from long-term loans.

Capital Expenditures

During the fiscal year ended March 31, 2012, TEPCO reduced its capital expenditures to the minimum level required to maintain a stable electricity supply. However, due to expenses associated with the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake and the installation of new power sources as a countermeasure against the potential shortage of electricity supply capability at the time of emergencies, consolidated capital expenditures stood at ¥750.0 billion in the fiscal year under review.

By segment, capital expenditures, including intercompany transactions, amounted to ¥671.4 billion in the electric power business segment and ¥81.6 billion in the other business segments (¥29.7 billion in the information and telecommunications business segment; ¥19.7 billion in the energy and environment business segment; ¥20.0 billion in the living environment and lifestyle-related business segment; and ¥12.1 billion in the overseas business segment).

Assets, Liabilities and Net Assets

As of March 31, 2012, total assets increased ¥746.1 billion year on year to ¥15,536.4 billion, largely reflecting the recording of higher receivables due to grants-in-aid from the Nuclear Damage Liability Facilitation Fund.

Total liabilities increased ¥1,536.1 billion from the previous fiscal year-end to ¥14,723.9 billion. This was mainly attributable to recording of reserve for nuclear damage compensation.

Net assets decreased ¥790.0 billion from the previous fiscal year-end to ¥812.4 billion. This was mainly attributable to a decrease in retained earnings due to the recording of net loss.

Consequently, the equity ratio decreased 5.4 percentage points to 5.1 percent from 10.5 percent in the previous fiscal year.

Dividend Policy

TEPCO recognizes sharing corporate profits with shareholders as one of its primary tasks. However, due to an ongoing

severe management environment and state of its financial position since the Tohoku-Chihou-Taiheiyou-Oki Earthquake, TEPCO has suspended the application of its basic dividend policy.

Currently, TEPCO's Articles of Incorporation stipulates 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.

Going forward, a new dividend policy may be considered, subject to TEPCO's financial position in the future.

For the year ended March 31, 2012, TEPCO incurred substantial losses, caused by the decrease in the volume of nuclear power generation, hikes in fuel prices and thus increased fuel expenses along with a loss on disaster associated with the restoration of assets damaged due to the Tohoku-Chihou-Taiheiyou-Oki Earthquake. In consideration of this, TEPCO had to temporarily suspend the payment of both the interim and the year-end dividends.

For the year ending March 31, 2013, TEPCO plans to again suspend the payment of the interim and year-end dividends, given the prospect of an ongoing severe management environment and the state of TEPCO's 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 forward-looking statements included below represent estimates as of June 28, 2012.

(1) Accidents at the Fukushima Daiichi Nuclear Power Station

Upon the occurrence of the series of accidents at Fukushima Daiichi Nuclear Power Station in March 2011, the TEPCO Group presented the "Roadmap towards Restoration from the Accident at Fukushima Daiichi Nuclear Power Station," and the Group has systematically been working toward the early conclusion of the situation

caused by the accidents based on this Roadmap. As a result, in December 2011, Headquarters for Nuclear Disaster Response of the Government declared that the nuclear reactors have reached the state of cold shutdown, and that the situation caused by accidents at the Fukushima Daiichi Nuclear Power Station per se were brought to close. Following this, TEPCO formulated the Mid-and-long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Units 1-4, TEPCO (hereafter "Mid-and-long-Term Roadmap"), and have since been advancing decommissioning and other work at the said four units. However, with a number of unprecedented technical difficulties to be dealt with, there is a possibility that the work may not progress exactly as set out in the Mid-and-long-Term Roadmap. Regarding costs associated with the resolution of the situation caused by the accidents and the decommissioning of Fukushima Daiichi Nuclear Power Station Units 1 through 4, TEPCO made a rational estimate and recorded this amount as an extraordinary loss for fiscal 2011 and 2012. The estimated amount, however, may change. Such a change may affect the Group's results, financial condition and operations.

Furthermore, in view of the deterioration in the Group's fund procurement capability due to the lowering of its rating following the occurrence of this series of nuclear accidents, the Group's results, financial condition and operations may be affected.

(2) Matters regarding Preconditions for Remaining Going Concern

Regarding nuclear damages caused by a series of accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Nuclear Damage Compensation Act (hereafter the "Compensation Act") (effective on June 17, 1961; Act No. 147) requires the Company to bear the damage compensation under the nuclear damage compensation scheme in Japan if certain necessary conditions are satisfied. Accordingly, significant deterioration of the Company's financial position raises significant doubt about its ability to continue as a going concern.

In response, the Governmental Supporting Scheme for the Damages Caused by Nuclear Accidents (May 13, 2011) was officially announced based on the said Act, and the Act concerning Formation of a Nuclear Damage Liability Facilitation Fund (August 10, 2011; hereafter the "Fund

Act”) was enacted subsequently.

Following this, TEPCO filed a request to the Nuclear Damage Liability Facilitation Fund (hereafter the “Fund”) for financial support based on the Fund Act. Working together with the Fund, the Company requested the Government to approve its Emergency Special Business Plan. The approval was granted on November 4, 2011, by the minister in Charge, and the decision was made to provide financial support to TEPCO through the Fund. Later, the Company revised its estimate of the compensation payment and, subsequently, requested the Fund to revise the amount of financial support. The Company submitted a request to the minister in charge for permission to revise the Plan. The revision was approved on February 13, 2012, and the Fund revised the amount of financial support to be granted to TEPCO.

TEPCO then once again revised its estimate of the compensation payment following the compilation of the “Secondary Supplement of the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO (Losses due to the revision of the evacuation area per the government)” (March 16, 2012) by the Dispute Reconciliation Committee for Nuclear Damage Compensation, and requested that the Fund again revise the amount of financial support. Simultaneously, in order to be fully prepared to pay compensation in a prompt and appropriate manner, mobilize all resources for the steady decommissioning of the Units 1 through 4 of Fukushima Daiichi Nuclear Power Station, and to ensure a stable electricity supply, TEPCO requested the Fund to underwrite the Company’s shares for the purpose of strengthening the financial foundation for the early recovery of independent financing ability. Also, to fundamentally reform the business model from a medium- to long-term viewpoint, TEPCO worked with the Fund to revise the Emergency Special Business Plan and submitted a request for approval of the Comprehensive Special Business Plan to the minister in charge, which was granted on May 9, 2012. Accordingly, the Company was notified of the decision on the financial assistance package, including the underwriting of TEPCO shares (1 trillion yen to be paid in total) by the Fund. Moreover, given the significant deterioration of TEPCO’s profit structure due to the suspension of nuclear power stations and increased dependence on thermal power sources, the Company will do its utmost to cut

costs by implementing thorough economization based on the said Plan. However, even with the thorough cost-cutting efforts as explained, it is difficult to entirely offset the increase in fuel and other costs.

At the present rates charged for electricity, there is a risk that we will not be able to recover our independent financing ability, which would further undermine our financial foundation. This may limit our ability to pay compensation in a prompt and appropriate manner, steadily decommission nuclear reactors, and provide a stable electricity supply. TEPCO believes that the Company has no choice but to ask customers, with sincere apology, to accept the minimum range of electricity rate hike, to prevent such contingencies from occurring. On May 11, 2012, the Company submitted a request to the minister in Charge for permission to revise the electricity rates based on the Electricity Business Act, on the condition that we work to obtain the understanding of our customers.

TEPCO will work to fundamentally reform the Company’s business model based on the aforementioned Plan. It will also do its utmost to meet the challenges of realizing prompt and appropriate compensation, steady decommissioning, and the securing of a stable electricity supply, while receiving support based on the Fund Act. Nevertheless, for the implementation of the Plan, the Company must have its shares underwritten by the Fund, provided that the Fund approves the underwriting of the said shares under the agreed conditions, after necessary resolutions are passed at the general shareholders’ meeting. The Company must also obtain the approval of the Minister to revise the electricity rates. In light of these factors, significant uncertainty remains at this moment concerning the preconditions for business continuity.

(3) Underwriting of TEPCO shares by the Fund

At the Board of Directors meeting held on May 21, 2012, TEPCO made a decision to issue preferred shares to be allotted to the Fund (Type-A Preferred Shares and Type-B Preferred Shares: both are hereafter collectively referred to as “Preferred Shares”). At the regular shareholders meeting held on June 27, 2012, TEPCO obtained the approval of the shareholders to increase the number of shares issuable, which will, in turn, enable the issuance of Preferred Shares. The issuance of Preferred Shares will be done on the condition that the necessary procedures for the said issuance are completed, and that none of the said procedures are nullified.

Other conditions for undertaking of Preferred Shares by the Fund include the non-existence of factors that negatively affect the implementation of the Comprehensive Special Business Plan by TEPCO.

Type-A Preferred Shares are accompanied by voting rights exercisable at general shareholders' meetings as well as put options to acquire Type-B Preferred Shares and common shares. Type-B Preferred Shares are not accompanied by voting rights exercisable at general shareholders' meetings, except when specially provided for by law, but are accompanied by put options to acquire Type-A Preferred Shares and common shares.

When the Fund assumes ownership of Preferred Shares, the value of the existing shares will be diluted and the Fund will acquire more than one half of the shareholder voting rights. There is the possibility that the Fund's exercise of voting rights at general shareholders meeting may affect TEPCO's business operations.

Also, once it has acquired the Preferred Shares, the Fund may exercise the put options to use Type-B Preferred Shares to acquire Type-A Preferred Shares or exercise the put options to acquire common shares, and this may further dilute the value of existing shares. In particular, when put options are exercised to acquire common shares, the resulting dilution of share value may lead to a drop in TEPCO's share prices. If the Fund sells the said common shares, this may further affect TEPCO's share prices depending on the market environment at that time.

(4) Stable Supply of Electric Power

Due to the effects of Tohoku-Chihou-Taiheiyu-Oki Earthquake, all the units of TEPCO's Fukushima Daiichi and Daini Nuclear Power Stations and Kashiwazaki-Kariwa Nuclear Power Station suspended operations, bringing down our supplying capacity. TEPCO is addressing this situation by building new gas turbine power generation facilities to secure electricity supply. On top of instituting supply-side countermeasures, the Company is currently making efforts regarding demand-side countermeasures, asking for customers' cooperation in saving electricity and promoting the greater use of contracts for control of demand and supply. Therefore, TEPCO will not implement rolling blackouts in principle. If a tight demand-and-supply balance emerges due to climate conditions or the unexpected suspension of power stations, TEPCO will be obliged to implement rolling blackouts. Furthermore, 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 results and financial condition, public trust and operations.

(5) Nuclear Power Generation, Nuclear Fuel Cycle

In the period since the nuclear accidents, the Government of Japan has been revising its nuclear power policy. Depending on the outcome of this revision, TEPCO's business using nuclear power generation and the nuclear fuel cycle may be affected.

Reflecting the recent events, TEPCO is implementing emergency safety measures at its nuclear power stations in accordance with the directives of the Minister of Economy, Trade and Industry while making further efforts to ensure safety. However, it is possible that the operation schedule may be affected or altered due to natural disasters, systemic failures, extensions of regular inspections, the outcomes of stress tests and delays in disaster recovery, which could negatively affect the TEPCO Group's results and financial condition.

In addition, the nuclear fuel cycle itself poses various risks, such as that associated with reprocessing spent 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 decommissioning of the Rokkasho Uranium Enrichment Plant could affect the TEPCO Group's results and financial condition.

(6) Business and Environmental Regulations

Revisions in Japan's energy policy, including changes in the structure of the electric power business, and changes in the regulatory environment surrounding the TEPCO Group, including a tightening of regulations related to global warming, could affect the TEPCO Group's results and financial condition. In addition, issues such as a decrease in the quality of electric power due to a substantial increase in

renewable energy resulting from factors that include stricter environmental regulations could disrupt operations.

(7) Electricity Sales

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, the progress of power-saving and energy conservation measures may also affect sales. These issues could affect the TEPCO Group's results and financial condition.

(8) Customer Service

The TEPCO Group is working to enhance customer service. However, inappropriate responses to customers and other issues could reduce customer satisfaction and public trust in the TEPCO Group, which could impact the Group's performance and financial condition and disrupt smooth operations.

(9) Movements in Financial Markets

The TEPCO Group holds domestic and foreign stocks 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 results and financial condition. Moreover, issues including future interest rate movements affect the TEPCO Group's interest payments.

(10) Price of Fuel for Thermal Power Generation

The prices for liquefied natural gas (LNG), crude oil, coal and other fuels for thermal power generation change according to factors that include international market conditions and foreign exchange market movements, which could affect the TEPCO Group's results 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.

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

The TEPCO Group works to secure safety, control quality

and prevent environmental pollution. However, accidents, fatalities or large-scale emissions of pollutants into the environment resulting from incidents, including operational errors or failure to comply with laws or internal regulations, could damage public trust in the TEPCO Group and affect the smooth execution of Group operations.

(12) 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.

(13) 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's ability to manage information and affect the smooth execution of Group operations.

(14) Businesses Other than Electric Power

The TEPCO Group carries out businesses other than electric power, including businesses overseas. Issues including changes in TEPCO'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 affect the TEPCO Group's results and financial condition.

