Annual Report 2006

Year ended March 31, 2006

Sustainable Competitive Advantage

TOKYO ELECTRIC POWER COMPANY

Contents

Profile

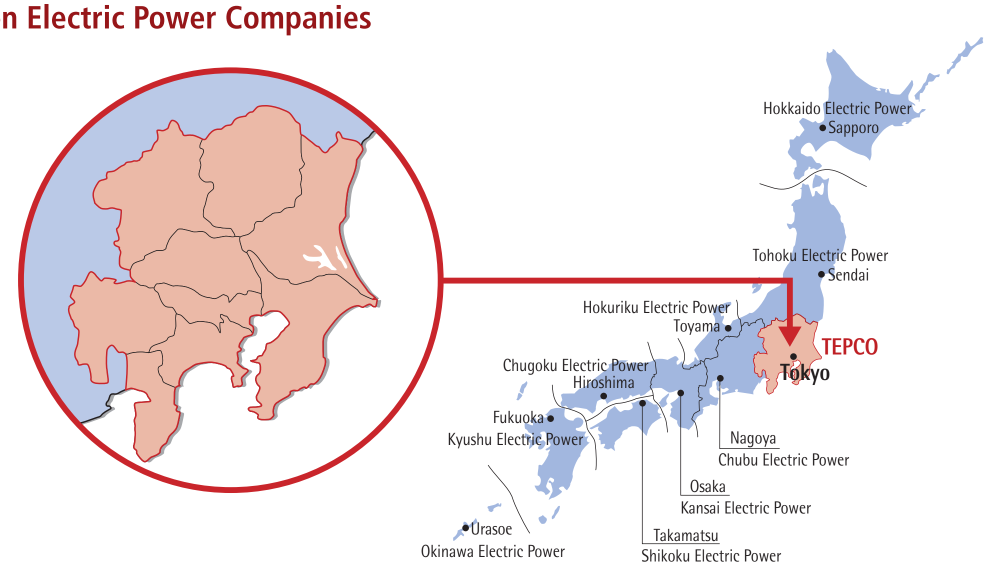
The Tokyo Electric Power Company, Incorporated (TEPCO) was established in 1951 to supply electric power to the Tokyo metropolitan area, and for more than half a century has continued to support society and public life with low-cost, high-quality electric power.

Weak economic growth and society's increased emphasis on energy conservation have slowed the growth in power consumption. Following the liberalization of the retail electric power market that took effect in April 2005, customers in the liberalized retail power market will account for approximately 60 percent of our total sales of electricity.

The entire TEPCO Group is working together in an effort to increase management efficiency, with a view toward realizing our business philosophy of contributing to better lifestyles and environments by providing superior energy services. TEPCO will push forward with such ongoing programs as developing new technologies, enhancing customer services through management efficiency, and addressing environmental issues. We will also actively enter new areas of business and develop new business activities as the basis for future growth.

Service Areas of Japan's Ten Electric Power Companies

The Tokyo metropolitan area, which is TEPCO's principal service area, accounts for about 10 percent of Japan's land area, yet its population of about 44 million people accounts for about one-third of Japan's population. Moreover, this area accounts for approximately 40 percent of Japan's gross domestic product.



