TEPCO Integrated Report 2020 Financial Section

Year ended March 31, 2020

Tokyo Electric Power Company Holdings, Incorporated

Consolidated 11-Year Summary

Tokyo Electric Power Company Holdings, Incorporated and its Consolidated Subsidiaries

(Millions of yen) (Millions of US dollars)

	2020/3	2019/3	2018/3	2017/3	2016/3	2015/3	2014/3	2013/3	2012/3	2011/3	2010/3	2020/3 (US$)
FYs ended March 31:												
Operating revenues	¥ **6,241,422**	¥ 6,338,490	¥ 5,850,939	¥ 5,357,734	¥ 6,069,928	¥ 6,802,464	¥ 6,631,422	¥ 5,976,239	¥ 5,349,445	¥ 5,368,536	¥ 5,016,257	$ **57,361**
Operating income (loss)	**211,841**	312,257	288,470	258,680	372,231	316,534	191,379	(221,988)	(272,513)	399,624	284,443	**1,947**
Income (loss) before income taxes and non-controlling interests	**69,259**	258,625	327,817	146,471	186,607	479,022	462,555	(653,022)	(753,761)	(766,134)	223,482	**637**
Net income (loss) attributable to owners of the parent	**50,703**	232,414	318,077	132,810	140,783	451,552	438,647	(685,292)	(781,641)	(1,247,348)	133,775	**466**
Depreciation and amortization	**422,495**	541,805	561,257	564,276	621,953	624,248	647,397	621,080	686,555	702,185	759,391	**3,883**
Capital expenditures	**524,462**	639,725	602,710	568,626	665,735	585,958	575,948	675,011	750,011	676,746	640,885	**4,820**
Per share data (yen, US dollars):												
Net (loss) income (basic)	¥ **31.65**	¥ 145.06	¥ 198.52	¥ 82.89	¥ 87.86	¥ 281.80	¥ 273.74	¥ (427.64)	¥ (487.76)	¥ (846.64)	¥ 99.18	**0.29**
Net income (diluted) (Note 3)	**10.12**	46.96	64.32	26.79	28.52	91.49	88.87	—	—	—	99.18	**0.09**
Cash dividends	**—**	—	—	—	—	—	—	—	—	30.00	60.00	**—**
Net asset	**1,185.98**	1,179.25	1,030.67	838.45	746.59	669.60	343.31	72.83	491.22	972.28	1,828.08	**10.90**
FYs ended March 31 (as of March 31):												
Total net assets	¥ **2,916,886**	¥ 2,903,699	¥ 2,657,265	¥ 2,348,679	¥ 2,218,139	¥ 2,102,180	¥ 1,577,408	¥ 1,137,812	¥ 812,476	¥ 1,602,478	¥ 2,516,478	$ **26,807**
Equity (Note 4)	**2,900,184**	2,889,423	2,651,385	2,343,434	2,196,275	2,072,952	1,550,121	1,116,704	787,177	1,558,113	2,465,738	**26,654**
Total assets	**11,957,846**	12,757,467	12,591,823	12,277,600	13,659,769	14,212,677	14,801,106	14,989,130	15,536,456	14,790,353	13,203,987	**109,897**
Interest-bearing debt	**4,914,931**	5,890,793	6,022,970	6,004,978	6,606,852	7,013,275	7,629,720	7,924,819	8,320,528	9,024,110	7,523,952	**45,170**
Number of employees	**37,892**	41,086	41,525	42,060	42,855	43,330	45,744	48,757	52,046	52,970	52,452	**—**
Financial ratios and cash flow data:												
ROA (%) (Note 5)	**1.7**	2.5	2.3	2.0	2.7	2.2	1.3	(1.5)	(1.8)	2.9	2.1	**—**
ROE (%) (Note 6)	**1.8**	8.4	12.7	5.9	6.6	24.9	32.9	(72.0)	(66.7)	(62.0)	5.5	**—**
Equity ratio (%)	**24.3**	22.6	21.1	19.1	16.1	14.6	10.5	7.5	5.1	10.5	18.7	**—**
Net cash provided by (used in) operating activities	¥ **323,493**	¥ 503,709	¥ 752,183	¥ 783,038	¥ 1,077,508	¥ 872,930	¥ 638,122	¥ 260,895	¥ (2,891)	¥ 988,710	¥ 988,271	$ **2,973**
Net cash used in investing activities	**(508,253)**	(570,837)	(520,593)	(478,471)	(620,900)	(523,935)	(293,216)	(636,698)	(335,101)	(791,957)	(599,263)	**(4,671)**
Net cash provided (used in) by financing activities	**13,591**	(117,698)	12,538	(603,955)	(394,300)	(626,023)	(301,732)	632,583	(614,734)	1,859,579	(495,091)	**125**
Other data (Non-consolidated):												
Electricity sales (million kWh)												
Total	**222,277**	230,306	233,123	241,525	247,075	257,046	266,692	269,033	268,230	293,386	280,167	
Power generation capacity (thousand kW) (Note 9):												
Hydroelectric	¥ **9,873**	¥ 9,873	¥ 9,872	¥ 9,871	¥ 9,859	¥ 9,857	¥ 9,456	¥ 9,453	¥ 8,982	¥ 8,981	¥ 8,987	
Thermal	**—**	41,160	41,155	42,786	44,279	43,555	42,945	41,598	40,148	38,696	38,189	
Nuclear	**8,212**	12,612	12,612	12,612	12,612	12,612	12,612	14,496	17,308	17,308	17,308	
Renewable energy, etc	**50**	50	52	52	52	33	33	34	34	4	4	
Total	¥ **18,135**	¥ 63,696	¥ 63,691	¥ 65,320	¥ 66,802	¥ 66,057	¥ 65,046	¥ 65,582	¥ 66,472	¥ 64,988	¥ 64,487	
Nuclear power plant capacity utilization rate (%)	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.5	55.3	53.3	

Notes: 1. Amounts of less than one million yen have been omitted. All percentages have been rounded to the nearest unit.
2. Net income per share after dilution by potential shares for the years ended March 31, 2011 and March 31, 2013 have been omitted. Numbers for the year ending March 2013 have been omitted as there were no potential shares and the Company recognized a Net income per share after dilution
3. Equity = Total net assets – Stock acquisition rights – Minority interests
4. ROA = Operating income/((Total assets at the end of last term + total assets as of the end of the current term) /2)
5. ROE = Net income/((Total equity at the end of last term + Total equity as of the end of the current term) /2)

A Electricity sales include some consolidated subsidiaries

B As of April 1, 2019, JERA took over TEPCO Fuel & Power's fuel reception, storage and gas transmission business and existing thermal power generation business through an absorption-type de-merger.

Financial Review

Analysis of business performance from an owner's perspective

The following are the results from our analysis and examination of the business performance of the TEPCO Group as viewed from an owner's perspective.

Any references made to the future in this document are considered valid at the time it was written.

Business performance

Amidst the continuing downward trend in domestic energy demand induced by the spread of energy-saving technologies, the TEPCO Group continued to find itself embroiled in tough business conditions during this consolidated financial year, as competition further intensifies in the retail electricity business.

Amid this situation, on a mission to fulfill its responsibilities to Fukushima, the TEPCO Group has initiated group-wide efforts to boost its profitability and corporate value, such as carrying out productivity reforms through Kaizen activities, forging partnerships with other companies as symbolized by the establishment of JERA and the deployment of business operations in high-growth areas.

Electricity sales (consolidated) for the TEPCO Group during this consolidated financial year decreased YoY by 3.5% to 222.3 billion kWh due to temperatures and the impact of the across-the-board liberalization of the electricity market.

In regards to consolidated revenue for this consolidated financial year, operating revenues decreased YoY by 1.5% to ¥6,241.4 billion as a result of a decline in electric power sales (consolidated). The total ordinary revenues, including all other non-operating revenues, dropped by 0.4% to ¥6,348.8 billion.

Meanwhile, despite the continued shutdown of all nuclear reactors, total ordinary expenses edged down YoY by 0.2% to ¥6,084.8 billion, thanks to Group-wide efforts for cost reduction.

As a result, ordinary income decreased YoY by 4.5% to ¥264 billion. Extraordinary income of ¥414.9 billion was recorded, consisting of gain on changes in equity, associated with the transfer of the existing thermal power generation business to JERA, reversal of provision for loss on disaster as a result of the decision to decommission the Fukushima Daini Nuclear Power Station, and grants-in-aid received from the Nuclear Damage Compensation and De-commissioning Facilitation Corporation. At the same time, extraordinary loss of ¥609.3 billion was recorded based on special disaster loss from expenditures associated with the removal of fuel debris, nuclear compensation expenses and losses associated with the decision to decommission the Fukushima Daini Nuclear Power Station. As a result, the net income attributable to the owners of the parent for this term totaled ¥50.7 billion.

Equity ratio for this consolidated financial year rose from 22.6% to 24.3% YoY and debt-to-equity ratio dropped from 2.04 to 1.69, reflecting the Group's continued efforts to improve its fiscal health. As for the ROE and ROA, which are indicators of capital efficiency, the decline in the net income attributable to the owners of the parent brought down the ROE from 8.4% to 1.8% and ROA from 2.5% to 1.7%, both from the previous consolidated financial year.

Segment Results

The performance of each business segment (including inter-segment transactions) for this consolidated financial year is as follows:

Holdings

Net sales (operating revenues) decreased YoY by 10.9% to ¥846.9 billion due to a decline in electricity sales, bringing total ordinary revenues down by 10.9% to ¥1,010.4 billion. At the same time, total ordinary expenses also dropped YoY by 4.8% to ¥857.4 billion after the cost of system maintenance was reassigned to each of the core business companies.

As a result, ordinary income decreased YoY by 34.3% to ¥152.9 billion.

Fuel & Power

On April 1, 2019, JERA took over the existing thermal power generation business of TEPCO Fuel & Power, which suffered a significant drop in both revenues and expenses YoY as a result.

Ordinary income rose YoY by ¥61.2 billion to ¥64.7 billion as JERA, which is an affiliate accounted for under the equity method, recorded an income increase due to the effect of time-lag in the fuel cost adjustment system.

Power Grid

Net sales (operating revenues) edged down by 1.6% to ¥1,759.8 billion after seasonal temperatures reduced the region's power demand YoY by 1.8% to 269.8 billion kWh, which, in turn, contracted wheeling revenues. The total ordinary revenues decreased by 1.6% to ¥1,777.8 billion.

Meanwhile, reduction in energy purchase prices and the cost of repair work reduced total ordinary expenses YoY by 1.9% to ¥1,661.1 billion.

A s a result, ordinary income increased YoY by 2.4% to ¥116.6 billion.

Energy Partner

Net sales (operating revenues) dropped YoY by 3.7% to ¥5,642.8 billion as a result of a decline in electric power sales (consolidated) YoY by 3.5% to 222.3 billion kWh. This caused total ordinary revenues to decrease by 3.7% to ¥5,649.2 billion.

Reduction in energy purchase prices decreased total ordinary expenses YoY by 3.5% to ¥5,589.2 billion.

As a result, ordinary income decreased YoY by 17.5% to ¥60 billion.

The global pandemic of COVID-19, which began at the end of FY2019, has severely impacted the economy and people's lifestyles, but its effect on electricity demand in TEPCO's service areas was limited in FY2019. Cumulative electricity demands in TEPCO's service areas for April and May 2020 dropped YoY by about 7%, although factors other than COVID-19 cannot be ruled out. It is necessary to continue monitoring the trend, due to a possible decline in future electricity demand.

Net Income Attributable to Owners of the Parent

Income before income taxes and non-controlling interests in the fiscal year under review stood at ¥69.2 billion. Principle contributors to the result included extraordinary income consisting of grants-in-aid from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation totaling ¥101.6 billion, ¥199.7 billion in gain on changes in equity and ¥113.5 billion in reversal of provision for loss on disaster. Negative factors affecting the result included extraordinary loss on disaster totaling ¥394.9 billion, compensation for damage caused by the nuclear accidents totaling ¥107.9 billion, losses associated with the decision to decommission the Fukushima Daini Nuclear Power Station totaling ¥95.6 billion and impairment losses totaling ¥10.5 billion. For the fiscal year under review, TEPCO recorded income taxes of ¥18.8 billion, income taxes-deferred of negative ¥1.2 billion, and net income attributable to non-controlling interests of ¥800 million. As a result, net income attributable to owners of the parent for the fiscal year under review totaled ¥50.7 billion, which translates into ¥31.65 in net income per share.

Fiscal Policy

TEPCO's financial standing and income structure has suffered a setback as a result of massive financial losses following the accident at the Fukushima Daiichi Nuclear Power Station, caused by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, and an increase of fuel costs due to the suspension of nuclear energy operations. This has compromised TEPCO's independent fund-procurement capability. In response, under the government's Comprehensive Special Business Plan (approved by the minister in charge in May 2012), TEPCO received an investment of ¥1 trillion from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF). At the same time, TEPCO requested that financial institutions provide additional credit and maintain existing credit lines through refinancing under the provisions of the subsequent New Comprehensive Special Business Plan (approved by the minister in charge in January 2014).

Under the Third Comprehensive Special Business Plan (approved by the minister in charge in May 2017), TEPCO also asks financial institutions to continue maintaining existing credit lines, as requested in the previous New Comprehensive Special Business Plan, to which they agreed. With the cooperation and support of NDF and financial institutions, TEPCO has seen its equity ratio improve, and managed to return to the publicly-offered corporate bond market in March 2017. In FY2019, TEPCO Power Grid publicly offered corporate bonds worth ¥580 billion. We shall continue to issue corporate bonds and make other efforts to restore TEPCO Group's ability to procure capital independently.

Funds raised through obtaining loans from financial institutions and issuing corporate bonds are allocated to capital investments on facilities required for the electric power business, loan repayments and redemption of corporate bonds.

The TEPCO Group has adopted its in-house financial system to ensure greater efficiency in fund management. We will continue to carefully observe the impact of economic recession, caused by the COVID-19 pandemic, on our fund raising.

Cash Flow

Cash and cash equivalents (hereinafter referred to as "capital") decreased by ¥187.2 billion (18.7%) YoY to ¥812.1 billion on a consolidated basis at the end of the consolidated financial year under review.

(Cash flow from operating activities)

Capital revenue from operating activities during the consolidated financial year under review decreased 35.8% YoY to ¥323.4 billion due to increased expenditure resulting from a hike in energy purchase prices.

(Cash flow from investing activities)

Capital expenditure for investment during the consolidated financial year under review decreased by 11.0% YoY to ¥508.2 billion as a result of reduced expenditure for the acquisition of fixed assets.

(Cash flow from financing activities)

Capital revenue for financing activities during the consolidated financial year under review was ¥13.5 billion (expenditure of ¥117.6 billion in the previous consolidated financial year) due to reduction of outlay for corporate bond redemption.

Capital Expenditures

While capital investment has been limited to the minimum required to maintain a stable supply of electricity, capital investment for the consolidated financial year under review was ¥524,462 million as a result of decommissioning/contaminated water countermeasures implemented at the Fukushima Daiichi Nuclear Power Station.

As of April 1, 2019, JERA Co., Inc. became the succeeding company for TEPCO Fuel & Power, Inc. thereby inheriting its fuel receiving/storage, gas transmission and existing thermal power businesses through an absorption-type demerger.

By segment, capital expenditures, including intercompany transactions, amounted to ¥217,839 million in the Holdings business segment; ¥17 million in the Fuel & Power business segment; ¥291,229 million in the Power Grid business segment; and ¥17,711 million in the Energy Partner business segment.

Assets, liabilities and Net Assets

Assets as of the end of the consolidated financial year under review decreased by ¥799.6 billion YoY to ¥11,957.8 billion due to a decline of fixed assets in the electric power business.

Liabilities as of the end of the consolidated financial year under review dropped by ¥812.8 billion YoY to ¥9,040.9 billion as a result of reduction in interest-bearing debts.