The Contents of Analysis and Discussion regarding Important Matters Mentioned in the Risk Factors Section and TEPCO's Measures to Eliminate and Improve Such Important Matters

With regard to the nuclear damage caused by a series of accidents at Fukushima Daiichi Nuclear Power Station due to the Tohoku-Chihou-Taiheiyou-Okai Earthquake, TEPCO shall accept liability if such damage meets requirements stipulated in the Nuclear Damage Compensation Act (Act No. 147 enacted on June 17, 1961; the "Compensation Act") in accordance with Japan's nuclear damage compensation system.

However, TEPCO is unable to reasonably estimate the amount of compensation because said amount will be determined under the guidelines drawn up by the Committee for Adjustment of Compensation for Nuclear Damages Disputes (hereinafter the "Committee"). Accordingly, the amount of compensation was not recorded in the previous fiscal year.

Nevertheless, aiming to furnish the compensation promptly and in a proper manner, TEPCO has formulated a standard for the compensation amount that reflects the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO" (hereinafter the "Interim Guidelines") determined by the Committee on August 5, 2011, as well as the Supplement of the Interim Guidelines as of December 6, 2011, and the Secondary Supplement of the Interim Guidelines issued on March 16, 2012. TEPCO's standard for the compensation amount is formulated separately for each item of damage set forth in the Interim Guidelines and its supplements.

On December 26, 2011, the Headquarters for Nuclear Emergency Response of the Government formulated the "Basic Concept and Future Issues concerning Warning Zones and Evacuation Zones responding to completion of Step 2," setting forth the points of view for review of the areas subject to evacuation orders.

Taking into consideration the above, TEPCO estimated and recorded as an expense compensation for nuclear damages in an amount totaling ¥2,524.9 billion.

This was calculated by deducting the acceptable amount

for compensation payment set forth in the Act concerning the Contract for Indemnification of Nuclear Damage Compensation (Act No. 148 enacted on June 17, 1961) from the estimated compensation for evacuation costs and mental blow of evacuees, damages caused by voluntary evacuations, opportunity losses on salary of workers living in and/or working in evacuation zones, damages due to the Governmental restriction on shipment of agricultural, forestry and fishery products, opportunity losses of the businesses such as agriculture, forestry, fishery and sightseeing due to reputation damage, etc. and losses and/or damages on tangible assets for which reasonable estimation became possible using objective statistical data, etc.

However, the estimated compensation amount may increase significantly. Therefore, there remains a possibility that the TEPCO Group's financial condition could largely deteriorate and thus the Group's continued position as a going concern would be in question.

With sincerely recognizing the Company's position as a causing party, the Company has decided to implement the compensation from the viewpoints of speedy implementation of compensation for the nuclear victims with Government supports under the Act.

Responding to the Company's request, the "Governmental Supporting Scheme for the Damages Caused by Nuclear Accidents" (decided by "Economic Damage occurred by Nuclear Power Plant Accident Response Team Ministerial Conference" on May 13, 2011 and approved by the Cabinet on June 14, 2011) was officially announced and then the "Act concerning Formation of a Nuclear Damage Liability Facilitation Fund" (Act No. 94 of 2011) (hereinafter the "Fund Act") was approved by the Diet on August 10, 2011.

In response, TEPCO applied for financial support (grants-in-aid) pursuant to article 41, paragraph 1, item 1, of the Fund Act. At the same time, TEPCO in tandem with the Fund applied for the approval on the Emergency Special Business Plan to the minister in charge pursuant to article 45, paragraph 1, of the Fund Act. On November 4, 2011, the plan has been approved by the minister in charge, and TEPCO received an announcement from the Fund with respect to the determination of the financial support. This financial support amounted to the estimated amount of required compensation exceeds acceptable amount of compensation measures set forth in article 7, paragraph 1, of the Compensation Act.

As TEPCO revised the future forecast of the required compensation amount, it applied for the modification of the amount of financial support to the Fund pursuant to article 43, paragraph 1, of the Fund Act. In tandem with the Fund, TEPCO also submitted the application for the approval on the amendment to the Emergency Special Business Plan to the minister in charge pursuant to the provision of paragraph 1, article 46, of the Fund Act.

On February 13, 2012, TEPCO received approval on the amendment from the minister in charge, along with an announcement with respect to the modification of the amount of financial support from the Fund.

After that, TEPCO again revised its future forecast of the required amount of compensation to reflect the determination of the Secondary Supplement of the Interim Guidelines by the Committee, TEPCO reapplied for the modification of the amount of financial support to the Fund pursuant to the provision of article 43, paragraph 1, of the Fund Act.

To strengthen its financial position pursuant to achieving the early recovery of independent fund procurement capability, TEPCO applied for financial support and requested the subscription of shares pursuant to the article 41, paragraph 1, item 2 of the Fund Act.

This also supports the aim of establishing internal systems that will enable TEPCO to bring its utmost strength to bear on working on the decommissioning of the Unit 1-4 of the Fukushima Daiichi Nuclear Power Station and to ensure the prompt and proper payment of the compensation as well as a stable electricity supply.

Toward the drastic rationalization of management from the medium and long-term perspectives, TEPCO reviewed the Emergency Special Business Plan in tandem with the Fund and applied for the approval on the Comprehensive Special Business Plan pursuant to article 46, paragraph 1, of the Fund Act.

TEPCO received approval of the plan from the minister in charge on May 9, 2012, and a simultaneous notification of the modification on the amount of financial support and the subscription of shares up to ¥1 trillion in total from the Fund. Moreover, TEPCO will further reduce costs and expenses through the implementation of exhaustive rationalization of management under the Plan, because its profit structure is deteriorating considerably due to an increasing dependence on thermal power generation because of the suspension of nuclear power generation.

However, it will be exceedingly difficult to absorb such

increased costs as that for fuel in spite of efforts to achieve exhaustive cost reductions. Therefore, TEPCO will not be able to conduct independent fund raising under the current electricity rates. This may facilitate the weakening of its financial position and could render TEPCO unable to accomplish prompt and proper compensation, steady decommissioning or a stable electricity supply. TEPCO believes that the Company has no choice but to ask customers, with sincere apology, to accept the minimum range of electricity rate hike, to prevent such contingencies from occurring. Premised on its making utmost efforts to facilitate the understanding of customers, TEPCO applied for a rates revision to the Minister of Economy, Trade and Industry on May 11, 2012 pursuant to article 19, paragraph 1, of the Electricity Business Act.

In accordance with the plan, TEPCO is striving to drastically rationalize its management and furnish compensation promptly and in a proper manner with the support given under the Fund Act as well as to achieve steady decommissioning and a stable electricity supply.

However, the implementation of the plan requires following factors: the subscription sale of TEPCO stocks to the Fund, which is premised on receiving the approval of the general meeting of shareholders of relevant proposals; the approval of the type of preferred shares to be held by the Fund; and the approval of an amendment of electricity rates by the Minister of Economy, Trade and Industry. Taking these factors into consideration, there is significant uncertainty regarding TEPCO's future as a going concern.

Consolidated Balance Sheet

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2012

ASSETS	Millions of yen		Millions of U.S. dollars (Note 2)
	March 31, 2012	2011	March 31, 2012
Property, plant and equipment.....	¥ 30,166,017	¥ 30,068,433	\$ 367,296
Construction in progress	943,917	749,977	11,493
	31,109,935	30,818,410	378,789
Less:			
Contributions in aid of construction.....	(375,571)	(404,134)	(4,573)
Accumulated depreciation	(21,998,576)	(21,539,477)	(267,851)
	(22,374,148)	(21,943,612)	(272,424)
Property, plant and equipment, net (Notes 4, 8, 9 and 18).....	8,735,787	8,874,798	106,365
Nuclear fuel (Note 10):			
Loaded nuclear fuel.....	131,555	133,904	1,602
Nuclear fuel in processing.....	713,841	736,074	8,691
	845,397	869,978	10,293
Investments and other:			
Long-term investments (Notes 5, 9 and 29).....	160,792	491,642	1,958
Trust funds for reprocessing of irradiated nuclear fuel (Note 29).....	1,125,997	982,696	13,710
Grants-in-aid receivable from Nuclear Damage Liability Facilitation Fund (Note 23).....	1,762,671	—	21,462
Other (Note 17).....	619,576	656,511	7,544
	3,669,037	2,130,850	44,674
Current assets (Note 9):			
Cash (Notes 6 and 29).....	1,287,418	2,248,290	15,675
Notes and accounts receivable—customers (Note 29).....	432,925	359,820	5,271
Inventories (Note 9).....	189,527	161,253	2,308
Other (Notes 6 and 17).....	379,598	148,048	4,622
	2,289,470	2,917,414	27,876
Less:			
Allowance for doubtful accounts	(3,236)	(2,688)	(39)
	2,286,234	2,914,725	27,837
Total assets	¥ 15,536,456	¥ 14,790,353	\$ 189,169

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen		Millions of U.S. dollars (Note 2)
	March 31, 2012	2011	March 31, 2012
Long-term liabilities and reserves:			
Long-term debt (Notes 7, 9 and 29)	¥ 6,953,575	¥ 7,849,365	\$ 84,665
Other long-term liabilities (Note 17)	129,881	147,961	1,580
Reserve for reprocessing of irradiated nuclear fuel (Note 10)	1,221,238	1,247,950	14,870
Accrued employees' retirement benefits (Note 16)	432,562	432,778	5,267
Reserve for loss on disaster (Note 12)	787,507	831,773	9,589
Reserve for nuclear damage compensation (Note 13)	2,063,398	—	25,124
Asset retirement obligations (Notes 11 and 18)	803,299	791,880	9,781
	12,391,463	11,301,709	150,876
Current liabilities:			
Current portion of long-term debt (Notes 7, 9 and 29)	925,188	768,512	11,265
Short-term loans (Notes 7 and 29)	441,765	406,232	5,379
Trade notes and accounts payable	317,479	248,849	3,866
Accrued income taxes and other	65,140	70,201	793
Other (Notes 7, 9 and 17)	569,389	381,201	6,932
	2,318,963	1,874,996	28,235
Reserves under special laws:			
Reserve for fluctuation in water levels (Note 14)	9,865	8,884	120
Reserve for preparation of the depreciation of nuclear power construction (Note 15)	3,687	2,284	45
	13,552	11,168	165
Total liabilities	14,723,979	13,187,875	179,276
Net assets:			
Shareholders' equity (Note 19):			
Common stock, without par value:			
Authorized — 1,800,000,000 shares			
Issued — 1,607,017,531 shares in 2012 and 2011	900,975	900,975	10,970
Capital surplus	243,631	243,653	2,967
Retained earnings	(287,497)	494,054	(3,501)
Treasury stock, at cost:			
4,533,194 shares in 2012 and 4,478,117 shares in 2011	(8,372)	(8,376)	(102)
Total shareholders' equity	848,736	1,630,307	10,334
Accumulated other comprehensive income:			
Net unrealized holding gain (loss) on available-for-sale securities ..	1,288	(20,064)	16
Net deferred loss on hedges	(16,794)	(11,127)	(205)
Land revaluation loss	(3,236)	(3,695)	(39)
Translation adjustments	(42,816)	(37,306)	(521)
Total accumulated other comprehensive income	(61,558)	(72,193)	(749)
Stock acquisition rights	—	6	—
Minority interests	25,299	44,358	308
Total net assets	812,476	1,602,478	9,893
Total liabilities and net assets	¥15,536,456	¥14,790,353	\$189,169

Consolidated Statement of Operations

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2012	2011	Year ended March 31, 2012
Operating revenues:			
Electricity	¥ 4,995,626	¥ 5,064,625	\$ 60,826
Other	353,819	303,910	4,308
	5,349,445	5,368,536	65,134
Operating expenses (Notes 20, 21 and 22):			
Electricity	5,309,162	4,695,177	64,643
Other	312,797	273,734	3,809
	5,621,959	4,968,911	68,452
Operating (loss) income	(272,513)	399,624	(3,318)
Other (income) expenses:			
Interest and dividend income	(29,233)	(30,941)	(356)
Interest expense	129,915	127,934	1,582
Grants-in-aid from Nuclear Damage Liability Facilitation Fund (Note 23)	(2,426,271)	—	(29,542)
Compensation for nuclear damages (Note 23)	2,524,930	—	30,743
Loss on disaster (Note 25)	297,802	1,020,496	3,626
Equity in losses (earnings) of affiliates	6,476	(16,049)	79
Gain on sales of noncurrent assets (Note 24)	(41,609)	—	(507)
Gain on sales of securities	(28,841)	—	(351)
Loss on sales of securities	40,421	—	492
Gain on sales of subsidiaries and affiliates' stocks	(20,169)	—	(245)
Loss on sales of stocks of subsidiaries and affiliates	4,710	—	57
Effect of applying the accounting standard for asset retirement obligations (Note 18)	—	57,189	—
Other, net	20,733	984	253
	478,864	1,159,614	5,831
Loss before special items, income taxes and minority interests	(751,378)	(759,989)	(9,149)
Special items:			
Provision for reserve for fluctuation in water levels (Note 14)	980	3,860	12
Provision for reserve for preparation of the depreciation of nuclear power construction (Note 15)	1,402	2,284	17
	2,383	6,144	29
Loss before income taxes and minority interests	(753,761)	(766,134)	(9,178)
Income taxes (Note 17):			
Current	19,080	18,482	232
Deferred	3,759	459,962	46
	22,839	478,445	278
Net loss before minority interests	(776,601)	(1,244,579)	(9,456)
Minority interests	5,040	2,768	61
Net loss	¥ (781,641)	¥ (1,247,348)	\$ (9,517)
Per share information:			
	Yen		U.S. dollars (Note 2)
Net assets (basic)	¥ 491.22	¥ 972.28	\$ 5.98
Net loss (basic)	(487.76)	(846.64)	(5.94)
Cash dividends	—	30.00	—