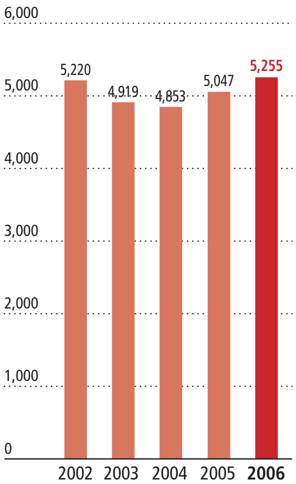
Consolidated Financial Highlights

The Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Years ended March 31

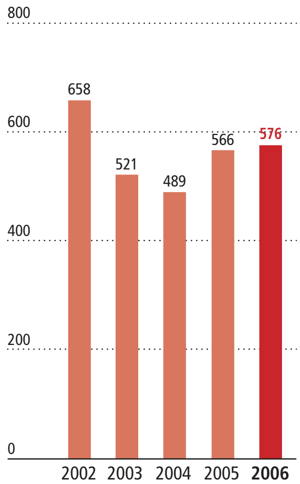
	Millions of yen, unless otherwise noted		Millions of U.S. dollars, unless otherwise noted (Note 1)
	2006	2005	**2006**
For the year:			
Operating revenues	**¥ 5,255,495**	¥ 5,047,210	**$ 44,735**
Operating income	**576,277**	566,304	**4,905**
Net income	**310,388**	226,177	**2,642**
Per share of common stock (Yen and U.S. dollars):			
Net income (basic)	**¥ 229.76**	¥ 167.29	**$ 1.96**
Cash dividends	**60.00**	60.00	**0.51**
Total shareholders' equity	**2,059.52**	1,853.52	**17.53**
At year-end:			
Total shareholders' equity	**¥ 2,779,720**	¥ 2,502,157	**$ 23,661**
Total assets	**13,594,117**	13,748,843	**115,714**
Financial ratios:			
ROA (%) (Note 2)	**4.2%**	4.1%	
ROE (%) (Note 3)	**11.8**	9.3	
Equity ratio (%)	**20.4**	18.2	

Notes: 1. All dollar amounts herein refer to U.S. currency. Yen amounts have been translated, solely for the convenience of the reader, at the rate of ¥117.48 to US$1.00 prevailing on March 31, 2006.
2. ROA = Operating income/Average total assets
3. ROE = Net income/Average total shareholders' equity
4. Amounts of less than one million yen have been omitted. All dollar figures and percentages have been rounded to the nearest unit.

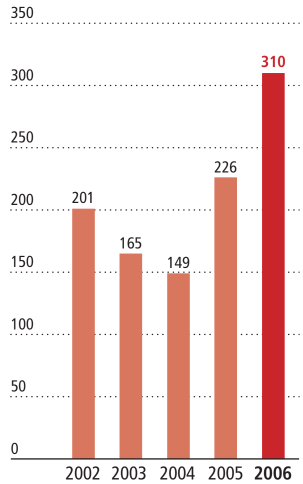
Operating Revenues
(Billions of yen)



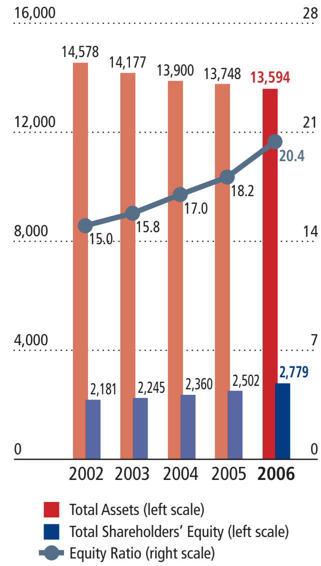
Operating Income
(Billions of yen)



Net Income
(Billions of yen)



Total Assets, Total Shareholders' Equity and Equity Ratio
(Billions of yen, %)



Note: Graphs are based on fiscal years ended March 31.

Forward-Looking Statements

This annual report contains forward-looking statements regarding the Company's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses; competitive pressures; related laws and regulations; product development programs; and changes in exchange rates.

TEPCO at a Glance

Management Vision 2010

[Group Management Principle]
Contribute to better lifestyles and environments by providing superior energy services

[Group Management Guidelines]
The TEPCO Group has three Group Management Guidelines for becoming the top energy service provider.

Management Guideline No. 1 "Win the Trust of Society"

Eligibility to participate in the competitive market is the "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 our corporation's social responsibilities to create 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 world-leading safety and security.

Management Guideline No. 2 "Compete and Succeed"

Nothing makes the TEPCO Group happier than customer satisfaction.

