



FY2004 Business Management Plan Presentation Materials

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Regarding Forward Looking Statements (Performance Projections)

Certain statements in the following presentation regarding Tokyo Electric Power Company's business operations may constitute "forward looking statements." As such, these statements are not historical facts but rather predictions about the future, which inherently involves risks and uncertainties, and these risks and uncertainties could cause the Company's actual results to differ materially from the forward looking statements (performance projections) herein.

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Management Environment

Loss of trust from nuclear power plant issues

Intensifying Competition in the Electric Power Market

(loss of customers; expansion in the scope of liberalization; establishment of wholesale electric power exchange [from April 2005]; greater competition from gas utilities, cogeneration and self-generation; flat electric power sales growth)



Concrete Measures

Establish “a climate in which workers will never engage in dishonest practices” and “a system that will never allow workers to engage in dishonest practices.”

- Ensure strict observance of corporate ethics
- Build up an open corporate climate
- Improve operational quality
- Secure safety

- Strategic sales expansion in the energy market (promote all-electric housing; reinforce and expand the solution-based sales; strengthen gas sales)
- Realization of comprehensive strengths as the TEPCO Group (expand the FTTH business)
- Reinforce TEPCO’s corporate structure (achieve further cost reductions; balance sheet improvement)

Strengthen TEPCO’s corporate governance



Regain trust



Increase TEPCO’s corporate value

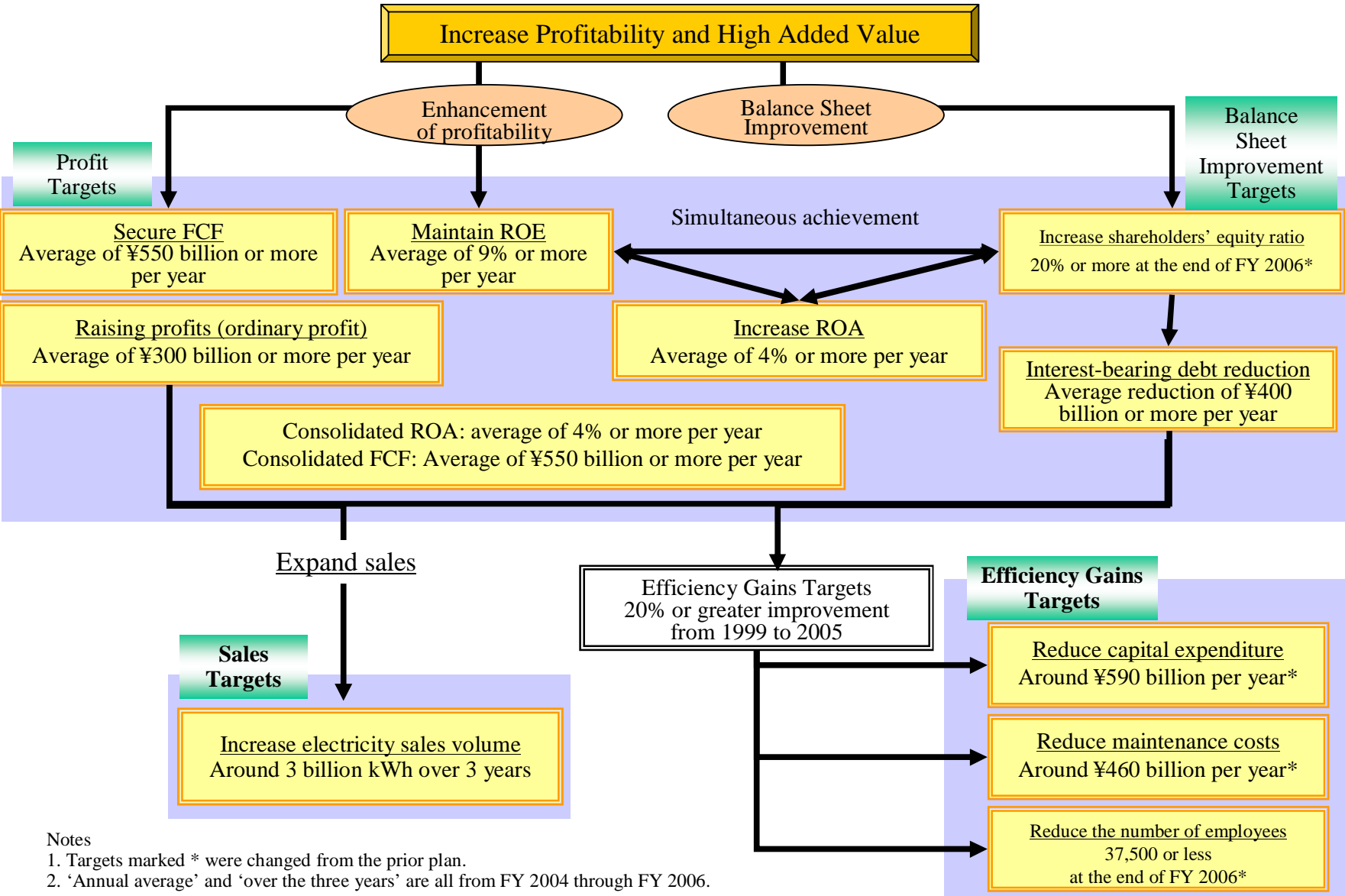


New business development

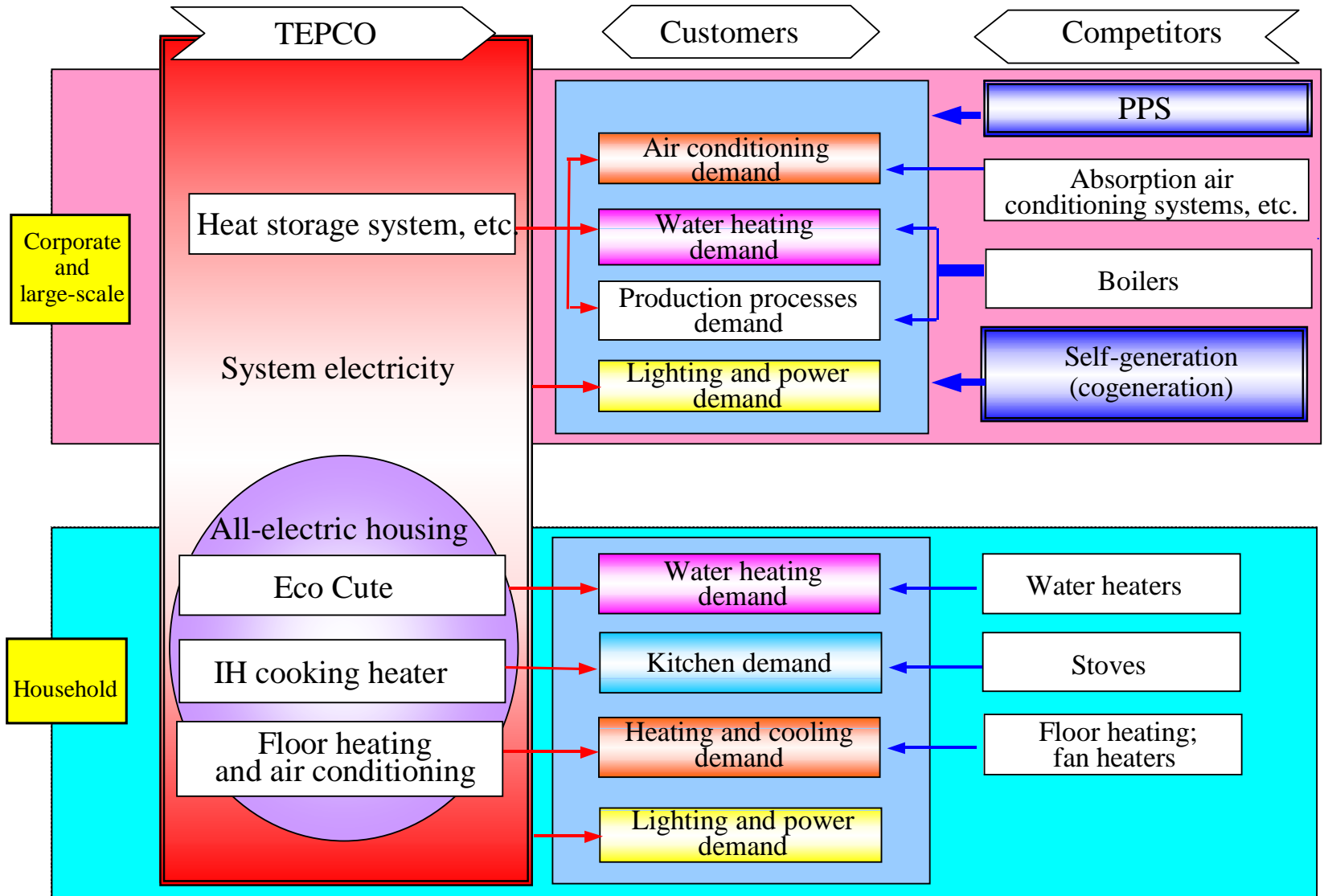


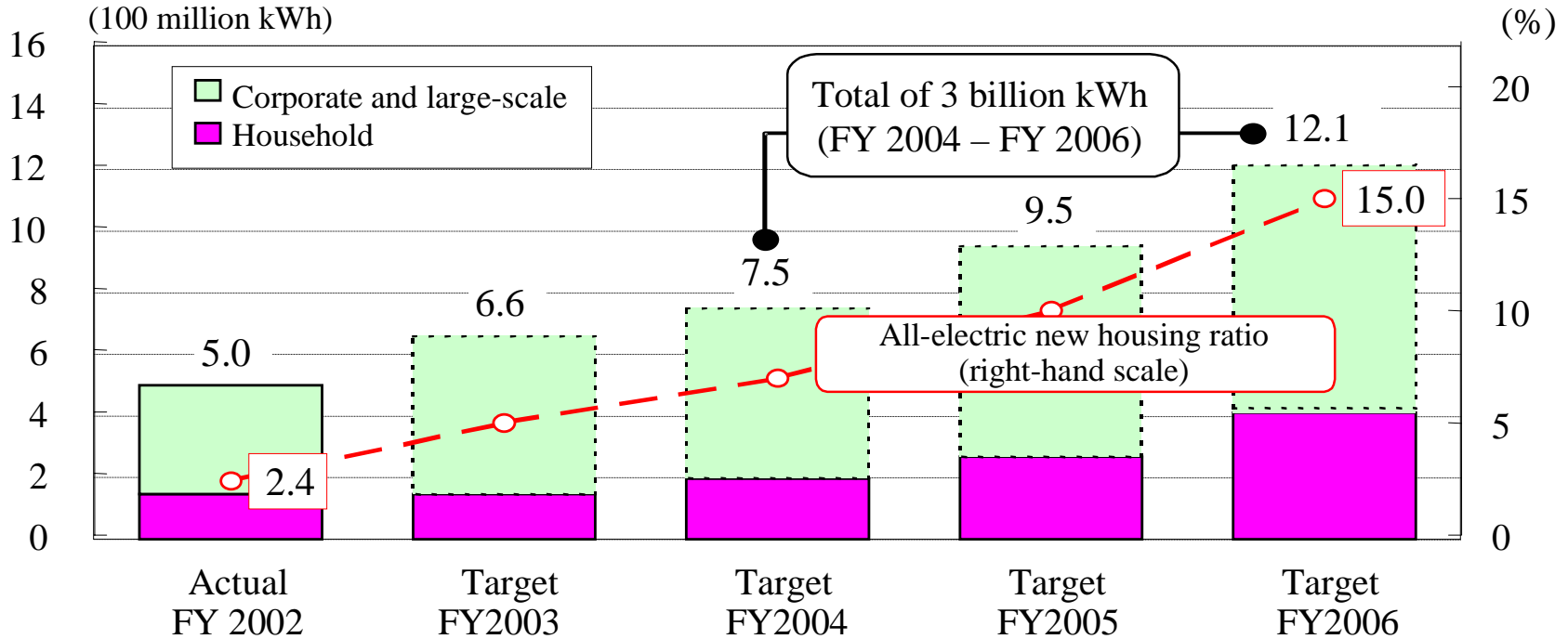
1-2 Management Targets

			FY2004 Plan (FY2004 – FY2006)	FY2003 Plan (FY2003 – FY2005)
Profit Targets	FCF	(Consolidated)	¥550 billion or more	¥550 billion or more
		(Non-consolidated)	¥550 billion or more	¥550 billion or more
	Ordinary Profit		¥300 billion or more	¥300 billion or more
	ROE		9% or more	9% or more
	ROA	(Consolidated)	4% or more	4% or more
		(Non-consolidated)	4% or more	4% or more
Balance Sheet Improvement Targets	Shareholders' Equity Ratio		20% or more at the end of FY2006	18% or more at the end of FY2005
	Interest-bearing debt reduction		¥400 billion or more	¥400 billion or more
Sales Targets	Electricity sales volume increase		3 billion kWh over 3 years	-
Efficiency Gains Targets	Capital Expenditure (excluding incidental businesses)		Around ¥590 billion; ¥571.4 billion in FY2004	Around ¥640 billion; ¥672 billion in FY2003
	Maintenance costs		Around ¥460 billion	Around ¥470 billion
	Number of employees		37,500 and less at the end of FY2006; about 38,400 at the end of FY2004	38,000 and less at the end of FY2005; about 38,800 at the end of FY2003