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2012	2011	Year ended March 31, 2012
Net loss before minority interests	¥(776,601)	¥(1,244,579)	\$(9,456)
Other comprehensive income (Note 26)			
Net unrealized holding gain (loss) on available-for-sale securities.....	20,341	(5,345)	248
Net deferred loss on hedges.....	(181)	(621)	(2)
Translation adjustments.....	(3,660)	(15,235)	(45)
Share of other comprehensive income of affiliates accounted for under the equity method	(7,066)	(1,303)	(86)
Total other comprehensive income (loss)	9,432	(22,506)	115
Comprehensive income (loss)	¥(767,168)	¥(1,267,085)	\$(9,341)
Total comprehensive income (loss) attributable to:			
Owners of the parent	¥(770,917)	¥(1,266,245)	\$(9,387)
Minority interests	3,748	(840)	46

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2012

	Year ended March 31, 2012												
	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on available-for-sale securities	Net deferred loss on hedges	Land revaluation loss	Translation adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Minority interests	Total net assets
Balance at April 1, 2011	¥900,975	¥243,653	¥ 494,054	¥(8,376)	¥1,630,307	¥(20,064)	¥(11,127)	¥(3,695)	¥(37,306)	¥(72,193)	¥ 6	¥ 44,358	¥1,602,478
Net loss	—	—	(781,641)	—	(781,641)	—	—	—	—	—	—	—	(781,641)
Purchases of treasury stock.....	—	—	—	(22)	(22)	—	—	—	—	—	—	—	(22)
Sales of treasury stock	—	(22)	—	26	3	—	—	—	—	—	—	—	3
Reversal of land revaluation gain	—	—	88	—	88	—	—	—	—	—	—	—	88
Other.....	—	—	—	(0)	(0)	—	—	—	—	—	—	—	(0)
Net changes in items other than shareholders' equity	—	—	—	—	—	21,353	(5,667)	459	(5,509)	10,635	(6)	(19,059)	(8,430)
Total changes	—	(22)	(781,552)	3	(781,571)	21,353	(5,667)	459	(5,509)	10,635	(6)	(19,059)	(790,001)
Balance at March 31, 2012	¥900,975	¥243,631	¥(287,497)	¥(8,372)	¥ 848,736	¥ 1,288	¥(16,794)	¥(3,236)	¥(42,816)	¥(61,558)	¥—	¥ 25,299	¥ 812,476

	Year ended March 31, 2011												
	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on available-for-sale securities	Net deferred loss on hedges	Land revaluation loss	Translation adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2010	¥676,434	¥ 19,123	¥ 1,831,487	¥(8,016)	¥2,519,029	¥(15,696)	¥(10,423)	¥(3,689)	¥(23,480)	¥(53,290)	¥3	¥50,736	¥2,516,478
Effect of changes in accounting policies applied to affiliates accounted for by equity method ...	—	—	(9,087)	—	(9,087)	—	—	—	—	—	—	—	(9,087)
Issuance of new shares	224,541	224,541	—	—	449,083	—	—	—	—	—	—	—	449,083
Cash dividends	—	—	(81,002)	—	(81,002)	—	—	—	—	—	—	—	(81,002)
Net loss	—	—	(1,247,348)	—	(1,247,348)	—	—	—	—	—	—	—	(1,247,348)
Purchases of treasury stock.....	—	—	—	(208)	(208)	—	—	—	—	—	—	—	(208)
Sales of treasury stock	—	(12)	—	62	50	—	—	—	—	—	—	—	50
Increase resulting from adopting the equity accounting method for additional affiliates...	—	—	—	(214)	(214)	—	—	—	—	—	—	—	(214)
Reversal of land revaluation gain	—	—	5	—	5	—	—	—	—	—	—	—	5
Other.....	—	—	—	(0)	(0)	—	—	—	—	—	—	—	(0)
Net changes in items other than shareholders' equity	—	—	—	—	—	(4,368)	(703)	(5)	(13,825)	(18,902)	3	(6,378)	(25,277)
Total changes	224,541	224,529	(1,328,344)	(360)	(879,634)	(4,368)	(703)	(5)	(13,825)	(18,902)	3	(6,378)	(904,912)
Balance at March 31, 2011	¥900,975	¥243,653	¥ 494,054	¥(8,376)	¥1,630,307	¥(20,064)	¥(11,127)	¥(3,695)	¥(37,306)	¥(72,193)	¥6	¥44,358	¥1,602,478

	Year ended March 31, 2012												
	Millions of U.S. dollars (Note 2)												
	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on available-for-sale securities	Net deferred loss on hedges	Land revaluation loss	Translation adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Minority interests	Total net assets
Balance at April 1, 2011	\$10,970	\$2,967	\$ 6,015	\$(102)	\$19,850	\$(244)	\$(136)	\$(45)	\$(454)	\$(879)	\$ 0	\$ 540	\$19,511
Net loss	—	—	(9,517)	—	(9,517)	—	—	—	—	—	—	—	(9,517)
Purchases of treasury stock.....	—	—	—	(0)	(0)	—	—	—	—	—	—	—	(0)
Sales of treasury stock	—	(0)	—	0	0	—	—	—	—	—	—	—	0
Reversal of land revaluation gain	—	—	1	—	1	—	—	—	—	—	—	—	1
Other.....	—	—	—	(0)	(0)	—	—	—	—	—	—	—	(0)
Net changes in items other than shareholders' equity	—	—	—	—	—	260	(69)	6	(67)	130	(0)	(232)	(102)
Total changes	—	(0)	(9,516)	0	(9,516)	260	(69)	6	(67)	130	(0)	(232)	(9,618)
Balance at March 31, 2012	\$10,970	\$2,967	\$(3,501)	\$(102)	\$10,334	\$ 16	\$(205)	\$(39)	\$(521)	\$(749)	\$—	\$ 308	\$ 9,893

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2012	2011	Year ended March 31, 2012
Cash flows from operating activities			
Loss before income taxes and minority interests	¥ (753,761)	¥ (766,134)	\$ (9,178)
Depreciation and amortization	686,555	702,185	8,359
Decommissioning costs of nuclear power units.....	6,911	20,889	84
Loss on nuclear fuel.....	12,314	39,503	150
Loss on disposal of property, plant and equipment.....	33,721	29,124	411
Loss on disaster	—	1,020,496	—
Effect of applying the accounting standard for asset retirement obligations ..	—	57,189	—
Provision for accrued employees' retirement benefits	95	11,864	1
Reversal of reprocessing of irradiated nuclear fuel	(26,711)	(8,577)	(325)
Provision for (reversal of) reserve for loss on disaster	285,128	(36,318)	3,472
Interest and dividend income	(29,233)	(30,941)	(356)
Interest expense	129,915	127,934	1,582
Equity in earnings of affiliates.....	6,476	(16,049)	79
Grants-in-aid from Nuclear Damage Liability Facilitation Fund	(2,426,271)	—	(29,542)
Compensation for nuclear damages	2,524,930	—	30,743
Gain on sales of noncurrent assets	(41,609)	—	(507)
Gain on sales of securities	(28,841)	—	(351)
Loss on sales of securities.....	40,421	—	492
Gain on sales of subsidiaries and affiliates' stocks.....	(20,169)	—	(245)
Loss on sales of stocks of subsidiaries and affiliates	4,710	—	57
Increase in trust funds for reprocessing of irradiated nuclear fuel.....	(143,300)	(158,293)	(1,745)
Increase in notes and accounts receivable.....	(74,580)	(11,543)	(908)
Increase (decrease) in notes and accounts payable	91,745	(5,880)	1,117
Other	(140,463)	132,933	(1,710)
	137,983	1,108,382	1,680
Interest and cash dividends received.....	20,761	31,457	253
Interest paid	(128,658)	(128,122)	(1,566)
Payments for loss on disaster due to the Tohoku-Chihou- Taiheiyou-Okai Earthquake	(234,525)	—	(2,856)
Receipts of Grants-in-aid from Nuclear Damage Liability Facilitation Fund...	663,600	—	8,080
Receipt of compensation based on the Contract for Indemnification of Nuclear Damage Compensation	120,000	—	1,461
Payments for nuclear damage compensation.....	(566,264)	—	(6,895)
Income taxes paid	(15,788)	(23,006)	(192)
Net cash (used in) provided by operating activities	(2,891)	988,710	(35)
Cash flows from investing activities			
Purchases of property, plant and equipment.....	(730,326)	(661,882)	(8,892)
Proceeds from sales of noncurrent assets	54,481	5,266	663
Contributions in aid of construction received.....	11,968	10,654	146
Increase in long-term investments	(23,973)	(358,017)	(292)
Proceeds from long-term investments	352,595	217,732	4,293
Other (Note 6)	152	(5,710)	2
Net cash used in investing activities	(335,101)	(791,957)	(4,080)
Cash flows from financing activities			
Proceeds from issuance of bonds.....	—	234,204	—
Redemptions of bonds	(548,971)	(430,220)	(6,684)
Proceeds from long-term loans.....	126,066	2,076,677	1,535
Repayments of long-term loans.....	(218,302)	(357,313)	(2,658)
Proceeds from short-term loans.....	989,304	744,786	12,046
Repayments of short-term loans.....	(952,618)	(701,841)	(11,599)
Proceeds from issuance of commercial papers	—	40,000	—
Redemptions of commercial papers.....	—	(105,000)	—
Proceeds from issuance of common stock	—	446,893	—
Other	(10,213)	(88,606)	(125)
Net cash (used in) provided by financing activities	(614,734)	1,859,579	(7,485)
Effect of exchange rate changes on cash and cash equivalents	371	(3,216)	4
Net (decrease) increase in cash and cash equivalents	(952,355)	2,053,116	(11,596)
Cash and cash equivalents at beginning of the year	2,206,233	153,117	26,863
Cash and cash equivalents at end of the year (Note 6)	¥ 1,253,877	¥2,206,233	\$ 15,267

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2012

1

Summary of Significant Accounting Policies

(a) Basis of Preparation

The accompanying consolidated financial statements of Tokyo Electric Power Company, Incorporated (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.

Regarding nuclear damages caused by a series of accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyu-Oki Earthquake, the Nuclear Damage Compensation Act (the "Act") (effective on June 17, 1961; Act No.147 of 1961) requires the Company to bear the damage compensation under the nuclear damage compensation scheme in Japan if certain necessary conditions are satisfied. Accordingly, significant deterioration of the Company's financial position raises significant doubt about its ability to continue as a going concern.

With sincerely recognizing the Company's position as a causing party, the Company has decided to implement the compensation from the viewpoints of speedy implementation of compensation for the nuclear victims with Government supports under the Act.

Responding to the Company's request, the "Governmental Supporting Scheme for the Damages Caused by Nuclear Accidents" (decided by "Economic Damage occurred by Nuclear Power Plant Accident Response Team Ministerial Conference" on May 13, 2011 and approved by the Cabinet on June 14, 2011) was officially announced and then the "Act concerning Formation of a Nuclear Damage Liability Facilitation Fund" (Act No. 94 of 2011) (hereinafter the "Fund Act") was approved by the Diet on August 10, 2011.

Following these Government actions, the Company asked the Nuclear Damage Liability Facilitation Fund (the "Fund") for financial support based on the provision of the Clause 41, Article 1-1 of the Fund Act and submitted an application for the approval on Emergency Special Business Plan to the minister in charge based on the Clause 45, Article 1, of the Fund Act jointly with the Fund. On November 4, 2011, the plan was approved by the minister in charge and the Company received a notice from the Fund on a decision to execute financial support as to the amount of the estimated amount of necessary compensation less the amount of compensation provided by the Clause 7, Article 1 of the Act. Then, since the Company revised the estimated amount of necessary compensation, the Company submitted an application to the Fund for approval to change an amount of financial support based on the Clause 43, Article 1 of the Fund Act and also submitted an application in cooperation with the Fund to the minister in charge to approve the change of the Emergency Special Business Plan based on the Clause 46, Article 1 of the Fund Act. On February 13, 2012, a revised Emergency Special Business Plan was approved and the Company received a notice from the Fund on its decision to change the amount of financial support.

