

Financial Section

Consolidated 11-Year Summary	12
Financial Review	14
Consolidated Financial Statements	20
Notes to Consolidated Financial Statements	26
Independent Auditor's Report	54

Consolidated 11-Year Summary

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries

	2013	2012	2011	2010
Years ended March 31:				
Operating revenues.....	¥ 5,976,239	¥ 5,349,445	¥ 5,368,536	¥ 5,016,257
Operating (loss) income	(221,988)	(272,513)	399,624	284,443
Income (loss) before income taxes and minority interests.....	(653,022)	(753,761)	(766,134)	223,482
Net (loss) income	(685,292)	(781,641)	(1,247,348)	133,775
Depreciation and amortization	621,080	686,555	702,185	759,391
Capital expenditures	675,011	750,011	676,746	640,885
Per share of common stock (Yen and U.S. dollars):				
Net (loss) income (basic).....	¥ (427.64)	¥ (487.76)	¥ (846.64)	¥ 99.18
Net income (diluted) (Note 3).....	—	—	—	99.18
Cash dividends.....	—	—	30.00	60.00
Equity	72.83	491.22	972.28	1,828.08
As of March 31:				
Total net assets (Note 4).....	¥ 1,137,812	¥ 812,476	¥ 1,602,478	¥ 2,516,478
Equity (Note 5).....	1,116,704	787,177	1,558,113	2,465,738
Total assets	14,989,130	15,536,456	14,790,353	13,203,987
Interest-bearing debt	7,924,819	8,320,528	9,024,110	7,523,952
Number of employees.....	48,757	52,046	52,970	52,452
Financial ratios and cash flow data:				
ROA (%) (Note 6).....	(1.5)	(1.8)	2.9	2.1
ROE (%) (Note 7)	(72.0)	(66.7)	(62.0)	5.5
Equity ratio (%).....	7.5	5.1	10.5	18.7
Net cash provided by (used in) operating activities.....	¥ 260,895	¥ (2,891)	¥ 988,710	¥ 988,271
Net cash used in investing activities.....	(636,698)	(335,101)	(791,957)	(599,263)
Net cash provided by (used in) financing activities	632,583	(614,734)	1,859,579	(495,091)
Other data (Non-consolidated):				
Electricity sales (million kWh)				
Electricity sales for lighting.....	95,277	95,797	103,422	96,089
Electricity sales for power (Note 8).....	10,890	11,160	12,174	11,393
Electricity sales to eligible customers (Note 8).....	162,866	161,273	177,790	172,686
Total.....	269,033	268,230	293,386	280,167
Power generation capacity (thousand kW) (Note 9):				
Hydroelectric	9,454	8,982	8,981	8,987
Thermal.....	41,598	40,148	38,696	38,189
Nuclear.....	14,496	17,308	17,308	17,308
Renewable energy, etc.....	34	34	4	4
Total.....	65,582	66,472	64,988	64,487
Nuclear power plant capacity utilization rate (%)	0.0	18.5	55.3	53.3

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 ¥94.01 to US\$1.00 prevailing on March 29, 2013.

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

3. Net income per share after dilution by potential shares for the years ended March 31, 2005 to March 31, 2007 is omitted as there were no potential shares. Net income per share after dilution by potential shares for the years ended March 31, 2008, March 31, 2009 and March 31, 2012 is omitted as there were no potential shares and the Company recognized a net loss for these years. Net income per share after dilution by potential shares for the years ended March 31, 2011 and March 31, 2013 is omitted despite the existence of potential shares as the Company recognized a net loss for both years.

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.

Millions of yen, unless otherwise noted							Millions of U.S. dollars, unless otherwise noted (Note 1)
2009	2008	2007	2006	2005	2004	2003	2013
¥ 5,887,576	¥ 5,479,380	¥ 5,283,033	¥ 5,255,495	¥ 5,047,210	¥ 4,853,826	¥ 4,919,109	\$ 63,570
66,935	136,404	550,911	576,277	566,304	489,004	521,406	(2,362)
(99,574)	(212,499)	496,022	473,832	372,814	255,309	265,170	(6,946)
(84,518)	(150,108)	298,154	310,388	226,177	149,550	165,267	(7,290)
757,093	772,460	751,625	824,041	847,505	889,955	922,357	6,607
695,981	664,295	574,687	623,726	561,206	663,967	706,656	7,180
¥ (62.65)	¥ (111.26)	¥ 220.96	¥ 229.76	¥ 167.29	¥ 110.53	¥ 122.08	\$ (4.55)
—	—	—	—	—	110.32	121.33	—
60.00	65.00	70.00	60.00	60.00	60.00	60.00	—
1,763.32	1,967.03	2,248.34	2,059.52	1,853.52	1,748.06	1,662.38	0.77
¥ 2,419,477	¥ 2,695,455	¥ 3,073,778	¥ 2,815,424	¥ —	¥ —	¥ —	\$ 12,103
2,378,581	2,653,762	3,033,537	2,779,720	2,502,157	2,360,475	2,245,892	11,879
13,559,309	13,679,055	13,521,387	13,594,117	13,748,843	13,900,906	14,177,296	159,442
7,938,087	7,675,722	7,388,605	7,840,161	8,261,717	8,765,175	9,076,289	84,298
52,506	52,319	52,584	51,560	53,380	51,694	52,322	—
0.5	1.0	4.1	4.2	4.1	3.5	3.6	—
(3.4)	(5.3)	10.3	11.8	9.3	6.5	7.5	—
17.5	19.4	22.4	20.4	18.2	17.0	15.8	—
¥ 599,144	¥ 509,890	¥ 1,073,694	¥ 935,622	¥ 1,411,470	¥ 1,147,591	¥ 1,406,300	\$ 2,775
(655,375)	(686,284)	(550,138)	(615,377)	(577,503)	(693,871)	(863,797)	(6,773)
194,419	188,237	(514,885)	(350,193)	(785,600)	(451,371)	(573,761)	6,729
96,059	97,600	93,207	95,186	92,592	86,926	89,354	
11,905	12,785	12,631	13,499	78,239	114,772	116,551	
180,992	187,012	181,784	179,969	115,910	74,314	75,997	
288,956	297,397	287,622	288,655	286,741	276,012	281,902	
8,986	8,985	8,993	8,993	8,521	8,520	8,520	
37,686	36,179	35,533	35,536	36,995	36,831	34,548	
17,308	17,308	17,308	17,308	17,308	17,308	17,308	
1	1	1	1	1	1	1	
63,981	62,473	61,835	61,837	62,825	62,660	60,377	
43.8	44.9	74.2	66.4	61.7	26.3	60.7	

A

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, 2013

Business Results

In the fiscal year ended March 31, 2013, operating revenues increased 11.7 percent year on year to ¥5,976.2 billion and operating loss amounted to ¥221.9 billion, an improvement from an operating loss of ¥272.5 billion in the previous fiscal year.

On the other hand, extraordinary income stood at ¥913.9 billion. This was mainly attributable to grants-in-aid from the Nuclear Damage Liability Facilitation Fund amounting to ¥696.8 billion. Other factors contributing to extraordinary income included TEPCO's initiatives aimed at accelerating management streamlining, which brought about gains on fixed assets sold and profit on securities sold as well as other cost reduction efforts, such as a review of pension plans.

Extraordinary loss, totaling ¥1,248.8 billion, included a ¥40.2 billion loss on disaster and ¥1,161.9 billion in payments of compensation for nuclear damages caused by the nuclear accidents.

As a result, TEPCO recorded net loss of ¥685.2 billion, compared with net loss of ¥781.6 billion in the previous fiscal year.

Segment Results

Electric Power Business Segment

Despite the impact of a decline in production activities, electricity sales increased 0.3 percent from the previous fiscal year to 269.0 billion kWh due mainly to a rebound in electricity usage that reflected the diminishing impact of the Tohoku-Chihou-Taiheiyou-Oki Earthquake.

By demand type, electricity sales for lighting decreased 0.5 percent to 95.3 billion kWh, electricity sales for power decreased 2.4 percent to 10.9 billion kWh, and electricity sales to eligible customers increased 1.0 percent to 162.9 billion kWh compared with the previous fiscal year.

On the revenue side, operating revenues increased 13.3 percent from the previous fiscal year to ¥5,660.0 billion due mainly to increases in unit sales prices that reflected revisions in electricity rates and the fuel cost adjustment system.

On the expense side, operating expenses increased 11.5 percent year on year to ¥5,929.7 billion. This was mainly attributable to a considerable increase in fuel expenses due to such reasons as hikes in fuel prices, which were further worsened by unfavorable foreign currency exchange trends because of the depreciation of the yen, 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 ¥269.6 billion, a slight improvement from operating loss of ¥323.7 billion in the previous fiscal year.

Other Business Segments

In other business segments, operating revenues decreased 9.3 percent year on year to ¥591.3 billion. This was mainly attributable to a sales decrease due to the sale of a subsidiary that was implemented as a part of the Company's management streamlining. On the other hand, operating expenses decreased 9.1 percent to ¥547.4 billion, due to such factors as a decrease in expenses that reflects the sale of such subsidiary. Consequently, operating income decreased 12.0 percent year on year to ¥43.9 billion.

Net Loss

Loss before income taxes and minority interests in the fiscal year under review stood at ¥653.0 billion, an improvement from the ¥753.7 billion loss recorded in the previous fiscal year.

The main factors helping to decrease loss before income taxes and minority interests included the recording of extraordinary income totaling ¥913.9 billion, which consists mainly of ¥696.8 billion in grants-in-aid from the Nuclear Damage Liability Facilitation Fund, and the success of TEPCO's initiatives aimed at accelerating management streamlining through the sale of fixed assets and securities and review of pension plans.

The main factors helping to increase loss before income taxes and minority interests were a ¥40.2 billion loss on disaster and ¥1,161.9 billion in payment of compensation for nuclear damages.

For the fiscal year under review, TEPCO recorded income

taxes of ¥26.3 billion, income taxes—deferred of ¥2.3 billion, and minority interests of ¥3.5 billion.

As a result, net loss for the fiscal year under review totaled ¥685.2 billion, an improvement from net loss of ¥781.6 billion recorded in the previous fiscal year. Net loss per share stood at ¥427.64, an improvement from net loss per share of ¥487.76 recorded in the previous fiscal year.

Financial Policy

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

Because of this, in accordance with the Comprehensive Special Business Plan (hereinafter the "Plan") approved by the minister in charge on May 9, 2012, TEPCO received an investment from the Nuclear Damage Liability Facilitation Fund (hereinafter the "Fund") on July 31, 2012, through the issuance by third party allotment of Class A Preferred Stocks and Class B Preferred Stocks totaling ¥1 trillion, with the Fund as allottee.