To win customer satisfaction, we will:

- Unite as a group to identify customer needs, 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, 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"

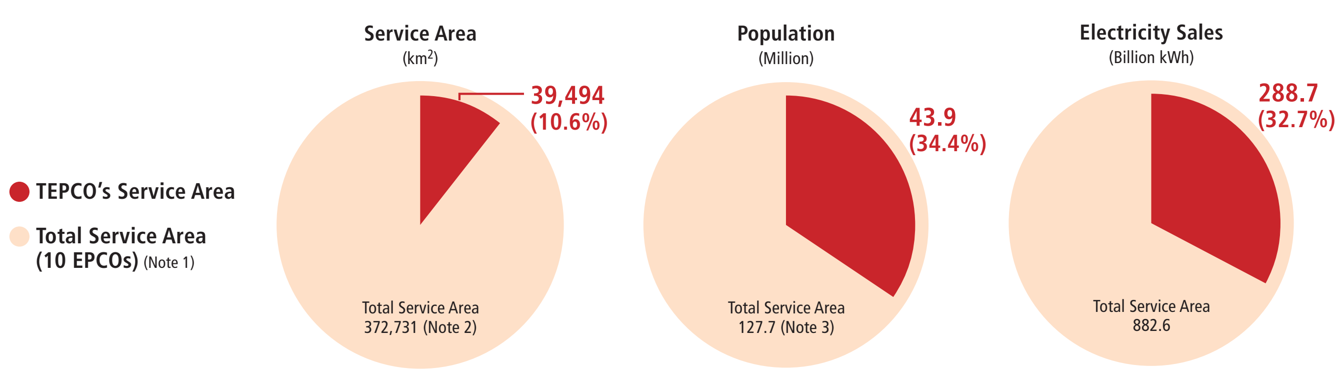
People and technologies open up the future for our Group.

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

- Step up communications between corporation ranks, between organizations, and 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.

TEPCO's Position in the Japanese Electric Power Industry

(As of March 31, 2006 unless otherwise noted)



Notes:
1. Electric power companies
2. Source: Hand Book of Electric Power Industry (2005 edition)
3. The population figure is an estimate as of January 1, 2006 (prepared by the Statistics Bureau, Ministry of Internal Affairs and Communications.)

Overview of Numerical Targets of Management Vision 2010

[Target year: FY 2011]

At least
20%

Operating Efficiency:

Improve efficiency by at least 20% compared with FY 2004 (with facility safety and securing quality as major premises)

At least
25%

Financial Structure:

Increase shareholders' equity ratio to at least 25%

At least
10 billion kWh

Business Growth:

Electricity sales volume of at least 10 billion kWh

At least ¥300 billion
At least ¥50 billion

Business Growth*1:

In businesses other than electric power:
Operating revenues*2 of at least ¥300 billion
Operating income*3 of at least ¥50 billion

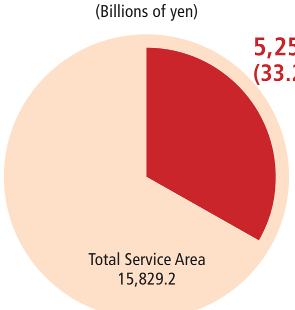
20%

Global Environment:

Reduce CO_2 emission intensity by 20% compared with FY 1991

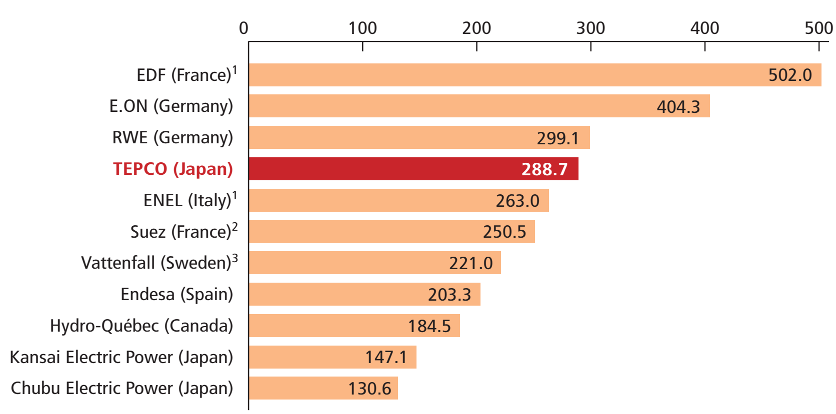
Notes: 1. Revised in March 2006 in conjunction with the comprehensive alliance with KDDI.
2. Total of all sales vis-à-vis external customers of consolidated subsidiaries and incidental businesses
3. Total of all operating income from consolidated subsidiaries and incidental businesses

Consolidated Operating Revenues
(Billions of yen)



Sales of Major Electric Power Companies

(Billion kWh, Calendar / Fiscal Year 2005)



Figures include overseas sales unless otherwise noted.
Notes: 1. Domestic sales only
2. Sales outside of France by Electrabel S.A. (Belgium) and other overseas group companies account for most of this figure.
3. Sales outside of Sweden by Vattenfall Europe AG (Germany) and other overseas group companies account for almost half of this figure.
Source: Annual reports of each company, etc.

To Our Shareholders and Investors


Left: Shigemi Tamura, Chairman Right: Tsunehisa Katsumata, President

The entire TEPCO Group will work together to compete and succeed in an increasingly severe operating environment while consistently fulfilling its responsibilities to society, which include ensuring stable supply. By doing so, we will achieve further growth and development and continuously increase enterprise value.

Fiscal 2006 Operating Conditions and Consolidated Results

During fiscal 2006, the fiscal year ended March 31, 2006, Japan's economy continued its steady recovery due to factors such as increased capital investment supported by strong corporate profits and firm consumer spending. In this environment, our sales of electricity rose 0.7 percent from the previous fiscal year to 288.7 billion kWh. Demand for air conditioning decreased due to lower summer temperatures compared with the record-breaking hot summer of the previous fiscal year. However, sales increased due to factors including a very cold winter, which caused demand for heating to increase, and a rise in industrial demand in the second half of the period, reflecting the upswing in the economy.

As a result of factors including the increase in electricity sales, operating revenues grew 4.1 percent compared with the previous fiscal year to ¥5,255.4 billion. TEPCO decreased personnel expenses through skillful management of pension assets and reduced depreciation and amortization by restraining capital expenditures. However, fuel expenses increased significantly due to higher crude oil prices. As a result of these and other factors, operating expenses rose 4.4 percent to ¥4,679.2 billion. Consequently, operating income increased 1.8 percent to ¥576.2 billion. Net income increased 37.2 percent to a second consecutive record high of ¥310.3 billion. Factors contributing to this increase include a gain on share exchange in connection with the merger of POWEREDCOM, Incorporated and KDDI CORPORATION.

Group Management Challenges and Policies for the Future

The TEPCO Group's operating environment is entering a new phase. Competition with new entrants has further intensified since the scope of liberalization of the retail electric power market expanded in April 2005, and competition with gas and other energy sources has escalated. A key management issue for the TEPCO Group is to achieve sustainable growth by competing and succeeding while consistently fulfilling its responsibilities to society, which include ensuring stable supply and addressing environmental issues such as global warming. By working together to address these and similar management issues and steadily achieving the goals of Management Vision 2010, our medium-term management policy for the period up to fiscal 2011, the TEPCO Group aims to continue growing, developing and increasing enterprise value.

We are counting on the continued support and understanding of our shareholders and investors in these endeavors.

July 2006

S. Tamura

Shigemi Tamura
Chairman

T. Katsumata

Tsunehisa Katsumata
President

An Interview with President Tsunehisa Katsumata

To achieve sustainable growth and development in this era of full-scale competition, the TEPCO Group is working together under its three Management Guidelines: to win the trust of society, to compete and succeed and to foster people and technologies.