On the other hand, the Company submitted an application to the Fund to change the amount of financial support based on the Clause 43, Article 1 of the Fund Act due to the revised estimated amount of compensation following the "Secondary Supplement of the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO (Losses due to the revision of the evacuation area per the government)" (March 16, 2012) set by the Committee for Adjustment of Compensation for Nuclear Damages Disputes and also submitted an application for financial assistance (subscription of shares) based on the Clause 41, Article 1-2 of the Fund Act for the purpose of strengthening its financial base towards speedy recovery of autonomic financing capabilities in order to prepare for implementation of prompt and appropriate compensation, steady decommissioning of Unit 1 to 4 at Fukushima Daiichi Nuclear Power Station, and securement of stable power supply. In addition, towards the drastic management reform from the mid-to-long term viewpoints, the Company revised the Emergency Special Business Plan jointly with the Fund and submitted an application to the minister in charge to approve the Comprehensive Special Business Plan based on the Clause 46, Article 1 of the Fund Act. On May 9, 2012, the plan was approved by the minister in charge and the Company received a notice regarding the change of the amount of financial support and the decision of subscription of shares of 1 trillion yen. In addition, the Company's profitability has significantly been deteriorated due to the increasing dependency on thermal power plants because of suspension of nuclear power supply. The Company commits to cost cuts as much as possible by implementing thorough management streamlining based on the Comprehensive Plan. However, projections show that even the most thorough implementation of business streamlining measures will be insufficient to overcome the serious financial difficulties while covering the

increased cost of fuel and other related expenditures. If present rates are maintained, the operational deficit will continue to worsen and might endanger prompt and appropriate compensation, steady decommissioning and stable power supply. The Company believes that the Company has no choice but to ask our valued customers, with sincere apology, to accept the minimum range of electricity rate hike, to prevent such contingencies from occurring. The Company will endeavor to enhance understanding from our valued customers to the extent possible in relation to this proposal. On this basis, and in accordance with the Clause 19, Article 1 of the Electricity Business Act, the Company submitted the application to the Minister of Economy, Trade, and Industries on May 11, 2012 for approval of the proposed rate increase.

In accordance with the plan, The Company is striving to drastically rationalize its management and furnish compensation promptly and in a proper manner with the support given under the Fund Act as well as to achieve steady decommissioning and a stable electricity supply.

However, the management realizes significant doubt in the Company's ability to continue as a going concern at this moment, considering that implementation of the Plan requires subscription of shares by the Fund after making the necessary resolution at the shareholders' meeting about the contents of the shares to be issued and subscription conditions accepted by the Fund and approval by the Minister of Economy, Trade and Industries on the application for raising electricity rates.

The accompanying consolidated financial statements are prepared assuming the Company will continue as a going concern. The accompanying consolidated financial statements do not reflect any possible impact of material uncertainty and/or risks related to a going concern.

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 financial statements 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. 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 on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The financial statements of the 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 as applicable.

The differences arising from the cost of the Companies' investments in subsidiaries and affiliates in excess of the interest in their net assets at fair value are amortized over a period of five years.

Investments in other affiliates, not significant in amount, are carried at cost. The Company writes down these investments if it deems that impairment of their value is irrecoverable.

(c) 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. Easements for transmission line right-of-way acquired on or after April 1, 2005 are depreciated over 36 years, the same number of years used for the useful life of transmission lines. Other easements are depreciated over their average remaining useful lives.

(d) 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 for the generation of electricity.

(e) 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 Company intends 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 gain

or loss, net of the applicable taxes, is 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.

(f) Inventories

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

(g) Allowance for Doubtful Accounts

The Companies provide the 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) Accrued Employees' Retirement Benefits

The Companies calculate accrued employees' retirement benefits principally based on the retirement benefit obligation and the fair value of the pension plan assets at the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

Actuarial gain or loss is mainly amortized by the straight-line method over a period of three years.

(i) Decommissioning Costs of Nuclear Power Units

The Company applied the paragraph 8 of ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations" (issued on March 31, 2008) to the decommissioning measures of the 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 running period. 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.

(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 balance sheet items 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 dates. The components of 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 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 gain or loss charged or credited to income, except for those that meet the criteria for deferral hedge accounting under which unrealized gain or loss 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 Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(n) Amounts per Share

Basic net income (loss) per share is computed based on net income (loss) available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the fiscal year.

2

U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥82.13 = US\$1.00, the approximate rate of exchange in effect on March 30, 2012, 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

Accounting Change

Accounting Changes and Error Corrections

On December 4, 2009, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". The Company and its domestic consolidated subsidiaries have applied this new accounting standard to the accounting changes and error corrections made on or after April 1, 2011. The Accounting Standard and the Guidance provide the treatment for retrospective applications to past financial statements when changes in accounting policies, changes in presentations and corrections of prior period errors are made, as well as the treatment for changes in accounting estimates.

4

Property, Plant and Equipment, Net

The major classifications of property, plant and equipment, net at March 31, 2012 and 2011 were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Hydroelectric power production facilities.....	¥ 645,543	¥ 679,850	\$ 7,860
Thermal power production facilities.....	850,157	944,365	10,351
Nuclear power production facilities.....	726,295	734,183	8,843
Transmission facilities.....	2,009,555	2,092,329	24,468
Transformation facilities.....	787,380	828,786	9,587
Distribution facilities.....	2,124,511	2,153,975	25,868
General facilities.....	142,697	152,175	1,737
Other electricity-related property, plant and equipment ...	89,431	19,746	1,089
Other property, plant and equipment.....	416,642	519,407	5,073
Construction in progress.....	943,572	749,977	11,489
	¥8,735,787	¥8,874,798	\$106,365

Assets corresponding to asset retirement obligations related to decommissioning measures of specified nuclear power generating facilities are included in property: plant and equipment (please see Note 18).

5

Investment Securities

At March 31, 2012 and 2011, available-for-sale securities for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2012			2011			2012		
	Carrying amount	Acquisition costs	Unrealized holding gain (loss)	Carrying amount	Acquisition costs	Unrealized holding gain (loss)	Carrying amount	Acquisition costs	Unrealized holding gain (loss)
Unrealized holding gain:									
Stocks, bonds and other..	¥ 860	¥ 419	¥ 441	¥ 42,871	¥ 21,763	¥ 21,108	\$10	\$ 5	\$ 5
Unrealized holding loss:									
Stocks, bonds and other..	6,075	6,567	(492)	207,741	252,188	(44,446)	74	80	(6)
Total	¥6,936	¥6,986	¥ (50)	¥250,613	¥273,951	¥(23,338)	\$84	\$85	\$(1)

Proceeds from sales of available-for-sale securities and related realized gains or losses for the year ended March 31, 2012 were as follows:

	Millions of yen		
	Sales proceeds	Realized gains	Realized losses
Stocks.....	¥316,833	¥28,838	¥40,417
Bonds.....	99	0	1
Other.....	300	2	1
Total.....	¥317,233	¥28,841	¥40,421

	Millions of U.S. dollars		
	Sales proceeds	Realized gains	Realized losses
Stocks.....	\$3,858	\$351	\$492
Bonds.....	1	0	0
Other.....	4	0	0
Total.....	\$3,863	\$351	\$492

6

Supplemental Cash Flow Information

Reconciliation of the difference between cash stated in the consolidated balance sheets as of March 31, 2012 and cash and cash equivalents for the purpose of the statement of cash flows is as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Cash.....	¥1,287,418	¥2,248,290	\$15,675
Time deposits with maturities of more than three months.....	(33,540)	(42,260)	(408)
Short-term investments with an original maturity of three months or less, presenting negligible risk of change in value, included in other current assets.....	—	203	—
Cash and cash equivalents.....	¥1,253,877	¥2,206,233	\$15,267

Investments in 88 consolidated subsidiaries including Eurus Energy Holdings Corporation were sold and, consequently, deconsolidated during the year ended March 31, 2012. The following table presents assets and liabilities at the date of sales and the sales proceeds and net cash outflow:

	Millions of yen	Millions of U.S. dollars
Non-current assets	¥104,883	\$1,277
Current assets.....	37,379	455
Non-current liabilities	(81,526)	(993)
Current liabilities.....	(16,586)	(202)
Accumulated other comprehensive income.....	5,521	67
Minority interests.....	(14,538)	(177)
The Company's interest after sales of shares.....	(21,878)	(266)
Gain on sales of shares	10,137	124
Proceeds from sales of shares	23,392	285
Cash and cash equivalents of consolidated subsidiaries sold	(24,306)	(296)
Net cash outflow from sales	¥ (914)	\$ (11)

Significant non-cash transactions:

For the year ended March 31, 2012

There was no significant non-cash transaction for the year ended March 31, 2012.

For the year ended March 31, 2011

The Company adopted ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations" issued on March 31, 2008. Following the adoption of the accounting standard, "Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units" was revised. As a result, nuclear power production facilities, other property, plant and equipment and asset retirement obligations increased by ¥151,597 million, ¥2,272 million and ¥791,958 million, respectively.

7

Short-Term Loans and Long-Term Debt

Short-term loans are unsecured. The weighted-average interest rates of short-term loans were approximately 0.652% and 0.595% for the years ended March 31, 2012 and 2011, respectively.

At March 31, 2012 and 2011, short-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Loans from banks and other sources.....	¥441,765	¥406,232	\$5,379

The annual interest rates applicable to the Company's domestic straight bonds at March 31, 2012 and 2011 ranged from 0.643% to 5.05% and those applicable to the Company's foreign straight bonds at March 31, 2012 and 2011 ranged from 2.125% to 4.5%. The interest rates applicable to long-term debt (except for the current portion) at March 31, 2012 and 2011 averaged approximately 1.027% and 0.992%, respectively.

At March 31, 2012 and 2011, long-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Domestic straight bonds due from 2011 through 2040 ...	¥4,266,130	¥4,786,100	\$ 51,944
Foreign straight bonds due from 2012 through 2017	159,444	188,482	1,941
Loans from banks, insurance companies and other sources.....	3,453,188	3,643,295	42,045
	7,878,763	8,617,878	95,930
Less: Current portion.....	(925,188)	(768,512)	(11,265)
	¥6,953,575	¥7,849,365	\$ 84,665

8

Leases

(a) As Lessee:

Future minimum lease payments subsequent to March 31, 2012 for operating leases are summarized as follows:

Years ended March 31,	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Within one year	¥5,773	¥ 750	\$ 70
Later than one year.....	2,895	2,420	35
Total	¥8,669	¥3,170	\$105

(b) As Lessor:

Future minimum lease income subsequent to March 31, 2012 for operating leases is summarized as follows:

Years ended March 31,	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Within one year	¥ 832	¥ 875	\$ 10
Later than one year.....	1,617	2,233	20
Total	¥2,449	¥3,108	\$30

9

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 ¥417,543 million (US\$5,084 million) and ¥361,099 million, and for bonds that amounted to ¥4,495,134 million (US\$54,732 million) and ¥5,043,922 million at March 31, 2012 and 2011, 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 (\$1,461 million) as a measure of compensation for damages to be taken by the nuclear operator for cooling of nuclear reactors and treatment of accumulated water, etc. of Fukushima Daiichi Nuclear Power Station.

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 ¥21,351 million (US\$260 million) at March 31, 2012 and long-term debt of ¥59,471 million and current liabilities of ¥33 million at March 31, 2011 were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Property, plant and equipment, net:			
Other.....	¥24,551	¥57,532	\$299
Construction in progress.....	—	10,790	—
Long-term investments.....	—	430	—
Cash.....	11,106	12,604	135
Notes and accounts receivable.....	—	944	—
Inventories.....	405	4,445	5
	¥36,063	¥86,748	\$439

Long-term investments totaling ¥56,894 million (US\$693 million) were pledged as collateral for long-term loans from financial institutions to investees of certain consolidated subsidiaries as of March 31, 2012.

Long-term investments totaling ¥55,012 million were pledged as collateral for long-term loans from financial institutions to investees of certain consolidated subsidiaries as of March 31, 2011.

10

Reserve for Reprocessing of Irradiated Nuclear Fuel

The reserve is stated at the present value of the amount that would be required to reprocess irradiated nuclear fuel generated in proportion to combustion of nuclear fuel. The discount rates of 1.6% and 4.0% at March 31, 2012 and 1.5% and 4.0% at March 31, 2011 have been adopted for the reserve for reprocessing of irradiated nuclear fuel with and without a definite reprocessing plan, respectively. The reserve includes processing costs for loaded nuclear fuels of Fukushima Daiichi Nuclear Power Station Units 1 through 4 damaged by the Tohoku-Chiou-Taiheiyu-Okai Earthquake.

In the year ended March 31, 2006, the accounting standards that Japanese electric utility companies used to provide for the reserve for the estimated liability related to past generation costs up to March 31, 2005 were changed. As a result, since the year ended March 31, 2006 past generation costs are being recognized over 15 years as an annual operating expense of ¥30,560 million (US\$372 million).

Also, under the accounting rules applicable to electric utility companies in Japan, unrecognized actuarial loss at the end of preceding fiscal year of ¥82 million (US\$1 million) and ¥1,013 million is charged to income as an operating expense for the years ended March 31, 2012 and 2011, respectively. Unrecognized actuarial loss at the end of fiscal year of ¥99,152 million (US\$1,207 million) and ¥1,873 million at March 31, 2012 and 2011, respectively, is being charged to income as an operating expense. These expenses are charged to income from next fiscal year throughout the period in which irradiated nuclear fuel with a definite reprocessing plan is generated.