- Notes
1. Targets marked * were changed from the prior plan.
 2. 'Annual average' and 'over the three years' are all from FY 2004 through FY 2006.





Specific Targets (FY 2006)

Corporate and large-scale customers

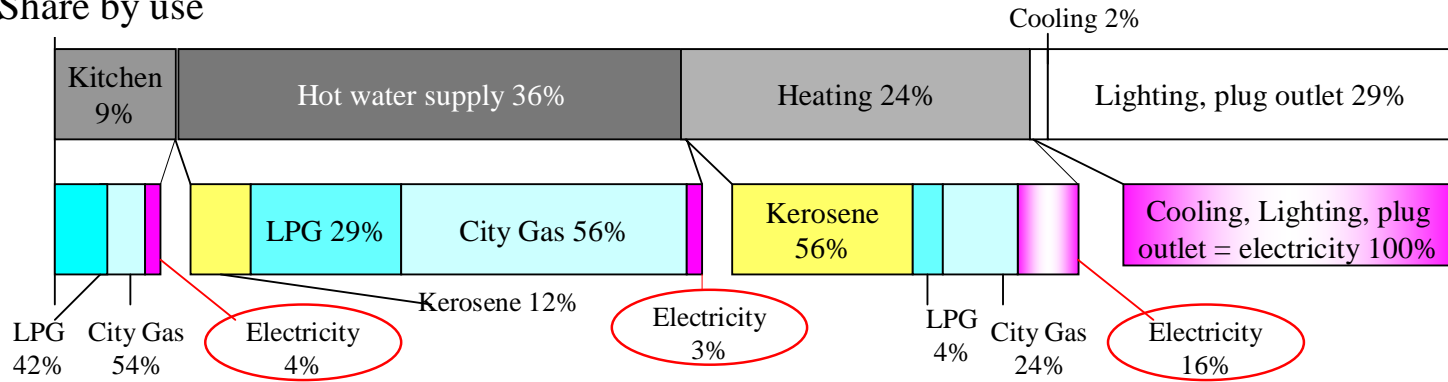
- ✓ Sell the equivalent of 15,000 “Eco Ice” units for the air conditioning of office buildings, factories, etc.

Household customers

- ✓ Aim to ensure that 15% (approximately 70,000 homes) of all new housing (470,000 homes) is all-electric

(1) Energy Share in the Household Market

■ Share by use



■ Share by energy sources (Assuming annual consumption of 46,109MJ/ household = 100%)



Source: Jyukankyo Research Institute Inc.



Electricity's share of the residential market is low at just 36% of the total.



An attractive market with a large potential for growth.

(2) Evaluation of All-electric Housing

(Index with All-electric Housing = 100)