Upon a request submitted by TEPCO in accordance with the Plan, all correspondent financial institutions are maintaining TEPCO's existing credit lines through refinancing. Also upon said request, such financial institutions extended their finance loans to TEPCO in amounts equivalent to the amounts repaid by the Company during the period from March 11 to September 30, 2011. Moreover, TEPCO requested principal financial institutions to provide additional credit.

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 previously had 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 increased 20.8 percent, or ¥260.6 billion from the previous fiscal year, to ¥1, 514.5 billion.

Net cash provided by operating activities amounted to ¥260.8 billion, a turnaround from net cash used of ¥2.8 billion in the previous fiscal year. This was mainly attributable to a decrease in trust funds for the reprocessing of irradiated nuclear fuel.

Net cash used in investing activities increased 90.0 percent year on year to ¥636.6 billion due mainly to a decrease in proceeds from the sale of securities and other activities aimed at recovering loans and recouping investments.

Net cash provided by financing activities amounted to ¥632.5 billion, a turnaround from net cash used of ¥614.7 billion in the previous fiscal year. This was mainly attributable to proceeds from the issuance of stock.

Capital Expenditures

During the fiscal year ended March 31, 2013, TEPCO reduced its capital expenditures to the minimum level required to maintain a stable electricity supply. However, due mainly to expenses associated with the installation of new power sources as a countermeasure against the potential shortage of electricity supply capability, consolidated capital expenditures stood at ¥675.0 billion in the fiscal year under review.

By segment, capital expenditures, including intercompany transactions, amounted to ¥647.3 billion in the electric power business segment and ¥31.0 billion in the other business segments (¥7.3 billion in the information and telecommunications business segment; ¥19.1 billion in the energy and environment business segment; and ¥46.1

billion in the living environment and lifestyle-related business segment).

In addition, the Company filed a notification with regard to the closing of operations at the Fukushima Daiichi Nuclear Power Station units 1 through 4 (output capacity: 2,812,000kW) as of April 19, 2012, in accordance with the stipulation with regard to the changes in electricity facilities set forth in Article 9 of Japan's Electricity Business Act.

Assets, Liabilities and Net Assets

As of March 31, 2013, total assets decreased ¥547.3 billion year on year to ¥14,989.1 billion, reflecting a decline in receivables for grants-in-aid from the Nuclear Damage Liability Facilitation Fund.

Total liabilities decreased ¥872.6 billion from the previous fiscal year-end to ¥13,851.3 billion. This was mainly attributable to decreases in interest-bearing debt and reserve for nuclear damage compensation.

Net assets increased ¥325.3 billion from the previous fiscal year-end to ¥1,137.8 billion, despite net loss recorded for the fiscal year under review. This was mainly attributable to investment received from the Nuclear Damage Liability Facilitation Fund.

Consequently, the equity ratio increased 2.4 percentage points to 7.5 percent from 5.1 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.

For the year ended March 31, 2013, TEPCO recorded an operating loss due mainly to the decrease in the volume of nuclear power generation and increased fuel expenses resulting from fuel price hike. Moreover, the Company recorded extraordinary losses due to such factors as the payment of compensation for damage caused by the nuclear accident that went well beyond the extraordinary income brought in by grants-in-aid from the Nuclear Damage Liability Facilitation Fund. As a result, TEPCO has incurred substantial losses. 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, 2014, TEPCO plans to again suspend the payment of the interim and year-end dividends, given the prospect of an ongoing severe management environment and its financial position.

Risk Factors

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

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

To address this adversity, the Company, along with the Nuclear Damage Liability Facilitation Fund, formulated the Comprehensive Special Business Plan, which summarizes issues to be addressed and policies to deal with such issues, and obtained the approval of said plan from the minister in

charge in May 2012. In addition, the Company established the "Management Policy towards Restoration," which encompasses the "Intensive Reform Implementation Action Plan," in November 2012. Under these plans and policies, and with the cooperation of a number of stakeholders, including its shareholders and investors, the Company is rallying its entire strength to overcome the challenges it is confronting as it strives to rebuild its operating platform.

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

The forward-looking statements included in the following represent estimates as of June 27, 2013.

(1) Accident at Fukushima Daiichi Nuclear Power Station

As a result of the accident at Fukushima Daiichi Nuclear Power Station in March 2011, the Company confronted disruptions and widespread anxiety throughout society while facing the risks described in "Management Policy towards Restoration" announced on November 7, 2012.

The Company is striving to push forward with the decommissioning of and other steps at Units 1 through 4 of the Fukushima Daiichi Nuclear Power Station in accordance with the Mid-and-long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Units 1-4 (hereinafter the "Mid-and-long-Term Roadmap") and in cooperation with the government and relevant institutions.

However, the execution of such steps entails a number of challenges, including storing and disposing of vast amounts of contaminated water and other issues associated with the maintenance of stableness of reactors as well as the removal of nuclear debris, which involves technical difficulties that the Company has never experienced. Because of these challenges, the implementation of these steps may not progress in accordance with the Mid-and-long-Term Roadmap. This could, in turn, impact the Company's business operations.

Furthermore, in view of the deterioration in the Group's fund procurement capability due to the lowering of its ratings following the nuclear accident, the Group's business

performance, financial condition and operations may be affected.

(2) Stable Supply of Electric Power

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

(3) Nuclear Power Generation and Nuclear Fuel Cycle

Based on the outcome of the nuclear accident at Fukushima, revisions are being made to Japan's national nuclear policy, while the tightening of safety regulations is discussed at the Nuclear Regulation Authority. The Company will be obliged to incorporate countermeasures aimed at improving the safety of nuclear power generation pursuant to the abovementioned revisions. Also, the operations of the Company and its affiliates involving nuclear power generation and the nuclear fuel cycle might be affected by such revisions. These factors may, in turn, impact the Group's business performance and financial condition.

As for nuclear power plants, the Company has implemented urgent safety countermeasures based on instructions received from the Minister of Economy, Trade and Industry that take into consideration the occurrence of the nuclear accident. Efforts are now under way to further reinforce safety countermeasures at nuclear power plants and to achieve corporate reforms, in line with the strong determination to prevent severe accidents from occurring no matter what the precipitating incident may be. Taking into consideration uncertainty about how long it will be before

resumption of operations at the Kashiwazaki-Kariwa Nuclear Power Station, the Company will also advance cost reduction initiatives with the aim of offsetting cost increase resulting from the suspension of the operation of said power station while striving to take any other possible steps. However, the TEPCO Group's business performance and financial condition might be affected if the abovementioned circumstances surrounding nuclear power generation remain the same.

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

(4) Business and Environmental Regulations

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

(5) Electricity Sales Volume

The volume of sales in the electric power business directly reflects economic and industrial activities and is subject to the influence of the economic environment. Moreover, demand for air conditioning and heating is subject to the influence of the weather, particularly in the summer and

the winter. In addition, such factors as the popularization of energy conservation measures and the advancement of energy-saving technologies may impact the sales of electricity. These issues could affect the TEPCO Group's business performance and financial condition.

(6) Customer Service

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

(7) Financial Markets Conditions

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

(8) Fossil Fuel Prices

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

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

The TEPCO Group works to secure safety, control quality and prevent environmental pollution. However, the smooth execution of operations could be affected if the public's trust in the Group is violated by such events as 1) the occurrence of an accident, fatality or large-scale emission

of pollutants into the environment as the result of such causes as operational error or a failure to comply with laws or internal regulations or 2) a public relations failure on the part of the Group resulting in such an incident as inappropriate information disclosure.

(10) Corporate Ethics and Compliance

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

(11) Information Management

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

(12) 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 business performance and financial condition.

(13) Acquisition of TEPCO Share by the Fund

On July 31, 2012, TEPCO issued Preferred Stocks (Class A Preferred Stocks and Class B Preferred Stocks; collectively, the "Preferred Stocks") by third-party allotment, with the Fund as allottee. Class A Preferred Stocks entail voting rights at the General Meeting of Shareholders as well as put options with Class B Preferred Stocks and Common Shares as consideration. Class B Preferred Stocks also entail

put options with Class A Preferred Stocks and Common Shares as consideration, although holders are not granted voting rights unless otherwise provided for in laws and regulations.

Due to the aforementioned acquisition of stocks, the Fund holds a majority of the total voting rights of the company. Consequently, the Fund's exercise of its voting rights at the shareholder's meeting, etc. might affect the Company's business operations going forward. In addition, further dilution of the Company's existing shares is possible if 1) put options on Class B Preferred Stocks are executed by the Fund to acquire Class A Preferred Stocks and/or 2) put options on the Preferred Stocks are executed by the Fund to acquire Common Shares. In particular, should the Fund execute the latter put options as stated in 2) above, such dilutions might result in a decline in the Company's share price. The share price could also be affected if the Fund were to sell Common Shares on the secondary market. Depending on the circumstances of the stock market at the time of such sale, the impact of the sale on the Company's share price might be significant.

