FY 2004 Interim Results (April 1, 2004 – September 30, 2004) and Management Vision 2010

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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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FY 2004 Interim Results
(April 1, 2004 – September 30, 2004)

FY 2004 Interim Results Summary (Consolidated and Non-consolidated)

(Upper and lower rows show consolidated and non-consolidated figures) (Unit: Billion yen)

	1st half FY 2004 (A)	1st half FY 2003 (B)	Comparison (A)–(B)	Comparison (A)/(B) (%)
Operating Revenues	2,528.9	2,400.1	128.8	105.4
	2,464.8	2,345.1	119.6	105.1
Operating Profit	408.5	220.4	188.0	185.3
	396.5	211.6	184.8	187.4
Ordinary Profit	332.7	137.1	195.6	242.7
	326.8	131.8	194.9	247.9
Net Interim Income	183.0	86.8	96.1	210.8
	210.4	84.4	125.9	249.2
Net Interim Income Per Share (yen)	135.57	64.29	71.28	210.9
	155.73	62.46	93.27	249.3
Shareholders' Equity Ratio (%)	17.8	16.5	1.3	-
	17.5	15.5	2.0	-
ROE (%)	7.6	3.8	3.8	-
	9.3	4.0	5.3	-
ROA (%)	2.9	1.6	1.3	-
	3.0	1.5	1.5	-
Free Cash Flow	380.9	95.8	285.1	397.6
	362.2	81.2	281.0	445.9
Number of Consolidated Subsidiaries	139	59	80	-
Number of Affiliates Accounted for by Equity Method	43	10	33	-

* During the 2nd half of FY 2003 (Oct. 1, 2003 – March 31, 2004) TEPCO added Eurus Energy Holdings Corporation and 64 of its subsidiaries as consolidated subsidiaries; and during the 1st half of FY 2004 (April 1, 2004 – September 30, 2004) TEPCO added POWEREDCOM and 10 of its subsidiaries as consolidated subsidiaries.

* During the 2nd half of FY 2003 (Oct. 1, 2003 – March 31, 2004) TEPCO added 33 of Eurus Energy Holding Corporation's affiliates as TEPCO affiliates under the equity method; during the 1st half of FY 2004 (April 1, 2004 – September 30, 2004) TEPCO added Kanto Natural Gas Development Co., Ltd. as a TEPCO affiliate under the equity method, and removed POWEREDCOM from its equity method accounting as POWEREDCOM became a TEPCO consolidated subsidiary.

Income Statement and Segment Information (Consolidated)

(Unit: Billion yen)

	1st half FY 2004 (A)	1st half FY 2003 (B)	Comparison (A)–(B)	(A)/(B) (%)
Operating Revenues	2,528.9	2,400.1	128.8	105.4
Operating Profit	408.5	220.4	188.0	185.3
Non-operating revenues	19.8	14.6	51.7	135.2
Non-operating expenses	95.5	98.0	(2.4)	97.5
Investment loss under the equity method	0.2	4.7	(4.5)	5.0
Other non-operating expenses	95.3	93.2	2.0	102.2
Ordinary Profit	332.7	137.1	195.6	242.7
Extraordinary Losses	27.6	–	27.6	–
Net Interim Income	183.0	86.8	96.1	210.8

* Investment loss expressed using negative numbers; figures inside parenthesis indicate change from the same period of the previous year
Kandenko Co., Ltd. ¥2.3 billion (+¥3.3 billion)
Soma Kyodo Power Co., Ltd. ¥0.7 billion (+¥1.3 billion)
POWEREDCOM -¥3.9 billion (-¥1.5 billion)

TEPCO's portion of POWEREDCOM's impairment loss ¥75.6 billion

(Unit: Billion yen)