Net assets as of the end of the consolidated financial year under review rose by ¥13.1 billion YoY to ¥2,916.8 billion due to the appropriation of net term income attributable to owners of the parent. As a result, equity ratio improved YoY by 1.7 percentage points to 24.3%.

Dividend Policy

TEPCO recognizes sharing corporate profits with shareholders as one of its top-priority tasks. However, TEPCO has suspended its basic dividend policy in view of adverse factors such as an ongoing tough business environment since the Tohoku-Chihou-Taiheiyou-Oki Earthquake. A new basic policy is to be explored in line with future developments. TEPCO's Articles of Incorporation stipulate that an interim dividend may be paid by resolution of the Board of Directors. Until now, TEPCO has maintained a basic policy of paying both an interim and a fiscal year-end dividend of surplus. The interim dividend is disbursed by resolution of the Board of Directors, while the year-end divided is disbursed by resolution of TEPCO's Annual General Meeting of Shareholders.

Looking at the business results for the financial year under review, intensified competition and weather-related decline in air-conditioning demand pushed electricity charge revenues lower. However, Group-wide efforts for continuous cost reduction managed to secure positive ordinary income, allowing TEPCO to post net income attributable to owners of the parent for the fiscal year under review. Yet, in view of the tough business environment surrounding TEPCO, we have made a difficult decision to suspend the disbursement of dividends.

TEPCO plans to again suspend the disbursement of both interim and end-of-year dividends next year, given the on-going prospect of a harsh business climate.

Risk Factors

Of the risk factors affecting TEPCO Group's business and other operations, this section describes primary factors that may exert a significant impact on investor decisions. Factors that may not necessarily be applicable are also disclosed in keeping with TEPCO's stance of disclosing information actively to investors.

In the TEPCO Group, directors and executive officers identify and evaluate risks that could affect the business activities of TEPCO and its affiliates on a regular basis and also as required, and reflect findings in a management plan each year. Internal rules and regulations are developed to ensure appropriate risk management across the Group.

The risks listed in this section are, in principle, to be managed in the course of work execution in accordance with the internal rules. Those that are related to multiple departments are managed appropriately through deliberations by a cross-functional committee.

Risks that could seriously affect business management are controlled by the Risk Management Committee, led by the President, to prevent the risks from manifesting. Should they materialize, quick and appropriate action is taken to minimize their impact on business management. In addition, employees are provided with periodic education on relevant laws, regulations, internal rules and manuals.

However, given the tough business environment surrounding the TEPCO Group, the materialization of the following risks could create a significant impact on our business. These risks are presented in the order of importance, determined based on their level of business impact and probability.

This section includes future-related matters. Their inclusion was determined based on conditions as of the date when this document was presented.

(1) Accident at the Fukushima Daiichi Nuclear Power Station

Putting the utmost emphasis on ensuring nuclear safety, the Fukushima Daiichi Nuclear Power Station is undergoing decommissioning and other work in cooperation with the government and relevant institutions in accordance with the Mid-and-Long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Station (hereinafter the "Mid-and-Long-Term Roadmap"). Decommissioning entails numerous challenges, such as treating/storing contaminated water, inhibiting the inflow of groundwater, and removing fuel debris, which involves technical difficulties that TEPCO had never before encountered. There is every possibility that things will not progress as set out in the Mid-and-Long-Term Roadmap. This could, in turn, impact the TEPCO Group's business performance, fiscal status and even business operations.

Furthermore, the nuclear accident led to the lowering of TEPCO's credit rating, undermining the company's fund-raising capability. This could also impact the TEPCO Group's business performance, fiscal status and business operations.

(2) Stable Supply of Electric Power

The Tohoku-Chihou-Taiheiyou-Oki Earthquake led to the shutdown of all units at the Kashiwazaki-Kariwa Nuclear Power Station, reducing the TEPCO Group's power supply capacity. In response, TEPCO is implementing measures aimed at securing stability in both the supply of, and demand for, electricity. However, large-scale natural disasters, accidents at facilities, sabotage (including terrorist acts), problems in obtaining fuel and the outbreak of infectious diseases 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 fiscal status, while also reducing its social credibility and adversely affecting business operations.

(3) Nuclear Power Generation and Nuclear Fuel Cycle

The nuclear accident in Fukushima prompted the government to review its nuclear policy and forced the Nuclear Regulation Authority to update safety regulations. This may affect TEPCO Holdings, the nuclear power generation business and nuclear fuel cycle business of its operating companies as well as the TEPCO Group's business performance and fiscal status.

As for nuclear power plants, with a firm resolve to never allow any situations to escalate into a severe accident, TEPCO is striving to further reinforce safety countermeasures and carry out corporate reforms. In addition, the outlook regarding how long it will take for operations to resume at the Kashiwazaki-Kariwa Nuclear Power Station remains uncertain at this stage. Should this situation continue, the increase of thermal fuel costs, the generation of unnecessary nuclear fuel assets and the valuation of power generation facilities could negatively affect the TEPCO Group's business performance and fiscal status.

Moreover, nuclear power generation and the nuclear fuel cycle bring their own uncertainties, arising from the need for substantial funds and an extended timeframe for reprocessing spent fuel, disposing of radioactive waste and dismantling nuclear power generation facilities. These uncertainties have been mitigated with a government program facilitating the back-end of the nuclear fuel cycle. Yet, the TEPCO Group's business performance and fiscal status could be affected by the review of the government program, increase of future costs outside the program, the operation status of the Rokkasho Reprocessing Plant and the decommissioning of the Rokkasho Uranium Enrichment Plant.

(4) Electricity Sales Volume and Electricity Prices

The volume of electricity sales directly reflects economic and industrial activities and is affected by the climate, especially during summer and winter months, as well as advancements in electricity/energy saving technologies. Electricity prices may be affected by intensifying competition as a result of full liberalization of the retail electricity market and expanding trading at a wholesale electric power exchange. These factors could therefore affect the TEPCO Group's business performance and fiscal status.

(5) Customer Services

The TEPCO Group is working to enhance its customer services. However, inappropriate responses to customers and other issues could undermine customer satisfaction with the level of our service and even social credibility, thereby affecting the Group's business performance, fiscal status and smooth business operations.

(6) Fossil Fuel Prices

The prices of liquefied natural gas (LNG), crude oil, coal and other fuels for thermal power generation fluctuate according to factors including conditions at international fuel markets and foreign exchange markets, which could affect the TEPCO Group's business performance and fiscal status. However, the effect of fuel price changes within a certain range on TEPCO's business performance can be mitigated by the fuel cost adjustment system, which reflect fluctuations in fuel prices and foreign exchange rates on electricity prices.

(7) Changes in the Electricity Business Structure and Energy Policy

The TEPCO Group's business performance and fiscal status could be affected by changes in the business environment surrounding the Group, such as a review of energy policy including structural changes in the electric power business, tightening of climate-related environmental regulations and changes in investor behaviors associated with ESG.

(8) Safety Assurance, Quality Control and Prevention of Environmental Pollution

The TEPCO Group strives for safety assurance, quality control, prevention of environmental pollution and information disclosure with an advanced level of transparency and reliability. However, human errors and the breaching of laws, regulations or internal rules could cause an accident, emergency involving casualties or large-scale environmental contamination. Inappropriate PR or information disclosure could also undermine the Group's social credibility, compromising smooth business operations.

(9) Corporate Ethics and Compliance

The TEPCO Group implements initiatives for establishing business operations that comply with corporate ethics. Any act in breach of corporate ethics, e.g. a violation of laws or regulations, could undermine the Group's social credibility and negatively affect its smooth business operations.

(10) Information Management

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

(11) Financial Market Conditions

The TEPCO Group holds domestic and foreign stocks and bonds as part of its pension plan assets and other portfolios. Their value fluctuates according to conditions in stock and bond markets, and could therefore affect the TEPCO Group's business performance and fiscal status.

Moreover, issues including future interest trends could affect the rate of interest payable by TEPCO.

(12) Businesses Other than Electric Power

The TEPCO Group operates businesses other than electric power, including businesses overseas. Investments and loans may not yield anticipated outcomes due to various issues, including changes in the Group's management conditions, intensifying competition with other business operators, stricter regulations, changes in economic conditions such as foreign exchange rates and international fuel markets, political uncertainty and natural disasters. This may affect the TEPCO Group's business performance and fiscal status.

(13) Acquisition of TEPCO Shares by the NDF

On July 31, 2012, TEPCO issued preferred stocks (Class A Preferred Stocks and Class B Preferred Stocks; collectively, the "Preferred Stocks") by third-party allotment, with the NDF as the 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.

Following the aforementioned acquisition of stocks, the NDF now holds a majority of TEPCO's total voting rights. Consequently, the NDF's exercise of its voting rights at the shareholder's meeting, etc., might affect TEPCO's business operations going forward.

In addition, TEPCO's existing shares may become further diluted if (1) put options on Class B Preferred Stocks are executed by the NDF to acquire Class A Preferred Stocks and/or (2) put options on the Preferred Stocks are executed by the NDF to acquire Common Shares. In particular, should the NDF execute the latter put options as described in (2) above, such dilution might result in a decline in the share price of TEPCO Holdings, the stockholding company of the Group. The share price could also be affected if the NDF were to sell Common Shares on the secondary market. Depending on the conditions of the stock market at the time of such sale, the impact of the sale on TEPCO Holdings' share price might be significant.

(14) Management Reforms based on the Third Comprehensive Special Business Plan

Under the Third Comprehensive Special Business Plan (hereinafter the "Third Plan"), the TEPCO Group has been undertaking fundamental management reforms with the aim of securing funds for compensation/decommissioning and improving corporate value in order to fulfill its responsibilities in Fukushima. However, if the productivity reforms included in the Third Plan, reorganization/integration through the establishment of a joint entity as well as other management reform actions do not progress as planned, it may have an impact on the TEPCO Group's business performance, fiscal status, and business operations.

(15) Spread of COVID-19

A slowdown in economic and production activities, caused by the recent outbreak of COVID-19, could affect electricity demand. A prolonged pandemic could slow down the delivery of materials and equipment, possibly resulting in a failure to carry out engineering work as scheduled. This could affect the TEPCO Group's business performance, fiscal status and business operations.

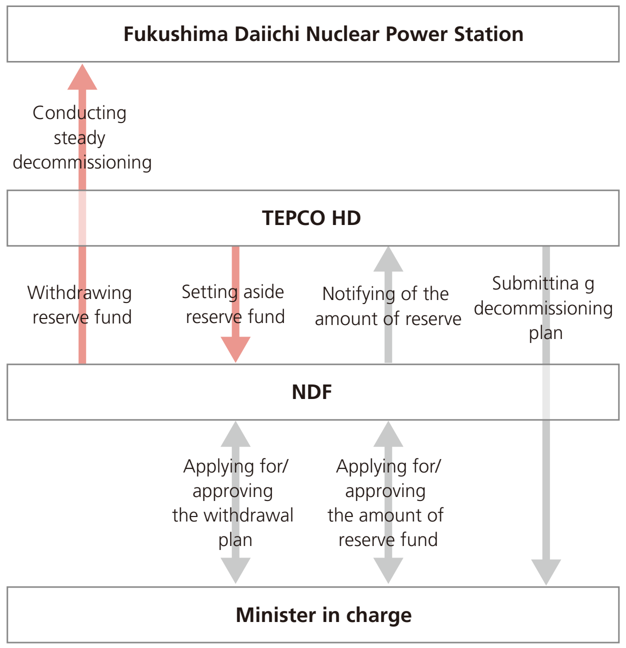
Important accounting estimates and assumptions used in the estimates

I) Reserves and provisions to cover expenses and losses for settlement of the nuclear accident and the decommissioning of the Fukushima Daiichi Nuclear Power Station

(a) Premise of estimates associated with decommissioning

TEPCO Holdings (hereinafter "TEPCO HD") sets aside the amount of funds specified by the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (hereinafter "NDF") for decommissioning (decommissioning reserves) and works with the NDF to draw up a plan to withdraw the funds required for decommissioning work. The plan is then submitted to the Minister of Economy, Trade and Industry for approval before the decommissioning reserve is withdrawn to be spent on actual decommissioning work.

Costs incurred in relation to decommissioning work and provision for losses are shown in the balance sheet as "reserve for loss on disaster," "provision for preparation of removal of reactor cores in the specified nuclear power facilities" and "provision for removal of reactor cores in the specified nuclear power facilities."



*Joint work by NDF and TEPCO HD

* Relationship between the "reserve for loss on disaster," "provision for preparation of removal of reactor cores in the specified nuclear power facilities" and "provision for removal of reactor cores in the specified nuclear power facilities"

Target	Status of the withdrawal plan	Name
The amount specified in the withdrawal plan as the cost for removing reactor cores	After Minister's approval	Provision for removal of reactor cores in the specified nuclear power facilities
	Before Minister's approval	Provision for preparation of removal of reactor cores in the specified nuclear power facilities
Other		Reserve for loss on disaster

(b) Method of accounting estimates

i) Reserve for loss on disaster

This section describes the main expenses and losses included in the reserve for loss on disaster and how the amount of such loss is calculated.

Expenses and losses for settlement of the accident and the decommissioning of the Fukushima Daiichi Nuclear Power Station

In response to "Step 2 Completion Report: Roadmap towards Settlement of the Accident at Fukushima Daiichi Nuclear Power Station, Tokyo Electric Power Company, Incorporated (December 16, 2011)," prepared by the Government-TEPCO Integrated Response Office established by the Nuclear Emergency Response Headquarters of the Government, the Government-TEPCO Forum on Mid-and-Long-Term Countermeasures, established by the said Nuclear Emergency Response Headquarters, compiled the "Mid-and-Long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Plant, TEPCO" (December 21, 2011; hereinafter "Mid-and-Long-Term Roadmap"; final revision on September 26, 2017)

TEPCO drew up the Mid-and-Long-Term Action Plan for Decommissioning 2020 (March 27, 2020) as a specific action plan for achieving key target schedules shown in the Mid-and-Long-Term Roadmap and other targets listed in the Mid-Term Risk Reduction Target Mapping for TEPCO Fukushima Daiichi Nuclear Power Station (March 2020 edition).

Accordingly, for expenses and losses that can be estimated in a regular manner, TEPCO records estimates based on specific target timeframes and contents of individual measures (excluding expenses required for removal of reactor cores under the withdrawal plan for decommissioning reserves, submitted for approval pursuant to Article 55-9, Paragraph 2 of the "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (Act No. 94, August 10, 2011)).

As for expenses and losses that cannot be estimated in a regular manner due to the inability to anticipate the specific content of future engineering work by the end of a given business year, TEPCO records approximate estimates based on actual costs incurred in nuclear plant accidents overseas.

Expenses and losses for the decommissioning of Fukushima Daiichi Nuclear Power Station's Unit 1 – Unit 4, relating to the disposal of nuclear fuel in processing.

With regard to expenses for the disposal of nuclear fuel in processing, which are not expected to be used in the future, TEPCO records the amount equivalent to the current value (discount rate of 4.0%) of the disposal work.

ii) Provision for preparation of removal of reactor cores in the specified nuclear power facilities and provision for removal of reactor cores in the specified nuclear power facilities

In order to provide for expenses and losses required for the restoration of assets damaged in the Tohoku-Chihou-Taiheiyou-Oki Earthquake, TEPCO has recorded expenses required for removal of reactor cores under the withdrawal plan for decommissioning reserves, submitted for approval pursuant to Article 55-9, Paragraph 2 of the "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (Act No. 94, August 10, 2011)). Of the amount submitted for approval, the portion already approved is recorded as the provision for removal of reactor cores in the specified nuclear power facilities, while the remaining portion is recorded as the provision for preparation of removal of reactor cores in the specified nuclear power facilities.