Consolidated Balance Sheet

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2013

ASSETS	Millions of yen		Millions of U.S. dollars (Note 2)
	March 31, 2013	2012	March 31, 2013
Property, plant and equipment.....	¥ 30,239,322	¥ 30,166,017	\$ 321,661
Construction in progress	994,481	943,917	10,578
	31,233,803	31,109,935	332,239
Less:			
Contributions in aid of construction.....	(375,711)	(375,571)	(3,997)
Accumulated depreciation	(22,255,125)	(21,998,576)	(236,731)
	(22,630,836)	(22,374,148)	(240,728)
Property, plant and equipment, net (Notes 4, 8, 9 and 18).....	8,602,967	8,735,787	91,511
Nuclear fuel (Note 10):			
Loaded nuclear fuel.....	141,809	131,555	1,508
Nuclear fuel in processing.....	665,494	713,841	7,079
	807,303	845,397	8,587
Investments and other:			
Long-term investments (Notes 5, 9 and 31).....	151,598	160,792	1,613
Trust funds for reprocessing of irradiated nuclear fuel (Note 31).....	1,070,846	1,125,997	11,391
Grants-in-aid receivable from Nuclear Damage Liability Facilitation Fund (Notes 23 and 31).....	891,779	1,762,671	9,486
Other (Note 17).....	723,615	619,576	7,697
	2,837,839	3,669,037	30,187
Current assets (Note 9):			
Cash (Notes 6 and 31).....	1,754,977	1,287,418	18,668
Notes and accounts receivable—customers (Note 31).....	475,752	432,925	5,061
Inventories (Note 9).....	227,672	189,527	2,422
Other (Notes 6 and 17).....	286,097	379,598	3,043
	2,744,500	2,289,470	29,194
Less:			
Allowance for doubtful accounts	(3,480)	(3,236)	(37)
	2,741,020	2,286,234	29,157
Total assets.....	¥ 14,989,130	¥ 15,536,456	\$ 159,442

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen		Millions of U.S. dollars (Note 2)
	March 31, 2013	2012	March 31, 2013
Long-term liabilities and reserves:			
Long-term debt (Notes 7, 9 and 31).....	¥ 6,793,017	¥ 6,953,575	\$ 72,258
Other long-term liabilities (Note 17)	123,350	129,881	1,314
Reserve for reprocessing of irradiated nuclear fuel (Note 10)	1,169,392	1,221,238	12,439
Accrued employees' retirement benefits (Note 16)	424,198	432,562	4,512
Reserve for loss on disaster (Note 12).....	702,000	787,507	7,467
Reserve for nuclear damage compensation (Note 13)	1,765,716	2,063,398	18,782
Asset retirement obligations (Notes 11 and 18)	826,577	803,299	8,792
	11,804,252	12,391,463	125,564
Current liabilities:			
Current portion of long-term debt (Notes 7, 9 and 31)	1,120,561	925,188	11,920
Short-term loans (Notes 7 and 31).....	11,240	441,765	120
Trade notes and accounts payable (Note 31).....	334,998	317,479	3,563
Accrued income taxes and other	87,748	65,140	933
Other (Notes 9, 17 and 31)	487,736	569,389	5,188
	2,042,284	2,318,963	21,724
Reserves under special laws:			
Reserve for fluctuation in water levels (Note 14).....	—	9,865	—
Reserve for preparation of the depreciation of nuclear power construction (Note 15)	4,780	3,687	51
	4,780	13,552	51
Total liabilities	13,851,317	14,723,979	147,339
Net assets:			
Shareholders' equity (Note 19):			
Common stock, without par value:			
Authorized — 35,000,000,000 shares in 2013 and 1,800,000,000 shares in 2012			
Issued — 1,607,017,531 shares in 2013 and 2012	900,975	900,975	9,584
Preferred stock:			
Authorized — 5,500,000,000 shares in 2013			
Issued — 1,940,000,000 shares in 2013	500,000	—	5,318
Capital surplus	743,621	243,631	7,910
Retained earnings	(972,773)	(287,497)	(10,348)
Treasury stock, at cost:			
4,538,689 shares in 2013 and 4,533,194 shares in 2012	(8,356)	(8,372)	(88)
Total shareholders' equity	1,163,467	848,736	12,376
Accumulated other comprehensive income:			
Net unrealized holding gain on available-for-sale securities	2,452	1,288	26
Net deferred loss on hedges	(18,261)	(16,794)	(194)
Land revaluation loss	(3,254)	(3,236)	(35)
Translation adjustments	(27,699)	(42,816)	(295)
Total accumulated other comprehensive income	(46,762)	(61,558)	(498)
Minority interests	21,107	25,299	225
Total net assets	1,137,812	812,476	12,103
Total liabilities and net assets	¥14,989,130	¥15,536,456	\$159,442

Consolidated Statement of Operations

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2013

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2013	2012	Year ended March 31, 2013
Operating revenues:			
Electricity	¥5,660,091	¥ 4,995,626	\$ 60,207
Other	316,147	353,819	3,363
	5,976,239	5,349,445	63,570
Operating expenses (Notes 20, 21 and 22):			
Electricity	5,914,996	5,309,162	62,919
Other	283,231	312,797	3,013
	6,198,227	5,621,959	65,932
Operating loss	(221,988)	(272,513)	(2,362)
Other (income) expenses:			
Interest and dividend income	(24,129)	(29,233)	(257)
Interest expense	120,041	129,915	1,277
Grants-in-aid from Nuclear Damage Liability Facilitation Fund (Note 23) ..	(696,808)	(2,426,271)	(7,412)
Compensation for nuclear damages (Note 23)	1,161,970	2,524,930	12,360
Loss on disaster (Note 25)	40,231	297,802	428
Equity in earnings of affiliates	(12,662)	—	(135)
Equity in losses of affiliates	—	6,476	—
Gain on sales of noncurrent assets (Note 24)	(115,210)	(41,609)	(1,226)
Gain on sales of securities	(3,671)	(28,841)	(39)
Loss on sales of securities	—	40,421	—
Gain on sales of subsidiaries and affiliates' stocks	(24,649)	(20,169)	(262)
Loss on sales of subsidiaries and affiliates' stocks	—	4,710	—
Gain on revision of retirement benefit plan	(73,633)	—	(783)
Loss on change on nuclear fuel processing contract (Note 26)	15,582	—	166
Impairment loss (Note 27)	12,115	—	129
Loss on sales of noncurrent assets (Note 24)	18,911	—	201
Other, net	21,717	20,733	231
	439,805	478,864	4,678
Loss before special items, income taxes and minority interests	(661,793)	(751,378)	(7,040)
Special items:			
(Reversal of) provision for reserve for fluctuation in water levels (Note 14)	(9,865)	980	(105)
Provision for reserve for preparation of the depreciation of nuclear power construction (Note 15)	1,093	1,402	11
	(8,772)	2,383	(94)
Loss before income taxes and minority interests	(653,022)	(753,761)	(6,946)
Income taxes (Note 17):			
Current	26,309	19,080	280
Deferred	2,371	3,759	25
	28,681	22,839	305
Net loss before minority interests	(681,703)	(776,601)	(7,251)
Minority interests	3,589	5,040	39
Net loss	¥ (685,292)	¥ (781,641)	\$ (7,290)
Per share information:			
	Yen		U.S. dollars (Note 2)
Net assets (basic)	¥ 72.83	¥ 491.22	\$ 0.77
Net loss (basic)	(427.64)	(487.76)	(4.55)
Cash dividends	—	—	—

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2013

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2013	2012	Year ended March 31, 2013
Net loss before minority interests	¥(681,703)	¥(776,601)	\$(7,251)
Other comprehensive income (Note 28)			
Net unrealized holding (losses) gains on available-for-sale securities.....	(1,520)	20,341	(16)
Net deferred gains (losses) on hedges.....	40	(181)	0
Translation adjustments	9,083	(3,660)	96
Share of other comprehensive income of affiliates accounted for under the equity method.....	8,537	(7,066)	91
Total other comprehensive income.....	16,141	9,432	171
Comprehensive income (loss)	¥(665,561)	¥(767,168)	\$(7,080)
Total comprehensive income (loss) attributable to:			
Owners of the parent	¥(670,479)	¥(770,917)	\$(7,132)
Minority interests.....	4,917	3,748	52

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, 2013

	Year ended March 31, 2013													
	Millions of yen													
	Shareholders' equity						Accumulated other comprehensive income							
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain 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, 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
Issuance of preferred stock	—	500,000	500,000	—	—	1,000,000	—	—	—	—	—	—	—	1,000,000
Net loss	—	—	—	(685,292)	—	(685,292)	—	—	—	—	—	—	—	(685,292)
Purchases of treasury stock	—	—	—	—	(5)	(5)	—	—	—	—	—	—	—	(5)
Sales of treasury stock	—	—	(9)	—	9	0	—	—	—	—	—	—	—	0
Reversal of land revaluation gains...	—	—	—	16	—	16	—	—	—	—	—	—	—	16
Other	—	—	—	—	11	11	—	—	—	—	—	—	—	11
Net changes in items other than shareholders' equity	—	—	—	—	—	—	1,164	(1,467)	(18)	15,117	14,795	—	(4,191)	10,604
Total changes	—	500,000	499,990	(685,275)	16	314,730	1,164	(1,467)	(18)	15,117	14,795	—	(4,191)	325,335
Balance at March 31, 2013	¥900,975	¥500,000	¥743,621	¥(972,773)	¥(8,356)	¥1,163,467	¥2,452	¥(18,261)	¥(3,254)	¥(27,699)	¥(46,762)	¥—	¥21,107	¥1,137,812

	Year ended March 31, 2012													
	Millions of yen													
	Shareholders' equity						Accumulated other comprehensive income							
	Common stock	Preferred 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 gains...	—	—	—	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, 2013													
	Millions of U.S. dollars (Note 2)													
	Shareholders' equity						Accumulated other comprehensive income							
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain 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, 2012	\$ 9,584	\$ —	\$2,590	\$ (3,058)	\$ (88)	\$ 9,028	\$14	\$ (178)	\$ (35)	\$ (456)	\$ (655)	\$—	\$269	\$ 8,642
Issuance of preferred stock	—	5,318	5,320	0	0	10,638	0	0	0	0	0	—	0	10,638
Net loss	—	—	—	(7,290)	—	(7,290)	—	—	—	—	—	—	—	(7,290)
Purchases of treasury stock	—	—	—	—	0	0	—	—	—	—	—	—	—	0
Sales of treasury stock	—	—	0	—	0	0	—	—	—	—	—	—	—	0
Reversal of land revaluation gains...	—	—	—	0	—	0	—	—	—	—	—	—	—	0
Other	—	—	—	—	0	0	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	12	(16)	0	161	157	—	(44)	113
Total changes	—	5,318	5,320	(7,290)	0	3,348	12	(16)	0	161	157	—	(44)	3,461
Balance at March 31, 2013	\$9,584	\$5,318	\$7,910	\$ (10,348)	\$ (88)	\$12,376	\$26	\$ (194)	\$ (35)	\$ (295)	\$ (498)	\$—	\$225	\$12,103