	1st half FY 2004 (A)	1st half FY 2003 (B)	Comparison (A)–(B)	(A)/(B) (%)
Operating Revenues	2,528.9	2,400.1	128.8	105.4
Electric Power	2,455.2	2,339.5	115.6	104.9
Information & Telecommunications	36.6	35.4	1.1	103.2
Other Businesses	194.9	174.5	20.3	111.7
Eliminations	(157.8)	(149.4)	(8.3)	–
Operating Profit	408.5	220.4	188.0	185.3
Electric Power	409.1	219.3	189.8	186.5
Information & Telecommunications	(11.3)	(7.3)	(4.0)	–
Other Businesses	9.0	7.7	1.3	117.5
Eliminations	1.6	0.7	0.8	208.8

Income Statement Explanation – Ordinary Revenues (Non-consolidated)

(Unit: Billion yen)

	1st half FY 2004 (A)	1st half FY 2003 (B)	Comparison	
			(A)–(B)	(A)/(B) (%)
Ordinary Revenues	2,483.1	2,356.9	126.2	105.4
Operating Revenues	2,464.8	2,345.1	119.6	105.1
Electric Power Operating Revenues	2,455.2	2,339.5	115.6	104.9
Electricity Sales Revenues	2,376.6	2,281.8	94.7	104.2
Lighting	974.3	901.6	72.7	108.1
Commercial and Industrial	1,402.2	1,380.2	21.9	101.6
Inter-company power sales	37.0	25.8	11.2	143.6
Sales of power to other companies	13.6	7.5	6.0	180.9
Other revenues	27.9	24.3	3.5	114.7
Incidental business operating revenues	9.6	5.6	4.0	172.2
Non-operating revenues	18.3	11.7	6.5	155.7

Increase in Electricity Sales Volume (+8.3 billion kWh) +¥134.8 billion

1st half FY 2004	1st half FY 2003
146.0 billion kWh	137.7 billion kWh

Decline in Unit Sales Price -¥40.1 billion

(Influence from the fuel cost adjustment system

1st half FY 2004	1st half FY 2003
¥0	¥24.6 billion

)

Telecommunications Business	+¥2.0 billion
Gas Business	+¥1.4 billion

Income Statement Explanation – Ordinary Expenses (Non-consolidated)

(Unit: Billion yen)

	1st half FY 2004 (A)	1st half FY 2003 (B)	Comparison (A)–(B)	Comparison (A)/(B) (%)
Ordinary Expenses	2,156.2	2,225.0	(68.7)	96.9
Operating Expenses	2,068.3	2,133.5	(65.2)	96.9
Electric Power Business Operating Expenses	2,046.6	2,120.8	(74.2)	96.5
Personnel	228.8	237.7	(8.9)	96.3
Fuel	392.6	462.2	(69.5)	84.9
Maintenance	239.5	197.9	41.6	121.0
Depreciation	401.6	428.1	(26.5)	93.8
Purchased power	306.3	343.4	(37.1)	89.2
Taxes, etc.	189.9	185.3	4.5	102.5
Other expenses	287.6	265.8	21.7	108.2
Incidental Business Operating Expenses	21.6	12.6	9.0	171.1
Non-operating Expenses	87.9	91.4	(3.5)	96.1
Interest Paid	79.0	85.8	(6.7)	92.1
Other expenses	8.8	5.6	3.2	156.7

Retirement benefits -¥3.7 billion
Welfare expenses -¥4.7 billion

Consumption volume -¥56.0 billion
Price decrease -¥14.0 billion
Rise in CIF prices: +¥29.0 billion
Savings from appreciation of the yen: -¥31.0 billion
Inventory adjustments, etc.: -¥12.0 billion

Generation facilities +¥41.2 billion
Distribution facilities +¥0.6 billion

Nuclear power -¥7.8 billion
Thermal power -¥6.4 billion
Transmission -¥5.7 billion
Transformation -¥-3.1 billion

Inter-company power purchases -¥25.4 billion
Purchases of power from other companies -¥11.7 billion

Nuclear power back-end costs +¥20.1 billion

Telecommunications business +¥7.6 billion
Gas business +¥1.4 billion

Interest rate decline
(average interest rate during the period of 1.87%) -¥2.9 billion
Decline in bonds and borrowings outstanding -¥3.8 billion