- In the first year of Management Vision 2010, we made steady progress toward our objectives. We exceeded electricity sales volume expansion targets, promoted aggressive cost reductions and improved our balance sheet.
- The April 2006 rate reduction put us on a competitive level with power producers and suppliers (PPS). We will promote further cost reductions and conduct aggressive sales to compete and succeed in a severe operating environment.
- The importance of ensuring energy security and stable supply is increasing. The TEPCO Group's measures to establish a solid foundation for its electric power business include ensuring safe, stable operations at its nuclear power plants, enforcing thorough quality management and strengthening its response to procurement risks.
- By working toward the objectives of Management Vision 2010, the TEPCO Group will achieve sustainable growth and meet the expectations of its stakeholders.

Tsunehisa Katsumata
President

Q1: TEPCO announced its first medium-term management plan for the entire TEPCO Group, Management Vision 2010, in October 2004. How would you evaluate the Company's performance in fiscal 2006, the first year of the plan?

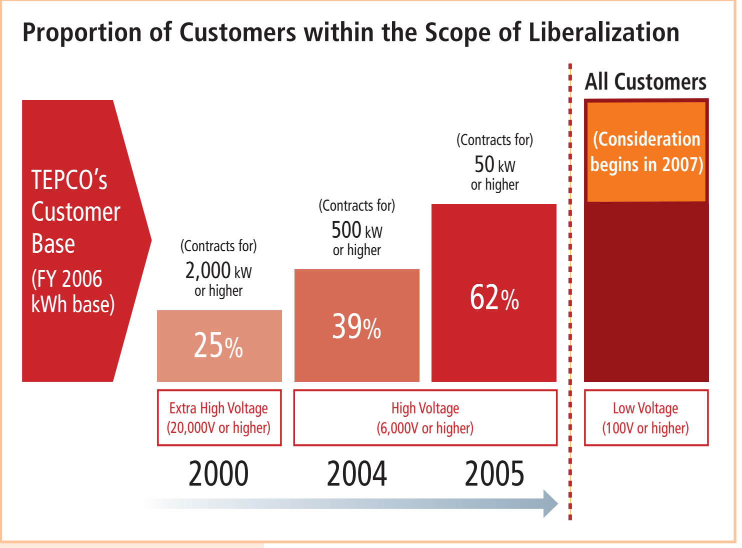
A1: To respond to a changing operating environment, in October 2004, TEPCO announced Management Vision 2010, covering the period up to fiscal 2011. As the first medium-term management policy for the entire Group, it reflects our belief in the importance of making full use of the collective strengths of all Group companies to succeed against intensifying competition and expand the scope of business opportunities.

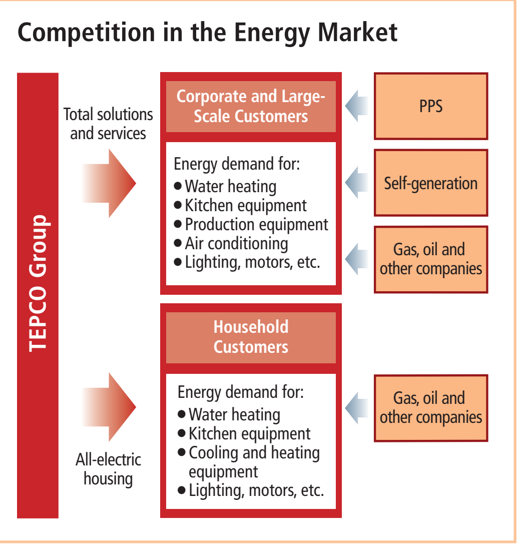
In fiscal 2006, we undertook aggressive management toward achieving numerical targets in the four areas of operating efficiency, balance sheet, business growth (increasing electricity sales volume and operating revenues and operating income in businesses other than electric power) and global environment.