11

Reserve for Decommissioning Costs of Nuclear Power Units

The reserve for the anticipated costs required for the decommissioning of nuclear power units in the future is provided on the basis of the actual amount of nuclear power generated during the year.

"Guidance on Accounting Standard for Asset Retirement Obligations" is applied to the decommissioning of nuclear power units and the present value of total estimated amount of obligations is recorded as an asset retirement obligation.

The decommissioning costs of Fukushima Daiichi Nuclear Power Units 1 through 4 are recorded within the range of reasonable estimates based on the currently available information, although such amounts might vary since it is difficult to identify the whole picture of the damage.

12

Reserve for Loss on Disaster**For the Niigataken Chuetsu-Oki Earthquake**

The Company provides the 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 the 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 by the following manners:

a. Expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station – for the year ended March 31, 2012

Responding to “Step 2 Completion Report- Roadmap towards Settlement of the Accident at Fukushima Daiichi Nuclear Power Station, TEPCO” (December 16, 2011) prepared by Government-TEPCO Integrated Response Office established by Headquarters for Nuclear Emergency Response of the Government, “Mid-and-long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Units 1-4, 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 Headquarters for Nuclear Emergency Response of the Government. Regarding expenses and/or losses related to Mid-and-long Term Roadmap, the Company records estimated amounts based on the concrete target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way.

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

b. Expenses and/or losses for securing safety through cooling reactors and avoiding further radiation proliferation – for the year ended March 31, 2011

The Company recognizes estimated expenses and/or losses for bringing the reactors and spent fuel pools to a stable cooling condition and mitigating the release of radioactive materials.

Such amount includes estimated costs related to water injection to Primary Containment Vessel (PCV) for flooding up to top of active fuel, recovery of heat exchangers function at reactors, water injection to spent fuel pools, storage and decontamination processing of water contaminated by radioactive materials (accumulated water) and removal of nuclear fuels from reactors, etc.

Among these expenses and/or costs, for expenses and/or costs related to Step 1 (Radiation dose is in steady decline) and Step 2 (Release of radioactive materials is under control and radiation dose is being significantly held down) which are listed as targets in the Current Status of Roadmap in “Roadmap towards Restoration from the Accident at Fukushima Daiichi Nuclear Power Station” published on May 17, 2011, the Company records estimated amounts based on the concrete target periods and contents of individual countermeasures.

On the other hand, for expenses and/or losses related to the mid-to-long-term Issues which are not shown in the concrete roadmap, the Company records estimated amounts based on the historical amounts at an accident at foreign nuclear power plant, since the normal estimation is difficult.

c. Expenses for disposal of nuclear fuels in processing among expenses and/or losses for scrapping Fukushima Daiichi Nuclear Power Station Units 1 through 4

The Company records estimated amounts for processing costs of nuclear fuels in processing which are not expected to be spent, in accordance with the accounting practice for “Reserve for reprocessing of irradiated nuclear fuel”.

Processing costs for loaded fuels are included in “Reserve for reprocessing of irradiated nuclear fuel”.

d. Expenses and/or losses for maintaining the safe “cold shutdown condition” and others of reactors at Fukushima Daiichi Units 5 and 6 and Fukushima Daini Nuclear Power Station

Although the future treatment for the damaged Fukushima Daiichi Nuclear Power Station Units 5 and 6 and 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 Kashiwazaki-Kariwa Nuclear Power Station damaged by the Niigataken-Chuetsu-Oki Earthquake.

e. Expenses and/or losses for restoring damaged thermal power plants

In order to provide for expenses and/or losses required for restoration of damaged thermal power plants, the Company records estimated amounts at March 31, 2012 and 2011.

At March 31, 2011, in case that it is difficult to count up exact amounts of damages of assets, the estimated loss on removal of assets is recorded based on the replacement costs.

(Additional information)

Reserve for loss on disaster at March 31, 2012 and 2011 consists of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Loss on the Niigataken Chuetsu-Oki Earthquake	¥ 37,208	¥ 56,495	\$ 453
Loss on the Tohoku-Chihou-Taiheiyou-Oki Earthquake:	750,299	775,278	9,136
a. Expenses and/or losses for settlement of the Accident and the Decommissioning of Fukushima Daiichi Nuclear Power Station	512,343	—	6,238
b. Expenses and/or losses for securing safety through cooling reactors and avoiding further radiation proliferation	—	425,000	—
c. Expenses for disposal of nuclear fuels in processing among expenses and/or losses for scrapping Fukushima Daiichi Nuclear Power Station Units 1 through 4.....	4,651	4,472	57
d. Expenses and/or losses for maintaining the safe “cold shutdown condition” and others of reactors at Fukushima Daiichi Units 5 and 6 and Fukushima Daini Nuclear Power Station	188,634	211,825	2,297
e. Expenses and/or losses for restoring damaged thermal power plants	17,774	49,710	216
f. Other	26,895	84,270	328
Total	¥787,507	¥831,773	\$9,589

Estimates of expenses and/or losses related to Mid-and-long Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Station Units 1-4:

Before implementation of scrapping nuclear power plants, nuclear fuels in the reactors are required to be removed, but the concrete working conditions will be decided after the stable cooling conditions have been established and 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 fuel removal costs 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.

13

Reserve for Nuclear Damage Compensation

In order to provide for payouts of compensation 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, 2012.

From the viewpoints of implementing prompt and appropriate compensation payouts, the Company has prepared the criteria for compensation by damages shown in the interim guidelines, taking into consideration the “Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO” (hereinafter the “Interim Guidelines”) determined at the Committee for Adjustment of Compensation for Nuclear Damages Disputes on August 5, 2011, supplement of the Interim Guidelines on December 6, 2011 and the second supplement of the “Interim Guidelines” on

March 16, 2012. In addition, on December 26, 2011, Headquarters for Nuclear Emergency Response of the Government prepared “Basic Concept and Future Issues concerning Warning Zones and Evacuation Zones responding to Completion of Step 2”, showing the concept concerning the review of evacuation zones, etc. Consequently, the Company records a reserve for nuclear damage compensation by deducting the receivables of compensation pursuant to the provision of the “Act concerning the Contract for Indemnification of Nuclear Damage Compensation” (effective on June 17, 1961; Act No. 148 of 1961) from the estimated compensation for evacuation costs and mental blow of evacuees, damages caused by voluntary evacuations, opportunity losses on salary of workers living in and/or working in evacuation zones, damages due to the Governmental restriction on shipment of agricultural, forestry and fishery products, opportunity losses of the businesses such as agriculture, forestry, fishery and sightseeing due to reputation damage, etc. and losses and/or damages on tangible assets for which reasonable estimation became possible using objective statistical data, etc. 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 extent of accuracy of reference data and agreements with the victims from now on.

14

Reserve for Fluctuation in Water Levels

The Electricity Utilities Industry Law requires the Company to provide a reserve against income volatility that may result from the effect of excessive or insufficient water levels on hydroelectric power generation.

15

Reserve for Preparation of the Depreciation of Nuclear Power Construction

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.

16

Employees' Retirement Benefits

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

The following table sets forth the funded or unfunded status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2012 and 2011 for the Companies' defined benefit plans:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Projected benefit obligation.....	¥(1,003,594)	¥(1,017,154)	\$(12,219)
Plan assets at fair value (Notes 2 below)	582,550	597,709	7,093
Accrued employees' retirement benefits	432,562	432,778	5,267
Prepaid pension expense	(14,503)	(5,190)	(177)
Unrecognized actuarial gain or loss (Notes 3 below).....	¥ (2,985)	¥ 8,143	\$ (36)

Notes:

1. Certain retirement benefit plans adopt a short-cut method in computing projected benefit obligations.
2. Plan assets include a substitute portion of welfare pension fund.
3. This amount includes unrecognized past service costs (reduction of liabilities) in the amount of ¥606 million (US\$7 million) and ¥337 million at March 31, 2012 and 2011, respectively.

The components of retirement benefit expenses and other for the years ended March 31, 2012 and 2011 are outlined as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Service cost (Notes 1 and 2 below)	¥ 30,384	¥ 30,879	\$ 370
Interest cost	19,889	19,934	242
Expected return on plan assets	(14,480)	(14,801)	(176)
Amortization of unrecognized actuarial gain or loss (Notes 3 below)	(9,942)	13,036	(121)
Other (Notes 4 below)	6,935	4,331	84
Retirement benefit expenses	¥ 32,785	¥ 53,380	\$ 399

Notes:

1. Service costs include retirement benefit expenses related to the plans adopting a short-cut method.
2. Employees' portions of contributions to welfare pension funds are deducted.
3. The above amounts include amortization of past service costs (reduction of expense) in the amounts of ¥926 million (US\$11 million) and ¥314 million for the years ended March 31, 2012 and 2011, respectively.
4. Other includes contributions to defined contribution pension plans.

The principal assumptions used in determining the retirement benefit obligations and other components of the Companies' plans are shown below:

	2012	2011
Method of allocation of estimated retirement benefits	Equally over the period	Equally over the period
Discount rate	Mainly 2.0%	Mainly 2.0%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%
Period for amortization of unrecognized actuarial gain or loss	Mainly 3 years	Mainly 3 years

17

Income Taxes

The significant components of deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Reserve for nuclear damage compensation	¥ 680,442	¥ —	\$ 8,285
Reserve for loss on disaster	242,548	276,786	2,953
Accrued employees' retirement benefits	135,758	159,125	1,653
Tax loss carry forwards	129,991	12,341	1,583
Asset retirement obligations	129,590	150,953	1,578
Other	303,929	341,550	3,700
	1,622,260	940,758	19,752
Valuation allowance	(959,132)	(848,950)	(11,678)
Total deferred tax assets	663,128	91,807	8,074
Deferred tax liabilities:			
Grants-in-aid receivable from Nuclear Damage Liability Facilitation Fund	(587,498)	—	(7,153)
Other	(64,751)	(77,818)	(789)
Total deferred tax liabilities	(652,249)	(77,818)	(7,942)
Net deferred tax assets	¥ 10,878	¥ 13,988	\$ 132

Deferred tax assets and liabilities included in “Investments and other-other”, “Current assets-other”, “Other long-term liabilities” and “Current liabilities-other” were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Investments and other-other.....	¥16,547	¥ 24,143	\$201
Current assets-other.....	3,067	4,667	37
Other long-term liabilities.....	(8,736)	(14,811)	106
Current liabilities-other.....	—	(11)	—

Information about the differences between the effective tax rate reflected in the accompanying consolidated statements of income and the statutory tax rate for the years ended March 31, 2012 and 2011 was omitted, since net loss was recorded.

18

Asset Retirement Obligations

The Company recorded asset retirement obligations in the accompanying consolidated financial statements for the decommissioning measures of the specified nuclear power plant facilities 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 and total estimated amounts of decommissioning costs of nuclear power units will be charged to income over the estimated operating period of the power generating facilities, according to the actual volume of electricity generated by the nuclear power.

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 by 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, 2012 and 2011 were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Balance at beginning of year (Notes 1 below).....	¥791,958	¥759,907	\$9,643
Net changes during the year (Notes 2 below).....	11,462	32,051	139
Balance at end of year.....	¥803,421	¥791,958	\$9,782

Notes:

- As the Company adopted the new accounting standard for asset retirement obligations effective April 1, 2010, the beginning balance as of April 1, 2010 is shown in place of the ending balance of the previous fiscal year. The balance at beginning of year includes the amount of ¥510,010 million succeeded from “reserve for decommissioning costs of nuclear power units” and ¥57,189 million of “the loss on adjustment for change of accounting standard for asset retirement obligations”.
- Net changes include ¥11,737 million of effect of a change in the estimated operating period, since the Board of Directors resolved to scrap Fukushima Daiichi Nuclear Power Station Units 1 through 4 on May 20, 2011.

19

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 the capital reserve) and retained earnings (other than the 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 the common stock account. The capital reserve amounted to ¥243,555 million (US\$2,965 million) and the legal reserve amounted to ¥169,108 million (US\$2,059 million) at March 31, 2012 and 2011. 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 anytime by resolution of the shareholders or by the Board of Directors if certain conditions are met.

20

Research and Development Costs

Research and development costs included in operating expenses for the years ended March 31, 2012 and 2011 totaled ¥24,789 million (US\$302 million) and ¥42,019 million, respectively.

21

Selling, General and Administrative Expenses

The main components of selling, general and administrative expenses in the electric power business operating expenses for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Salaries and allowances	¥107,556	¥135,242	\$1,310
Provision for accrued employees' retirement benefits	21,102	42,964	257
Consignment expenses	78,520	96,024	956
Rent.....	42,384	41,959	516

22

Provisions for Reserves

Provisions for reserves charged to net income during the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Accrued employees' retirement benefits	¥ 25,758	¥ 48,355	\$ 314
Reserve for reprocessing of irradiated nuclear fuel	80,016	110,459	974
Reserve for loss on disaster	308,751	775,278	3,759
Reserve for nuclear damage compensation	2,524,930	—	30,743

23

Compensation for Nuclear Damages and Grants-in-aid from Nuclear Damage Liability Facilitation Fund

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 is committed to prompt compensation to the nuclear victims with Government supports in accordance with the Nuclear Damage Compensation Act (the "Act") (effective on June 17, 1961; Act No. 147 of 1961).