Loss from redemption of straight bonds, etc. +¥2.1 billion

(Unit: Billion yen)

	1st half FY 2004 (A)	1st half FY 2003 (B)	Comparison (A)–(B)	Comparison (A)/(B) (%)
Operating Profit	396.5	211.6	184.8	187.4
Ordinary Profit	326.8	131.8	194.9	247.9
Net Interim Income	210.4	84.4	125.9	249.2

Application of Free Cash Flow and Balance Sheet (Consolidated and Non-consolidated)

❍ Application of Free Cash Flow

(Upper and lower rows show consolidated and non-consolidated figures) (Unit: Billion yen)

	1st half FY 2004 (A)	1st half FY 2003 (B)	(A)–(B)
Cash Flow from Operating Activities	619.8	380.0	239.7
	594.4	356.7	237.6
Capital Expenditures, etc. (Cash Basis)	(238.8)	(284.2)	45.3
	(232.1)	(275.5)	43.3
Free Cash Flow	380.9	95.8	285.1
	362.2	81.2	281.0

(Unit: Billion yen)

	1st half FY 2004 (A)	1st half FY 2003 (B)	(A)–(B)
Reduction of Interest-bearing Debt	227.2	24.3	202.8
	238.9	14.6	224.3
Dividends	40.4	40.4	0.0
	40.4	40.4	0.0
Investments, etc.	113.3	31.0	82.3
	82.9	26.2	56.6
(of which, investments in diversified businesses)	37.1	17.0	20.1
	111.0	13.6	97.4

Incidental business investment ¥8.9 billion
Investments via share purchases and capital contributions ¥102.1 billion
POWEREDCOM, Inc.
Kanto Natural Gas Development Co., Ltd.
Sportsplex Japan Co., Ltd.
FAMILYNET JAPAN Corporation

❍ Balance Sheet

(Upper and lower rows show consolidated and non-consolidated figures) (Unit: Billion yen)

	1st half FY 2004 (A)	FY 2003 (B)	Comparison (A)–(B)	Comparison (A)/(B) (%)
Total Assets	13,987.6	13,900.9	86.7	100.6
	13,302.9	13,434.3	(131.3)	99.0
Liabilities	11,465.9	11,513.3	(47.3)	99.6
	10,969.7	11,264.5	(294.8)	97.4
(Interest-bearing debt outstanding)	8,714.8	8,765.1	(50.3)	99.4
	8,346.2	8,585.2	(238.9)	97.2
Shareholders' Equity	2,491.0	2,360.4	130.5	105.5
	2,333.2	2,169.7	163.4	107.5
Shareholders' Equity Ratio (%)	17.8	17.0	0.8	–
	17.5	16.2	1.3	–

Information and Telecommunications Business (Segment Information)

(Unit: Billion yen)

		1st half FY 2004 (A)	1st half FY 2003 (B)	Comparison (A)-(B)	Comparison (A)/(B) (%)
TEPCO Fiber Optics Network Company	Operating Revenues	3.7	1.7	1.9	211.7
	Operating Profit	(11.4)	(5.7)	(5.6)	–
TEPCO Cable Television	Operating Revenues	7.4	6.8	0.5	108.6
	Operating Profit	0.7	0.3	0.4	221.2
TEPCO Systems	Operating Revenues	22.5	24.9	(2.3)	90.5
	Operating Profit	1.1	0.5	0.6	208.2
@Tokyo	Operating Revenues	1.7	1.1	0.5	146.2
	Operating Profit	(1.1)	(1.3)	0.2	–

Conditions at TEPCO Fiber Optics Network Company

[Performance, Etc.]

○Telecommunications business
- Number of subscribers grew steadily as service area expanded and name-recognition rose from implementing TVCF and other mass advertising, but expenses for expanding into nearby areas and gaining customers also rose, resulting in an operating loss of ¥11.9 billion.