As for the estimates for the dismantlement of the Fukushima Daiichi Nuclear Power Station, which suffered the accident, TEPCO records the expenses for restoring plants to the state of regular reactors as the reserve for loss on disaster, provision for preparation of removal of reactor cores in the specified nuclear power facilities and provision for removal of reactor cores in the specified nuclear power facilities, while the expenses for dismantling them as regular reactors are recorded as nuclear facility dismantlement expenses. The former has uncertainties listed in the next section, while the latter is estimated pursuant to the ministerial ordinances issued for regular reactors.

(c) Uncertainties

The reserve for loss on disaster, provision for preparation of removal of reactor cores in the specified nuclear power facilities and provision for removal of reactor cores in the specified nuclear power facilities entail mainly the following uncertainties:

i) Expenses and losses that can be estimated in a regular manner

The Mid-and-Long-Term Action Plan for Decommissioning, released on March 27, 2020, details the main work processes for decommissioning. Based on the information, associated expenses were estimated at the end of the consolidated financial year under review.

The decommissioning of the Fukushima Daiichi Nuclear Power Station is an unprecedented undertaking, and entails uncertainty in itself. Yet, progress in conceptual considerations over the last three years has made it easy to plan specific engineering work and tasks. At the same time, specific considerations for many of the future tasks have yet to be carried out. For the removal of fuel debris, TEPCO is still at the stage of exploring a vision for developing equipment. Numerous assumptions have to be incorporated into estimates for long-term engineering work and tasks. The latest estimates involve assumptions for each of the work processes, based on the status of on-going research by the government and other institutions as well as specifications of similar tasks already carried out in the past. Assumptions used as the premise of estimates may need to be reviewed, depending on future research progress, more detailed identification of on-site conditions and availability of new technological insight based on a step-by-step approach. These factors could create new tasks, impose changes on an anticipated work method, necessitate review of the scope of work and alter unit costs of various tasks, thereby changing estimates for decommissioning expenses.

ii) Expenses and losses that cannot be estimated in a regular manner

With regard to expenses and losses that cannot be estimated in a regular manner due to the inability to anticipate the specific content of engineering work and tasks at this stage, TEPCO records approximate figures based on actual expenses incurred in the Three Mile Island accident (hereinafter "TMI"), which is a similar example. The latest estimates incorporate actual expenses incurred at TMI as well as the rate of commodity price increase from the time of the TMI accident to the Fukushima Daiichi accident, foreign exchange rate and the number of reactor units from which fuel debris must be retrieved. This is based on the assumption that the types, scope and volume of tasks required for decommissioning are proportionate to the number of reactor units. However, TMI and Fukushima Daiichi Nuclear Power Station are different in terms of the volume of fuel debris and the locations of such debris inside reactors, which causes differences in the degree of debris removal difficulty and conditions. This may alter the types, scope and volume of tasks actually required and those assumed in the estimates. Also, considering that the decommissioning of damaged reactors is a very limited and extended operation, even if the types, scope and volume of tasks may be constant, changes may occur in the level of commodity prices and the level of technological innovation, thus potentially altering decommissioning estimates.

(d) Impact of estimate changes

The abovementioned information points to the possibility that future changes in these conditions could create a significant impact on TEPCO's future fiscal status and management performance.

II) Liability for employees' retirement benefits

(a) Method of accounting estimates

In order to prepare for the disbursement of employees' retirement benefits, TEPCO records the liability for employees' retirement benefits primarily based on the benefit obligation and pension asset value projected as at the end of the consolidated financial year under review.

In calculating the liability for employees' retirement benefits, TEPCO attributes the projected benefit obligation to the period to the end of the consolidated financial year under review on a straight-line basis. Past service costs are mainly treated in an accounting process when incurred. Actuarial gains or losses are mainly amortized by the straight-line method over a defined period (three years) within the employees' average remaining service period, commencing in the financial year in which the gains and losses are incurred.

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

The discount rate used in calculating the liability for employees' retirement benefits is determined based on the yield of government bonds and AA-rated corporate bonds as at the end of the year (benchmark rate: 1.0% for FY2019). The expected return on pension plan assets is determined based on fund management policy, portfolio of pension plan assets held and past fund-management performance (2.5% for FY2019).

(b) Uncertainties

The liability and expenses associated with the disbursement of employees' retirement benefits are estimated based on rational assumptions on the discount rate, workforce turnover, mortality rate, expected return on pension plan assets and base rate for actuarial pension calculations. Differences with actual performance and deviation from assumptions could affect the future liability and expenses associated with the disbursement of employees' retirement benefits. Any changes in the benchmark rate would cause adjustment to the discount rate, and subsequently change the liability for employees' retirement benefits. However, the liability would not be changed according to materiality criteria if the liability is not expected to change by 10% or greater. Movements in financial markets could also change the value of shares and bonds, held as pension assets.

(c) Impact of changes

The abovementioned information points to the possibility that future changes in these conditions could create a significant impact on TEPCO's future fiscal status and management performance.

Under the accounting policy, actuarial gains or losses are amortized by the straight-line method over three years, commencing in the financial year in which the gains or losses are incurred. The impact of such changes is as outlined below:

	Impact on the liability for employees' retirement benefits	Name
Per 0.1% change in discount rate	Approx. ¥11 billion	Approx. ¥4 billion
Per 1.0% change in the expected return on pension plan assets	Approx. ¥5 billion	Approx. ¥2 billion

Consolidated Balance Sheet

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
March 31, 2020

	Millions of yen		Millions of U.S. dollars (Note 2)
ASSETS	**March 31, 2020**	March 31, 2019	**March 31, 2020**
Property, plant and equipment:			
Property, plant and equipment	**¥24,774,530**	¥31,086,231	**$ 227,686**
Facilities in progress			**0**
Construction in progress and retirement in progress	**1,003,105**	967,825	**9,219**
Suspense account for decommissioning related nuclear power facilities (Notes 4)	**127,655**		**1,173**
Special account related to reprocessing of spent nuclear fuel (Notes 13)	**133,275**	88,850	**1,225**
	1,264,035	1,056,675	**11,617**
	26,038,566	32,142,907	**239,303**
Less:			
Contributions in aid of construction	**391,509**	432,056	**3,598**
Accumulated depreciation	**18,606,189**	23,773,747	**170,997**
	18,997,699	24,205,804	**174,595**
Property, plant and equipment, net (Notes 6, 12 and 20)	**7,040,866**	7,937,103	**64,708**
Nuclear fuel:			
Loaded nuclear fuel	**81,423**	120,482	**748**
Nuclear fuel in processing	**516,496**	536,542	**4,747**
	597,919	657,025	**5,495**
Investments and other assets:			
Long-term investments (Notes 7, 12 and 33)	**105,892**	122,192	**973**
Long-term investments in subsidiaries and associates (Note 8)	**1,298,165**	918,468	**11,930**
Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation (Notes 16, 29 and 33)	**494,613**	552,504	**4,546**
Reserve fund for nuclear reactor decommissioning (Note 4)	**390,150**	200,000	**3,586**
Net defined benefit asset (Note 18)	**120,734**	142,023	**1,110**
Other (Note 19)	**123,489**	128,401	**1,135**
	2,533,045	2,063,589	**23,280**
Current assets :			
Cash and deposits (Notes 9, 12 and 33)	**813,300**	1,000,681	**7,475**
Notes and accounts receivable–trade (Note 33)	**559,892**	618,306	**5,146**
Inventories (Note 5)	**87,837**	165,683	**807**
Other (Note 12)	**329,168**	320,088	**3,025**
	1,790,199	2,104,760	**16,453**
Less:			
Allowance for doubtful accounts	**(4,183)**	(5,011)	**(39)**
	1,786,016	2,099,748	**16,414**
Total assets	**¥11,957,846**	¥12,757,467	**$ 109,897**

See notes to consolidated financial statements.

	Millions of yen		Millions of U.S. dollars (Note 2)
LIABILITIES AND NET ASSETS	**March 31, 2020**	March 31, 2019	**March 31, 2020**
Long-term liabilities and reserves:			
Long-term debt (Notes 10, 12 and 33)	**¥ 1,973,363**	¥ 2,126,510	**$ 18,136**
Other long-term liabilities (Note 19)	**330,837**	310,552	**3,040**
Provision for preparation of removal of reactor cores in the specified nuclear power facilities (Note 15)	**168,898**	6,099	**1,552**
Provision for removal of reactor cores in the specified nuclear power facilities (Note 15)	**4,796**	505	**44**
Reserve for loss on disaster (Notes 14 and 27)	**520,988**	448,829	**4,788**
Reserve for nuclear damage compensation (Notes 16 and 27)	**496,433**	549,042	**4,562**
Net defined benefit liability (Note 18)	**368,475**	374,919	**3,387**
Asset retirement obligations (Note 21)	**994,806**	949,784	**9,143**
	4,858,600	4,766,243	**44,652**
Current liabilities:			
Current portion of long-term debt (Notes 10, 12 and 33)	**968,868**	991,887	**8,904**
Short-term loans (Notes 10 and 33)	**1,972,699**	2,772,395	**18,130**
Notes and accounts payable-trade (Note 33)	**315,974**	264,510	**2,904**
Accrued taxes	**62,485**	111,163	**574**
Other (Notes 21 and 33)	**854,758**	940,378	**7,856**
	4,174,787	5,080,336	**38,368**
Reserve under special laws:			
Reserve for preparation of the depreciation of nuclear power construction (Note 17)	**7,572**	7,188	**70**
	7,572	7,188	**70**
Total liabilities	**9,040,960**	9,853,768	**83,090**
Net assets:			
Shareholders' equity (Note 22)**:**			
Common stock, without par value:			
Authorized — 35,000,000,000 shares in 2020 and 2019			
Issued —1,607,017,531 shares in 2020 and 2019	**900,975**	900,975	**8,280**
Preferred stock:			
Authorized — 5,500,000,000 shares in 2020 and 2019			
Issued —1,940,000,000 shares in 2020 and 2019	**500,000**	500,000	**4,595**
Capital surplus	**756,097**	756,098	**6,949**
Retained earnings	**791,881**	741,070	**7,278**
Treasury stock, at cost:			
4,806,523 shares in 2020 and 4,791,865 shares in 2019.	**(8,474)**	(8,469)	**(78)**
Total shareholders' equity	**2,940,480**	2,889,675	**27,024**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	**2,167**	3,663	**20**
Deferred gains or losses on hedges	**(14,067)**	2,723	**(129)**
Land revaluation loss (Note 24)	**(2,471)**	(2,362)	**(23)**
Foreign currency translation adjustments	**(9,914)**	(6,977)	**(91)**
Remeasurements of defined benefit plans	**(16,010)**	2,700	**(147)**
otal accumulated other comprehensive income	**(40,295)**	(252)	**(370)**
Stock acquisition rights (Note 23)	**3**	—	**0**
Noncontrolling interests	**16,699**	14,276	**153**
Total net assets	**2,916,886**	2,903,699	**26,807**
Total liabilities and net assets	**¥11,957,846**	¥12,757,467	**$109,897**

See notes to consolidated financial statements.

Consolidated Statement of Income

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2020

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020
Operating revenues:			
Electricity	**¥ 5,878,139**	¥ 6,032,729	**$ 54,022**
Other	**363,283**	305,761	**3,339**
	6,241,422	6,338,490	**57,361**
Operating expenses (Notes 25, 26 and 27)**:**			
Electricity	**5,695,755**	5,735,057	**52,346**
Other	**333,825**	291,176	**3,068**
	6,029,581	6,026,233	**55,414**
Operating income	**211,841**	312,257	**1,947**
Other income (expenses):			
Interest and dividend income	**1,392**	1,527	**13**
Interest expense	**(43,985)**	(55,541)	**(404)**
Loss on disaster (Notes 27 and 28)	**(394,934)**	(26,943)	**(3,630)**
Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation (Note 29)	**101,699**	159,806	**935**
Compensation for nuclear damages (Notes 27 and 29)	**(107,915)**	(151,069)	**(992)**
Equity in earnings of affiliates	**99,796**	25,048	**917**
Gain on change in equity	**199,717**	—	**1,836**
Reversal of disaster loss allowance (Note 30)	**113,526**	—	**1,043**
Contingent loss on assets (Note 28)	**(321)**	—	**(3)**
Fukushima Daini Abolition Loss (Note 30)	**(95,651)**	—	**(879)**
Impairment loss (Note 31)	**(10,510)**	—	**(97)**
Other, net	**(5,011)**	(6,749)	**(46)**
	(142,198)	(53,921)	**(1,307)**
Income before special items and income taxes	**69,643**	258,336	**640**
Special items:			
Reversal of (provision for) reserve for fluctuation in water levels	**—**	581	**—**
Reversal of (provision for) reserve for preparation of the depreciation of nuclear power construction (Note 17)	**(383)**	(292)	**(3)**
	(383)	289	**(3)**
Income before income taxes	**69,259**	258,625	**637**
Income taxes (Note 19)**:**			
Current	**18,878**	25,872	**174**
Deferred	**(1,209)**	198	**(11)**
	17,668	26,071	**163**
Net income	**51,591**	232,553	**474**
Net income attributable to non-controlling interests	**888**	138	**8**
Net income attributable to owners of the parent	**¥ 50,703**	¥ 232,414	**$ 466**
Per share information (Note 35)**:**	Yen		U.S. dollars (Note 2)
Net assets (basic)	**¥ 1,185.98**	¥ 1,179.25	**$ 10.90**
Net income (basic)	**31.65**	145.06	**0.29**
Net income (diluted)	**10.12**	46.96	**0.09**
Cash dividends	**—**	—	**—**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2020

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020
Net income	**¥ 51,591**	¥ 232,553	**$ 474**
Other comprehensive (loss) income (Note 32)**:**			
Valuation difference on available-for-sale securities	**1,722**	(3,799)	**16**
Foreign currency translation adjustments	**580**	(2,112)	**5**
Remeasurements of defined benefit plans	**(17,816)**	(6,140)	**(164)**
Share of other comprehensive (loss) income of affiliates accounted for under the equity method	**(24,192)**	4,712	**(222)**
Total other comprehensive (loss) income	**(39,706)**	(7,340)	**(365)**
Comprehensive income	**¥ 11,884**	¥ 225,212	**$ 109**
Total comprehensive income attributable to:			
Owners of the parent	**¥ 10,996**	¥ 225,074	**$ 101**
Noncontrolling interests	**887**	138	**8**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2020

	Year ended March 31, 2020														
	Millions of yen														
	Shareholders' equity						Accumulated other comprehensive income								
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at April 1, 2019	¥900,975	¥500,000	¥756,098	¥741,070	¥(8,469)	¥2,889,675	¥3,663	¥2,723	¥(2,362)	¥(6,977)	¥2,700	¥(252)	¥— —	¥14,276	¥2,903,699
Net income attributable to owners of the parent	—	—	—	50,703	—	50,703	—	—	—	—	—	—	—	—	50,703
Purchases of treasury stock	—	—	—	—	(12)	(12)	—	—	—	—	—	—	—	—	(12)
Sales of treasury stock	—	—	(2)	—	2	0	—	—	—	—	—	—	—	—	0
Change in ownership interest of parent due to transactions with noncontrolling shareholders	—	—	0	—	—	0	—	—	—	—	—	—	—	—	0
Reversal of land revaluation loss	—	—	—	108	—	108	—	—	—	—	—	—	—	—	108
Other	—	—	—	—	4	4	—	—	—	—	—	—	—	—	4
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(1,495)	(16,791)	(108)	(2,936)	(18,711)	(40,043)	3	2,423	(37,617)
Total changes	—	—	(1)	50,811	(5)	50,804	(1,495)	(16,791)	(108)	(2,936)	(18,711)	(40,043)	3	2,423	13,187
Balance at March 31, 2020	¥900,975	¥500,000	¥756,097	¥791,881	¥(8,474)	¥2,940,480	¥2,167	(¥14,067)	¥(2,471)	¥(9,914)	(¥16,010)	¥(40,295)	¥3	¥16,699	¥2,916,886