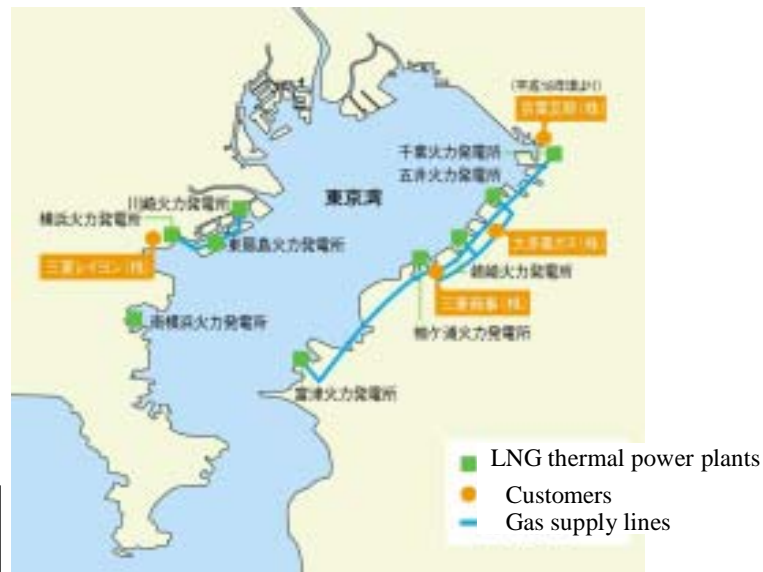
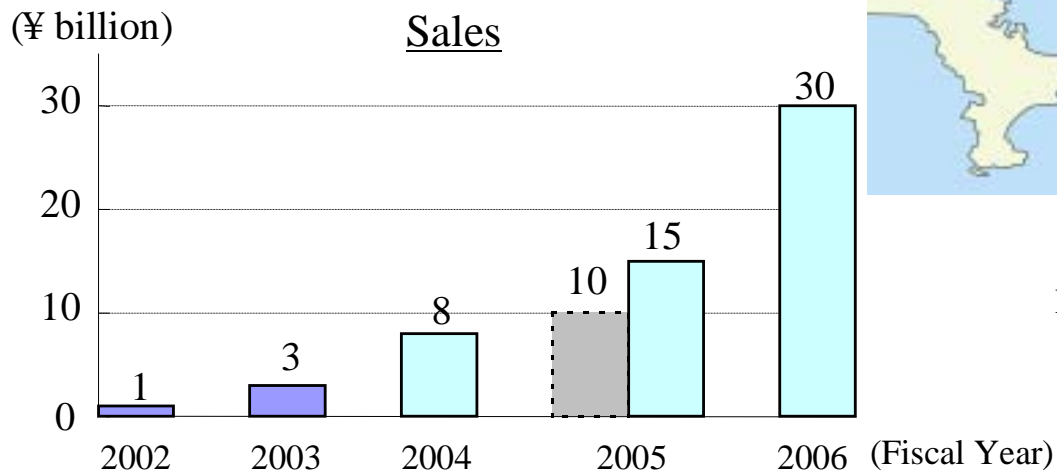
	All-electric Housing	Gas & Electric Housing
Economical efficiency (Running cost)	100	138
Ambiance (CO ₂ emissions)	100	125

Source: Institute for Building Environment and Energy Conservation

- Strictly limit new capital expenditure and develop sales centered on factories located nearby existing LNG bases and gas pipelines whose profitability can be secured



- Performance and Targets



Present Plan Targets

Prior Plan Targets

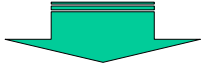
Under the gas utility regulatory reform

1. Expansion in the scope of liberalization (1,000,000 m³/year or more — 500,000 m³/year or more)
2. Establishment of wholesale network supply system
 - In addition to expanding gas sales nearby LNG bases and gas pipelines, TEPCO is also positively examining gas sales via consignment.

Information & Telecommunications

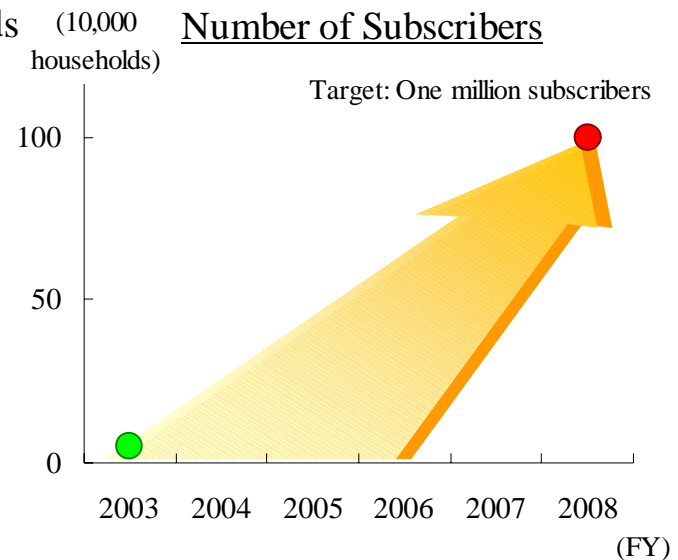
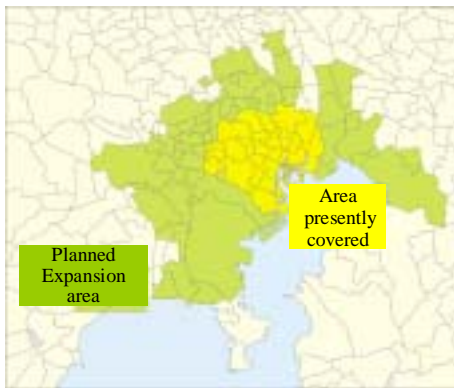
Energy & Environment