○Core line leasing business (IRU)
- Lines leased to 26 firms as of the end of September, securing an operating profit of ¥0.4 billion

○Capital investment
- Approximately ¥8.5 billion; total fiber optic cable length of approximately 81,000 km (as of the end of September; total of electric power and telecommunications businesses)

○Outlook for the full year of FY 2004: Operating loss of approximately ¥30 billion; capital investment of approximately ¥20 billion

[Business Outlook, etc.]

○Area: Coverage of Tokyo and four prefectures (Chiba, Saitama, Kanagawa and Gunma) reaching a total of 84 wards, cities and towns by March 31, 2005.
→ Coverage of approximately 8 million households

Conditions at POWEREDCOM

The performance of the POWEREDCOM Group is included in TEPCO's consolidated performance from the 2nd half of FY 2004

○Main Results of the POWEREDCOM Group

(Unit: Billion yen)

		1st half FY 2004 (actual)	2nd half FY 2004 (projection)	FY 2004 full year (projection)	<Reference> 1st half FY 2003 (actual)
POWEREDCOM	Operating Revenues	63.8	53.4	117.2	82.5
	Operating Profit	(4.1)	5.9	1.8	(4.8)
	Ordinary Profit	(6.2)	4.7	(1.4)	(7.2)
	Net Income	(87.3)	4.7	(82.5)	(7.7)
Fusion Group	Operating Revenues	28.9	41.6	70.5	15.1
	Operating Profit	0	(1.3)	(1.2)	(0.3)
	Ordinary Profit	(1.6)	(1.3)	(2.9)	(0.7)
	Net Income	(2.0)	(1.5)	(3.6)	(0.7)
Dream Train Internet Group	Operating Revenues	4.0	6.4	10.4	2.5
	Operating Profit	0	(1.3)	(1.3)	0
	Ordinary Profit	0	(1.3)	(1.3)	0
	Net Income	(0.3)	(1.3)	(1.6)	0

Influence on TEPCO's Consolidated Performance

Investment loss under the equity method ¥3.9 billion
Extraordinary losses ¥27.6 billion

○Revenues/Expenses and Projections

- Sales have basically met the projections made when the decision was reached to increase TEPCO's equity stake, while expenses have been less than projected (communications facilities usage fees, etc.), resulting in better than expected performance.
- For the full year, the POWEREDCOM Group intends to realize about ¥180 billion in consolidated revenues, making up for the declining trend in voice services with an increase in corporate data services. As a result of implementing measures to improve the Group's financial position and advancing the rehabilitation plan, the new projections for the 2nd half of FY 2004 are higher than the previous projections, realizing profitability on both a consolidated and non-consolidated basis.

Performance Outlook for FY 2004 (Consolidated and Non-consolidated)

(Unit: Billion yen)

		Operating Revenues	Operating Profit	Ordinary Profit	Net Income
Prior Projection	Consolidated	5,050.0	510.0	355.0	195.0
	Non-consolidated	4,800.0	500.0	350.0	225.0
Present Projection	Consolidated	5,060.0	520.0	360.0	198.0
	Non-consolidated	4,810.0	500.0	350.0	225.0
Differential	Consolidated	10.0	10.0	5.0	3.0
	Non-consolidated	10.0	–	–	–

* Prior projection was the one released when the performance figures were revised on September 3, 2004.

❍ Main Factors for Revision of Performance Outlook

1. Non-consolidated Performance: Equivalent to the Sept. 3rd revisions on an ordinary profit basis

[Factors for Improved Performance] +¥27.0 billion

- Increased demand +¥10.0 billion
  - Increased income from increased demand, etc. +¥15.0 billion
  - Increased fuel costs - ¥ 5.0 billion
- Other factors +¥17.0 billion

(Decrease in maintenance and repair expenses, back-end costs, etc.)

[Factors for Worsened Performance] -¥27.0 billion

- Increased fuel costs -¥27.0 billion

  Decreased nuclear power generated and purchased -¥27.0 billion

2. Consolidated Performance: Profits are expected to increase by approximately ¥5.0 billion compared with the Sept. 3rd revisions on an ordinary profit basis as a result of higher profits at subsidiaries, etc.