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2013

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2013	2012	Year ended March 31, 2013
Cash flows from operating activities			
Loss before income taxes and minority interests	¥ (653,022)	¥ (753,761)	\$ (6,946)
Depreciation and amortization	621,080	686,555	6,607
Loss on contractual arrangements to nuclear fuel fabrication	15,582	—	166
Impairment loss	12,115	—	129
Decommissioning costs of nuclear power units	7,103	6,911	76
Loss on nuclear fuel	—	12,314	—
Loss on disposal of property, plant and equipment	25,025	33,721	266
(Reversal of) provision for accrued employees' retirement benefits ...	(7,275)	95	(77)
Reversal of reprocessing irradiated nuclear fuel provision	(51,846)	(26,711)	(552)
Reserve for loss on disaster	28,500	285,128	303
Interest and dividend income	(24,129)	(29,233)	(257)
Interest expense	120,041	129,915	1,277
Equity in (earnings) losses of affiliates	(12,662)	6,476	(135)
Grants-in-aid from Nuclear Damage Liability Facilitation Fund	(696,808)	(2,426,271)	(7,412)
Compensation for nuclear damages	1,161,970	2,524,930	12,360
Gain on sales of noncurrent assets	(115,210)	(41,609)	(1,226)
Loss on sales of noncurrent assets	18,911	—	201
Gain on sales of securities	(3,671)	(28,841)	(39)
Loss on sales of securities	—	40,421	—
Gain on sales of subsidiaries and affiliates' stocks	(24,649)	(20,169)	(262)
Loss on sales of subsidiaries and affiliates' stocks	—	4,710	—
Decrease (increase) in trust funds for reprocessing of irradiated nuclear fuel...	55,150	(143,300)	587
Increase in notes and accounts receivable	(46,083)	(74,580)	(490)
Increase in notes and accounts payable	33,136	91,745	352
Other	(27,205)	(140,463)	(290)
	436,054	137,983	4,638
Interest and cash dividends received	25,980	20,761	276
Interest paid	(122,381)	(128,658)	(1,302)
Payments for loss on disaster due to the Tohoku-Chihou-Taiheiyou-Oki Earthquake ..	(162,952)	(234,525)	(1,733)
Receipts of Grants-in-aid from Nuclear Damage Liability Facilitation Fund	1,567,700	663,600	16,676
Compensation received under the Contract for Indemnification of Nuclear Damage Compensation	—	120,000	—
Payments for nuclear damage compensation	(1,476,381)	(566,264)	(15,704)
Income taxes paid	(7,123)	(15,788)	(76)
Net cash provided by (used in) operating activities	260,895	(2,891)	2,775
Cash flows from investing activities			
Purchases of property, plant and equipment	(656,861)	(730,326)	(6,987)
Proceeds from sales of noncurrent assets	160,801	54,481	1,710
Contributions in aid of construction received	5,801	11,968	62
Increase in long-term investments	(100,292)	(23,973)	(1,067)
Proceeds from long-term investments	114,525	352,595	1,218
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation (Note 6)	41,468	5,207	441
Payments into time deposits	(656,626)	(58,770)	(6,985)
Proceeds from withdrawal of time deposits	452,393	63,644	4,812
Other (Note 6)	2,091	(9,929)	23
Net cash used in investing activities	(636,698)	(335,101)	(6,773)
Cash flows from financing activities			
Proceeds from issuance of bonds	728,346	—	7,748
Redemptions of bonds	(750,210)	(548,971)	(7,980)
Proceeds from long-term loans	265,550	126,066	2,825
Repayments of long-term loans	(175,889)	(218,302)	(1,871)
Proceeds from short-term loans	767,792	989,304	8,167
Repayments of short-term loans	(1,198,532)	(952,618)	(12,749)
Proceeds from issuance of preferred stock, net of stock issuance cost...	997,449	—	10,610
Other	(1,923)	(10,213)	(21)
Net cash provided by (used in) by financing activities	632,583	(614,734)	6,729
Effect of exchange rate changes on cash and cash equivalents ...	3,906	371	42
Net increase (decrease) in cash and cash equivalents	260,687	(952,355)	2,773
Cash and cash equivalents at beginning of the year	1,253,877	2,206,233	13,338
Cash and cash equivalents at end of the year (Note 6)	¥ 1,514,564	¥ 1,253,877	\$ 16,111

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2013

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.

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 using equity method of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

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

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 rights-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 the transmission lines. Other easements are depreciated over their average remaining useful lives.

Pursuant to the tax reform, the Company changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 to the depreciation method provided by the amended Corporate Income Tax Act from the fiscal year ended March 31, 2013.

The effect of this change is immaterial.

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

(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 an allowance for doubtful accounts based on the historical ratio of actual credit

losses to total receivables and the amount of uncollectible receivables estimated on an individual basis.

(h) 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 gains or losses and unrecognized prior service costs.

Actuarial gains or losses are mainly amortized by the straight-line method over a period of three years.

(i) Decommissioning Costs of Nuclear Power Units

The Company applies paragraph 8 of ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations" (issued on March 31, 2008) to the decommissioning measures for specified nuclear power plants stipulated by the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (effective on June 10, 1957; Act No. 166 of 1957) and records the decommissioning costs of nuclear power units by allocating the total estimated decommissioning costs of nuclear power units in accordance with the "Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of Ministry of Economy, Trade and Industry) over the expected operational period. 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 assets and liabilities of overseas consolidated subsidiaries, except for the components of net assets, are translated into yen at the rates of exchange in effect at the respective balance sheet date. Certain components of equity (net assets) are translated at their historical exchange rates. Translation differences arising from the translation of the financial statements of overseas consolidated subsidiaries are presented as translation adjustments in net assets.

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

(l) Derivatives and Hedging Activities

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

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

(m) Cash Equivalents

The Company considers all highly liquid investments with insignificant risks of changes in value, which have a maturity of three months or less when purchased, to be cash equivalents.

(n) Amounts per Share

Basic net loss per share is computed based on net loss attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Net assets per share is computed based on net assets attributable to shareholders of common stock at the balance sheet date and the number of shares of common stock outstanding at the balance sheet date.

2

U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥94.01 = US\$1.00, the approximate rate of exchange in effect on March 29, 2013, 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

New Accounting Standard not yet adopted

Accounting Standard for Retirement Benefits

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, other related practical guidance, and the various partial amendments issued from time to time through 2009. Under the revised accounting standard, taking into the accounts the viewpoints of improvement of financial reporting and international trends, accounting treatment for actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss, the calculation method for retirement benefit obligations and service costs and expansion of the related disclosure requirements have been revised.

The Company has not decided when to adopt the revised accounting standard and is currently in the process of measuring the effects of applying the revised accounting standard.

4

Property, Plant and Equipment, Net

The major classifications of property, plant and equipment, net at March 31, 2013 and 2012 were as follows:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Hydroelectric power production facilities	¥ 631,071	¥ 645,543	\$ 6,713
Thermal power production facilities.....	846,988	850,157	9,010
Nuclear power production facilities.....	745,537	726,295	7,930
Transmission facilities.....	1,946,158	2,009,555	20,702
Transformation facilities.....	764,362	787,380	8,131
Distribution facilities	2,099,594	2,124,511	22,334
General facilities	134,362	142,697	1,429
Other electricity-related property, plant and equipment ...	152,287	89,431	1,620
Other property, plant and equipment.....	288,123	416,642	3,064
Construction in progress	994,481	943,572	10,578
	¥8,602,967	¥8,735,787	\$91,511

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

5

Investment Securities

At March 31, 2013 and 2012, available-for-sale securities for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2013			2012			2013		
	Carrying amount	Acquisition costs	Unrealized holding gains (losses)	Carrying amount	Acquisition costs	Unrealized holding gains (losses)	Carrying amount	Acquisition costs	Unrealized holding gains (losses)
Unrealized holding gains:									
Stocks, bonds and other ..	¥ 164	¥ 152	¥ 12	¥ 860	¥ 419	¥ 441	\$ 2	\$ 2	\$ 0
Unrealized holding losses:									
Stocks, bonds and other ..	4,322	5,954	(1,631)	6,075	6,567	(492)	46	63	(17)
Total	¥4,486	¥6,106	¥(1,619)	¥6,936	¥6,986	¥ (50)	\$48	\$65	\$(17)

Proceeds from sales of available-for-sale securities and related realized gains or losses for the years ended March 31, 2013 and 2012 were as follows:

Year ended March 31, 2013	Millions of yen		
	Sales proceeds	Realized gains	Realized losses
Stocks.....	¥5,436	¥3,671	¥100
Bonds.....	—	—	—
Other.....	48	0	23
Total.....	¥5,484	¥3,671	¥124

Year ended March 31, 2012	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

Year ended March 31, 2013	Millions of U.S. dollars		
	Sales proceeds	Realized gains	Realized losses
Stocks.....	\$57	\$39	\$1
Bonds.....	—	—	—
Other.....	1	0	0
Total.....	\$58	\$39	\$1

6

Supplemental Cash Flow Information

A reconciliation of the difference between cash stated in the consolidated balance sheets as of March 31, 2013 and 2012 and cash and cash equivalents for the purpose of the statement of cash flows for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Cash.....	¥1,754,977	¥1,287,418	\$18,668
Time deposits with maturities of more than three months...	(240,413)	(33,540)	(2,557)
Cash and cash equivalents.....	¥1,514,564	¥1,253,877	\$16,111

Major components of assets and liabilities of the subsidiaries which were disposed of are as follows:

For the year ended March 31, 2013

Investments in 10 consolidated subsidiaries including AT TOKYO Corporation were sold and, consequently, deconsolidated during the year ended March 31, 2013. The following table presents assets and liabilities at the date of sales and the sales proceeds and net cash inflow:

	Millions of yen	Millions of U.S. dollars
Non-current assets.....	¥ 83,556	\$ 888
Current assets.....	20,206	215
Non-current liabilities.....	(28,694)	(305)
Current liabilities.....	(24,298)	(258)
Minority interests.....	(6,718)	(71)
The Company's interest after sales of shares.....	(14,941)	(159)
Gain on sales of shares.....	22,513	239
Proceeds from sales of shares.....	51,623	549
Cash and cash equivalents of consolidated subsidiaries sold.....	(10,699)	(114)
Net cash inflow from sales.....	¥ 40,923	\$ 435
Cash inflow from sales.....	¥ 41,468	\$ 441
Cash outflow from sales.....	(544)	(6)

For the year ended March 31, 2012

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
Non-current assets	¥104,883
Current assets.....	37,379
Non-current liabilities	(81,526)
Current liabilities.....	(16,586)
Accumulated other comprehensive income.....	5,521
Minority interests.....	(14,538)
The Company's interest after sales of shares.....	(21,878)
Gain on sales of shares	10,137
Proceeds from sales of shares	23,392
Cash and cash equivalents of consolidated subsidiaries sold	(24,306)
Net cash outflow from sales	¥ (914)
Cash inflow from sales.....	¥ 5,207
Cash outflow from sales	(6,121)

7

Short-Term Loans and Long-Term Debt

Short-term loans are unsecured. The weighted-average interest rates of short-term loans were approximately 1.12% and 0.652% for the years ended March 31, 2013 and 2012, respectively.