To increase operating efficiency, we vigorously pursued thoroughgoing cost reduction measures with facility safety and securing quality as major premises. These included reducing capital expenditures and maintenance expenses and reviewing business processes. To increase electricity sales volume, we proposed total energy solutions to corporate and large-scale customers, promoted all-electric housing to household customers and conducted other aggressive sales activities. As a result, growth in electricity sales volume exceeded our initial target by about 0.7 billion kWh. To improve our balance sheet, cash flows arising from the growth in sales were mainly applied to reducing interest-bearing debt, thereby raising the shareholders' equity ratio to 19.6 percent on a non-consolidated basis.

In the area of new business, TEPCO formed a comprehensive alliance with KDDI CORPORATION in the field of information and telecommunications and began reorganizing its business accordingly.

Main Achievements of Fiscal 2006 (Non-consolidated)	
Operating Efficiency	Reduced capital expenditures to ¥505.0 billion by strictly selecting and streamlining plans, rationalizing designs, construction and specifications, etc. Reduced overall expenses including maintenance and overhead by reviewing business processes, etc.
Balance Sheet	Increased the shareholders' equity ratio 1.8 percentage points compared with the previous fiscal year to 19.6 percent by reducing interest-bearing debt and enhancing internal reserves.
Business Growth	Increased electricity sales volume by 1.75 billion kWh (1.31 billion kWh of this new demand came from corporate and large-scale customers and 0.44 billion kWh came from household customers), significantly exceeding the fiscal 2006 target of 1.03 billion kWh.
	Achieved a ratio of all-electric housing to total new housing construction of 10.9 percent (equivalent to 56 thousand homes), exceeding the fiscal 2006 target of 10 percent.
	In businesses other than electric power, operating revenues were ¥359.9 billion and operating income was ¥0.4 billion. Note: Fiscal 2011 targets have been revised to ¥300 billion and ¥50 billion, respectively, due to reorganization of TEPCO's information and telecommunications business.
Global Environment	Reduced CO_2 emission intensity 2.4 percent year-on-year to 0.372kg-CO_2/kWh due to an increase in nuclear power generation.





Q2: Competition with power producers and suppliers (PPS) is intensifying. How do you view the current competitive situation, and what measures are you taking in response?

A2: The scope of liberalization of the electric power market has been expanding in stages. As of April 2005, over 60 percent of our sales volume was within the scope of liberalization. In addition, factors such as the establishment of a wholesale electric power exchange are intensifying competition with PPS that have newly entered the market. As of June 1, 2006, approximately 1,400 customers contracting a total of about 2.4 million kW of electricity have switched their electricity supplier from TEPCO to PPS. We are entering a critical period, as even more PPS announce construction plans. Moreover, customer needs are becoming increasingly sophisticated and diverse, and competition with self-generation, gas and other types of energy is escalating.

In this operating environment, TEPCO reduced its electricity rates in April 2006 to a level competitive with PPS. We are hopeful that this will stem further customer loss.

To succeed against increasingly severe competition in the corporate and large-scale customer sector, we are responding rapidly and precisely to customer needs and providing them with Group-wide total solutions that incorporate a variety of elements, including energy facility services. We also plan to accelerate the increase of electricity sales volume. Meanwhile, in the household sector, which is outside the scope of liberalization of the retail electric power market, competition is intensifying with gas, oil and other energy companies to meet hot water, cooking, cooling and heating demands. At present, gas is the main energy used for heating water and cooking. TEPCO sees this as an attractive market that offers significant room for expansion. All-electric housing offers superior comfort, economy, environmental compatibility and other advantages. Looking ahead, we will work to promote its adoption through mass media advertising campaigns targeting general residential customers, or "end users," and strengthening marketing aimed at house builders, developers and other "sub-users."

Q3: Lowering electricity rates strengthens TEPCO's price competitiveness, but it can also cause a decrease in operating revenues. What is TEPCO's policy regarding future rate strategies?