Other Businesses (Segment Information)

(Unit: Billion yen)

		1st half FY 2004 (A)	1st half FY 2003 (B)	Comparison (A)-(B)	Comparison (A)/(B) (%)
TEPCO Gas Business Company	Operating Revenues	2.8	1.3	1.4	206.5
	Operating Profit	0.1	0.1	0	85.3

Conditions at the Gas Business Company

[Performance, Etc.]

- Although sales volumes were below initial projections because the final customer for the increased sales by Otaki Gas Co., Ltd. was still conducting trial operations, an operating profit was secured because the raw materials costs declined in line with the reduced gas sales volume, and because scheduled personnel increases were delayed and other efforts were made to reduce costs.
- For the full year, sales are expected to reach about ¥9 billion, slightly surpassing the initial projections.

[Business Outlook, Etc.]

- TEPCO's investment in Kanto Natural Gas Development Co., Ltd. (equity position of 21.39%) should increase sales via its subsidiary Otaki Gas because it facilitates joint works combining TEPCO's gas supply abilities with Otaki's know-how to meet the potential demand in Otaki's supply area.
- Such efforts will include considerations of the operating profitability of selling boiled-off gas from the Sodegaura Terminal.
- The Gas Business Company will continue striving to proactively increase sales nearby LNG terminals and gas pipelines, as well as gas sales through network supply.
- The revenues target for FY 2006 has been set at ¥30 billion.

Electricity Sales Outlook, Key Factors and Financial Influence

Electricity Sales Outlook

(Unit: Billion yen)

		1st half FY 2004 (actual)	2nd half FY 2004 (projection)	FY 2004 full year (projection)	<reference> FY 2003 full year (actual)
Other than eligible customers' use	Lighting	44.6	47.7	92.3	86.9
	Commercial use	23.2	21.3	44.5	42.3
	Low voltage	6.2	5.2	11.4	10.6
	High voltage A	10.1	9.9	20.0	19.3
	Lighting and power total	85.7	85.3	171.0	162.0
Eligible customers' use		60.3	55.5	115.8	114.0
Total		146.0	140.8	286.8	276.0

Key Factors Affecting Financial Performance

	1st half FY 2004 (actual)	FY 2004 full year (projection)	<reference> FY 2003 full year (actual)
Foreign exchange rate (interbank; ¥/$)	109.8	approx. 110	113.18
Crude oil prices (All Japan CIF; $/b)	36.75	approx. 40	29.43
Nuclear power plant capacity utilization ratio (%)	66.9	65-70	26.3
Thermal power efficiency (%)	41.6	approx. 42	41.8
Flow rate (%)	102.1	101.2	107.4
Number of employees (persons)	38,631	approx. 38,400	38,950
Capital expenditures (billion yen)	215.1	571.4	576.1
Capital expenditures (incidental businesses) (billion yen)	8.9	26.4	16.6

Financial Influence

	Present Projection	Prior Projection	<reference> FY 2003 full year (actual)
Foreign exchange rate (interbank; ¥/$)	approx. 75	*1 approx. 75	approx. 80
TEPCO procurement crude oil equivalent price ($/b) *3	approx. 230	*1 approx. 230	approx. 310
Nuclear power plant capacity utilization ratio (%)	approx. 65	*1 approx. 65	approx. 60
Flow rate (%)	approx. 10	*2 approx. 10	approx. 10
Interest rate (long-term) 1%	approx. 40	*2 approx. 40	approx. 60
Interest rate (short-term) 1%	approx. 70	*2 approx. 70	approx. 80

*1. Exchange rate, crude oil price and nuclear power plant capacity utilization figures are all the same as those under the Sept. 3rd revisions.

*2. Flow rate and interest rate figures are the same as those announced on May 19th with the FY 2003 results.

'3. Financial influence figures are based not on All Japan CIF customs prices, but are rather calculated considering the influence of TEPCO's procurement crude oil equivalent prices ($/b; caloric equivalent). The actual influence from changes in the All Japan CIF prices ($/b) is approximately 50% of ¥23 billion.