	Year ended March 31, 2019														
	Millions of yen														
	Shareholders' equity						Accumulated other comprehensive income								
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at April 1, 2018	¥900,975	¥500,000	¥743,121	¥508,584	¥(8,454)	¥2,644,226	¥8,679	¥(454)	¥(2,291)	¥(7,846)	¥9,072	¥7,158	¥0	¥5,880	¥2,657,265
Net income attributable to owners of the parent	—	—	—	232,414	—	232,414	—	—	—	—	—	—	—	—	232,414
Purchases of treasury stock	—	—	—	—	(16)	(16)	—	—	—	—	—	—	—	—	(16)
Sales of treasury stock	—	—	(1)	—	1	0	—	—	—	—	—	—	—	—	0
Change in ownership interest of parent due to transactions with noncontrolling interests	—	—	12,978	—	—	12,978	—	—	—	—	—	—	—	—	12,978
Reversal of land revaluation loss	—	—	—	70	—	70	—	—	—	—	—	—	—	—	70
Other	—	—	—	—	0	0	—	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(5,015)	3,178	(70)	868	(6,372)	(7,410)	(0)	8,395	984
Total changes	—	—	12,977	232,485	(14)	245,448	(5,015)	3,178	(70)	868	(6,372)	(7,410)	(0)	8,395	246,433
Balance at March 31, 2019	¥900,975	¥500,000	¥756,098	¥741,070	¥(8,469)	¥2,889,675	¥3,663	¥2,723	¥(2,362)	¥(6,977)	¥2,700	¥(252)	¥—	¥14,276	¥2,903,699

	Year ended March 31, 2020														
	Millions of U.S. dollars (Note 2)														
	Shareholders' equity						Accumulated other comprehensive income								
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at April 1, 2019	$8,280	$4,595	$6,949	$6,811	$(78)	$26,557	$34	$25	$(22)	($64)	$25	$(2)	$—	$131	$26,686
Net income attributable to owners of the parent	—	—	—	466	—	466	—	—	—	—	—	—	—	—	466
Purchases of treasury stock	—	—	—	—	(0)	(0)	—	—	—	—	—	—	—	—	(0)
Sales of treasury stock	—	—	(0)	—	0	0	—	—	—	—	—	—	—	—	0
Change in ownership interest of parent due to transactions with noncontrolling interests	—	—	0	—	—	0	—	—	—	—	—	—	—	—	0
Reversal of land revaluation loss	—	—	—	1	—	1	—	—	—	—	—	—	—	—	1
Other	—	—	—	—	0	0	—	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(14)	(154)	(1)	(27)	(172)	(368)	0	22	(346)
Total changes	—	—	(0)	467	(0)	467	(14)	(154)	(1)	(27)	(172)	(368)	0	22	121
Balance at March 31, 2020	$8,280	$4,595	$6,949	$7,278	$(78)	$27,024	$20	$(129)	$(23)	$(91)	$(147)	$(370)	$0	$153	$26,807

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2020

	Millions of yen		Millions of U.S. dollars (Note 2)
	Year ended March 31, 2020	Year ended March 31, 2019	**Year ended March 31, 2020**
Cash flows from operating activities			
Income before income taxes	**¥ 69,259**	¥ 258,625	**$ 636**
Depreciation and amortization	**422,495**	541,805	**3,883**
Impairment loss	**10,510**	—	**97**
Decommissioning costs of nuclear power units	**35,535**	43,230	**326**
Loss on disposal of property, plant and equipment	**24,258**	30,319	**223**
Increase in provision for preparation of removal of reactor cores in the specified nuclear power facilities	**166,812**	4,721	**1,533**
Increase in reserve for loss on disaster	**210,457**	27,365	**1,934**
Decrease in net defined benefit liability	**(4,930)**	(13,015)	**(45)**
Increase in reserve fund for nuclear reactor decommissioning	**(190,150)**	(200,000)	**(1,748)**
Interest and dividend income	**(1,392)**	(1,527)	**(13)**
Interest expense	**43,985**	55,541	**404**
Equity in earnings of affiliates	**(99,796)**	(25,048)	**(917)**
Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	**(101,699)**	(159,806)	**(935)**
Compensation for nuclear damages	**107,915**	151,069	**992**
Gain on change in equity	**(199,717)**	—	**(1,835)**
Reversal of disaster loss allowance	**(113,526)**	—	**(1,043)**
Fukushima Daini Abolition Loss	**95,651**	—	**879**
Decrease (increase) in notes and accounts receivable	**57,268**	(30,396)	**526**
Increase in notes and accounts payable	**63,517**	60,064	**584**
Other	**(187,063)**	(137,583)	**(1,719)**
	409,389	605,366	**3,762**
Interest and cash dividends received	**4,907**	5,513	**45**
Interest paid	**(42,934)**	(62,378)	**(395)**
Payments for loss on disaster due to the Tohoku-Chihou-Taiheiyou-Oki Earthquake	**(23,347)**	(19,613)	**(214)**
Receipts of Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	**520,000**	797,000	**4,779**
Payments for nuclear damage compensation	**(521,408)**	(799,122)	**(4,792)**
Income taxes paid	**(23,111)**	(23,055)	**(212)**
Net cash provided by operating activities	**323,493**	503,709	**2,973**
Cash flows from investing activities			
Purchases of property, plant and equipment	**(554,856)**	(619,566)	**(5,099)**
Contributions in aid of construction received	**22,178**	17,670	**204**
Increase in long-term investments	**(5,913)**	(7,751)	**(54)**
Proceeds from long-term investments	**2,659**	2,186	**24**
Other	**27,678**	36,623	**254**
Net cash used in investing activities	**(508,253)**	(570,837)	**(4,671)**
Cash flows from financing activities			
Proceeds from issuance of bonds	**879,635**	959,106	**8,084**
Redemptions of bonds	**(623,516)**	(1,234,634)	**(5,730)**
Repayments of long-term loans	**(433,951)**	(1,049,209)	**(3,988)**
Proceeds from short-term loans	**4,088,132**	6,128,876	**37,571**
Repayments of short-term loans	**(3,892,332)**	(4,937,578)	**(35,772)**
Other	**(4,376)**	15,739	**(40)**
Net cash provided by (used in) financing activities	**13,591**	(117,698)	**125**
Effect of exchange rate changes on cash and cash equivalents	**45**	(194)	**0**
Net decrease in cash and cash equivalents	**(171,122)**	(185,021)	**(1,573)**
Cash and cash equivalents at beginning of the year	**999,362**	1,184,384	**9,185**
Decrease in cash and cash equivalents due to change in scope of consolidation	**(16,096)**	—	**(148)**
Cash and cash equivalents at end of the year (Note 9)	**¥ 812,143**	¥ 999,362	**$ 7,464**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
March 31, 2020

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

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

(b) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all companies which it controls directly or indirectly. (Subsidiaries: 45 in 2020 and 49 in 2019. Affiliates accounted for using equity method: 25 in 2020 and 21 in 2019.) Companies over which the Company or the Companies exercise significant influence in terms of their operating and financial policies have been included in the consolidated financial statements using equity method of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

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

(c) Nuclear Fuel and Amortization

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

(d) Investments

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

(e) Inventories

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

(f) Depreciation and Amortization

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

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

(g) Allowance for Doubtful Accounts

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

(h) Accounting for Employees' Retirement Benefits

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

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

Prior service costs are mainly charged to income when incurred.

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

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

(i) Decommissioning Costs of Nuclear Power Units

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

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

(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.

Approval of the total estimated decommissioning costs of nuclear power units following decommissioning of Fukushima Daini Nuclear Power Station and extension of funding period of the required reserve:

Pursuant to the resolution of the Board of Directors' meeting held on July 31, 2019, the Company determined decommissioning of Fukushima Daini Nuclear Power Station Units 1 through 4 and on the same date submitted the application for the approval of the total estimated costs to the Minister of Economy, Trade and Industry based on the paragraph 1 of Article 5 of "Ministry Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of the Ministry of Economy, Trade and Industry), and the application was approved on August 19, 2019.

After the approval, the Company submitted the application for the approval of extension of funding period of the required reserve to the Minister of Economy, Trade and Industry based on the conditional clause of the paragraph 3 of Article 5 of the above Ordinance of the Ministry of Economy, Trade and Industry on August 19, 2019, and the application was approved on September 27, 2019.

As a result, the required reserve computed by deducting the existing reserve from the total estimated costs approved is recorded on a straight-line method over the period of 10 years following the month to which the date (September 30, 2019) of decommissioning of nuclear power plants belongs.

(j) Income Taxes

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

(k) Foreign Currency Translation

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

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

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

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

(l) Derivatives and Hedging Activities

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

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.

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

(m) Cash and Cash Equivalents

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

(n) Accounting Standards Issued, but not Yet Adopted

Accounting Standard and Implementation Guidance on Revenue Recognition

On March 31, 2020, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19).

(1) Overview

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

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

(2) Scheduled date of adoption

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

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

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

On July 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement," ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement." On March 31, 2020, the ASBJ issued and ASBJ Guidance No. 19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(1) Overview

The ASBJ had been working to establish consistency of Japanese accounting standards with international accounting standards concerning guidance and disclosures about the fair value of principally financial instruments taking the current circumstances into account that the IASB and the FASB have provided almost the same detailed guidance on fair value measurement, that is, IFRS 13 "Fair Value Measurement" and FASB Accounting Standards Codification ("ASC") Topic 820 "Fair Value Measurement" and finally issued "Accounting Standard for Fair Value Measurement" and others.

As a basic policy of the ASBJ in developing accounting standards for fair value measurement, from the viewpoint of enhancing comparability of financial statements among the domestic and foreign companies by using unified measurement methods, the ASBJ determined to introduce principally all the provisions of IFRS 13 and defined other treatments for specific matters as long as they do not significantly harm the comparability among financial statements considering the practices prevailing in Japan.

(2) Scheduled date of adoption

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

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

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

2 U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥108.81 = US$1.00, the approximate rate of exchange in effect on March 31, 2020, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

3 Changes in Presentation

Consolidated Statement of Cash Flows

"Proceeds from payments from noncontrolling shareholders" that was individually presented under "Cash flows from financing activities" for the year ended March 31, 2019 is included in "Other" for the year ended March 31, 2020 (¥2,007 million (US$18 million) in 2020) because the amount has become immaterial. The consolidated financial statements for the year ended March 31, 2019 have been reclassified to reflect this change.

As a result, ¥21,277 million that was presented in "Proceeds from payments from noncontrolling shareholders" under "Cash flows from financing activities" in the Consolidated Statement of Cash Flows for the year ended March 31, 2019 has been reclassified into "Other."

4 Additional Information

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

The outstanding balance of fixed assets necessary for decommissioning reactors and fixed assets requiring maintenance after having discontinued operation of reactors as of March 31, 2020 and 2019 was ¥519,577 million (US$4,775 million) and ¥457,409 million, respectively.

Reserve fund for nuclear reactor decommissioning

The amount of reserve fund for nuclear reactor decommissioning is provided based on the notice received from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation pursuant to the provision of the paragraph 1 of Article 55-3 of the "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (Act No.94 on August 10, 2011). This reserve is funded to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation from the fiscal year ended March 31, 2019 in order to ensure appropriate and steady implementation of decommissioning of reactors by the authorized operators for decommissioning of reactors, etc. pursuant to the provision of the "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (Act No.94 on August 10, 2011).

Suspense account for decommissioning related nuclear power facilities

Pursuant to the resolution of the Board of Directors' meeting held on July 31, 2019, the Company determined decommissioning of Fukushima Daini Nuclear Power Station Units 1 through 4 and on the same date submitted the application for the approval of suspense account for decommissioning related nuclear power facilities to the Minister of Economy, Trade and Industry based on the paragraph 2 of Article 28-3 of "Electric Utility Accounting Regulations " (Ordinance No. 57 of the Ministry of International Trade and Industry) in 1965, and the application was approved on August 19, 2019.

As a result, the corresponding amount to contribution costs concerning reprocessing of irradiated nuclear fuel (excluding existing power generation costs such as reprocessing of irradiated nuclear fuel) and decommissioning costs of the concerned fuel which are arising from abolition of the nuclear reactors in the amount of ¥127,655 million (US$1,173 million) was recorded as suspense account for decommissioning related nuclear facilities under "Facilities in progress".

Transactions under common control

(1) Transaction overview

Effective April 1, 2020, renewable energy power generating business of the Company was succeeded to TEPCO Renewable Power, Inc. by way of the company split.

(2) Outline of accounting treatments to be performed

The Absorption-type Split is accounted for as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Guidance on Accounting Standards for Business Combinations and Business Divestures" (ASBJ Guidance No. 10, January 16, 2019).

Items of assets and liabilities together and the amounts to be split into TEPCO Renewable Power, Inc. are as follows:

(As of April 1, 2020)

Assets			Liabilities		
Item	Millions of yen	Millions of U.S. dollars	Item	Millions of yen	Millions of U.S. dollars
Non-current assets	¥ 420,321	$ 3,863	Non-current liabilities	¥ 53,089	$ 488
Current assets	83,773	770	Current liabilities	144,184	1,325
Total	¥ 504,095	$ 4,633	Total	¥ 197,273	$ 1,813

5 Inventories

Details of inventories were as follows:

	Millions of yen 2020	Millions of yen 2019	Millions of U.S. dollars 2020
Merchandise and finished products	¥ 9,769	¥ 8,301	$ 90
Work in process	14,061	16,127	129
Raw materials and stores	64,007	141,255	588
Total inventories	¥ 87,837	¥ 165,683	$ 807

6 Property, Plant and Equipment, Net

The major classifications of property, plant and equipment, net at March 31, 2020 and 2019 were as follows:

	Millions of yen 2020	Millions of yen 2019	Millions of U.S. dollars 2020
Hydroelectric power production facilities	¥ 377,762	¥ 386,676	$ 3,472
Thermal power production facilities	—	990,352	—
Nuclear power production facilities	994,677	989,205	9,141
Transmission facilities	1,435,833	1,504,159	13,196
Transformation facilities	634,240	643,721	5,829
Distribution facilities	2,016,946	2,021,402	18,536
Other electricity-related property, plant and equipment	126,681	127,816	1,164
Other property, plant and equipment	190,688	217,589	1,753
Facilities in progress	1,264,035	1,056,179	11,617
	¥ 7,040,866	¥ 7,937,103	$ 64,708

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

In addition, deferred income from receipts of contribution in aid of construction costs is directly deducted from the carrying amounts of property, plant and equipment in the amounts of ¥391,509 million (US$3,598 million) and ¥432,056 million as of March 31, 2020 and 2019, respectively.

7 Investment Securities

At March 31, 2020 and 2019, available-for-sale securities for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2020			2019			2020		
	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	¥ 226	¥ 135	¥ 91	¥1,767	¥ 1,436	¥ 331	$ 2	$ 1	$ 1
Unrealized holding losses:									
Stocks, bonds and other	6,192	7,971	(1,778)	6,195	10,056	(3,861)	57	73	(16)
Total	¥6,419	¥8,106	¥(1,687)	¥7,962	¥11,492	¥(3,529)	$59	$74	$(15)

8 Long-term Investments in Non-consolidated Subsidiaries and Associates

Shares and capital investments in non-consolidated subsidiaries and associates (of which investments in joint ventures) were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Shares and capital investments	**¥1,266,634**	¥ 860,416	**$ 11,641**
(Of which investments in joint ventures)	**(821,173)**	(318,261)	**(7,547)**

9 Supplemental Cash Flow Information

A reconciliation of the difference between cash and deposits stated in the consolidated balance sheets as of March 31, 2020 and 2019 and cash and cash equivalents for the purpose of the statement of cash flows for the years ended March 31, 2020 and 2019 is as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Cash and deposits	**¥ 813,300**	¥1,000,681	**$ 7,475**
Time deposits with maturities of more than three months	**(1,157)**	(1,318)	**(11)**
Cash and cash equivalents	**¥ 812,143**	¥ 999,362	**$ 7,464**

10 Short-Term Loans and Long-Term Debt

Short-term loans are unsecured. The weighted-average interest rates of short-term loans were approximately 0.628% and 0.582% for the years ended March 31, 2020 and 2019, respectively.