At March 31, 2013 and 2012, short-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Loans from banks and other sources.....	¥11,240	¥441,765	\$120

The annual interest rates applicable to the Company's domestic straight bonds at March 31, 2013 and 2012 ranged from 0.643% to 5.05% and those applicable to the Company's foreign straight bonds at March 31, 2013 and 2012 ranged from 2.125% to 4.5%. The interest rates applicable to long-term debt (except for the current portion) at March 31, 2013 and 2012 averaged approximately 1.013% and 1.027%, respectively.

At March 31, 2013 and 2012, long-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Domestic straight bonds due from 2012 through 2040	¥ 4,244,425	¥4,266,130	\$ 45,149
Foreign straight bonds due from 2014 through 2017	159,438	159,444	1,696
Loans from banks, insurance companies and other sources.....	3,509,715	3,453,188	37,333
	7,913,578	7,878,763	84,178
Less: Current portion.....	(1,120,561)	(925,188)	(11,920)
	¥ 6,793,017	¥6,953,575	\$ 72,258

Financial covenants on the financial position and operating results of the Company and its Group are attached to corporate bonds of ¥676,411 million (US\$7,195 million), long-term debt of ¥21,764 million (US\$232 million) and the current portion of long-term debt of ¥199,994 million (US\$2,127 million) of the Company as of March 31, 2013.

8

Leases

(a) As Lessee:

Future minimum lease payments subsequent to March 31, 2013 for operating leases are summarized as follows:

Years ended March 31	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Within one year	¥3,934	¥5,773	\$42
Later than one year.....	4,274	2,895	45
Total	¥8,209	¥8,669	\$87

(b) As Lessor:

Future minimum lease income subsequent to March 31, 2013 for operating leases is summarized as follows:

Years ended March 31	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Within one year	¥ 506	¥ 832	\$ 5
Later than one year.....	843	1,617	9
Total	¥1,350	¥2,449	\$14

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 ¥611,269 million (US\$6,502 million) and ¥417,543 million, and for bonds that amounted to ¥4,473,643 million (US\$47,587 million) and ¥4,495,134 million at March 31, 2013 and 2012, respectively.

Pursuant to the Nuclear Damage Compensation Act (June 17, 1961; Act No. 147 of 1961), the Company has made a deposit of ¥120,000 million (US\$1,276 million) as a measure of compensation for damages to be paid as the 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 ¥17,640 million (US\$188 million) at March 31, 2013 and long-term debt of ¥21,351 million at March 31, 2012 were as follows:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Property, plant and equipment, net:			
Other	¥20,808	¥24,551	\$221
Cash	10,393	11,106	111
Inventories.....	405	405	4
	¥31,606	¥36,063	\$336

Long-term investments totaling ¥57,310 million (US\$610 million) were pledged as collateral for long-term loans from financial institutions to investees of certain consolidated subsidiaries as of March 31, 2013.

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

10

**Reserve for
Reprocessing of
Irradiated Nuclear Fuel**

The reserve is stated at the present value of the costs that are estimated to be incurred in reprocessing irradiated nuclear fuel generated in proportion to the corresponding combustion of nuclear fuel. Discount rates of 1.6% and 4.0% have been used for the reserve for reprocessing irradiated nuclear fuel both with and without a definite reprocessing plan at March 31, 2013 and 2012, respectively. The reserve includes estimated processing costs for loaded nuclear fuels of Fukushima Daiichi Nuclear Power Station Units 1 through 4 damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake.

In the year ended March 31, 2006, the accounting standards that Japanese electric utility companies used to provide 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\$325 million).

Also, under the accounting rules applicable to electric utility companies in Japan, unrecognized actuarial losses of ¥134,850 million (US\$1,434 million) and ¥99,152 million at March 31, 2013 and 2012, respectively, is charged to income as an operating expense. These expenses are charged to income from the following fiscal year throughout the period in which irradiated nuclear fuel with a definite reprocessing plan is produced.

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 may be different 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 a reserve for loss on disaster for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake.

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

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

Responding to “Step 2 Completion Report-Roadmap towards Settlement of the Accident at Fukushima Daiichi Nuclear Power Station, TEPCO” (December 16, 2011) prepared by Government-TEPCO Integrated Response Office established by the Nuclear Emergency Response Headquarters of the Government, “Mid-and-long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power 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 Nuclear Emergency Response Headquarters of the Government (revised on July 30, 2012). Regarding expenses and/or losses related to Mid-and-long Term Roadmap, the Company records estimated amounts based on specific target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way.

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

b. Expenses for disposal of nuclear fuels in processing within expenses and/or losses for scrapping of 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 guideline for “Reserve for reprocessing of irradiated nuclear fuel”.

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

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 the Kashiwazaki-Kariwa Nuclear Power Station damaged by the Niigataken-Chuetsu-Oki Earthquake.

d. 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, 2013 and 2012.

(Additional information)

Reserve for loss on disaster at March 31, 2013 and 2012 consists of the following:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Loss on the Niigataken Chuetsu-Oki Earthquake	¥ 26,384	¥ 37,208	\$ 281
Loss on the Tohoku-Chihou-Taiheiyou-Oki Earthquake:	675,616	750,299	7,186
a. Expenses and/or losses for settlement of the Accident and the Decommissioning of Fukushima Daiichi Nuclear Power Station	482,879	512,343	5,136
b. Expenses for disposal of nuclear fuels in processing among expenses and/or losses for scrapping Fukushima Daiichi Nuclear Power Station Units 1 through 4.....	4,837	4,651	51
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	173,659	188,634	1,847
d. Expenses and/or losses for restoring damaged thermal power plants	9,798	17,774	104
e. Other	4,440	26,895	48
Total	¥702,000	¥787,507	\$7,467

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

Before nuclear power plants can be scrapped, nuclear fuels in the reactors must be removed, but the concrete working conditions will be decided after the 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

For the year ended March 31, 2013

In order to provide for compensation payments for nuclear damages concerning the accident of Fukushima Daiichi Nuclear Power station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company records estimated amounts at March 31, 2013.

At the Committee for Adjustment of Compensation for Nuclear Damages Disputes, 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") on August 5, 2011, the supplement of the "Interim Guidelines" on December 6, 2011,

the second supplement of the “Interim Guidelines” on March 16, 2012 and the third supplement of the “Interim Guidelines” on January 30, 2013 were determined. Further, on July 20, 2012, as a government policy, “Concept of the Compensation Criteria after the Review of Evacuation Zones” was published. To implement prompt and appropriate compensation payouts, the Company has prepared the criteria for compensation by damages shown in the interim guidelines, taking into consideration these guidelines. In addition, on December 26, 2011, Nuclear Emergency Response Headquarters 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 has recorded 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 the psychological affect on evacuees, damages caused by voluntary evacuations, opportunity losses on salaries of workers living in and/or working in evacuation zones, damages due to the Governmental restrictions on shipments of agricultural, forestry and fishery products, opportunity losses due to reputation damage, etc. and losses and/or damages on tangible assets, which were estimated using actual compensation claims and objective statistical data, in addition to the aforementioned guidelines, etc. The Company records the estimated amount as far as reasonable estimation is possible based on the actual compensation claim amounts and objective statistical data at this moment, although the estimated compensation amounts might vary depending on accuracy of reference data and agreements with the victims in the future.

For the year ended March 31, 2012

In order to provide for compensation payments for nuclear damages concerning the accident of Fukushima Daiichi Nuclear Power station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company records estimated amounts at March 31, 2012.

To implement 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 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, Nuclear Emergency Response Headquarters 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 the psychological affect on evacuees, damages caused by voluntary evacuations, opportunity losses on salaries of workers living in and/or working in evacuation zones, damages due to the Governmental restrictions on shipments 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 accuracy of reference data and agreements with the victims in the future.

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, 2013 and 2012 for the Companies' defined benefit plans:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Projected benefit obligations	¥(858,902)	¥(1,003,594)	\$ (9,136)
Plan assets at fair value (Note 2 below).....	547,528	582,550	5,824
Accrued employees' retirement benefits	424,198	432,562	4,512
Prepaid pension expense	(94,239)	(14,503)	(1,002)
Unrecognized actuarial gain or loss (Notes 3 below).....	¥ 18,584	¥ (2,985)	\$ 198

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 ¥402 million (US\$4 million) and ¥606 million at March 31, 2013 and 2012, respectively.

The components of retirement benefit expenses and other for the years ended March 31, 2013 and 2012 are outlined as follows:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Service cost (Notes 1 and 2 below).....	¥ 29,494	¥ 30,384	\$ 314
Interest cost.....	19,518	19,889	208
Expected return on plan assets	(13,980)	(14,480)	(149)
Amortization of unrecognized actuarial gain or loss	(6,997)	(9,016)	(75)
Amortization of past service costs	(73,836)	(926)	(785)
Other (Note 3 below)	10,454	6,935	111
Retirement benefit expenses.....	¥(35,346)	¥ 32,785	\$ (376)

Notes:

1. Service costs include retirement benefit expenses related to the plans adopting the short-cut method.
2. Employees' portions of contributions to welfare pension funds are deducted.
3. 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:

	2013	2012
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, 2013 and 2012 were as follows:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Reserve for nuclear damage compensation	¥ 566,274	¥ 680,442	\$ 6,024
Reserve for loss on disaster	216,185	242,548	2,300
Tax loss carry forwards	177,009	129,991	1,883
Asset retirement obligations	158,846	129,590	1,690
Accrued employees' retirement benefits	132,845	135,758	1,413
Other	324,062	303,929	3,446
	1,575,223	1,622,260	16,756
Valuation allowance	(1,177,443)	(959,132)	(12,525)
Total deferred tax assets	397,779	663,128	4,231
Deferred tax liabilities:			
Grants-in-aid receivable from Nuclear Damage Liability Facilitation Fund	(297,229)	(587,498)	(3,162)
Other	(92,266)	(64,751)	(981)
Total deferred tax liabilities	(389,496)	(652,249)	(4,143)
Net deferred tax assets	¥ 8,283	¥ 10,878	\$ 88

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
	2013	2012	2013
Investments and other-other	¥13,455	¥16,547	\$143
Current assets-other	2,251	3,067	24
Other long-term liabilities	(7,379)	(8,736)	(79)
Current liabilities-other	(43)	—	(0)

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, 2013 and 2012 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 of specified nuclear power plant facilities as prescribed in the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (effective on June 10, 1957; Law No. 166 of 1957). The corresponding removal costs are accounted for in accordance with the paragraph 8 of ASBJ Guidance No. 21 and total estimated amounts of decom-

missioning costs of nuclear power units will be charged to income over the estimated operating periods of the power generating facilities, based on 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 for each specified nuclear power unit as the expected terms until expenditure and applies a discount rate of 2.3%.