Total Power Generated and Purchased, and Electricity Sales Volume

Units: Million kWh; (%)

	April 2004	May 2004	June 2004	July 2004	August 2004	Sept. 2004	FY 2004 1st half total	Oct. 2004
Total Power Generated and Purchased	22,845 (0.0)	23,482 (1.7)	25,735 (5.2)	30,979 (23.4)	28,668 (5.5)	26,522 (1.9)	158,231 (6.4)[103.1]	23,999 (2.5)
Power generated by TEPCO	19,027	19,775	21,294	26,286	24,012	23,038	133,432	20,378
Hydroelectric power generation	1,126	1,564	1,393	1,305	1,156	1,153	7,697	1,005
Thermal power generation	10,533	8,973	10,899	15,885	14,829	13,790	74,909	11,887
Nuclear power generation	7,368	9,238	9,002	9,096	8,027	8,095	50,826	7,486
Total power purchased from other companies	2,298	2,852	3,631	4,060	3,957	3,420	20,218	3,544
Power exchange	1,576	1,390	1,454	1,091	1,071	617	7,199	191
Used at pumped storage	(56)	(535)	(644)	(458)	(372)	(553)	(2,618)	(114)

Notes 1. Figures inside parentheses ( ) denote percentage changes from the previous year; figures inside brackets [ ] denote percentage changes from company projections; and all figures are rounded off.
2. Oct. 2004 figures are preliminary.

Units: Million kWh; (%)

			April 2004	May 2004	June 2004	July 2004	August 2004	Sept. 2004	FY 2004 1st half total	Oct. 2004
Other than eligible customers' use	Lighting		7,610 (3.9)	6,595 (1.3)	5,804 (2.9)	7,900 (20.6)	8,585 (14.7)	8,115 (10.1)	44,610 (9.1)[103.5]	6,709 (1.8)
		Commercial use	3,377 *(0.5)*	3,058 *(0.9)*	3,545 *(5.6)*	4,191 *(13.7)*	4,720 *(20.3)*	4,332 *(2.9)*	23,223 *(7.7)* [102.0]	3,647 *(4.6)*
		Low voltage	816 (1.0)	719 (-0.1)	760 (7.0)	1,271 (32.9)	1,407 (23.8)	1,275 (9.3)	6,248 (13.7)[113.2]	868 (1.8)
		High voltage A	1,628 *(1.8)*	1,426 *(-0.0)*	1,648 *(4.7)*	1,789 *(9.2)*	1,857 *(11.3)*	1,791 *(2.6)*	10,139 *(5.1)* [105.4]	1,620 *(1.3)*
	Electric Power Total		6,060 *(0.7)*	5,483 *(0.0)*	6,190 *(4.8)*	7,514 *(14.9)*	8,220 *(17.8)*	7,587 *(3.7)*	41,055 *(7.4)* [104.3]	6,297 *(2.9)*
	Lighting and power total		13,670 *(2.4)*	12,078 *(0.7)*	11,994 *(3.9)*	15,415 *(17.8)*	16,805 *(16.2)*	15,703 *(6.9)*	85,665 *(8.3)* [103.9]	13,006 *(2.3)*
Eligible customers' use			9,293 *(1.0)*	9,215 *(-1.5)*	10,224 *(2.3)*	10,858 *(8.9)*	10,342 *(4.4)*	10,366 *(2.3)*	60,298 *(3.0)* [102.6]	9,687 *(1.7)*
Total electricity sales volume			22,963 (1.9)	21,293 (-0.3)	22,218 (3.2)	26,273 (14.0)	27,147 (11.4)	26,069 (5.0)	145,963 (6.0)[103.3]	22,692 (2.1)
(Of which) Large-lot electricity sales			6,915 (2.1)	6,799 (-1.3)	7,487 (3.0)	7,775 (8.1)	7,242 (3.9)	7,448 (2.8)	43,665 (3.1)[-]	7,147 (1.8)

Notes 1. Figures inside parentheses ( ) denote percentage changes from the previous year; figures inside brackets [ ] denote percentage changes from company projections; and all figures are rounded off to the nearest whole numbers.
2. Demand areas differ before and after April 2004 because of the expansion in the range of liberalization; year-on-year comparisons presented *in italics* are adjusted converting the prior year's performance to equivalents for the 2004 demand areas.
3. Oct. 2004 figures are preliminary.