At March 31, 2020 and 2019, short-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Loans from banks and other sources	**¥ 1,972,699**	¥ 2,772,395	**$ 18,130**

The annual interest rates applicable to the Company's domestic straight bonds at March 31, 2020 and 2019 ranged from 0.290% to 2.401%. The interest rates applicable to long-term debt (except for the current portion) at March 31, 2020 and 2019 averaged approximately 1.754% and 0.912%, respectively.

At March 31, 2020 and 2019, long-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Domestic straight bonds due from 2019 through 2040	**¥ 2,214,642**	¥ 1,956,794	**$ 20,353**
Loans from banks, insurance companies and other sources	**727,590**	1,161,602	**6,687**
	2,942,232	3,118,396	**27,040**
Less: Current portion	**(968,868)**	(991,887)	**(8,904)**
	¥ 1,973,363	¥ 2,126,510	**$ 18,136**

Financial covenants:
At March 31, 2020
Financial covenants on the financial position and operating results of the Company and its Group are attached to corporate bonds of ¥7,437 million (US$68 million), current portion of long-term debt of ¥247,204 million (US$2,272 million) and short-term loans of ¥976,764 million (US$8,977 million) of the Company as of March 31, 2020.

At March 31, 2019
Financial covenants on the financial position and operating results of the Company and its Group are attached to corporate bonds of ¥18,868 million, current portion of long-term debt of ¥235,425 million and short-term loans of ¥859,067 million of the Company as of March 31, 2019.

11 Leases

As Lessee:
Future minimum lease payments subsequent to March 31, 2020 and 2019 for operating leases are summarized as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Within one year	**¥ 158**	¥ 279	**$ 1**
Later than one year	**212**	335	**2**
Total	**¥ 371**	¥ 615	**$ 3**

12 Pledged Assets

The Company's entire property was subject to certain statutory preferential rights as security for loans from the Development Bank of Japan that amounted to ¥107,976 million (US$992 million) and ¥152,023 million, and for bonds that amounted to ¥734,642 million (US$6,752 million) and ¥1,016,794 million including current portion at March 31, 2020 and 2019, 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$1,103 million) as a measure of compensation for damages to be paid as the operator for cooling of nuclear reactors and treatment of accumulated water of Fukushima Daiichi Nuclear Power Station.

The entire property of TEPCO Fuel & Power, Incorporated was subject to certain statutory preferential rights as security for loans from Development Bank of Japan that amounted to nil and ¥364,728 million, including current portion at March 31, 2020 and 2019, respectively.

The entire property of TEPCO Power Grid, Incorporated was subject to certain statutory preferential rights as security for bonds that amounted to ¥1,480,000 million (US$13,602 million) and ¥940,000 million at March 31, 2020 and 2019, respectively, and loans from Development Bank of Japan that amounted to ¥437,843 million (US$4,024 million) and ¥396,623 million, including current portion at March 31, 2020 and 2019, respectively.

The entire property of TEPCO Energy Partner, Incorporated was subject to certain statutory preferential rights as security for loans from Development Bank of Japan that amounted to ¥56,589 million (US$520 million) and ¥56,558 million, including current portion at March 31, 2020 and 2019, respectively.

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 due to participation in overseas operations for certain consolidated subsidiaries at March 31, 2020 and 2019, respectively, were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Investments and other:			
Long-term investments	**¥ 399**	¥ 523	**$ 3**
Current assets			
Cash and due from banks	**59**	—	**1**
	¥ 458	¥ 523	**$ 4**

Long-term investments totaling ¥4 million (US$0 million) were pledged as collateral for long-term loans from financial institutions to investees of certain consolidated subsidiaries as of March 31, 2020 and 2019. In case of default of the investees, the burden of the consolidated subsidiaries is limited to the concerned amount of investments.

13 Method of Recording Contribution Costs Concerning Reprocessing of Irradiated Nuclear Fuel

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

Of the estimated amount of costs required for the reprocessing of irradiated nuclear fuel generated up to March 31, 2005, the cost burden responsibility for the difference arising from changes in the reserve recording standards in the year ended March 31, 2006 is fulfilled by paying the difference as contribution related to irradiated nuclear fuel in accordance with Article 4 of the Supplementary Provisions of the "Ministerial Ordinance to Revise a Part of the Electric Utility Accounting Regulations, etc." (Ordinance of the Ministry of Economy, Trade and Industry No. 94, September 30, 2016). An equal amount of ¥30,560 million (US$ 281 million) was expensed each year until the year ended March 31, 2020.

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

14 Reserve for Loss on Disaster

For the Niigataken Chuetsu-Oki Earthquake

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

For the Tohoku-Chihou-Taiheiyou-Oki Earthquake

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

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

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

Responding to "Step 2 Completion Report- Roadmap towards Settlement of the Accident at Fukushima Daiichi Nuclear Power Station, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO") (December 16, 2011)" prepared by Government-TEPCO Integrated Response Office established by the Nuclear Emergency Response Headquarters of the Government, "Mid-and-Long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Plant, TEPCO" (December 21, 2011; hereinafter "Mid-and-Long Term Roadmap") was prepared by Government and TEPCO's Mid-to- Long Term Countermeasure Meeting established by Nuclear Emergency Response Headquarters of the Government (finally revised on December 27, 2019).

The Company prepared "Mid-and-Long Term Decommissioning Implementation Plan 2020" (March 27, 2020) as a specific plan to achieve main target processes of Mid-and-Long Term Roadmap and the goals listed in "Mid-and-Long Term Risk Reduction Target Map of Fukushima Daiichi Nuclear Power Station, TEPCO (March 2020 version)" (March 4, 2020) prepared by Nuclear Regulatory Commission.

Regarding expenses and/or losses related to Mid-and-Long Term Roadmap, the Company records estimated amounts (excluding expenses required for removal of reactor cores in the plan concerning recovery of reserve for decommissioning reactors applied for authorization pursuant to the paragraph 2 of Article 55-9 of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (Act No.94 of 2011)) based on specific target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way.

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

b. Expenses for disposal of nuclear fuels in processing within expenses and/or losses for scrapping of Fukushima Daiichi Nuclear Power Station Units 1 through 4 The Company records an amount equivalent to the present value (discount rate: 4.0%) of the processing costs of nuclear fuels in processing which are not expected to be spent, in accordance with the accounting guideline for "Reserve for reprocessing of irradiated nuclear fuel".

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

For the Typhoon No.15 (Bousou Peninsula Typhoon), No. 19 (East Japan Typhoon) and No. 21

The Company provides reserve for loss on disaster for the restoration of assets damaged by the Typhoon No. 15 (Bousou Peninsula typhoon), No. 19 (East Japan Typhoon) and No. 21 which occurred from September through October 2019.

(Additional information)

Reserve for loss on disaster at March 31, 2020 and 2019 consists of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Loss on the Niigataken Chuetsu-Oki Earthquake	¥ 5,112	¥ 5,112	$ 47
Loss on the Tohoku-Chihou-Taiheiyou-Oki Earthquake:	512,791	443,716	4,713
a. Expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station	504,326	321,813	4,635
b. Expenses for disposal of nuclear fuels in processing within expenses and/or losses for scrapping Fukushima Daiichi Nuclear Power Station Units 1 through 4	6,366	6,121	59
c. Expenses and/or losses for maintaining the safe "cold shutdown condition" and others of reactors at Fukushima Daini Nuclear Power Station	—	115,256	—
d. Other	2,099	525	19
Costs required for restoration of assets damaged by the Typhoon No. 15 (Bousou Peninsula Typhoon), No. 19 (East Japan Typhoon) and No. 21	5,100	—	47
Total	¥ 523,004	¥ 448,829	$ 4,807

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

Before nuclear power plants can be scrapped, nuclear fuels in the reactors must be removed, but the concrete working conditions will be decided after the status of inside of the reactors has been confirmed and also in consideration of the progress of necessary research and development activities. Accordingly, the Company records the amounts, including the amount recorded based on actual amounts in overseas nuclear power plant accidents, within the range of reasonable estimates based on the currently available information for expenses and/or losses related to Mid-and-Long Term Roadmap, although they might vary from now on.

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

In order to provide for expenses/losses required for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has recorded expenses required for removal of reactor cores out of the amount prescribed in the plan concerning recovery of reserve fund for nuclear reactor decommissioning applied for authorization pursuant to the paragraph 2 of Article 55-9 of the "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (Act No.94 on August 10, 2011). The authorized amount out of the amount applied has been recorded as provision for removal of reactor cores in the specified nuclear power facilities and the other amount applied has been recorded as provision for preparation of removal of reactor cores in the specified nuclear power facilities.

16 Reserve for Nuclear Damage Compensation

For the year ended March 31, 2020

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 has recorded a reserve for nuclear damage compensation in the estimated damage compensation amounts at March 31, 2020.

The Company estimates the damage compensation based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, TEPCO" (hereinafter the "Interim Guidelines") on August 5, 2011 and the Company's compensation criteria considering these guidelines and the actual compensation claim amounts and objective statistical data.

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

(Additional information)

The amount of receipt of compensation of ¥188,926 million (US$1,736 million) pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) and receivables of ¥1,901,963 million (US$17,480 million) related to the amount which was submitted an application for based on the provision of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 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) are deducted from the "grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation" and reserve for nuclear damage compensation at the end of the fiscal year in accordance with the Ordinance on Accounting at Electric Utilities.

For the year ended March 31, 2019

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 has recorded a reserve for nuclear damage compensation in the estimated damage compensation amounts at March 31, 2019.

The Company estimates the damage compensation based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including "the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, TEPCO" (hereinafter the "Interim Guidelines") on August 5, 2011 and the Company's compensation criteria considering these guidelines and the actual compensation claim amounts and objective statistical data.

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

(Additional information)

The amount of receipt of compensation of ¥188,926 million pursuant to the provision of the Act on Contract for Indemnification of Nuclear Damage Compensation (effective on June 17, 1961; Act No. 148 of 1961) and receivables of ¥1,449,106 million related to the amount which was submitted an application for based on the provision of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 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) are deducted from the "grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation" and reserve for nuclear damage compensation at the end of the fiscal year in accordance with the Ordinance on Accounting at Electric Utilities.

17 Reserve for Preparation of the Depreciation of Nuclear Power Construction

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

18 Employees' Retirement Benefits

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

Defined Benefit Plans

(1) The changes in projected benefit obligations for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Beginning balance of projected benefit obligations	**¥ 813,175**	¥ 828,606	**$7,474**
Service cost	**24,557**	25,610	**226**
Interest cost	**7,872**	8,039	**72**
Actuarial gain and loss	**980**	(11,515)	**9**
Retirement benefit paid	**(41,880)**	(38,493)	**(385)**
Prior service cost	**—**	(148)	**—**
Decrease due to business combinations	**(1,512)**	—	**(14)**
Other (Note 2 below)	**0**	1,075	**0**
Ending balance of projected benefit obligations	**¥ 803,194**	¥ 813,175	**$7,382**

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

(2) The changes in plan assets for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Beginning balance of plan assets	¥ 580,279	¥ 589,370	$ 5,333
Expected return on plan assets	14,223	14,450	131
Actuarial gain and loss	(27,117)	(10,534)	(249)
Contribution from the employer	5,829	5,619	53
Retirement benefit paid	(18,367)	(19,224)	(169)
Other (Note 2 below)	604	597	6
Ending balance of plan assets	¥ 555,452	¥ 580,279	$ 5,105

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

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

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Funded projected benefit obligations	¥ 437,284	¥ 441,788	$ 4,019
Plan assets	(555,452)	(580,279)	(5,105)
	(118,168)	(138,491)	(1,086)
Unfunded projected benefit obligations	365,910	371,387	3,363
Net liability recorded in the consolidated balance sheet	247,741	232,896	2,277
Net defined benefit liability	368,475	374,919	3,387
Net defined benefit asset	(120,734)	(142,023)	(1,110)
Net liability recorded in the consolidated balance sheet	¥ 247,741	¥ 232,896	$ 2,277

(4) The components of retirement benefit expenses for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Service cost (Notes 1 and 2 below)	¥ 23,936	¥ 24,997	$ 220
Interest cost	7,872	8,039	73
Expected return on plan assets	(14,223)	(14,450)	(131)
Amortization of actuarial gain and loss	5,477	(6,970)	50
Amortization of prior service cost	(158)	(307)	(1)
Other (Note 3 below)	19	14	0
Retirement benefit expenses on defined benefit plans	¥ 22,923	¥ 11,323	$ 211

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

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

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Prior service costs	¥ (158)	¥ (158)	$ (1)
Actuarial gain and loss	(22,621)	(5,891)	(208)
Total	¥(22,780)	¥(6,050)	$(209)

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

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Unrecognized Prior service cost	¥ 85	¥ 244	$ 1
Unrecognized actuarial gain and loss	(18,392)	4,228	(169)
Total	¥(18,307)	¥ 4,472	$(168)

(7) Plan assets
a. Plan assets, by major category, as a percentage of total plan assets, consisted of the following:

	2020	2019
Life insurance general account	48%	46%
Debt securities	31%	31%
Equity securities	17%	19%
Other	4%	4%
Total	100%	100%

b. Method of determining the long-term expected rate of return on plan assets
The expected return on assets has been estimated based on the anticipated allocation to each class and the expected long-term returns on assets held in each category.

(8) Assumptions used for actuarial calculation

	2020	2019
Discount rate	Mainly 1.0%	Mainly 1.0%
Long-term expected rate of return	Mainly 2.5%	Mainly 2.5%
Expected rate of salary increase	Mainly 5.8%	Mainly 5.8%

Defined Contribution Plans
The amount of the required contribution to the defined contribution plans of the Company and consolidated subsidiaries was ¥3,780 million (US$35 million) and ¥3,871 million for the years ended March 31, 2020 and 2019, respectively.

19 Income Taxes

The significant components of deferred tax assets and liabilities as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Deferred tax assets:			
Depreciation and amortization	**¥ 176,161**	¥ 188,404	**$ 1,619**
Asset retirement obligations	**169,481**	164,412	**1,558**
Reserve for loss on disaster	**145,935**	125,731	**1,341**
Reserve for nuclear damage compensation	**139,001**	153,732	**1,277**
Net defined benefit liability	**110,311**	110,570	**1,014**
Amortization of easement on transmission line	**72,941**	68,131	**670**
Other	**115,873**	101,429	**1,065**
	929,706	912,412	**8,544**
Valuation allowance (Note)	**(669,853)**	(642,334)	**(6,156)**
Total deferred tax assets	**259,852**	270,077	**2,388**
Deferred tax liabilities:			
Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	**(138,491)**	(154,701)	**(1,273)**
Other	**(94,202)**	(93,444)	**(866)**
Total deferred tax liabilities	**(232,694)**	(248,145)	**(2,139)**
Net deferred tax assets	**¥ 27,158**	¥ 21,932	**$ 249**

Note: Valuation allowance decreased by ¥27,519 million (US$253 million) during the year ended March 31, 2020. Major components of this decrease are as follows:
Deductible temporary differences in future periods on reserve for loss on disaster and other increased by ¥20,213 million (US$186 million) and ¥27,490 million (US$253 million), respectively, deductible temporary differences in future periods on reserve for nuclear damage compensation decreased by ¥14,731 million (US$135 million), taxable temporary differences in future periods on asset retirement obligations increased by ¥2,612 million (US$24 million) and taxable temporary differences in future periods on grants-in-aid receivable from nuclear damage compensation and decommissioning facilitation corporation decreased by ¥16,209 million (US$149 million).