The changes in asset retirement obligations for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Balance at beginning of year.....	¥803,421	¥791,958	\$8,546
Net changes during the year.....	23,639	11,462	252
Balance at end of year.....	¥827,061	¥803,421	\$8,798

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 capital reserve) and retained earnings (other than legal reserve) be transferred to the capital reserve or the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of common stock. The capital reserve amounted to ¥743,555 million (US\$7,909 million) and ¥243,555 million at March 31, 2013 and 2012, respectively, and the legal reserve amounted to ¥169,108 million (US\$1,799 million) at March 31, 2013 and 2012. 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.

The changes in the number of outstanding shares and treasury stock during the years ended March 31, 2013 and 2012 were as follows:

	Number of shares (in thousands)			
	April 1, 2012	Increase	Decrease	March 31, 2013
Outstanding shares issued:				
Common stock	1,607,017	—	—	1,607,017
Preferred stock—Class A.....	—	1,600,000	—	1,600,000
Preferred stock—Class B	—	340,000	—	340,000
Total	1,607,017	1,940,000	—	3,547,017
Treasury stock:				
Common stock	4,533	34	29	4,538

Notes:

1. An increase in preferred stock-Class A of 1,600,000 thousand shares is due to allocation of new shares to a third party.
2. An increase in preferred stock-Class B of 340,000 thousand shares is due to allocation of new shares to a third party.
3. An increase in common stock of treasury stock of 34 thousand shares is due to purchases of shares less than one unit and a decrease of 29 thousand shares is due to a change in treasury stock attributable to the Company following a decrease in ownership in affiliates accounted for by the equity method.

	Number of shares (in thousands)			
	April 1, 2011	Increase	Decrease	March 31, 2012
Outstanding shares issued:				
Common stock	1,607,017	—	—	1,607,017
Treasury stock:				
Common stock	4,478	65	10	4,533

An increase in common stock of treasury stock of 65 thousand shares is due to purchases of shares less than one unit and a decrease of 10 thousand shares is due to purchase requests of shares less than one unit.

20

Research and Development Costs

Research and development costs included in operating expenses for the years ended March 31, 2013 and 2012 totaled ¥20,642 million (US\$220 million) and ¥24,789 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, 2013 and 2012 were as follows:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Salaries and allowances	¥91,054	¥107,556	\$969
Provision for accrued employees' retirement benefits	22,934	21,102	244
Consignment expenses	75,941	78,520	808
Rent.....	40,371	42,384	429

22

Provisions for Reserves

Provisions for reserves charged to net income during the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Accrued employees' retirement benefits	¥ (46,591)	¥ 25,758	\$ (496)
Reserve for reprocessing irradiated nuclear fuel	51,730	80,016	550
Reserve for loss on disaster	40,352	308,751	429
Reserve for nuclear damage compensation.....	1,161,970	2,524,930	12,360

23

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

For the year ended March 31, 2013

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

At the Committee for Adjustment of Compensation for Nuclear Damage Disputes, the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, TEPCO" (hereinafter the "Interim Guidelines") on August 5, 2011, the supplement of the "Interim Guidelines" on December 6, 2011, the second supplement of the "Interim Guidelines" on March 16, 2012 and the third supplement of the "Interim Guidelines" on January 30, 2013 were determined and on July 20, 2012, as a government policy, "Concept of the Compensation Criteria after the Review of Evacuation Zones" was published. From the viewpoints of implementing prompt and appropriate compensation payouts, the Company has prepared criteria for compensation for damages shown in the interim guidelines, taking into consideration these guidelines. In addition, on December 26, 2011, Nuclear Emergency Response Headquarters 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 has recorded compensation for nuclear damages for the year ended March 31, 2013, amounting to ¥1,161,970 million (US\$12,360 million), which is the difference

between the estimated amount at March 31, 2012 and ¥3,686,900 million (US\$39,218 million) after deducting ¥120,000 million (US\$1,276 million) of receipt of compensation pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) from the estimated damage compensation amounting to ¥3,806,900 million (US\$40,495 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 due to reputation damage, etc. and losses and/or damages on tangible assets which were estimated based on the actual compensation claim amounts and objective statistical data, in addition to the aforementioned guidelines, etc.

The Company has recorded its estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the 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 on 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 ¥3,243,079 million (US\$34,497 million), which is the estimated amount of compensation as of December 27, 2012, based on the Clause 43, Article 1 of the Fund Act and recorded ¥696,808 million (US\$7,412 million) as grants-in-aid from the Fund, which is the difference between ¥3,123,079 million (US\$33,221 million) deducting ¥120,000 million (US\$1,276 million) of receipt of compensation from the above amount and ¥2,426,271 million (US\$25,809 million), which was determined to grant for financing the compensation on May 9, 2012.

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.

For the year ended March 31, 2012

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

From the viewpoints of implementing prompt and appropriate compensation payouts, the Company has prepared criteria for compensation for damages shown in "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini 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, Nuclear Emergency Response Headquarters 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 after deducting ¥120,000 million of receipt of compensation pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) from the estimated damage compensation amounting to ¥2,644,930 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 has recorded its estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the 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 on 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, which is the 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, which is less ¥120,000 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 and Loss 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
	2013	2012	2013
Land.....	¥112,352	¥39,337	\$1,195
Other.....	2,858	2,271	31
Total.....	¥115,210	¥41,609	\$1,226

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

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Land.....	¥ 4,518	¥—	\$ 48
Buildings.....	13,476	—	143
Other.....	917	—	10
Total.....	¥18,911	¥—	\$201

25

Loss on Disaster

For the year ended March 31, 2013

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

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 Nuclear Emergency Response Headquarters 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 Nuclear Emergency Response Headquarters of the Government (revised on July 30, 2012). 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.

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 Nuclear Emergency Response Headquarters 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 Nuclear Emergency Response Headquarters 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
a. Expenses and/or losses for settlement and decommissioning of Fukushima Daiichi Nuclear Power Station	¥287,111
b. Other	10,691
Total	¥297,802

26

Loss on change on nuclear fuel processing contract

With respect to contractual arrangements to Mixed Oxide (MOX) fuel, which is nuclear fuel consisting of plutonium blended with natural uranium and reprocessed uranium, the Company recorded a loss arising from alterations in contractual arrangements including partial cancellation since the Company decided to scrap MOX fuel which was stored in a state of processing based on the contract.

27

Impairment Loss on Property, Plant and Equipment

For the year ended March 31, 2013, the Company recognized ¥12,115 million (US\$129 million) of impairment losses on property, plant and equipment which consisted of the following:

		Millions of yen	Millions of U.S. dollars
Assets for business use	Machinery, equipment, etc.	¥ 2,424	\$ 26
Assets planned to be sold	Land, buildings, etc.	7,367	78
Idle assets, etc.	Construction in progress, etc.	2,322	25
Total		¥12,115	\$129

Fixed assets used for electric power business are recognized as an asset group, except for significant assets for which a decision to scrap has been made and for which no alternative investment is planned, because these assets generate cash flows as one unit from power generation through sales.

Other fixed assets used for other businesses are grouped in principle by business or by location.

Other fixed assets are grouped in principle by each individual asset.

The Company recorded impairment losses mainly by writing down the carrying amounts of assets planned to be sold to the recoverable amounts.

The Company recognizes impairment losses if the recoverable amounts are less than the carrying amounts. The recoverable amounts are mainly measured by the respective net selling value which is based on the estimated selling value.

28

Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Net unrealized holding loss on securities:			
Loss incurred during the year	¥ (1,204)	¥ (2,023)	\$ (13)
Reclassification adjustment to net income	(417)	21,795	(4)
Amount before tax effect	(1,622)	19,772	(17)
Tax effect	102	569	1
Net unrealized holding loss on securities	(1,520)	20,341	(16)
Net deferred loss on hedges:			
Loss incurred during the year	(82)	(904)	(1)
Reclassification adjustment to net income	123	456	1
Amount before tax effect	40	(448)	0
Tax effect	—	266	—
Net deferred loss on hedges	40	(181)	0
Translation adjustments:			
Loss incurred during the year	9,083	(5,301)	97
Reclassification adjustment to net income	—	1,641	—
Amount before tax effect	9,083	(3,660)	97
Tax effect	—	—	—
Translation adjustments	9,083	(3,660)	97
Share of other comprehensive income in associates accounted for using the equity method:			
Loss incurred during the year	4,290	(11,083)	46
Reclassification adjustment to net income	4,247	4,017	45
Share of other comprehensive income in associates accounted for using the equity method	8,537	(7,066)	91
Total other comprehensive income	¥16,141	¥ 9,432	\$172

29

Related Party Transactions

The Company issued preferred stock to be subscribed by Nuclear Damage Liability Facilitation Fund (the "Fund"), which is a major shareholder, who directly owns 50.1% ownership of the Company, of ¥1,000,000 million (US\$10,637 million). The Company also received grants-in-aid from the Fund of ¥1,114,500 million (US\$11,855 million) in the year ended March 31, 2013 and the Company recorded "Grants-in-aid receivable from Nuclear Damage Liability Facilitation Fund" under "Investments and Other" of ¥891,779 million (US\$9,486 million) at March 31, 2013.

The Company guaranteed loan and bonds of ¥208,422 million (US\$2,217 million) and ¥249,086 million of Japan Nuclear Fuel Limited, a major affiliate, at March 31, 2013 and 2012, respectively.

30

Contingent Liabilities

Contingent liabilities totaled ¥533,278 million (US\$5,673 million) and ¥585,673 million, of which ¥237,815 million (US\$2,530 million) and ¥278,838 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, 2013 and 2012, respectively.

In addition, ¥225,462 million (US\$2,398 million) and ¥236,834 million consisted of guarantees given in connection with housing loans made to employees of the Companies at March 31, 2013 and 2012, respectively.

The remaining ¥70,000 million (US\$745 million) and ¥70,000 million represent the debt assigned by the Company to certain banks under debt assumption agreements at March 31, 2013 and 2012, respectively.