From the viewpoints of implementing prompt and appropriate compensation payouts, the Company has prepared the criteria for compensation by damages shown in the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO" (hereinafter the "Interim Guidelines") determined at the Committee for Adjustment of Compensation for Nuclear Damages Disputes on August 5, 2011 and supplement of the Interim Guidelines on December 6, 2011 and the second supplement of the Interim Guidelines on March 16, 2012. In addition, on December 26, 2011, Headquarters for Nuclear Emergency Response of the Government prepared "Basic Concept and Future Issues concerning Warning Zones and Evacuation Zones responding to Completion of Step 2", showing the concept concerning the review of evacuation zones, etc.

Based on these guidelines, the Company has recorded compensation for nuclear damages amounting to ¥2,524,930 million (US\$30,743 million) after deducting ¥120,000 million (US\$1,461 million) of receipt of compensation pursuant to the provision of the Act Concerning the Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) from the estimated damage compensation amounting to ¥2,644,930 million (US\$32,204

million) consisting of estimated compensation for evacuation costs and mental blow of evacuees, damages caused by voluntary evacuations, opportunity losses on salary of workers living in and/or working in evacuation zones, damages due to the Governmental restriction on shipment of agricultural, forestry and fishery products, opportunity losses of the businesses such as agriculture, forestry, fishery and sightseeing due to reputation damage, etc. and losses and/or damages on tangible assets for which reasonable estimation became possible using objective statistical data, etc.

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 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, Nuclear Damage Liability Facilitation Fund (the "Fund") which was newly established based on the "Act Concerning Formation of a Nuclear Damage Liability Facilitation Fund" (effective on August 10, 2011; Act No. 94 of 2011) (the "Fund Act") will provide necessary financial assistance to a nuclear operator. The Company submitted an application to the Fund for a change of the amount of financial support to ¥2,546,271 million (\$31,003 million), which is an estimated amount of compensation as of March 29, 2012, based on the Clause 43, Article 1 of the Fund Act and recorded grants-in-aid from the Fund in an amount of ¥2,426,271 million (\$29,542 million), which is less ¥120,000 million (\$1,461 million) of receipt of compensation from the above amount.

In receiving the financial assistance, the recipient shall pay special contribution defined by the Fund based on the provision of the Clause 52, Article 1, of the Fund Act, but the Company has not recorded such amount, since the amount will be determined by the resolution of the steering committee of the Fund for every fiscal year in light of the Company's operating results and also require the approval of the minister in charge.

24

Gain on Sales of Noncurrent Assets

Major components of gain on sales of noncurrent assets are as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Land.....	¥39,337	¥—	\$479
Other.....	2,271	—	28
Total.....	¥41,609	¥—	\$507

25

Loss on Disaster

For the year ended March 31, 2012

The Company records expense and/or loss for restoring assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake.

(1) Expenses and/or losses included in "Loss on disaster" are recognized in the following manners:

a. Expenses and/or losses for settlement 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, TEPCO" (December 16, 2011) prepared by Government-TEPCO Integrated Response Office established by Headquarters for Nuclear Emergency Response of the Government, "Mid-and-long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Units 1-4, 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 Headquarters for Nuclear Emergency Response of the Government. Regarding expenses and/or losses related to Mid-and-long Term Roadmap, the Company records estimated amounts based on the concrete target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way.

The Company records the amounts including fuel removal costs 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.

(2) Major components of loss on disaster at March 31, 2012 are as follows:

	Millions of yen	Millions of U.S. dollars
a. Expenses and/or losses for settlement and decommissioning of Fukushima Daiichi Nuclear Power Station	¥287,111	\$3,496
b. Other	10,691	130
Total	¥297,802	\$3,626

For the year ended March 31, 2011

The Company records expense and/or loss for restoring assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake.

Since it is quite difficult to count up exact amounts of damages at the Group's facilities such as nuclear power plants, thermal power plants and power distribution networks, the Group decided to record the amount within the range of reasonable estimates based on the currently available information. Such amount includes expenses and/or losses for securing safety through cooling reactors and avoiding further radiation proliferation, expenses and/or losses for scrapping Fukushima Daiichi Nuclear Power Station Units 1 through 4, and etc.

In addition, since the Board of Directors resolved to scrap Fukushima Daiichi Nuclear Power Station Units 1 through 4 and to cancel the construction plan of Fukushima Daiichi Units 7 and 8 on May 20, 2011, the reasonably estimated amounts of expenses and/or losses for scrapping these units and cancellation of construction were recorded for the year ended March 31, 2011.

(1) Expenses and/or losses included in "Loss on disaster" are recognized in the following manners:**a. Expenses and/or losses for securing safety through cooling reactors and avoiding further radiation proliferation**

The Company recognizes estimated expenses and/or losses for bringing the reactors and spent fuel pools to stable cooling conditions and mitigating the release of radioactive materials.

Such amount includes estimated costs related to water injection to Primary Containment Vessel (PCV) for flooding up to top of active fuel, recovery of heat exchangers function at reactors, water injection to spent fuel pools, storage and decontamination processing of water contaminated by radioactive materials (accumulated water) and removal of nuclear fuels from reactors, etc.

Among these expenses and/or losses, for expenses and/or losses related to Step 1 (Radiation dose is in steady decline) and Step 2 (Release of radioactive materials is under control and radiation dose is being significantly held down) which are listed as targets in the Current Status of Roadmap in "Roadmap towards Restoration from the Accident at Fukushima Daiichi Nuclear Power Station" published on May 17, 2011, the Company records estimated amounts based on the concrete target periods and contents of individual countermeasures.

On the other hand, for expenses and/or losses related to the mid-to-long term issues which are not shown in the concrete roadmap, the Company records estimated amounts based on the historical amounts at an accident at foreign nuclear power plant, since the normal estimation is difficult.

b. Expenses and/or losses for scrapping Fukushima Daiichi Nuclear Power Station Units 1 through 4

— For nuclear power generating facilities, which are reasonably considered to be unable to recover from the status of damage, and which are difficult to specify, the estimated loss is recorded based on accounting for impairment loss on fixed assets.

— For decommissioning nuclear power plant facilities, the difference between aggregated estimates based on the "Ministerial Ordinance concerning Reserve for Decommissioning Nuclear Power Plant Units" (Ministerial Ordinance of Ministry of Economy, Trade and Industry) and accumulated amounts recorded pursuant to electric power generated is recorded.

— For loss on nuclear fuels which are not expected to be spent in the future out of loaded nuclear fuels and nuclear fuels in processing, a devaluation loss is recognized and processing costs of such nuclear fuels are recorded in accordance with the accounting practice for provision for reprocessing of irradiated nuclear fuels.

c. Expenses and/or losses for maintaining the safe “cold shutdown condition” and others of reactors at Fukushima Daiichi Units 5 and 6 and Fukushima Daini Nuclear Power Station

Although the future treatment for the damaged Fukushima Daiichi Nuclear Power Station Units 5 and 6 and 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 Kashiwazaki-Kariwa Nuclear Power Station damaged by the Niigataken Chuetsu-Oki Earthquake.

d. Loss on cancellation of Fukushima Daiichi Units 7 and 8 construction plan

Since it was resolved to cancel Fukushima Daiichi Units 7 and 8 construction plans at the Board of Directors’ meeting held on May 20, 2011, the amount of construction in progress related to the construction plans was charged to loss on disaster as an impairment loss.

e. Expenses and/or losses for restoring damaged thermal power plants

Estimated expenses and/or losses for restoring damaged thermal power plants are recorded. In case that it is difficult to count up exact amounts of damages of assets, the estimated loss on removal of assets is recorded based on the replacement costs.

The recorded amount for the year ended March 31, 2011 is an estimated amount, except for certain portion.

(2) Major components of loss on disaster at March 31, 2011 are as follows:

	Millions of yen
a. Expenses and/or losses for securing safety through cooling reactors and avoiding further radiation proliferation	¥ 426,298
b. Expenses and/or losses for scrapping Fukushima Daiichi Nuclear Power Station Units 1 through 4:	207,017
— Impairment loss on nuclear power generating facilities	101,692
— Decommissioning costs of nuclear power plant facilities	45,842
— Loss on nuclear fuels	44,855
— Processing costs for nuclear fuels	14,627
c. Expenses and/or losses for maintaining the safe “cold shutdown condition” and others of reactors at Fukushima Daiichi Units 5 and 6 and Fukushima Daini Nuclear Power Station	211,825
d. Loss on cancellation of Fukushima Daiichi Units 7 and 8 construction plan	39,360
e. Expenses and/or losses for restoring damaged thermal power plants	49,724
f. Other	86,270
Total	¥1,020,496

(3) Impairment loss included in “Loss on disaster”

Tangible fixed assets used for electric power business are treated as a group of assets as a whole, except for important assets among those assets which are decided to be scrapped and for which no alternative investments are planned, since such assets ranging from power generation to sales generate cash flows as one.

Tangible fixed assets used for other business than electric power business are treated as a group of assets in principle by business and by location.

Assets or group of assets for which impairment loss was recognized are as follows:

Assets	Location	Type of assets	Millions of yen
Fukushima Daiichi Nuclear Power Station Units 1 through 4	Okuma-cho, Futaba county, Fukushima Prefecture	Buildings, structures, machinery and equipment, construction in progress, etc.	¥101,692
Fukushima Daiichi Nuclear Power Station Units 7 and 8 construction	Okuma-cho & Futaba-cho, Futaba county, Fukushima Prefecture	Construction in progress	39,360
Total			¥141,05

Details of assets by type:

	Millions of yen
Buildings.....	¥ 2,335
Structures.....	2,103
Machinery and equipment.....	90,169
Construction in progress.....	45,241
Other.....	1,204
Total.....	¥141,053

The assets of Fukushima Daiichi Nuclear Power Station Units 1 through 4 were decided to be scrapped and the construction plan of Units 7 and 8 was decided to be cancelled and accordingly, the Company reduced the book values of these assets to the recoverable amount, since the return on investments has become quite difficult, and recognized an impairment loss based on the reduced amount.

Net selling value is used for the recoverable amount and it is assessed to be zero, since other use or sales of these assets are difficult.

26

Other Comprehensive
Income

The components of other comprehensive income for the year ended March 31, 2012 are as follows:

	Millions of yen	Millions of U.S. dollars
Net unrealized holding loss on securities:		
Loss incurred during the year.....	¥ (2,023)	\$ (24)
Reclassification adjustment to net income.....	21,795	265
Amount before tax effect.....	19,772	241
Tax effect.....	569	7
Net unrealized holding loss on securities.....	20,341	248
Net deferred loss on hedges:		
Loss incurred during the year.....	(904)	(11)
Reclassification adjustment to net income.....	456	6
Amount before tax effect.....	(448)	(5)
Tax effect.....	266	3
Net deferred loss on hedges.....	(181)	(2)
Translation adjustments:		
Loss incurred during the year.....	(5,301)	(65)
Reclassification adjustment to net income.....	1,641	20
Amount before tax effect.....	(3,660)	(45)
Tax effect.....	—	—
Translation adjustments.....	(3,660)	(45)
Share of other comprehensive income in associates accounted for using the equity method:		
Loss incurred during the year.....	(11,083)	(135)
Reclassification adjustment to net income.....	4,017	49
Share of other comprehensive income in associates accounted for using the equity method.....	(7,066)	(86)
Total other comprehensive income.....	¥ 9,432	\$ 115

The information for the year ended March 31, 2011 is not required under the accounting standard for presentation of other comprehensive income as an exemption for the first year of adoption.

27

Related Party Transactions

The Company guaranteed loan and bonds in the amounts of ¥249,086 million (US\$3,033 million) and ¥281,045 million of Japan Nuclear Fuel Limited, a major affiliate, at March 31, 2012 and 2011, respectively.

28

Contingent Liabilities

Contingent liabilities totaled ¥585,673 million (US\$7,131 million) and ¥644,921 million, of which ¥278,838 million (US\$3,395 million) and ¥328,062 million were in the form of co-guarantees or commitments to give co-guarantees if requested for the loans, bonds, lease obligations or other commitments of other companies at March 31, 2012 and 2011, respectively.

In addition, ¥236,834 million (US\$2,884 million) and ¥246,858 million consisted of guarantees given in connection with housing loans made to employees of the Companies at March 31, 2012 and 2011, respectively.

The remaining ¥70,000 million (US\$852 million) and ¥70,000 million represent the debt assigned by the Company to certain banks under debt assumption agreements at March 31, 2012 and 2011, respectively.

Contingent Liabilities related to Nuclear Damage Compensation**At March 31, 2012**

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 decided to implement 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). From the viewpoints of implementing prompt and appropriate compensation payouts, the Company has prepared the criteria for compensation by damages shown in the interim guidelines, taking into consideration the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO" (hereinafter the "Interim Guidelines") determined at the Committee for Adjustment of Compensation for Nuclear Damages Disputes on August 5, 2011, supplement of the "Interim Guidelines" on December 6, 2011 and the second supplement of the "Interim Guidelines" on March 16, 2012. In addition, on December 26, 2011, Headquarters for Nuclear Emergency Response of the Government prepared "Basic Concept and Future Issues concerning Warning Zones and Evacuation Zones responding to completion of Step 2", showing the concept concerning the review of evacuation zones, etc. Based on these guidelines, the Company recorded a reserve for nuclear damage compensation regarding the amounts possible to make reasonable estimates based on the concrete computation method and objective statistical data, etc., but does not record any reserve for opportunity losses of the businesses such as agriculture, forestry, fishery and sightseeing due to reputation damage, etc., 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, etc.