❍ Electricity Sales Volume Trends

- Large year-on-year increase in consumer demand in reaction to the weak demand during the cool summer last year and increased air-conditioning demand from the record-hot summer this year.

  [1st half totals year-on-year growth rates]

  Lighting: 9.1%; commercial use: 7.7%

  (commercial use constitutes demand other than eligible customers' use)

- Industrial demand rose sharply because production outpaced initial estimates as exports remained firm, and because of the increased air-conditioning demand from the exceptionally hot summer.

  [1st half totals year-on-year growth rates]

  High voltage A: 5.1%; large-lot sales: 3.1%

❍ Electricity Sales Efforts

- Progress in developing electricity sales volume

  Achieved 0.37 billion kWh out of the full-year sales increase target of 0.75 billion kWh

- Sales of each type of equipment in TEPCO's service area

  [Corporate and large-lot customers]

  Heat-storage type air conditioning systems for about 390 buildings (equivalent to 3,000 Eco Ice units)

  [Household and general customers]

  Approximately 13,000 electric water heaters (including about 7,000 Eco Cute units)

Management Plan Targets and Performance

	(Fiscal Year)	1999	2000	2001	2002	2003	2004 1st half (actual)	2004 Full Year (projected)	<Reference> 2004 management plan 2004-2006 targets
Profit Targets	FCF (billion yen)	410.4 417.2	506.2 529.8	604.5 613.5	649.4 648.5	543.5 557.8	362.2 380.9	At least 550.0 At least 550.0	At least ¥550 billion (three-year average)
	Ordinary Profit (billion yen)	345.9	320.0	319.5	280.8	304.4	326.8	350.0	At least ¥300 billion (three-year average)
	ROE (%)	5.7	11.1	9.5	7.5	7.2	9.3	Approx. 10	At least 9% (three-year average)
	ROA (%)	5.4 5.4	5.0 5.0	4.5 4.5	3.7 3.6	3.5 3.5	3.0 2.9	Approx. 4 -	At least 4% (three-year average)
Balance Sheet Improvement Targets	Shareholders' Equity Ratio (%)	12.2	13.5	14.1	14.9	16.2	17.5	Approx. 18	At least 20% (end of FY 2006)
	Interest-bearing Debt (billion yen)	10,185.8	9,861.3	9,425.1	8,970.0	8,585.2	8,346.2	Approx. 8,070	Reduction of at least ¥400 billion (three-year average)
Efficiency Gains Targets	Capital Investment (billion yen)	1,006.4	905.9	932.2	645.2	576.1	215.1	571.4	Approx. ¥590 billion (three-year average)
	Repairs and maintenance (billion yen)	558.1	548.5	503.9	406.2	411.4	239.5	Approx. 500	Approx. ¥460 billion (three-year average)
	Number of employees (persons)	41,882	41,403	40,725	39,619	38,950	38,631	Approx. 38,400	37,500 or less (end of FY 2006)
Sales Targets	Development of electricity sales volume (billion kWh)						0.37	0.75	3.0 billion kWh (three-year total)

* Sales targets (development of electricity sales volume) were set for the first time ever in the FY 2004 Management Plan (total of 3.0 billion kWh from FY 2004 through FY 2006).

* For FCF and ROA, upper rows show non-consolidated figures and lower rows show consolidated figures.