Contingent Liabilities related to Nuclear Damage Compensation

At March 31, 2013

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). At the Committee for Adjustment of Compensation for Nuclear Damage Disputes, "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, TEPCO" (hereinafter the "Interim Guidelines") on August 5, 2011, the supplement of the "Interim Guidelines" on December 6, 2011, the second supplement of the "Interim Guidelines" on March 16, 2012 and the third supplement of the "Interim Guidelines" on January 30, 2013 were determined and on July 20, 2012, as a government policy, "Concept of the Compensation Criteria after the Review of Evacuation Zones" was published. From the viewpoints of implementing prompt and appropriate compensation payouts, the Company has prepared the criteria for compensation by damages, taking into consideration these guidelines. In addition, on December 26, 2011, Nuclear Emergency Response Headquarters 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 has recorded a reserve for nuclear damage compensation regarding the amounts possible to make reasonable estimates based on the actual compensation claim amounts and objective statistical data, in addition to the aforementioned guidelines, but does not record any reserve for indirect damages and losses and/or damages on tangible assets for which reasonable estimation is not possible using the interim guidelines and currently available data, etc.

Furthermore, treatment of wastes and decontamination measures have been proceeded under the national fiscal measures based on the "Act on Special Measures concerning the Handling of pollution by Radioactive Materials Released by the Accident of Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011). However, regarding the amounts to be billed or claimed to the Company for the costs required for treatment of wastes and decontamination, the Company has not recorded any reserve for the amount of compensation, except for certain agreed amounts, since reasonable estimation is not possible under the current circumstances that concrete measures are not identifiable.

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 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, Nuclear Emergency Response Headquarters 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-Taiheiyu-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.

31

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-Taiheiyu-Oki Earthquake, the Company's fund raising capability has been deteriorated. However, the Company tries to raise its fund to ensure its capital investments required for electric power business by borrowing from financial institutions, issuance of bonds, etc.

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 are funds 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 ¥891,779 million (US\$9,486 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-Taiheiyu-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 and bonds 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, 2013 and 2012, their fair value and unrealized loss are as shown below. Items for which fair value is not readily determinable are not included in the following table (see Note 2).

	Millions of yen		
	2013		
	Carrying amount ^{*1}	Fair value ^{*1}	Difference
(1) Investment securities ^{*2}	¥ 4,486	¥ 4,486	¥ —
(2) Trust funds for the reprocessing of irradiated nuclear fuel.....	1,070,846	1,070,846	—
(3) Cash	1,754,977	1,754,977	—
(4) Notes and accounts receivable-customers	475,752	475,752	—
(5) Bonds ^{*3}	(4,403,863)	(4,233,216)	170,647
(6) Long-term loans ^{*3}	(3,509,715)	(3,436,504)	73,210
(7) Short-term loans.....	(11,240)	(11,240)	—
(8) Trade notes and accounts payable.....	(334,998)	(334,998)	—
(9) Derivatives ^{*4}	(287)	(287)	—

	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 U.S. dollars		
	2013		
	Carrying amount ^{*1}	Fair value ^{*1}	Difference
(1) Investment securities ^{*2}	\$ 48	\$ 48	\$ —
(2) Trust funds for the reprocessing of irradiated nuclear fuel.....	11,391	11,391	—
(3) Cash.....	18,668	18,668	—
(4) Notes and accounts receivable-customers.....	5,061	5,061	—
(5) Bonds ^{*3}	(46,845)	(45,029)	1,815
(6) Long-term loans ^{*3}	(37,333)	(36,555)	779
(7) Short-term loans.....	(120)	(120)	—
(8) Trade notes and accounts payable.....	(3,563)	(3,563)	—
(9) Derivatives ^{*4}	(3)	(3)	—

*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 reprocessing irradiated nuclear fuel

Trust funds for reprocessing irradiated nuclear fuel are funds 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 produced 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, 2013 and 2012, 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

For the fair value of bonds issued by the Company with floating interest rates, those interest rates are updated to reflect the market interest rate within a short period of time. Since their fair value approximates their carrying value, the relevant fair value is determined as carrying value. For the fair value of bonds with fixed interest rates, the fair value is based on their market prices. The fair value of bonds 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.

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

(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
	2013	2012	2013
	Carrying amount	Carrying amount	Carrying amount
Unlisted securities.....	¥27,350	¥26,389	\$291
Other.....	9,252	5,419	98
Total.....	¥36,603	¥31,809	\$389

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, 2013 is as follows:

	Millions of yen			
	2013			
	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.....	¥ —	¥—	¥85	¥—
Corporate bonds.....	—	—	—	—
Other.....	—	—	—	—
Other.....	—	—	—	—
Trust funds for the reprocessing of irradiated nuclear fuel ¹	100,541	—	—	—
Cash ²	1,754,977	—	—	—
Notes and accounts receivable-customers.....	475,752	—	—	—
Total.....	¥2,331,271	¥—	¥85	¥—

	Millions of U.S. dollars			
	2013			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Investment securities:				
Available-for-sale securities with maturity				
Bonds				
Public bonds.....	\$ —	\$—	\$1	\$—
Corporate bonds.....	—	—	—	—
Other.....	—	—	—	—
Other.....	—	—	—	—
Trust funds for the reprocessing of irradiated nuclear fuel ¹	1,069	—	—	—
Cash ²	18,668	—	—	—
Notes and accounts receivable-customers.....	5,061	—	—	—
Total.....	\$24,798	\$—	\$1	\$—

*1. The Company does not disclose information on the portion of trust funds for reprocessing irradiated nuclear fuel that are due after one year or more (¥970,305 million (US\$10,321 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, 2013 is as follows:

Millions of yen						
2013						
	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	¥ 635,754	¥446,400	¥438,100	¥366,997	¥1,298,311	¥1,218,300
Long-term loans	484,806	489,576	319,858	429,548	228,991	1,556,932
Short-term loans.....	11,240	—	—	—	—	—
Total	¥1,131,801	¥935,976	¥757,958	¥796,546	¥1,527,302	¥2,775,232

Millions of U.S. dollars						
2013						
	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	\$ 6,763	\$4,748	\$4,660	\$3,904	\$13,810	\$12,960
Long-term loans	5,157	5,208	3,402	4,569	2,436	16,561
Short-term loans.....	120	—	—	—	—	—
Total	\$12,040	\$9,956	\$8,062	\$8,473	\$16,246	\$29,521

Derivatives for which hedge accounting is applied

(1) Currency-related

Millions of yen				
2013				
	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	¥ —	*1
Payable JPY/receivable CHF.....		25,050	25,050	*1
Total		¥159,320	¥25,050	¥—

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	*1
Payable JPY/receivable CHF.....		25,050	25,050	*1
Total		¥159,320	¥159,320	¥—

Millions of U.S. dollars				
2013				
	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		\$1,428	\$ —	^{*1}
Payable JPY/receivable CHF		267	266	^{*1}
Total		\$1,695	\$266	\$—

*1 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 31.

(2) Interest rate-related

Millions of yen				
2013				
	Hedged item	Contract amount	Portion over 1 year	Fair value
Basic treatment				
Interest rate swaps	Long-term loans			
Payable fixed rate/receivable floating rate		¥ 5,383	¥ 4,881	¥(287)^{*1}
Special treatment of interest rate swaps				
Interest rate swaps	Long-term loans			
Payable fixed rate/receivable floating rate		45,712	44,316	^{*2}
Total		¥51,096	¥49,198	¥(287)

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 U.S. dollars				
2013				
	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	\$ 52	\$(3)^{*1}
Special treatment of interest rate swaps				
Interest rate swaps	Long-term loans			
Payable fixed rate/receivable floating rate		487	471	^{*2}
Total		\$544	\$523	\$(3)

*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 31.

32

Segment Information

1. Summary of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Executive Officers is performed 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”, from the year ended March 31, 2012, since these business segment information other than that needed for stable power supply has become less significant for reporting continuously.

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

The Company introduced an in-house company system from April 1, 2013 for the purpose of enhancing competitiveness responding to the expected electricity system reform by enhancing cost consciousness of each division and tackling expansion of profitability on its own initiative.

Responding to this strategy, segment information disclosure items due to the transfer to the new management methods including Group companies is currently being under consideration.

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

Accounting policies of each reportable segment are consistent with those disclosed in Note 1, “Summary of Significant Accounting Policies”. Segment profit 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				
	2013				
	Reportable segment		Total	Adjustments (Note 2)	Consolidated (Note 3)
	Electric power business	Other (Note 1)			
Sales:					
Sales to third parties	¥ 5,660,091	¥ 316,147	¥ 5,976,239	¥ —	¥ 5,976,239
Inter-segment sales and transfers	—	275,229	275,229	(275,229)	—
Total	¥ 5,660,091	¥ 591,376	¥ 6,251,468	¥(275,229)	¥ 5,976,239
Segment profit (loss)	¥ (269,637)	¥ 43,963	¥ (225,673)	¥ 3,685	¥ (221,988)
Segment assets	¥14,035,574	¥1,245,534	¥15,281,108	¥(291,978)	¥14,989,130
Other items:					
Depreciation	¥ 593,578	¥ 33,789	¥ 627,368	¥ (6,287)	¥ 621,080
Increase in tangible and intangible fixed assets (Notes 4 below)	647,317	31,097	678,414	(3,403)	675,011

	Millions of yen				
	2012				
	Reportable segment				
	Electric power business	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
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 (Note 4 below)	671,474	81,608	753,083	(3,071)	750,011

	Millions of U.S. dollars				
	2013				
	Reportable segment				
	Electric power business	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Sales:					
Sales to third parties	\$ 60,207	\$ 3,363	\$ 63,570	\$ —	\$ 63,570
Inter-segment sales and transfers	—	2,928	2,928	(2,928)	—
Total	\$ 60,207	\$ 6,291	\$ 66,498	\$(2,928)	\$ 63,570
Segment profit (loss)	\$ (2,869)	\$ 468	\$ (2,401)	\$ 39	\$ (2,362)
Segment assets	\$149,299	\$13,249	\$162,548	\$(3,106)	\$159,442
Other items:					
Depreciation	\$ 6,314	\$ 359	\$ 6,673	\$ (66)	\$ 6,607
Increase in tangible and intangible fixed assets (Notes 4 below)	6,886	330	7,216	(36)	7,180

Notes:

- "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.
- "Adjustments" of "Segment profit" in an amount of ¥3,685 million (US\$39 million) and ¥1,270 million includes ¥3,682 million (US\$39 million) and ¥1,231 million of inter-segment elimination for the years ended March 31, 2013 and 2012, respectively.
"Adjustments" of "Segment assets" in an amount of ¥(291,978) million (US\$(3,106) million) and ¥(322,809) million includes ¥(291,431) million (US\$(3,100) million) and ¥(322,197) million of inter-segment elimination at March 31, 2013 and 2012, respectively.
"Adjustments" of "Depreciation" in an amount of ¥(6,287) million (US\$(66) million) and ¥(4,232) million refers to inter-segment elimination for the years ended March 31, 2013 and 2012, respectively.
"Adjustments" of "Increase in tangible and intangible fixed assets" in an amount of ¥(3,403) million (US\$(36) million) and ¥(3,071) million refers to inter-segment elimination for the years ended March 31, 2013 and 2012, respectively.
- Segment profit (loss) is reconciled with operating loss in the consolidated financial statements.
- "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			
	2013			
	Electric power business	Other	Corporate/ Elimination	Consolidated
Impairment loss	¥3,577	¥8,537	¥—	¥12,115

	Millions of U.S. dollars			
	2013			
	Electric power business	Other	Corporate/ Elimination	Consolidated
Impairment loss	\$38	\$91	\$—	\$129

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.