Furthermore, regarding the amounts to be billed or claimed to the Company for the costs required for treatment of wastes and decontamination 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 has not recorded any reserve for the amount of compensation, since reasonable estimation is not possible under the current circumstances that concrete measures are not identifiable.

At March 31, 2011

The Company is liable for the nuclear damage concerning the accident at Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake based on the nuclear damage compensation scheme of Japan, when the requirements of the Nuclear Damage Compensation Law (effective on June 17, 1961; Law No. 147) are satisfied. The amount of possible compensation is not recorded in the accompanying financial statements, because it is not possible

to make a reasonable estimate of the amount of compensation, which may be determined based on the guidance to be defined in the future by the Committee for Adjustment of Compensation for Nuclear Damages Disputes.

On the other hand, the Government of Japan announced the “Governmental Supporting Scheme for the Damages Caused by Nuclear Accidents (decided by “Economic Damage occurred by Nuclear Power Plant Accident Response Team Ministerial Conference” on May 13, 2011 and approved by the Cabinet on June 14, 2011) and based on this scheme, the “Nuclear Disaster Compensation Bill” (approved by the Cabinet on June 14, 2011) is currently being submitted to the Diet. Under the bill, the government-backed new organization (the “Organization”) provides a nuclear operator in need of funds for nuclear damage compensation with necessary financial supports such as cash injection to secure the operator’s responsible compensation. With consideration of importance of stable power supply and other issues, the compensation framework obligates a nuclear operator being rescued by the Organization a portion of its profits as special mandatory contribution. The Company is committed to completing our responsibility of the compensation with the Government’s support based on this bill and with the best efforts streamlines its management to reduce costs and raise sufficient funds.

29

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.

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.

Trust funds for the reprocessing of irradiated nuclear fuel is the money contributed under the Law on Creation and Management of Trust Funds for Reprocessing of Spent Fuel at Nuclear Power Stations to properly reprocess the irradiated nuclear fuel incurred by operating specified commercial power reactors.

Grants-in-aid receivable from Nuclear Damage Liability Facilitation Fund (the “Fund”) with the carrying amount of ¥1,762,671 million (\$21,462 million) is a receivable of the fund stipulated in the Clause 41, Article 1-1 of the Fund 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 Fund 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 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 that are exposed to interest rate fluctuation risk. The Company hedges this risk by utilizing interest rate swaps for certain loans. Foreign bonds are exposed to foreign currency exchange risk, which the Company hedges by utilizing currency swaps when issuing bonds.

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

Bonds, loans, and trade notes and accounts payable 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 currency swaps, to

hedge the risk of exchange rate fluctuations associated with bonds denominated in foreign currencies and 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, 2012 and 2011, 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 below).

	Millions of yen		
	2012		
	Carrying amount ¹	Fair value ¹	Difference
(1) Investment securities ²	¥ 6,936	¥ 6,936	¥ —
(2) Trust funds for the reprocessing of irradiated nuclear fuel.....	1,125,997	1,125,997	—
(3) Cash	1,287,418	1,287,418	—
(4) Notes and accounts receivable-customers	432,925	432,925	—
(5) Bonds ³	(4,425,574)	(3,808,854)	616,720
(6) Long-term loans ³	(3,453,188)	(3,268,631)	184,557
(7) Short-term loans.....	(441,765)	(441,765)	—
(8) Trade notes and accounts payable.....	(317,479)	(317,479)	—
(9) Derivatives ⁴	(328)	(328)	—

	Millions of yen		
	2011		
	Carrying amount ¹	Fair value ¹	Difference
(1) Marketable securities and investment securities ²	¥ 250,613	¥ 250,613	¥ —
(2) Trust funds for the reprocessing of irradiated nuclear fuel.....	982,696	982,696	—
(3) Cash	2,248,290	2,248,290	—
(4) Notes and accounts receivable-customers	359,820	359,820	—
(5) Bonds ³	(4,974,582)	(4,831,675)	142,907
(6) Long-term loans ³	(3,643,295)	(3,595,683)	47,612
(7) Short-term loans.....	(406,232)	(406,232)	—
(8) Trade notes and accounts payable.....	(248,849)	(248,849)	—
(9) Derivatives ⁴	(1,067)	(1,067)	—

	Millions of U.S. dollars		
	2012		
	Carrying amount ^{*1}	Fair value ^{*1}	Difference
(1) Investment securities ^{*2}	\$ 84	\$ 84	\$ —
(2) Trust funds for the reprocessing of irradiated nuclear fuel.....	13,710	13,710	—
(3) Cash.....	15,675	15,675	—
(4) Notes and accounts receivable-customers.....	5,271	5,271	—
(5) Bonds ^{*3}	(53,885)	(46,376)	7,509
(6) Long-term loans ^{*3}	(42,045)	(39,798)	2,247
(7) Short-term loans.....	(5,379)	(5,379)	—
(8) Trade notes and accounts payable.....	(3,866)	(3,866)	—
(9) Derivatives ^{*4}	(4)	(4)	—

*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.

*4. The value of assets and liabilities arising from derivatives is shown at net value.

(Note 1) Investment securities, derivatives 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 5.

(2) Trust funds for the reprocessing of irradiated nuclear fuel

Trust funds for the reprocessing of irradiated nuclear fuel is the money contributed under the Law on Creation and Management of Trust Funds for Reprocessing of Spent Fuel at Nuclear Power Stations to properly reprocess the irradiated nuclear fuel incurred by operating specified commercial power reactors.

To obtain a refund of its contribution, the Company has to follow the scheme approved by the Minister of Economy, Trade and Industry for refunds of trust funds for reprocessing irradiated nuclear fuel. Since the carrying value is based on the present value of the projected refunds in the future under the scheme at March 31, 2012 and 2011, respectively, the fair value is determined as the relevant carrying values.

(3) Cash and (4) Notes and accounts receivable-customers

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.

(5) Bonds

The fair value of bonds issued by the Company is based on their market prices. The fair value of bonds hedged by forward exchange contracts, to which the assignment method of hedge accounting is applied, is estimated based on the present value of principal and interest discounted using the interest rate for a bond of equivalent maturity and credit rating.

(6) 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.

(7) Short-term loans, and (8) Trade notes and accounts payable

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.

(9) Derivatives

See derivative transactions related tables below.

(Note 2) Financial instruments for which fair value is not readily determinable:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
	Carrying amount	Carrying amount	Carrying amount
Unlisted securities.....	¥26,389	¥92,983	\$321
Other.....	5,419	6,255	66
Total.....	¥31,809	¥99,239	\$387

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 March 31, 2012 is as follows:

	Millions of yen			
	2012			
	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.....	¥ 3	¥—	¥83	¥—
Corporate bonds.....	—	—	—	—
Other.....	—	—	—	—
Other.....	482	—	—	—
Trust funds for the reprocessing of irradiated nuclear fuel ¹	103,693	—	—	—
Cash ²	1,287,418	—	—	—
Notes and accounts receivable-customers.....	432,925	—	—	—
Total.....	¥1,824,523	¥—	¥83	¥—

	Millions of U.S. dollars			
	2012			
	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.....	\$ 0	\$—	\$ 1	\$—
Corporate bonds.....	—	—	—	—
Other.....	—	—	—	—
Other.....	6	—	—	—
Trust funds for the reprocessing of irradiated nuclear fuel ¹	1,263	—	—	—
Cash ²	15,675	—	—	—
Notes and accounts receivable-customers.....	5,271	—	—	—
Total.....	\$22,215	\$—	\$ 1	\$—

*1. The Company does not disclose information on the portion of Trust funds for the reprocessing of irradiated nuclear fuel that are due after one year or more (¥1,022,304 million (US\$12,447 million)) because of contractual obligations and the risk of disadvantage.

*2. 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 March 31, 2012 is as follows:

Millions of yen						
2012						
	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	¥ 748,110	¥585,729	¥446,400	¥438,100	¥367,035	¥1,840,200
Long-term loans	177,078	336,919	491,354	320,629	429,399	1,697,809
Short-term loans.....	441,765	—	—	—	—	—
Total	¥1,366,953	¥922,648	¥937,754	¥758,729	¥796,434	¥3,538,009

Millions of U.S. dollars						
2012						
	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	\$ 9,109	\$ 7,132	\$ 5,435	\$5,334	\$4,469	\$22,406
Long-term loans	2,156	4,102	5,983	3,904	5,228	20,672
Short-term loans.....	5,379	—	—	—	—	—
Total	\$16,644	\$11,234	\$11,418	\$9,238	\$9,697	\$43,078

Derivatives for which hedge accounting is not applied (1) Currency-related

Millions of yen				
2011				
	Contract amount	Portion over 1 year	Fair value*	Unrealized loss
Non-market transaction				
Foreign exchange forward contracts				
Selling: USD	¥1,247	¥—	¥ (5)	¥ (5)
Selling: EUR.....	779	—	(46)	(46)
Selling: KRW	1,135	—	(46)	(46)
Total	¥3,162	¥—	¥(98)	¥(98)

There were no currency-related derivatives for the year ended March 31, 2012.

Derivatives for which hedge accounting is applied (1) Currency-related

Millions of yen			
2012			
Hedged item	Contract amount	Portion over 1 year	Fair value
Allocation of gain/loss on foreign exchange forward contracts			
Currency swap transactions	Bonds		
Payable JPY/receivable EUR.....	¥134,270	¥134,270	*2
Payable JPY/receivable CHF.....	25,050	25,050	*2
Total	¥159,320	¥159,320	¥—

		Millions of yen		
		2011		
	Hedged item	Contract amount	Portion over 1 year	Fair value
Basic treatment				
Foreign exchange forward contracts	Payables (Forward transaction)			
Buying: NOK/Selling: EUR.....		¥ 835	¥ —	¥ 26 *1
Buying: DKK/Selling: NOK.....		3,007	—	(123) *1
Allocation of gain/loss on foreign exchange forward contracts				
Currency swap transactions	Bonds			
Payable JPY/receivable EUR.....		134,270	134,270	*2
Payable JPY/receivable CHF.....		54,051	25,050	*2
Foreign exchange forward contracts	Payables			
Buying: EUR		14	—	*2
Total		¥192,177	¥159,320	¥ (96)

		Millions of U.S. dollars		
		2012		
	Hedged item	Contract amount	Portion over 1 year	Fair value
Allocation of gain/loss on foreign exchange forward contracts				
Currency swap transactions	Bonds			
Payable JPY/receivable EUR.....		\$1,635	\$1,635	*2
Payable JPY/receivable CHF.....		305	305	*2
Total		\$1,940	\$1,940	\$—

*1 Fair value for those contracts is based on prices disclosed by relevant financial institutions.

*2 Bonds hedged by foreign exchange forward contracts are translated using the forward exchange contract rates and accordingly, such foreign exchange forward contracts are not included in carrying value and fair value in the list of 2 "Fair value of financial instruments" under Note 29.

(2) Interest rate-related

		Millions of yen		
		2012		
	Hedged item	Contract amount	Portion over 1 year	Fair value
Basic treatment				
Interest rate swaps.....	Long-term loans			
Payable fixed rate/receivable floating rate		¥ 4,944	¥ 4,835	¥(328)*1
Special treatment of interest rate swaps				
Interest rate swaps.....	Long-term loans			
Payable fixed rate/receivable floating rate		67,228	49,376	*2
Total		¥72,172	¥54,211	¥(328)

		Millions of yen		
		2011		
	Hedged item	Contract amount	Portion over 1 year	Fair value
Basic treatment				
Interest rate swaps.....	Long-term loans			
Payable fixed rate/receivable floating rate		¥ 57,137	¥ 53,911	¥(872)* ¹
Special treatment of interest rate swaps				
Interest rate swaps.....	Long-term loans			
Payable fixed rate/receivable floating rate		103,169	95,234	* ²
Payable floating rate/receivable floating rate ..		9,000	—	* ²
Total.....		¥169,307	¥149,145	¥(872)

		Millions of U.S. dollars		
		2012		
	Hedged item	Contract amount	Portion over 1 year	Fair value
Basic treatment				
Interest rate swaps.....	Long-term loans			
Payable fixed rate/receivable floating rate		\$ 60	\$ 59	\$(4)* ¹
Special treatment of interest rate swaps				
Interest rate swaps.....	Long-term loans			
Payable fixed rate/receivable floating rate		819	601	* ²
Total.....		\$879	\$660	\$(4)

*1 Fair value for those contracts is based on prices disclosed by relevant financial institutions.

*2 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" under Note 29.

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Segment Information

1. Summary of reportable segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Company's Managing Directors Meeting is being performed in order to decide how resources are allocated among the Group.

Until the fiscal year ended March 31, 2011, the Group consisted of five industry segments: in addition to electric power, information and telecommunications, energy and environment, living environment and lifestyle-related, and overseas businesses as strategic businesses.