Management Vision 2010

Concepts in Drafting the Medium-term Management Policy “Management Vision 2010”

TEPCO Management Vision
March 2001 (target year of FY 2005)

→ Outlook is that virtually all of the goals for reinforcing the corporate constitution will be achieved, including cost reductions and improved financial structure

Changing conditions inside and outside the company

- **Intensified Competition**
  More severe competition with new market entrants, self-generation, etc.
- **Nuclear power improprieties**
  Efforts to regain trust

Rising importance of group management

- **Strengthening Competitiveness**
  Uniting the TEPCO Group for still better operational efficiencies
- **Capitalizing on Business Opportunities**
  Total provision of optimal energy, information and telecommunications, and other services
- **Reinforcing the TEPCO Group’s Foundations**
  Strict observance of corporate ethics; thorough safety and quality management

A group-wide approach is essential

TEPCO Group’s Medium-term Management Policy
“Management Vision 2010”
October 2004 (target year of FY 2010)
※ First medium-term management policy for the entire TEPCO Group

Management Principles and Guidelines

Group Management Principle

Contribute to the realization of affluent living and pleasant environment by offering optimal energy services

Group Management Guidelines

The TEPCO Group promotes this Management Principle, and strives to become the top energy service provider in line with the following three group management guidelines

Management Guideline No. 1
"Win the trust of society"

Eligibility to participate in the competitive market is "trust" that society places in us.

To gain firm trust, we will:

- Carry out all business operations in compliance with the Code of Conduct concerning Corporate Ethics, and fulfill with sincerity corporation's social responsibilities such as creating an even better environment.
- Steadfastly enhance the quality of business operations and services in all places of work.
- Foster an awareness of "Give top priority to safety" and make it widespread to become a company that boasts the world's top in safety and security.

Management Guideline No. 2
"Survive the struggle in competition"

Nothing makes TEPO Group happier than customer satisfaction.

To win customer satisfaction, we will:

- Unite as a group to identify customer needs sensitively, and to offer optimal energy-related services that our customers will continue to prefer.
- Strive to reduce costs and boost company character, increase competitive edge, improve profitability and make business prosper.
- Promote new business projects in four sectors, i.e., information and telecommunications, energy and environment, living environment and lifestyle-related, and overseas, and ensure sustainable growth for the group as a whole.

Management Guideline No. 3
"Foster people and technologies"

People and technologies open up the future for our group.

To continue to reform ourselves with the power of people and technologies, we will:

- Step up communications between corporation ranks, between organizations, and to enhance workplace vitality and motivation of each and every employee regardless of whether inside or outside the group.
- Strive to maintain and bolster employee technologies and skills, and try to renovate daily work operations and make them more efficient.
- Take up technological challenges that will help to gain society's trust, boost competitive edge, and expand business.

Numerical Targets 2010 (compared with prior targets*)

* Prior targets under "Challenge 20 Plus 1"

	Challenge 20 Plus 1 [target year of FY 2005]	Numerical Targets 2010 [target year of FY 2010]
Operating Efficiency	Improve efficiency by at least 20% compared with FY 1999	**Improve efficiency by at least 20% compared with FY 2003 (with facilities safety and securing quality as major premises)**
Financial Constitution	Reduce interest-bearing debt by at least 20% over five years	**Increase equity ratio to at least 25%**
Business Growth	Expand revenues outside the TEPCO Group by at least ¥500 billion	**Electricity sales volume of at least 10 billion kWh** **In fields aside from electric power:** **Revenues[*1] of at least ¥600 billion** **Operating profits[*2] of at least ¥60 billion** (1) Total of all sales vis-à-vis external customers of consolidated subsidiaries and incidental businesses (2) Total of all operating profits from consolidated subsidiaries and incidental businesses
Global Environment	**Reduce basic unit for CO_2 emissions by at least 20% compared with FY 1990 (target year of FY 2010)**	

Management Vision 2010 Business Growth Targets (fields other than electric power)

Decline in Electric Power Business Revenues

(stagnant demand growth + intensified price competition)

Effective Use of the TEPCO Group's Management Resources

- Position the following four areas as strategic business fields for the sustainable growth of the TEPCO Group

Information and Telecommunications

Energy and Environment

Electric Power Business

Living Environment and Lifestyle-related

Overseas

Revenues of at least ¥600 billion in fields aside from electric power

Operating profits of at least ¥60 billion in fields aside from electric power

Securing revenues and operating profits equivalent to at least 10% of those from the electric power business