Living Environment & Lifestyle-related



Fiber Optics Network Company (FTTH business)

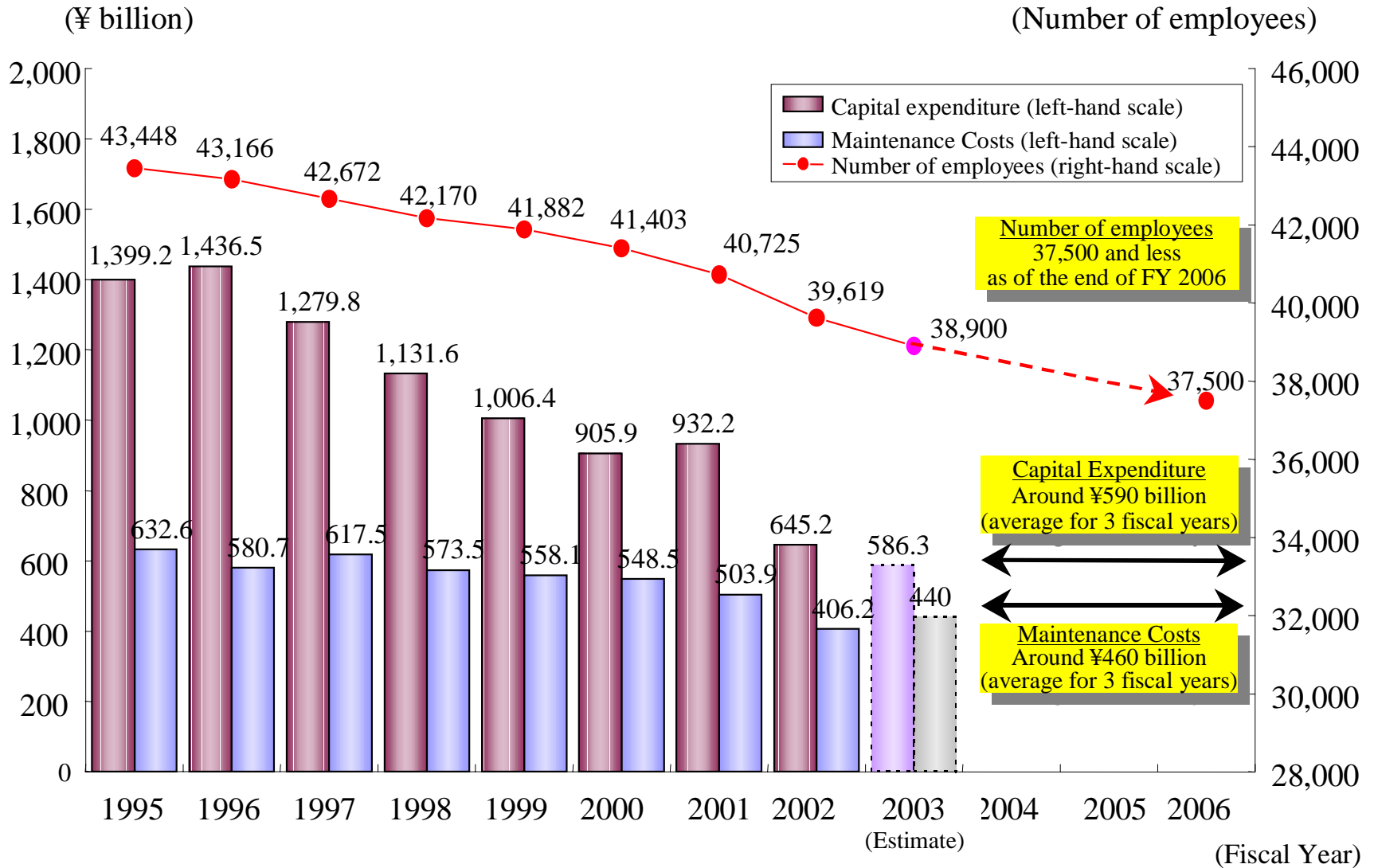
Area coverage: 4 million households — 8 million households (10,000 households) Number of Subscribers