However, facing aftermath of the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company reviewed its Group organization in "Present Policy for Business Efficiency Improvements and Streamlining" announced on May 20, 2011 and decided to significantly reduce and restructure businesses other than those needed for the stable power supply.

Accordingly, the Company decided to focus on "Electric Power Business" as its reportable segment and report "information and Telecommunications Business", "Energy and Environment Business", "Living Environment and Lifestyle-Related Business" and "Overseas Business" all together as "Other", since these business segment information other than those needed for stable power supply has become less significant for reporting continuously.

"Electric Power Business" supplies electricity to customers mainly in Kanto region, including Yamanashi Prefecture and the east side of the Fuji River in Shizuoka Prefecture.

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

The accounting policies of each reportable segment are consistent with those disclosed in Note 1, "Summary of Significant Accounting Policies". Segment profit of the reportable segment is the figure based on operating income. Inter-segment sales are based on the arm's length price.

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

	Millions of yen				
	2012				
	Reportable segment	Other (Note 1)	Total	Adjustments	Consolidated
	Electric power business				
Sales:					
Sales to third parties	¥ 4,995,626	¥ 353,819	¥ 5,349,445	¥ —	¥ 5,349,445
Inter-segment sales and transfers	—	298,287	298,287	(298,287)	—
Total	4,995,626	652,106	5,647,733	(298,287)	5,349,445
Segment profit (loss)	¥ (323,738)	¥ 49,953	¥ (273,784)	¥ 1,270	¥ (272,513)
Segment assets	¥14,548,200	¥1,311,064	¥15,859,265	¥(322,809)	¥15,536,456
Other items:					
Depreciation	¥ 645,854	¥ 44,934	¥ 690,788	¥ (4,232)	¥ 686,555
Increase in tangible and intangible fixed assets (Notes 4 below)	671,474	81,608	753,083	(3,071)	750,011

	Millions of yen				
	2011				
	Reportable segment	Other (Note 1)	Total	Adjustments	Consolidated
	Electric power business				
Sales:					
Sales to third parties	¥ 5,064,625	¥ 303,910	¥ 5,368,536	¥ —	¥ 5,368,536
Inter-segment sales and transfers	—	330,771	330,771	(330,771)	—
Total	5,064,625	634,681	5,699,307	(330,771)	5,368,536
Segment profit	¥ 354,156	¥ 44,299	¥ 398,455	¥ 1,169	¥ 399,624
Segment assets	¥13,611,051	¥1,502,803	¥15,113,855	¥(323,501)	¥14,790,353
Other items:					
Depreciation	¥ 655,784	¥ 50,692	¥ 706,476	¥ (4,291)	¥ 702,185
Increase in tangible and intangible fixed assets (Notes 4 below)	611,799	68,406	680,206	(3,459)	676,746

	Millions of U.S. dollars				
	2012				
	Reportable segment	Other (Note 1)	Total	Adjustments	Consolidated
	Electric power business				
Sales:					
Sales to third parties	\$ 60,826	\$ 4,308	\$ 65,134	\$ —	\$ 65,134
Inter-segment sales and transfers	—	3,632	3,632	(3,632)	—
Total	60,826	7,940	68,766	(3,632)	65,134
Segment profit (loss)	\$ (3,942)	\$ 608	\$ (3,334)	\$ 16	\$ (3,318)
Segment assets	\$177,136	\$15,963	\$193,099	\$(3,930)	\$189,169
Other items:					
Depreciation	\$ 7,864	\$ 547	\$ 8,411	\$ (52)	\$ 8,359
Increase in tangible and intangible fixed assets (Notes 4 below)	8,176	994	9,170	(38)	9,132

Notes:

1. "Other" represents business segments not included in reportable segments, consisting of information and telecommunications, energy and environment, living environment and lifestyle-related, and overseas businesses.
2. "Adjustments" of "Segment profit" in an amount of ¥1,270 million (US\$16 million) includes ¥1,231 million (US\$15 million) of inter-segment elimination
 "Adjustments" of "Segment assets" in an amount of ¥ (322,809) million (US\$ (3,930) million) includes ¥ (322,197) million (US\$ (3,923) million) of inter-segment elimination.
 "Adjustments" of "Depreciation" in an amount of ¥ (4,232) million (US\$ (52) million) refers to inter-segment elimination.
 "Adjustments" of "Increase in tangible and intangible fixed assets" in an amount of ¥ (3,071) million (US\$ (38) million) refers to inter-segment elimination.
3. Segment profit is reconciled with operating income (loss) in the consolidated financial statements.
4. "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:

	Millions of yen			
	2011			
	Electric power business	Other	Corporate/ Elimination	Consolidated
Impairment loss	¥141,053	¥—	¥—	¥141,053

Information about impairment loss on tangible fixed assets by reportable segment for the year ended March 31, 2012 has been omitted, since there is no materiality.

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Subsequent Events

The Company resolved issuance of preferred stock, consisting of class A and class B preferred stock, (hereinafter the "Preferred Stock") to be allotted to Nuclear Damage Liability Facilitation Fund (the "Fund") at the Board of Directors' meeting held on May 21, 2012 and obtained the approval concerning an increase in the number of shares required for the issuance of the Preferred Stock at the general shareholders meeting held on June 27, 2012. The detail of the issuance of the Preferred Stock is as follows:

Type of shares	Class A Preferred Stock	Class B Preferred Stock
Number of new shares to be issued.....	1,600,000,000 shares	340,000,000 shares
Issue price.....	¥200 (US\$2.44) per share	¥2,000 (US\$24.35) per share
Total amount of issue price.....	¥320,000 million (US\$3,896 million)	¥680,000 million (US\$8,280 million)
Payment date	July 11, 2012 through July 25, 2012	
Amount of capital to be increased.....	¥160,000 million (US\$1,948 million)	¥340,000 million (US\$4,140 million)
Amount of capital reserve to be increased.....	¥160,000 million (US\$1,948 million)	¥340,000 million (US\$4,140 million)

All shares of the Preferred Stock will be allotted to the Fund by way of the third party allotment. After the Preferred Stock was allotted to the Fund, the ownership of the voting rights held by the Fund will be 50.11% and the Fund will become a controlling shareholder of the Company. The ownership is computed with the denominator adding the number of voting rights (16,000,000) related to 1,600 million shares of class A preferred stock to the total outstanding number of voting rights (15,932,191) as of March 31, 2012.

The Company will receive ¥996,360 million (US\$12,132 million) of net proceeds from the total payment of ¥1 trillion (US\$12,176 million), less ¥3,640 million (US\$44 million) of approximate amount of issuance costs. The Company plans to use this fund for the preparation of prompt and appropriate implementation of nuclear damage compensation, steady decommissioning and the securing of a stable power supply at any time when necessary by the end of March 2015.

TEPCO has disclosed the contents included in the extraordinary securities report submitted to the Ministry of Finance in Japan on May 21, 2012 concerning the issuance of above preferred stock to London Stock Exchange and Swiss Stock Exchange in English.

Independent Auditor's Report



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The Board of Directors
Tokyo Electric Power Company, Incorporated

We have audited the accompanying consolidated financial statements of Tokyo Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, 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, Incorporated and its consolidated subsidiaries as at March 31, 2012, 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 1(a) 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 Nuclear Damage Compensation Act (the "Act") (effective on June 17, 1961; Act No.147 of 1961) requires the Company to bear the damage compensation under the nuclear damage compensation scheme in Japan if certain necessary conditions are satisfied. Accordingly, significant deterioration of the Company's financial position raises significant doubt about its ability to continue as a going concern.

Responding to the Company's request, the "Governmental Supporting Scheme for the Damages Caused by Nuclear Accidents" (decided by "Economic Damage occurred by Nuclear Power Plant Accident Response Team Ministerial Conference" on May 13, 2011 and approved by the Cabinet on June 14, 2011) was officially announced and then the "Act concerning Formation of a Nuclear Damage Liability Facilitation Fund" (Act No. 94 of 2011) (hereinafter the "Fund Act") was approved by the Diet on August 10, 2011.

Following these Government actions, the Company asked the Nuclear Damage Liability Facilitation Fund (the "Fund") for financial support based on the provision of the Clause 41, Article 1-1 of the Fund Act and submitted an application for the approval on Emergency Special Business Plan to the minister in charge based on the Clause 45, Article 1, of the Fund Act jointly with the Fund. On November 4, 2011, the plan was approved by the minister in charge and the Company received a notice from the Fund on a decision to execute financial support as to the amount of the estimated amount of necessary compensation less the amount of compensation provided by the Clause 7, Article 1 of the Act. Then, since the Company revised the estimated amount of necessary compensation, the Company submitted an application to the Fund for approval to change an amount of financial support based on the Clause 43, Article 1 of the Fund Act and also submitted an application in cooperation with the Fund to the minister in charge to approve the change of the Emergency Special Business Plan based on the Clause 46, Article 1 of the Fund Act. On February 13, 2012, a revised Emergency Special Business Plan was approved and the Company received a notice from the Fund on its decision to change the amount of financial support.

On the other hand, the Company submitted an application to the Fund to change the amount of financial support based on the Clause 43, Article 1 of the Fund Act due to the revised estimated amount of compensation following the "Secondary Supplement of the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO (Losses due to the revision of the evacuation area per the government)" (March 16, 2012) set by the Committee for Adjustment of Compensation for Nuclear Damages Disputes and also submitted an application for financial assistance (subscription of shares) based on the Clause 41, Article 1-2 of the Fund Act for the purpose of strengthening its financial base towards speedy recovery of autonomic



financing capabilities in order to prepare for implementation of prompt and appropriate compensation, steady decommissioning of Unit 1 to 4 at Fukushima Daiichi Nuclear Power Station, and securement of stable power supply. In addition, towards the drastic management reform from the mid-to-long term viewpoints, the Company revised the Emergency Special Business Plan jointly with the Fund and submitted an application to the minister in charge to approve the Comprehensive Special Business Plan based on the Clause 46, Article 1 of the Fund Act. On May 9, 2012, the plan was approved by the minister in charge and the Company received a notice regarding the change of the amount of financial support and the decision of subscription of shares of 1 trillion yen. In addition, in accordance with the Clause 19, Article 1 of the Electricity Business Act, the Company submitted the application to the Minister of Economy, Trade, and Industries on May 11, 2012 for approval of the proposed rate increase.

In accordance with the plan, the Company is striving to drastically rationalize its management and furnish compensation promptly and in a proper manner with the support given under the Fund Act as well as to achieve steady decommissioning and a stable electricity supply. However, the management realizes significant doubt in the Company's ability to continue as a going concern at this moment, considering that implementation of the Plan requires subscription of shares by the Fund after making the necessary resolution at the shareholders' meeting about the contents of the shares to be issued and subscription conditions accepted by the Fund and approval by the Minister of Economy, Trade and Industries on the application for raising electricity rates.

The accompanying consolidated financial statements are prepared assuming the Company will continue as a going concern. The accompanying consolidated financial statements do not reflect any possible impact of material uncertainty.

- (2) As explained in Note 28 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 decided to implement the compensation with Government supports under the Nuclear Damage Compensation Act (the "Act") (effective on June 17, 1961; Act No.147 of 1961). From the viewpoints of implementing prompt and appropriate compensation payouts, the Company has prepared the criteria for compensation by damages shown in the interim guidelines, taking into consideration the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO" (hereinafter the "Interim Guidelines") determined at the Committee for Adjustment of Compensation for Nuclear Damages Disputes on August 5, 2011, supplement of the "Interim Guidelines" on December 6, 2011 and the second supplement of the "Interim Guidelines" on March 16, 2012. In addition, on December 26, 2011, Headquarters for Nuclear Emergency Response of the Government prepared "Basic Concept and Future Issues concerning Warning Zones and Evacuation Zones responding to completion of Step 2", showing the concept concerning the review of evacuation zones, etc. Based on these guidelines, the Company recorded a reserve for nuclear damage compensation regarding the amounts possible to make reasonable estimates based on the concrete computation method and objective statistical data, etc., but does not record any reserve for opportunity losses of the businesses such as agriculture, forestry, fishery and sightseeing due to reputation damage, etc., 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, etc.

Furthermore, regarding the amounts to be billed or claimed to the Company for the costs required for treatment of wastes and decontamination 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 has not recorded any reserve for the amount of compensation, since reasonable estimation is not possible under the current circumstances that concrete measures are not identifiable.

- (3) As explained in Note 12 to the accompanying consolidated financial statements, before implementation of scrapping nuclear power plants, nuclear fuels in the reactors are required to be removed, but the concrete working conditions will be decided after the stable cooling conditions have been established and 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 fuel removal costs 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.
- (5) As explained in Note 31 to the accompanying consolidated financial statements, the Company resolved issuance of preferred stock, consisting of class A and class B preferred stock, (hereinafter the "Preferred Stock") to be allotted to Nuclear Damage Liability Facilitation Fund at the Board of Directors' meeting held on May 21, 2012 and obtained the approval concerning an increase in the number of shares required for the issuance of the Preferred Stock at the general shareholders meeting held on June 27, 2012.

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 Shinrihon LLC

June 27, 2012