(Additional information)
For the transition to the group tax sharing system introduced by the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8, March 31, 2020) and items for which the non-consolidated taxation system was revised following the transition to the group tax sharing system, the Company does not apply the provision of the paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) based on the treatment under the paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020), and reports the amounts of deferred tax assets and deferred tax liabilities based on the provisions of tax laws before the amendment.

A reconciliation between the effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2020 and 2019 was as follows:

	2020	2019
Effective statutory tax rate	**28.0%**	28.0%
Change in valuation allowance	**116.8**	(15.1)
Gain on change in equity	**(80.7)**	—
Gain on equity method investments	**(40.3)**	(2.7)
Tax rate difference between parent and subsidiaries	**2.5**	0.6
Research and development cost tax credit	**(1.6)**	(0.5)
Other	**0.9**	(0.2)
Actual effective tax rate	**25.5%**	10.1%

(Change in presentation)
"Tax rate difference between parent and subsidiaries" and "Research and development cost tax credit" which were included in "Other" are separately presented due to the increased materiality. In order to reflect this change in the presentation, items for the year ended March 31, 2019 are reclassified.

As a result, (0.1%) of "Other" presented in the year ended March 31, 2019 was reclassified into 0.6% of "Tax rate difference between parent and subsidiaries," (0.5)% of "Research and development cost tax credit" and (0.2)% of "Other".

20 Business Combinations

Formation of a jointly venture

TEPCO Fuel & Power, Incorporated (hereinafter "TEPCO Fuel & Power"), which is a wholly owned subsidiary of the Company, resolved at the Board of Directors' meeting held on May 9, 2018 to enter into the absorption-type company split agreement (hereinafter called the "Absorption-type Split Agreement") with JERA Co., Inc. (hereinafter "JERA") in order to integrate their fuel receiving/storage and gas transportation business and existing thermal power generation business (hereinafter called the "Business") into JERA and entered into the Absorption-type Split Agreement with JERA on that day. In addition, the Absorption-type Split Agreement was approved by the shareholders' meeting held on June 27, 2018. Accordingly, TEPCO Fuel & Power transferred the Business to JERA on April 1, 2019.

JERA entered into another absorption-type company split agreement with Chubu Electric Power Co., Inc. (hereinafter "Chubu Electric") at the same time as the conclusion of the Absorption-type Split Agreement and succeed fuel receiving/storage and gas transportation and existing thermal power generation business of Chubu Electric.

(1) Outline of the transaction

a. Name of the business and its contents
Gas/LNG sales business, LNG receiving/storage/gas transportation business, existing thermal power generation business, replacement/new establishment business of existing thermal power stations and their incidental related business

b. Date of business combination
April 1, 2019

c. Legal form of business combination
Absorption-type company split under which TEPCO Fuel & Power is a splitting company and JERA is a succeeding company

d. Name after business combination
JERA Co., Inc.

e. Other matters concerning the outline of the transaction
TEPCO Fuel & Power entered into a joint venture agreement with Chubu Electric that fuel receiving/storage and gas transportation and existing thermal power generation business of the both companies would be integrated into JERA (hereinafter called the "Business Integration") on June 8, 2017. In addition, on February 27, 2018, the related agreements which prescribed various conditions and procedures about the Business Integration were concluded. Based on these agreements, the Business was determined to be integrated into JERA.

f. Reason that it was judged to be a formation of a joint venture
In the formation of this joint venture, TEPCO Fuel & Power and Chubu Electric entered into the joint venture agreement and the related agreements that both companies would become joint venturers of JERA and all of the considerations for the business combination were shares with voting rights. In addition, there does not exist any fact of other control. Consequently, this business combination was judged to be a formation of a joint venture.

(2) Outline of accounting treatments to be performed
The Absorption-type Split is accounted for as a formation of a joint venture in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Guidance on Accounting Standards for Business Combinations and Business Divestures" (ASBJ Guidance No. 10, January 16, 2019).

21 Asset Retirement Obligations

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

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

In computing the amount of asset retirement obligations, the Company uses the remaining years (calculated 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 expenditures incur and applies a discount rate of 2.3%.

The changes in asset retirement obligations for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
Balance at beginning of year	**¥ 949,823**	¥ 784,583	**$ 8,729**
Net changes during the year	**45,147**	165,239	**415**
Balance at end of year	**¥ 994,970**	¥ 949,823	**$ 9,144**

22 Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than capital reserve) and retained earnings (other than legal reserve) be transferred to the capital reserve or the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of common stock. The capital reserve amounted to ¥743,555 million (US$6,834 million) at March 31, 2020 and 2019 and the legal reserve amounted to ¥169,108 million (US$1,554 million) at March 31, 2020 and 2019. Moreover, neither the capital reserve nor the legal reserve is available for the payment of dividends, but distributions of capital surplus can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

The changes in the number of outstanding shares and treasury stock during the years ended March 31, 2020 and 2019 were as follows:

	Number of shares (in thousands)			
	April 1, 2019	Increase	Decrease	March 31, 2020
Outstanding shares issued:				
Common stock	**1,607,017**	**—**	**—**	**1,607,017**
Preferred stock — Class A	**1,600,000**	**—**	**—**	**1,600,000**
Preferred stock — Class B	**340,000**	**—**	**—**	**340,000**
Total	**3,547,017**	**—**	**—**	**3,547,017**
Treasury stock:				
Common stock	**4,791**	**25**	**10**	**4,806**

Note: An increase in common stock of treasury stock of 25 thousand shares is due to purchases of shares less than one unit and a decrease of 10 thousand shares is due to changes in treasury stock attributable to the Company followed by a decrease in the ownership ratio of affiliates accounted for using the equity method.

	Number of shares (in thousands)			
	April 1, 2018	Increase	Decrease	March 31, 2019
Outstanding shares issued:				
Common stock	1,607,017	—	—	1,607,017
Preferred stock — Class A	1,600,000	—	—	1,600,000
Preferred stock — Class B	340,000	—	—	340,000
Total	3,547,017	—	—	3,547,017
Treasury stock:				
Common stock	4,765	28	1	4,791

Note: An increase in common stock of treasury stock of 28 thousand shares is due to purchases of shares less than one unit and a decrease of 1 thousand shares is due to additional purchase requisition.

Subscription rights to shares
Outstanding balance at consolidated subsidiaries at March 31, 2020 and 2019 was ¥3 million (US$0 million) and nil, respectively.

23 Stock Options

Amount of expenses recorded in relation to stock options for the year ended March 31, 2020:
¥3 million (US$0 million)

Description of stock options:

Name of the issuer:	TRENDE Inc.	TRENDE Inc.	TRENDE Inc.
Name of stock option	2nd stock option	3rd stock option-1	3rd stock option-2
Date of resolution:	June 11, 2018	January 18, 2019	January 18, 2019
Individuals covered by the plan:	Employee: 3	External advisor: 5	Employee: 1
Type and number of stock options to be granted (Note):	Common stock: 20,801 shares	Common stock: 350 shares	Common stock: 4,069 shares
Date of grant	55,000 shares of common stock are granted by a one 48th on the 11th of every month from July 11, 2018	500 shares of common stock are granted by a one 24th on the 18th of every month from February 18, 2019	15,000 shares of common stock are granted by a one 48th on the 18th of every month from March 18, 2019
Vesting conditions:	Director or employee of TRENDE Inc. upon the exercise Other details are prescribed in the subscription warrant allotment contract.	As prescribed in the subscription warrant allotment contract.	Director or employee of TRENDE Inc. upon the exercise Other details are prescribed in the subscription warrant allotment contract.
Service period:	June 11, 2018 through June 10, 2020	January 18, 2019 through January 18, 2021	February 18, 2019 through February 18, 2021
Exercise period:	June 11, 2020 through June 10, 2028	January 19, 2021 through January 18, 2029	February 19, 2021 through February 18, 2029

Name of the issuer:	TRENDE Inc.	TRENDE Inc.	TEPCO LIFE SERVICE Inc.
Name of stock option	3rd stock option-3	3rd stock option-4	1st stock option
Date of resolution:	January 18, 2019	January 18, 2019	March 30, 2020
Individuals covered by the plan:	Employee: 1	Employee: 1	Director: 3 Employee: 5
Type and number of stock options to be granted (Note):	Common stock: 567 shares	Common stock: 66 shares	Common stock: 1,465 shares
Date of grant	3,000 shares of common stock are granted by a one 48th on the 7th of every month from July 7, 2019	500 shares of common stock are granted by a one 48th on the 19th of every month from October 19, 2019	March 30, 2020
Vesting conditions:	Director or employee of TRENDE Inc. upon the exercise Other details are prescribed in the subscription warrant allotment contract.	Director or employee of TRENDE Inc. upon the exercise Other details are prescribed in the subscription warrant allotment contract.	*1, *2, *3,*4
Service period:	June 7, 2019 through June 7, 2021	September 20, 2019 through September 19, 2021	March 30, 2020 through March 30, 2022
Exercise period:	June 8, 2021 through June 7, 2029	September 20, 2021 through September 19, 2029	March 30, 2020 through March 30, 2030

(Note) The number of stock options is converted into the number of shares.
*1 Those who are allotted new share subscription rights (hereinafter "Subscription right holders") shall be the issuer's directors or employees continuously in service until the corresponding date of the second year after the issue date. However, this shall not be applied if authorized by the Board of Directors.
*2 The subscription right holders shall be the issuer's directors or employees at the time of exercise. However, this shall not be applied if authorized by the Board of Directors.
*3 The inheritance of the new share subscription rights is not permitted. However, this shall not be applied if authorized by the Board of Directors.
*4 No pledge nor other disposal of the new share subscription rights is permitted. However, this shall not be applied if authorized by the Board of Directors.

The stock option activity is as follows:

Name of the issuer:	TRENDE Inc.	TRENDE Inc.	TEPCO LIFE SERVICE Inc.
Name of stock option	2nd stock option	3rd stock option	1st stock option
Date of resolution	June 11, 2018	January 18, 2019	March 30, 2020
Non-vested:			
March 31,2019- Outstanding	10,313	358	—
Granted	10,488	4,694	1,465
Forfeited	—	—	—
Vested	—	—	—
March 31, 2020- Outstanding	20,801	5,052	1,465
Vested:			
March 31, 2019- Outstanding	—	—	—
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
March 31, 2020- Outstanding	—	—	—

Unit price information:

	2nd stock option	3rd stock option	1st stock option
Issuer	TRENDE Inc.	TRENDE Inc.	TEPCO LIFE SERVICE Inc.
Date of resolution	June 11, 2018	January 18, 2019	March 30, 2020
Exercise price	¥400 (US$3.68)	¥1,900(US$17.46)	¥1(US$0.01)
Average stock price at the time of exercise	—	—	—
Fair unit price at the date of grant	—	—	—

Estimate method of the fair unit price of stock options:
TRENDE Inc.
Since TRENDE Inc. is an unlisted company at the date of grant of stock options, the estimate method of the fair unit price of stock options is based on the method of estimating the intrinsic value per unit.

The valuation method of the company's own shares which is the base for computing the intrinsic value per unit is based on the price computed using the fair value of net assets.
TEPCO LIFE SERVICE Inc.
Since TEPCO LIFE SERVICE Inc. is an unlisted company at the date of grant of stock options, the estimate method of the fair unit price of stock options is based on the method of estimating the intrinsic value per unit.

The valuation method of the company's own shares which is the base for computing the intrinsic value per unit is based on the issue price at the time of latest capital increase.

Estimate method of the vested number of stock options:
Since it is basically difficult to make a reasonable estimate of the number to be forfeited in future, the historical number of forfeited options is reflected in the estimate of the vested number of stock options.

In case of computing the fair unit price of stock options based on the intrinsic value per unit of stock options, total amount of the intrinsic value as of March 31, 2020 and total amount of the intrinsic value at the time of exercise of stock options:
a. Total amount of the intrinsic value as of March 31, 2020:
¥73 million (US$1 million)
b. Total amount of the intrinsic value at the time of exercise in the fiscal year ended March 31, 2020: Not Applicable

24 Land Revaluation Loss

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

25 Research and Development Costs

Research and development costs included in operating expenses for the years ended March 31, 2020 and 2019 totaled ¥17,905 million (US$165 million) and ¥18,670 million, respectively.

26 Selling, General and Administrative Expenses

The amount of selling, general and administrative expenses (before netting) included in the electric power business operating expenses (¥5,695,755 million (US$52,346 million) after netting and offset amount of ¥(87,272) million (US$(802) million) for the year ended March 31, 2020 and ¥5,735,057 million after netting and offset amount of ¥(92,941) million for the year ended March 31, 2019) was ¥343,338 million (US$3,155 million) (¥301,255 million in 2019). Major components and amounts are shown below:

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

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

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Salaries and allowances	**¥ 79,833**	¥ 80,836	**$ 734**
Employees' retirement benefits	**23,558**	12,416	**217**
Consignment expenses	**103,160**	83,062	**948**

27 Provisions for Reserves

Provisions for reserves charged to net income during the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Provision for preparation of removal of reactor cores in the specified nuclear power facilities	**¥ 168,898**	¥ 6,099	**$ 1,552**
Provision for removal of reactor cores in the specified nuclear power facilities	**6,099**	1,929	**56**
Reserve for loss on disaster	**228,580**	27,434	**2,101**
Reserve for nuclear damage compensation	**¥ 107,915**	¥ 151,069	**$ 992**

28 Extraordinary loss on disaster and contingent loss on assets

For the year ended March 31, 2020
Touhoku-Chihou-Taiheiyou-Oki Earthquake
Regarding costs required for or losses due to the restoration of assets that were affected by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, preparation work costs associated with fuel debris retrieval were booked in the amount of ¥374,071 million (US$3,438 million) as extraordinary loss on disaster in the year ended March 31, 2020.

Responding to "Step 2 Completion Report– Roadmap towards Settlement of the Accident at Fukushima Daiichi Nuclear Power Station, Tokyo Electric Power Company, Incorporated (hereinafter "TEPCO", previous trade name of the Company before April 1, 2016)" (December 16, 2011) prepared by the Government-TEPCO Integrated Response Office established by the Nuclear Emergency Response Headquarters of the Government, "Mid-and-Long-Term Roadmap" was prepared by the Government and TEPCO's Mid- to-Long Term Countermeasure Meeting established by the Nuclear Emergency Response Head- quarters of the Government (finally revised on December 27, 2019).

The Company prepared "Mid-and-Long Term Decommissioning Implementation Plan 2020" (March 27, 2020) as a specific plan to achieve main target processes of Mid-and-Long Term Roadmap and the goals listed in "Mid-and-Long Term Risk Reduction Target Map of Fukushima Daiichi Nuclear Power Station, TEPCO (March 2020 version)" (March 4, 2020) prepared by Nuclear Regulatory Commission.

Regarding expenses and/or losses related to the Mid-and-Long-Term Roadmap, the Company records estimated amounts based on specific target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way.

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

For the Typhoon No.15 (Bousou Peninsula typhoon), No. 19 (East Japan Typhoon) and No. 21
The Company records contingent loss on assets in the amount of ¥321 million (US$3 million) corresponding to the carrying amounts of impaired assets damaged by the Typhoon No. 15 (Bousou Peninsula typhoon), No. 19 (East Japan Typhoon) and No. 21 which occurred from September through October 2019 and repair costs, fixed assets removal costs, etc. required for restoration of assets affected by those typhoons in the amount of ¥20,863 million (US$192 million) as extraordinary loss on disaster.

For the year ended March 31, 2019

Costs required for or losses due to the restoration of assets that were affected by the Tohoku-Chihou-Taiheiyou-Oki Earthquake were booked in the year ended March 31, 2019.