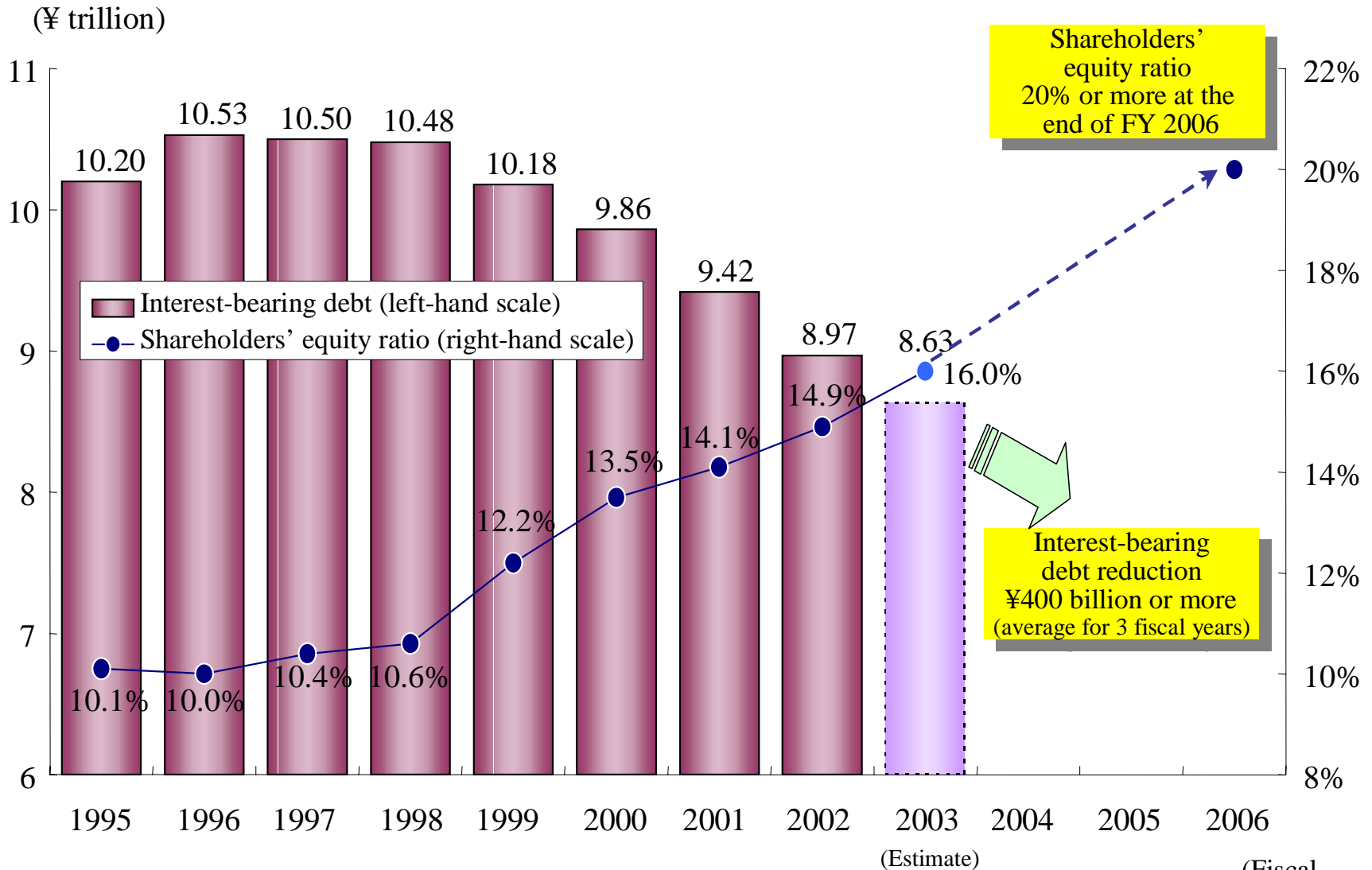
POWEREDCOM

- Corporate data business — Develop total solutions; enhance ability to meet overall needs
- Telephone business — POWEREDCOM merger with FUSION COMMUNICATIONS CORPORATION (July 2004)
- ISP business — Integration with DREAM TRAIN INTERNET INC. (DTI) (July 2004)