33

Per Share Information

Per share information at March 31, 2013 and 2012 and for the years then ended is as follows:

	Yen		U.S. dollars
	2013	2012	2013
Net assets per share.....	¥72.83	¥491.22	\$0.77
Net loss per share	427.64	487.76	4.55

Net income per share after dilution by potential shares for the year ended March 31, 2013 is omitted, since the Company recognized net loss for the year ended March 31, 2013, although there exist potential shares.

Net income per share after dilution by potential shares for the year ended March 31, 2012 is omitted, since potential shares did not exist and the Company recognized net loss for the year ended March 31, 2012.

Notes:

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

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Net assets.....	¥1,137,812	¥812,476	\$12,103
Amounts to be deducted from net assets.....	1,021,107	25,299	10,862
Of which payment of preferred stock	1,000,000	—	10,637
Of which minority interests	21,107	25,299	225
Net assets at March 31 attributable to common stock	116,704	787,177	1,241

	Number of shares (in thousands)	
	2013	2012
Number of shares of common stock at March 31 which was used to compute net assets per share	1,602,478	1,602,484

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

	Millions of yen		Millions of U.S. dollars
	2013	2012	2013
Net loss	¥685,292	¥781,641	\$7,290
Net loss not attributable to common stock shareholders	—	—	—
Net loss attributable to common stock shareholders.....	685,292	781,641	7,290

	Number of shares (in thousands)	
	2013	2012
Average number of shares of common stock outstanding during the year	1,602,480	1,602,503
Potential shares which were not included in computing net income per share after dilution of potential shares since they have no dilutive effect	Preferred stock-Class A (1,600,000 thousand shares) Preferred stock-Class B (340,000 thousand shares)	—

34

Subsequent Events

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).

On May 31, 2013, the Company submitted an application to the Fund for a change of the amount of financial support based on the clause 43, Article 1 of the "Act on Nuclear Damage Liability Facilitation Fund" (effective on August 10, 2011; Act No. 94 of 2011) (the "Fund Act"). Then the Company submitted an application for an approval of the Special Business Plan to the minister in charge jointly with the Fund on June 6, 2013 after the resolution of the steering committee of the Fund based on the clause 46, Article 1 of the Fund Act and the Plan was approved on June 25, 2013.

This application was made because the estimated amount of necessary compensation, less ¥120,000 million (US\$1,276 million) of receipt of compensation pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961), increased by ¥666,255 million (US\$7,087 million) from ¥3,123,079 million (US\$33,221 million), which was initially estimated at the time of the approval of the Special Business Plan on February 4, 2013, to ¥3,789,334 million (US\$40,308 million) due to the changes in the situations that the evacuation zones were revised and the scope of compensation for the agricultural, forestry and fishery products was expanded based on the third supplement of the interim guidelines.

Since it was resolved to increase the compensation for mental blows of the people who are in the condition of long-term care in the application for a change of the amount of financial support to the Fund on May 31, 2013, the estimated amount of compensation, less ¥120,000 million (US\$1,276 million) of receipt of compensation, has increased by ¥102,433 million (US\$1,090 million) from ¥3,686,900 million (US\$39,218 million) at March 31, 2013. Consequently, grants-in-aid from the Fund and compensation for nuclear damages are expected to increase by ¥666,255 million (US\$7,087 million) and ¥102,433 million (US\$1,090 million), respectively.

As this increase in compensation for nuclear damages in an amount of ¥102,433 million (US\$1,090 million) occurred subsequent to the statutory audit report date of May 17, 2013 under the Corporation Law of Japan, it is treated as unadjusted event for financial reporting purposes under the Financial Instruments and Exchange Law of Japan in accordance with Japanese accounting and auditing practices (JICPA Auditing and Assurance Practice Committee Statement No. 76). Accordingly, no adjustment resulting from this event has been made to the accompanying consolidated financial statements.

Independent Auditor's Report



Ernst & Young ShinNihon LLC
 Hibiya Kokusai Bldg.
 2-2-3 Uchisaiwai-cho
 Chiyoda-ku, Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
 Fax: +81 3 3503 1197

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, 2013, 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, 2013, 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 23 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 is committed to prompt compensation to the nuclear victims with Government support in accordance with the Nuclear Damage Compensation Act (the "Act") (effective on June 17, 1961; Act No. 147 of 1961).

At the Committee for Adjustment of Compensation for Nuclear Damage Disputes, the "Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, TEPCO" (hereinafter the "Interim Guidelines") on August 5, 2011, the supplement of the "Interim Guidelines" on December 6, 2011, the second supplement of the "Interim Guidelines" on March 16, 2012 and the third supplement of the "Interim Guidelines" on January 30, 2013 were determined and on July 20, 2012, as a government policy, "Concept of the Compensation Criteria after the Review of Evacuation Zones" was published. From the viewpoints of implementing prompt and appropriate compensation payouts, the Company has prepared criteria for compensation for damages shown in the interim guidelines, taking into consideration these guidelines. In addition, on December 26, 2011, Nuclear Emergency Response Headquarters 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 has recorded compensation for nuclear damages for the year ended March 31, 2013, amounting to ¥1,161,970 million (US\$12,360 million), which is the difference between the estimated amount at March 31, 2012 and ¥3,686,900 million (US\$39,218 million) after deducting ¥120,000 million (US\$1,276 million) of receipt of compensation pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) from the estimated damage compensation amounting to ¥3,806,900 million (US\$40,495 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 due to reputation damage, etc. and losses and/or damages on tangible assets which were estimated based on the actual compensation claim amounts and objective statistical data, in addition to the aforementioned guidelines, etc.

The Company has recorded its estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the 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 on 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 ¥3,243,079 million (US\$34,497 million), which is the estimated amount of compensation as of December 27, 2012, based on the Clause 43, Article 1 of the Fund Act and recorded ¥696,808 million (US\$7,412 million) as grants-in-aid from the Fund, which is the difference between ¥3,123,079 million (US\$33,221 million) deducting ¥120,000 million (US\$1,276 million) of receipt of compensation from the above amount and ¥2,426,271 million (US\$25,809 million), which was determined to grant for financing the compensation on May 9, 2012.

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.

- (2) As explained in Note 30 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 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). At the Committee for Adjustment of Compensation for Nuclear Damage Disputes, "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, TEPCO" (hereinafter the "Interim Guidelines") on August 5, 2011, the supplement of the "Interim Guidelines" on December 6, 2011, the second supplement of the "Interim Guidelines" on March 16, 2012 and the third supplement of the "Interim Guidelines" on January 30, 2013 were determined and on July 20, 2012, as a government policy, "Concept of the Compensation Criteria after the Review of Evacuation Zones" was published. From the viewpoints of implementing prompt and appropriate compensation payouts, the Company has prepared the criteria for compensation by damages, taking into consideration these guidelines. In addition, on December 26, 2011, Nuclear Emergency Response Headquarters 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 has recorded a reserve for nuclear damage compensation regarding the amounts possible to make reasonable estimates based on the actual compensation claim amounts and objective statistical data, in addition to the aforementioned guidelines, but does not record any reserve for indirect damages and losses and/or damages on tangible assets for which reasonable estimation is not possible using the interim guidelines and currently available data, etc.

Furthermore, treatment of wastes and decontamination measures have been proceeded under the national fiscal measures based on the "Act on Special Measures concerning the Handling of pollution by Radioactive Materials Released by the Accident of Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011). However, regarding the amounts to be billed or claimed to the Company for the costs required for treatment of wastes and decontamination, the Company has not recorded any reserve for the amount of compensation, except for certain agreed amounts, 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 nuclear power plants can be scrapped, nuclear fuels in the reactors must 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 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 34 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 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).

On May 31, 2013, the Company submitted an application to the Fund for a change of the amount of financial support based on the clause 43, Article 1 of the "Act on Nuclear Damage Liability Facilitation Fund" (effective on August 10, 2011; Act No. 94 of 2011) (the "Fund Act"). Then the Company submitted an application for an approval of the Special Business Plan to the minister in charge jointly with the Fund on June 6, 2013 after the resolution of the steering committee of the Fund based on the clause 46, Article 1 of the Fund Act and the Plan was approved on June 25, 2013.

This application was made because the estimated amount of necessary compensation, less ¥120,000 million (US\$1,276 million) of receipt of compensation pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961), increased by ¥666,255 million (US\$7,087 million) from ¥3,123,079 million (US\$33,221 million), which was initially estimated at the time of the approval of the Special Business Plan on February 4, 2013, to ¥3,789,334 million (US\$40,308 million) due to the changes in the situations that the evacuation zones were revised and the scope of compensation for the agricultural, forestry and fishery products was expanded based on the third supplement of the interim guidelines.

Since it was resolved to increase the compensation for mental blows of the people who are in the condition of long-term care in the application for a change of the amount of financial support to the Fund on May 31, 2013, the estimated amount of compensation, less ¥120,000 million (US\$1,276 million) of receipt of compensation, has increased by ¥102,433 million (US\$1,090 million) from ¥3,686,900 million (US\$39,218 million) at March 31, 2013. Consequently, grants-in-aid from the Fund and compensation for nuclear damages are expected to increase by ¥666,255 million (US\$7,087 million) and ¥102,433 million (US\$1,090 million), respectively.

As this increase in compensation for nuclear damages in an amount of ¥102,433 million (US\$1,090 million) occurred subsequent to the statutory audit report date of May 17, 2013 under the Corporation Law of Japan, it is treated as unadjusted event for financial reporting purposes under the Financial Instruments and Exchange Law of Japan in accordance with Japanese accounting and auditing practices (JICPA Auditing and Assurance Practice Committee Statement No. 76). Accordingly, no adjustment resulting from this event has been made to the accompanying consolidated financial statements.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 26, 2013