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

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

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

For the year ended March 31, 2020

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

Consequently, the Company has recorded compensation for nuclear damages for the year ended March 31, 2020 at the amount of the difference between the estimated amount at March 31, 2020 and the estimated amount at March 31, 2019.

The Company submitted an application to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the "NDF") for a change of the amount of financial support to the estimated amount of compensation based on the provision of the paragraph 1 of Article 43 of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) (the "NDF Act") as of March 19, 2020 , and recorded the difference between the estimated amount of compensation above and the amount which was submitted as an application for financing the compensation on March 19, 2019 as the grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation.

¥813,266 million (US$7,474 million) of the amount which was submitted as an application for financial support based on the provision of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 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) is deducted from compensation for nuclear damages and the grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation at the end of the fiscal year in accordance with the Ordinance on Accounting at Electric Utilities.

In receiving the financial assistance, the recipient shall pay special contribution defined by the "NDF" based on the provision of the paragraph 1 of Article 52 of the "NDF Act", but the Company has not recorded such amount, except for the amount applicable to the year ended March 31, 2020 notified from the "NDF", since the amount will be determined by the resolution of the steering committee of the "NDF" for every fiscal year in light of the Company's operating results and also requires the approval of the minister in charge.

For the year ended March 31, 2019

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

Consequently, the Company has recorded compensation for nuclear damages for the year ended March 31, 2019 at the amount of the difference between the estimated amount at March 31, 2019 and the estimated amount at March 31, 2018.

The Company submitted an application to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the "NDF") for a change of the amount of financial support to the estimated amount of compensation based on the provision of the paragraph 1 of Article 43 of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) (the "NDF Act") as of March 19, 2019 , and recorded the difference between the estimated amount of compensation above and the amount which was submitted as an application for financing the compensation on March 27, 2018 as the grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation.

¥417,848 million of the amount which was submitted as an application for financial support based on the provision of "Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 based on the "Act on Special Measures concerning the Handling of Pollution by Radioactive Materials Released by the Nuclear Power Plant damaged by Tohoku-Chihou-Taiheiyou-Oki Earthquake on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011) is deducted from compensation for nuclear damages and the grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation at the end of the fiscal year in accordance with the Ordinance on Accounting at Electric Utilities.

In receiving the financial assistance, the recipient shall pay special contribution defined by the "NDF" based on the provision of the paragraph 1 of Article 52 of the "NDF Act", but the Company has not recorded such amount, except for the amount applicable to the year ended March 31, 2019 notified from the "NDF", since the amount will be determined by the resolution of the steering committee of the "NDF" for every fiscal year in light of the Company's operating results and also requires the approval of the minister in charge.

30 Fukushima Daini Abolition Loss and Reversal of Disaster Loss Allowance

For the year ended March 31, 2020

Pursuant to the resolution of the Board of Directors' meeting held on July 31, 2019, the Company determined abolition of Fukushima Daini Nuclear Power Station Units 1 through 4. Consequently, regarding loss on power production facilities and nuclear fuels, Fukushima Daini abolition loss in the amount of ¥95,651 million (US$879 million) was recorded under "Other expenses" and reversal of disaster loss allowance in the amount of ¥113,526 million (US$1,043 million) was recorded under "Other income" since the estimated amount of construction at the station which became unnecessary out of expenses or losses recorded as reserve for loss on disaster.

Fukushima Daini abolition loss includes an impairment loss on fixed assets in the amount of ¥45,621 million ($419 million).

31 Impairment Loss

(1) Asset grouping method

Property, plant and equipment used for electricity business are classified based on the business operation system and electricity trading contracts as follows:

Type of electricity business	Classification of grouping
Hydroelectric power production facilities	Power station or power production type unit
Nuclear power production facilities	Power station unit
New energy power production facilities	Power production type unit
Other electricity business facilities	Unified electricity business

Property, plant and equipment used for subsidiary business are classified by business in principle.

Other property, plant and equipment are classified by individual asset in principle.

(2) Amount of impairment loss, recognized asset or asset group

Property, plant and equipment used for electricity business

Assets	Location	Type	Millions of yen	Millions of U.S. dollars
Fukushima Daini Nuclear Power Station	Naraha-cho and Tomioka-cho, Futaba-gun, Fukushima Pref.	Land, buildings, structures, Machinery and equipment, construction in progress, etc.	**¥ 45,621**	**$ 419**
New energy power production facilities	Kofu city, Yamanashi Pref. Kawasaki-ku, Kawasaki city, Kanagawa Pref.	Land, structures, machinery andnd and equipment, etc.	**3,738**	**34**

Other property, plant and equipment

Assets	Location	Type	Millions of yen	Millions of U.S. dollars
Other business assets	Okuma-cho, and Futaba-Cho, Futaba-gun, Fukushima Pref.	Machinery and equipment, etc.	**¥ 6,771**	**$62**

(3) Reason for recognizing impairment loss

The carrying value of above listed property, plant and equipment was reduced to the recoverable amount since it is difficult to recover their investments because Fukushima Daini Nuclear Power Station Units 1 through 4 were determined to be abolished, electricity trade contracts have been revised reflecting market prices due to the future changes in business structure and some properties have not been expected to be used.

Out of these decreases, the decrease in the amount of ¥45,621 million (US$419 million) is recorded as "Fukushima Daini abolition loss" and the decrease in the amount of ¥10,510 million (US$97 million) related to solar power production facilities out of new energy power production facilities and other business assets are recorded as "Impairment loss" under "Other expenses".

(4) Measurement method of recoverable amount

The recoverable amount is measured at the use value or net selling value. The use value is determined discounting the future cash flows at the discount rate based on the capital cost of the Company. The net selling value is determined by the reasonable estimate of the expected sales value, but if the estimation is difficult, the value is considered to be nil.

32 Other Comprehensive Loss

The components of other comprehensive loss for the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Valuation difference on available–for-sale securities:			
Gain (loss) incurred during the year	**¥ 794**	¥(4,826)	**$ 7**
Reclassification adjustment to net income	**1,691**	—	**16**
Amount before tax effect	**2,485**	(4,826)	**23**
Tax effect	**(763)**	1,026	**(7)**
Valuation difference on available-for-sale securities	**1,722**	(3,799)	**16**
Deferred gains or losses on hedges:			
Gains (losses) incurred during the year	**—**	185	**—**
Reclassification adjustment to net income	**—**	(185)	**—**
Amount before tax effect	**—**	—	**—**
Tax effect	**—**	—	**—**
Deferred gains on hedges	**—**	—	**—**
Foreign currency translation adjustments:			
Amount incurred during the year	**580**	(2,112)	**5**
Reclassification adjustment to net income	**—**	—	**—**
Amount before tax effect	**580**	(2,112)	**5**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**580**	(2,112)	**5**
Remeasurements of defined benefit plans:			
(Loss) gain incurred during the year	**(18,762)**	718	**(172)**
Reclassification adjustment to net income	**(4,017)**	(6,768)	**(37)**
Amount before tax effect	**(22,780)**	(6,050)	**(209)**
Tax effect	**4,963**	(90)	**46**
Remeasurements of defined benefit plans	**(17,816)**	(6,140)	**(164)**
Share of other comprehensive (loss) income of entities accounted for using the equity method:			
(Losses) gains incurred during the year	**(25,071)**	3,915	**(230)**
Reclassification adjustment to net income	**878**	797	**8**
Share of other comprehensive (loss) income of associates accounted for using the equity method	**(24,192)**	4,712	**(222)**
Total other comprehensive loss	**¥(39,706)**	¥(7,340)	**$(365)**

33 Related Party Transactions

Transactions with a major shareholder:
The Company received grants-in-aid from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the "NDF"), which is a major shareholder, who directly owns 50.1% ownership of the Company, of ¥520,000 (US$4,779 million) and ¥797,000 million in the years ended March 31, 2020 and 2019, respectively, and the Company recorded "Grants-in-aid receivable from the NDF" under "Investments and Other" of ¥494,613 (US$4,546 million) and ¥552,504 million at March 31, 2020 and 2019, respectively. The Company also paid a contribution of ¥106,740 million (US$981 million) and ¥106,740 million to the NDF in the year ended March 31, 2020 and 2019, respectively, and recorded "Accrued expenses" of ¥106,740 million (US$981 million) and ¥106,740 million at March 31, 2020 and 2019, respectively. In addition, the Company paid a contribution of ¥361,138 million (US$3,319 million) and ¥391,315 million to reserve for decommissioning reactors in the years ended March 31, 2020 and 2019, respectively and recorded "Reserve fund for nuclear reactor decommissioning" of ¥390,150 million (US$3,586 million) and ¥200,000 million at March 31, 2020 and 2019, respectively.

Terms and conditions of business transactions and policies to determine such terms and conditions:

Notes: 1. Receipt of grants-in-aid is financial support based on the provision of the paragraph 1 of Article 41 of the NDF Act.
2. Payment of a contribution is based on the provision of the paragraph 1 of Article 38 and the paragraph 1 of Article 52 of the NDF Act.
3. Reserve for decommissioning reactors is based on the provision of the paragraph 1 of Article 55-3 of the NDF Act.

Transactions with non-consolidated subsidiaries and affiliates:
For the year ended March 31, 2020
The Company purchased electricity and gas of ¥1,837,314 million (US$16,886 million) from JERA Co., Inc., 50% of which is directly owned by the Company and certain directors of which are serving the Company, and recorded short-term payables to affiliates of ¥180,150 million ($1,656 million) at March 31, 2020.
Terms and conditions of business transactions and policies to determine such terms and conditions:
Note: The transaction price is determined by the negotiation considering the market trend.

For the year ended March 31, 2019
There were no applicable transactions for the year ended March 31, 2019 and no applicable outstanding balances at March 31, 2019.

34 Contingent Liabilities

Contingent liabilities totaled ¥161,246 million (US$1,482 million) and ¥199,078 million, of which ¥42,745 million (US$393 million) and ¥66,023 million were in the form of co-guarantees or commitments to give co-guarantees if requested for the loans, bonds or other commitments of other companies at March 31, 2020 and 2019, respectively. Regarding the guarantee obligations in the amounts of ¥2,309 million (US$21 million) and ¥11,584 million included in the above at March 31, 2020 and 2019, respectively, the Company has entered into contracts with JERA that JERA shall compensate losses incurred by the Company from performance of guarantee obligations. Furthermore, ¥118,500 million (US$1,089 million) and ¥133,055 million consisted of guarantees given in connection with housing loans made to employees of the Companies at March 31, 2020 and 2019, respectively.

Contingent Liabilities related to Decontamination out of Nuclear Damage Compensation
At March 31, 2020 and 2019
Treatment of wastes and decontamination measures have been proceeding 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). A reasonable estimation of the amount of compensation concerning costs, the allocation of which are being discussed with the government, is not possible under the current circumstances, as concrete measures for the treatment of waste are not yet identifiable.

Regarding such costs, NDF shall provide necessary financial support based on the NDF Act (effective on August 10, 2011; Act No. 94 of 2011) to the nuclear power operators who applied for financial support.

35 Financial Instruments

1. Status of financial instruments

(1) Policy regarding financial instruments

The Company tries to raise its fund to ensure its capital investments required for electric power business by borrowing from financial institutions, issuance of bonds.

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

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

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

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

Grants-in-aid receivable from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the "NDF" with the carrying amount of ¥494,613 million (US$4,546 million) (¥552,504 million in 2019) is grants-in-aid receivable of the "NDF" stipulated in the paragraph 1-1 of Article 41 of the NDF Act (effective on August 10, 2011; Act No. 94 of 2011). The fair value of this receivable is not presented because this fund will be paid from the "NDF" for the necessary amount to implement compensation for nuclear damages caused by the accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake and it is determined based on the amounts required for compensation.

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

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

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

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

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

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

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

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

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

2. Fair value of financial instruments

The carrying amount of financial instruments in the consolidated balance sheets as of March 31, 2020 and 2019, their fair value and unrealized loss are as shown below. Items for which fair value is extremely difficult to identify are not included in the following table (see Note 2).

	Millions of yen		
	2020		
	Carrying amount*1	Fair value*1	Difference
(1) Investment securities*2	¥ 6,419	¥ 6,419	¥ — —
(2) Cash and deposits	813,300	813,300	— —
(3) Notes and accounts receivable-trade	559,892	559,892	— —
(4) Bonds*3	(2,214,642)	(2,247,608)	(32,966)
(5) Long-term loans*3	(727,590)	(738,352)	(10,762)
(6) Short-term loans	(1,972,699)	(1,972,699)	— —
(7) Notes and accounts payable-trade	(315,974)	(315,974)	— —

	Millions of yen		
	2019		
	Carrying amount*1	Fair value*1	Difference
(1) Investment securities*2	¥ 7,962	¥ 7,962	¥ — —
(2) Cash and deposits	1,000,681	1,000,681	— —
(3) Notes and accounts receivable-trade	618,306	618,306	— —
(4) Bonds*3	(1,956,794)	(1,999,753)	(42,959)
(5) Long-term loans*3	(1,161,603)	(1,176,545)	(14,942)
(6) Short-term loans	(2,772,395)	(2,772,395)	— —
(7) Notes and accounts payable-trade	(264,510)	(264,510)	— —

	Millions of U.S. dollars		
	2020		
	Carrying amount*1	Fair value*1	Difference
(1) Investment securities*2	$ 59	$ 59	$ —
(2) Cash and deposits	7,475	7,475	—
(3) Notes and accounts receivable-trade	5,146	5,146	—
(4) Bonds*3	(20,353)	(20,656)	(303)
(5) Long-term loans*3	(6,687)	(6,786)	(99)
(6) Short-term loans	(18,130)	(18,130)	—
(7) Notes and accounts payable-trade	(2,904)	(2,904)	—

*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 those recorded under "Current portion of long-term debt" in the accompanying consolidated balance sheets.

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

(1) Investment securities
The fair value of equity securities is determined by their market price. For further information on investment securities by holding intent, see Note 7.

(2) Cash and deposits and (3) Notes and accounts receivable-trade
Since these items are settled in a short period of time and their fair value approximates their carrying value, the relevant fair value is determined as carrying value.

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

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

(5) Long-term loans
For the fair value of long-term loans payable with floating interest rates, those interest rates are updated to reflect the market interest rate within a short period of time. Since their fair value approximates their carrying value, the relevant fair value is determined as carrying value.

For the fair value of long-term loans payable with fixed interest rates, the total amount of principal and interest of relevant long-term loans, grouped by the remaining loan period, is discounted using the incremental borrowing rate to be applied in the similar conditions. For those subject to the special hedge accounting treatment of interest rate swaps, the present value is determined using the swap rate that is deemed as their interest rate.

(6) Short-term loans and (7) Notes and accounts payable-trade
Since these items are settled in a short period of time and their fair value approximates their carrying value, the relevant fair value is determined at carrying value.

(Note 2) Financial instruments for which fair value is extremely difficult to identify:

	Millions of yen		Millions of U.S. dollars
	2020	2019	2020
	Carrying amount	Carrying amount	Carrying amount
Unlisted equity securities	**¥ 10,159**	¥ 11,524	**$ 93**
Other	**13,443**	13,277	**124**
Total	**¥ 23,602**	¥ 24,802	**$217**

These financial instruments are not included in "Investment securities" because no quoted market price is available and their fair value is extremely difficult to identify.