4. Promotion of Cost Reductions



5. Balance Sheet Improvement

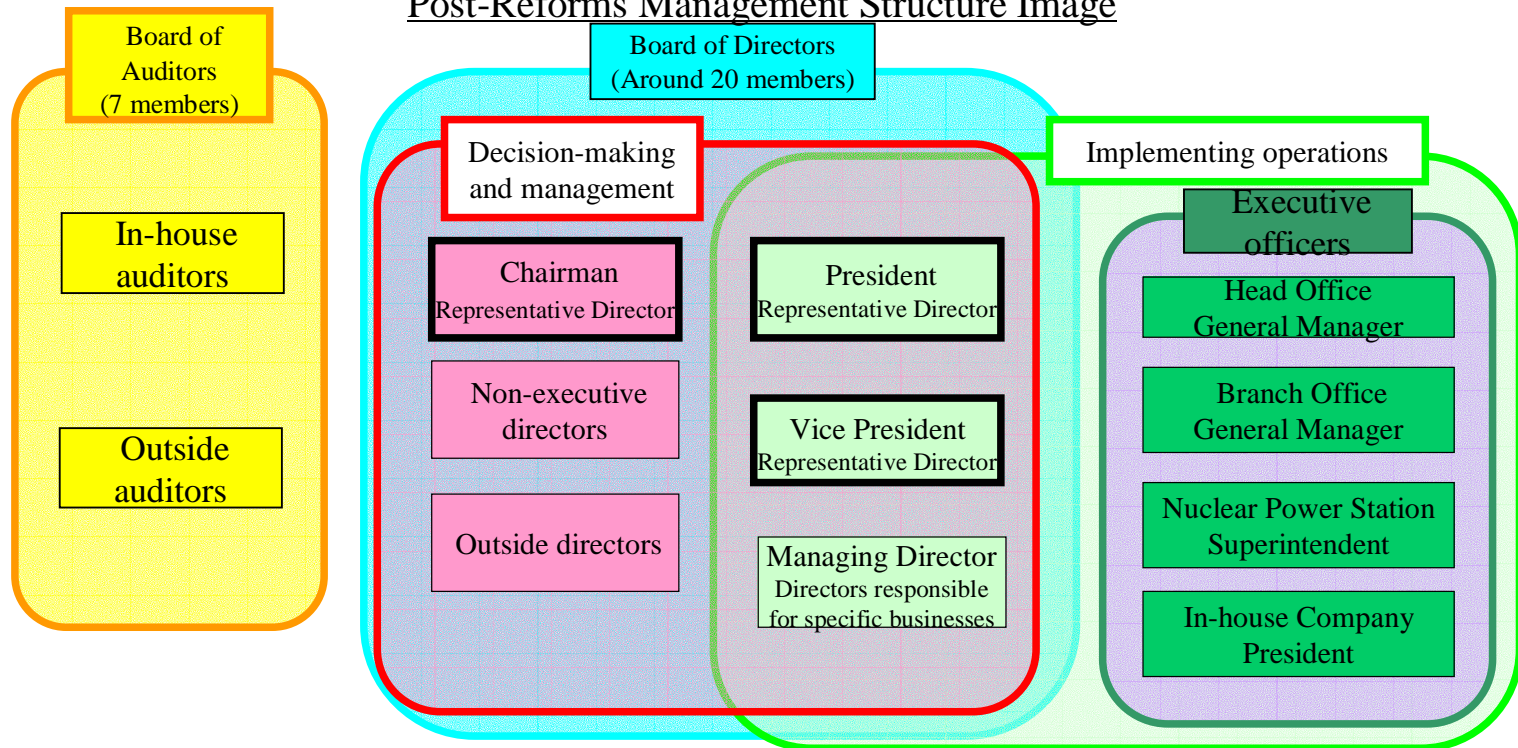


(Note) Interest-bearing debt: Fractions smaller than ¥0.01 trillion are rounded down.

Shareholders' equity ratio: Fractions smaller than 0.1% are rounded.

1. Reform the Board of Directors
 - Reduce the number of board members from the present 32 to 20 or less
 ──> Revitalization of the board; swift decision-making
 - Implement operations having the chairman, president and vice-presidents function as representative directors and placing managing directors in charge of specific businesses
2. Introduce the Executive Officer System
 - Establish an executive officer system whereby individuals are given the responsibility for implementing specific businesses
3. Reinforce the Auditing Function
 - Reinforce the auditing function by appointing 7 auditors, with more than half being outside auditors.

Post-Reforms Management Structure Image



*Bold lettering denotes representative directors