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

	Millions of yen			
	2020			
	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	**¥ —**	**¥—**	**¥—**	**¥—**
Corporate bonds	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Cash and deposits*1	**813,300**	**—**	**—**	**—**
Notes and accounts receivable-trade	**559,892**	**—**	**—**	**—**
Total	**¥1,373,192**	**¥—**	**¥—**	**¥—**

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

	Millions of yen			
	2019			
	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	¥ —	¥ —	¥ —	¥ —
Corporate bonds	—	—	—	—
Other	—	—	—	—
Other	—	—	—	—
Cash and deposits*1	1,000,681	—	—	—
Notes and accounts receivable-trade	618,306	—	—	—
Total	¥1,618,988	¥ —	¥ —	¥ —

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

	Millions of U.S. dollars			
	2020			
	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	**$ —**	**$—**	**$—**	**$—**
Corporate bonds	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Cash and deposits *1	**7,474**	**—**	**—**	**—**
Notes and accounts receivable-trade	**5,146**	**—**	**—**	**—**
Total	**$ 12,620**	**$—**	**$—**	**$—**

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

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

	Millions of yen					
	2020					
	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	**¥ 457,204**	**¥ 99,631**	**¥221,999**	**¥160,000**	**¥200,806**	**¥1,075,000**
Long-term loans	**511,664**	**46,497**	**23,765**	**57,102**	**28,084**	**60,475**
Short-term loans	**1,972,699**	**—**	**—**	**—**	**—**	**—**
Total	**¥2,941,568**	**¥146,129**	**¥245,765**	**¥217,102**	**¥228,890**	**¥1,135,475**

	Millions of yen					
	2019					
	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	¥ 557,925	¥221,430	¥99,631	¥221,999	¥160,000	¥695,806
Long-term loans*1	433,961	511,814	46,368	23,775	57,113	88,568
Short-term loans*1	2,772,395	—	—	—	—	—
Total	¥3,764,283	¥733,245	¥146,000	¥245,775	¥217,113	¥784,375

*1 Long-term loans of ¥62 million and short-term loans of ¥995,541 million transferred to JERA on April 1, 2019 are included.

	Millions of U.S. dollars					
	2020					
	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	**$ 4,202**	**$ 916**	**$2,040**	**$1,470**	**$1,846**	**$ 9,879**
Long-term loans	**4,702**	**427**	**219**	**525**	**258**	**556**
Short-term loans	**18,130**	**—**	**—**	**—**	**—**	**—**
Total	**$27,034**	**$1,343**	**$2,259**	**$1,995**	**$2,104**	**$10,435**

Derivatives to which hedge accounting is applied

Interest rate-related

	Millions of yen			
	2020			
	Hedged item	Notional amount	Maturing after 1 year	Fair value
Special treatment of interest rate swaps				
Interest rate swaps	**Long-term loans**			
Payable fixed rate/receivable floating rate		**¥ 24,468**	**¥ 24,168**	*
Total		**¥ 24,468**	**¥ 24,168**	**¥ —**

	Millions of yen			
	2019			
	Hedged item	Notional amount	Maturing after 1 year	Fair value
Special treatment of interest rate swaps				
Interest rate swaps	Long-term loans			
Payable fixed rate/receivable floating rate		¥ 29,000	¥ 28,560	*
Total		¥ 29,000	¥ 28,560	¥ —

	Millions of U.S. dollars			
	2020			
	Hedged item	Notional amount	Maturing after 1 year	Fair value
Special treatment of interest rate swaps				
Interest rate swaps	**Long-term loans**			
Payable fixed rate/receivable floating rate		**$ 225**	**$257**	*
Total		**$ 225**	**$257**	**$—**

* 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."

36 Segment Information

1. Summary of reportable segments

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

Major business of each reportable segment is as follows:

"Holdings":
Supporting management, efficiently providing services common to key operating companies*, sales of electricity generated by hydroelectric power stations, and nuclear power generation *Key operating companies: TEPCO Fuel & Power, Inc., TEPCO Power Grid, Inc., TEPCO Energy Partner, Inc.

"Fuel & Power":
Sales of electricity generated by thermal power stations, procurement of fuel, development of thermal power stations and investment in fuel businesses

"Power Grid":
Wheeling of electricity by transmission lines, substations and distribution lines, construction and maintenance of transmission/distribution lines and telecommunication equipment, research, acquisition and maintenance of land and buildings for facilities

"Energy Partner":
Proposal of optimum total solution models that meet customer needs, high-standard customer services and inexpensive power purchase

Effective April 1, 2020, "Renewable Power" has newly been added to the reportable segments, since TEPCO Holdings Inc. implemented an absorption-split of renewable energy power generation business, which was succeeded by TEPCO Renewable Power, Inc.

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

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

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

	Millions of yen						
	2020						
	Reportable segment				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Holdings	Fuel & Power (Note 4)	Power Grid	Energy Partner			
Sales:							
Sales to third parties	**¥ 102,604**	**¥ 9,714**	**¥ 605,384**	**¥ 5,523,719**	**¥ 6,241,422**	**¥ —**	**¥ 6,241,422**
Inter-segment sales and transfers	**744,315**	**11**	**1,154,424**	**119,178**	**2,017,929**	**(2,017,929)**	**—**
Total	**846,920**	**9,725**	**1,759,808**	**5,642,897**	**8,259,352**	**(2,017,929)**	**6,241,422**
Segment profit	**¥ 152,997**	**64,705**	**¥ 116,656**	**¥ 60,028**	**¥ 394,389**	**¥ (130,356)**	**¥ 264,032**
Segment assets	**¥ 8,129,734**	**¥ 996,176**	**¥ 5,845,777**	**¥ 1,149,845**	**¥16,121,533**	**¥ (4,163,686)**	**¥11,957,846**
Other items:							
Depreciation and amortization	**¥ 129,678**	**¥ 125**	**¥ 288,533**	**¥ 5,801**	**¥ 424,138**	**¥ (1,643)**	**¥ 422,495**
Interest and dividend income	**152,384**	**1,357**	**3,678**	**4,867**	**162,289**	**(160,897)**	**1,392**
Interest expense	**32,765**	**—**	**34,865**	**2,474**	**70,105**	**(26,120)**	**43,985**
Equity in earnings of affiliates	**9,330**	**78,054**	**10,814**	**1,179**	**99,379**	**416**	**99,796**
Investments in entities accounted for using equity method	**291,655**	**818,793**	**143,304**	**9,158**	**1,262,911**	**294**	**1,263,206**
Increase in tangible and intangible fixed assets (Note 3)	**217,839**	**17**	**291,229**	**17,711**	**526,796**	**(2,333)**	**524,462**

	Millions of yen						
	2019						
	Reportable segment				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Holdings	Fuel & Power	Power Grid	Energy Partner			
Sales:							
Sales to third parties	¥ 63,828	¥ 68,929	¥ 524,473	¥5,681,259	¥ 6,338,490	¥ —	¥ 6,338,490
Inter-segment sales and transfers	886,302	1,964,742	1,264,436	178,048	4,293,530	(4,293,530)	—
Total	950,130	2,033,672	1,788,910	5,859,308	10,632,021	(4,293,530)	6,338,490
Segment profit	¥ 232,782	¥ 3,501	¥ 113,948	¥ 72,760	¥ 422,993	¥ (146,450)	¥ 276,542
Segment assets	¥8,531,426	¥2,033,500	¥5,565,751	¥1,244,099	¥17,374,778	¥(4,617,310)	¥12,757,467
Other items:							
Depreciation and amortization	¥ 133,132	¥ 112,458	¥ 293,579	¥ 3,783	¥ 542,954	¥ (1,148)	¥ 541,805
Interest and dividend income	175,952	1,030	1,297	5,329	183,611	(182,083)	1,527
Interest expense	44,811	9,992	35,631	2,403	92,840	(37,298)	55,541
Equity in earnings of affiliates	5,679	9,740	9,227	266	24,913	134	25,048
Investments in entities accounted for using equity method	285,973	424,145	138,916	6,464	855,499	606	856,105
Increase in tangible and intangible fixed assets (Note 3)	269,369	67,558	285,093	20,816	642,838	(3,112)	639,725

	Millions of U.S. dollars						
	2020						
	Reportable segment						
	Holdings	Fuel & Power (Note 4)	Power Grid	Energy Partner	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales:							
Sales to third parties	$ 943	$ 89	$ 5,564	$50,765	$ 57,361	$ —	$ 57,361
Inter-segment sales and transfers	6,840	0	10,610	1,095	18,545	(18,545)	—
Total	7,783	89	16,174	51,860	75,906	(18,545)	57,361
Segment profit	$ 1,406	$ 595	$ 1,072	$ 552	$ 3,625	(1,198)	$ 2,427
Segment assets	$ 74,715	$ 9,155	$53,725	$10,567	$148,162	$ (38,265)	$109,897
Other items:							
Depreciation and amortization	$ 1,192	$ 1	$ 2,652	$ 53	$ 3,898	$ (15)	$ 3,883
Interest and dividend income	1,400	12	34	45	1,491	(1,478)	13
Interest expense	301	—	320	23	644	(240)	404
Equity in earnings of affiliates	86	717	99	11	913	4	917
Investments in entities accounted for using equity method	2,680	7,525	1,317	84	11,606	3	11,609
Increase in tangible and intangible fixed assets (Note 3)	2,002	0	2,676	163	4,841	(21)	4,820

Notes:
1. "Adjustments" of "Segment profit" in an amount of ¥(130,356) million (US$(1,198) million) and ¥(146,450) million includes inter-segment elimination of dividend in an amount of ¥(134,777) million (US$(1,239) million) and ¥(144,785) million for the years ended March 31, 2020 and 2019, respectively.
"Adjustments" of "Segment assets" in an amount of ¥(4,163,686) million (US$(38,265) million) and ¥(4,617,310) million includes ¥(2,684,461) million (US$(24,671) million) and ¥(3,141,027) million of claims and obligations offsetting due to inter-segment transactions and ¥(1,384,152) million (US$(12,721) million) and ¥(1,384,452) million investment and capital offsetting at March 31, 2020 and 2019, respectively.
"Adjustments" of "Depreciation" in an amount of ¥(1,643) million (US$(15) million) and ¥(1,148) million refers to inter-segment elimination for the years ended March 31, 2020 and 2019, respectively.
"Adjustments" of "Increase in tangible and intangible fixed assets" in an amount of ¥(2,333) million (US$ (21) million) and ¥(3,112) million refers to inter-segment elimination for the years ended March 31, 2020 and 2019, respectively.
2. Segment profit is reconciled with ordinary income in the consolidated financial statements.
3. "Increase in tangible and intangible fixed assets" does not include the amount recorded in assets corresponding to asset retirement obligations.
4. Receiving, storage and gas transmission business and existing thermal power generation business were transferred to JERA, Inc.

Information about impairment loss on tangible fixed assets by reportable segment:
For the year ended March 31, 2020

	Millions of yen					
	Reportable segment					
	Holdings	Fuel & Power	Power Grid	Energy Partner	Elimination	Total
Impairment loss	¥ 10,312	¥ —	¥ 197	¥ —	¥ —	¥ 10,510
Loss on abolition of Fukushima No. 2	45,621	—	—	—	—	45,621

	Millions of U.S. dollars					
	Reportable segment					
	Holdings	Fuel & Power	Power Grid	Energy Partner	Elimination	Total
Impairment loss	$ 95	$ —	$ 2	$ —	$ —	$ 97
Loss on abolition of Fukushima No. 2	419	—	—	—	—	419

Note: Impairment loss incurred due to abolition of Fukushima Daini Nuclear Power Station is recorded as "Fukushima Daini Abolition Loss" in the consolidated statements of income.

Information about impairment loss on tangible fixed assets by reportable segment for the year ended March 31, 2019 has been omitted, since there is no materiality.

Information about amortization and unamortized ending balance of goodwill by reportable segment for the years ended March 31, 2020 and 2019 has been omitted, since there is no materiality.

Information about gain on negative goodwill by reportable segment has been omitted, since such information was not applicable for the year ended March 31, 2020 and there is no materiality for the year ended March 31, 2019.

37 Per Share Information

Per share information at March 31, 2020 and 2019 and for the years then ended is as follows:

	Yen		U.S. dollar
	2020	2019	2020
Net assets per share	¥ 1,185.98	¥ 1,179.25	$ 10.90
Net income per share	31.65	145.06	0.29
Diluted net income per share	10.12	46.96	0.09

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

	Millions of yen		Millions of U.S. dollars
	2020	2018	2019
Net assets	¥ 2,916,886	¥ 2,903,699	$ 26,807
Amounts to be deducted from net assets	1,016,702	1,014,276	9,344
(Of which payment of preferred stock)	(1,000,000)	(1,000,000)	(9,190)
(Of which stock acquisition rights)	(3)	(—)	(0)
(Of which Non-controlling interests)	(16,699)	(14,276)	(154)
Net assets at March 31 attributable to common stock	¥ 1,900,184	¥ 1,889,423	$ 17,463

	Number of shares (in thousands)	
	2020	2019
Number of shares of common stock at March 31 which was used to compute net assets per share	**1,602,211**	1,602,225

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

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Net income attributable to owners of the parent	**¥ 50,703**	¥ 232,414	**$ 466**
Net income not attributable to common stock shareholders	**—**	—	**—**
Net income attributable to owners of the parent of common stock	**¥ 50,703**	¥ 232,414	**$ 466**

	Number of shares (in thousands)	
	2020	2019
Average number of shares of common stock outstanding during the year	**1,602,220**	1,602,237

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

	Millions of yen		Millions of U.S. dollar
	2020	2019	**2020**
Adjustments to net income attributable to owners of the parent	**¥ (739)**	¥ (646)	**$ (7)**
Of which adjustments due to potential shares of affiliates accounted for using the equity method	**(739)**	(646)	**(7)**

	Number of shares (in thousands)	
	2020	2019
Increase in common stock	**3,333,424**	3,333,422
(Of which preferred stock — Class A)	**(1,066,666)**	(1,066,666)
(Of which preferred stock — Class B)	**(2,266,666)**	(2,266,666)
(Of which other)	**(90)**	(88)
Potential shares which were not included in computing net income per share after dilution of potential shares since they have no dilutive effect	*1	*2

*1 New share subscription rights issued by TRENDE Inc., which is a consolidated subsidiary: 25 thousand of common stock
New share subscription rights issued by TEPCO LIFE SERVICE Inc., which is a consolidated subsidiary: 1 thousand of common stock

*2 New share subscription rights issued by TRENDE Inc., which is a consolidated subsidiary: 10 thousand of common stock

Independent Auditor's Report

Independent Auditor's Report

The Board of Directors
Tokyo Electric Power Company Holdings, Incorporated

Opinion

We have audited the accompanying consolidated financial statements of Tokyo Electric Power Company Holdings, Incorporated and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to Notes 1(i), 14 and 34 to the consolidated financial statements, which describes the matters below. Our opinion is not qualified in respect of those matters.

(1) As explained in Note 34 to the accompanying consolidated financial statements, treatment of wastes and decontamination measures have been proceeding 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). A reasonable estimation of the amount of compensation concerning costs, the allocation of which are being discussed with the government, is not possible under the current circumstances, as concrete measures for the treatment of waste are not yet identifiable. Regarding such costs, NDF shall provide necessary financial support based on the NDF Act (effective on August 10, 2011; Act No. 94 of 2011) to the nuclear power operators who applied for financial support.

(2) As explained in Note 14 to the accompanying consolidated financial statements, before nuclear power plants can be scrapped, nuclear fuels in the reactors must be removed, but the concrete working conditions will be decided after the status of inside of the reactors has been confirmed

and also in consideration of the progress of necessary research and development activities. Accordingly, the Company records the amounts, including the amount recorded based on actual amounts in overseas nuclear power plant accidents, within the range of reasonable estimates based on the currently available information for expenses and/or losses related to Mid-and-Long Term Roadmap, although they might vary from now on.

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

Responsibilities of Management, the Audit Committee 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 such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 25th, 2020

/s/ Yoshio Yukawa
Designated Engagement Partner
Certified Public Accountant

/s/ Atsushi Kasuga
Designated Engagement Partner
Certified Public Accountant

/s/ Mikio Shimizu
Designated Engagement Partner
Certified Public Accountant

Tokyo Electric Power Company Holdings, Incorporated