A3: Reducing rates can certainly cause operating revenues to decline and temporarily restrain income levels. However, losing to the competition would sap our corporate vitality and impede sound growth and development. Ultimately beating the competition will benefit shareholders and investors the most in the long run. I have always believed this to be what management is all about. TEPCO must find ways to compete and succeed at the front lines and increase the volume of electricity sales. For this reason, we have been implementing thoroughgoing cost reductions and have lowered our rates roughly 30 percent in six steps since 1995, when liberalization of the wholesale electric power market began. Around 2000, when liberalization of the retail electric power market began, our prices were very different from those of PPS. With the rate decrease in April of this year, however, we believe we have achieved a competitive rate level. I am therefore confident that our superior ability to offer a wide range of energy solutions centered on environmentally superior network power will lead to further benefits.

While implementing rate reductions, TEPCO has also steadily improved income levels by vigorously pursuing cost reductions. Consolidated ordinary income was around ¥200.0 billion prior to liberalization of the electric power market, but exceeded ¥400.0 billion for two consecutive years in fiscal 2005 and 2006.

TEPCO will ceaselessly pursue further cost reductions to strengthen its price competitiveness and steadily increase income levels.

Q4: In fiscal 2006, TEPCO began reorganizing its new businesses. What are the issues and directions of these businesses?

A4: We cannot expect to achieve the same rate of growth in demand for electricity as in the past, and competition is intensifying. To further grow and develop in such an environment, the TEPCO Group must aggressively develop businesses in areas other than electric power. In Management Vision 2010, we designated information and telecommunications, energy and environment, living environment and lifestyle-related, and overseas as four strategic business areas in which we can effectively utilize the management resources of the entire Group to achieve growth. By applying thorough selection and concentration in these four areas to carry out strategic development centered on fields associated with energy, the TEPCO Group will achieve sustainable growth.

Of these four areas, we entered the information and telecommunications business 20 years ago, when it was deregulated, and have aggressively developed it as a promising area of rapid growth, utilizing our existing fiber optic network and other infrastructure. However, significant changes are appearing in the market environment, such as increasing convergence of fixed and mobile communications. In addition to developing business in both the fixed and mobile communications markets, it will become increasingly important to have "comprehensive capabilities" that include infrastructure development capabilities, marketing capabilities and a full lineup of content. Consequently, in October 2005, TEPCO agreed to form a comprehensive alliance with KDDI CORPORATION, which has a strong mobile phone business and is the second-largest comprehensive telecommunications

Overview of Numerical Targets

			FY 2006 Results	FY 2007 Business Management Plan (FY 2007–FY 2009)	Management Vision 2010 (Target year : FY 2011)
Profitability and Free Cash Flow (FCF) Targets	Ordinary Income	Consolidated	¥426 billion	At least **¥380 billion**	
		Non-Consolidated	¥397 billion	At least **¥350 billion**	
	FCF	Consolidated	¥414 billion	At least **¥400 billion**	
		Non-Consolidated	¥367 billion	At least **¥400 billion**	
	ROA	Consolidated	4.2%	At least **4.0%**	
		Non-Consolidated	4.1%	At least **4.0%**	
Efficiency Gains Targets	Capital Expenditures		¥505 billion	About **¥620 billion**	Improve efficiency by at least **20%** compared with FY 2004 (with facility safety and securing quality as major premises)
	Number of Employees (persons)		38,235	About **37,500** (end of FY 2009)	
Balance Sheet Improvement Targets	Shareholders' Equity Ratio		19.6%	At least **23%** (end of FY 2009)	Shareholders' equity ratio of at least **25%**
	Interest-Bearing Debt		¥7,629 billion	Reduction of at least **¥700 billion** (three-year total)	
Business Growth Targets	Increase in Electricity Sales Volume		1.75 billion kWh	About **5 billion kWh** (three-year total)	At least **10 billion kWh** (seven-year total)
	Operating Revenues from Businesses other than Electric Power		¥359 billion	About **¥270 billion** (in FY 2009)	At least **¥300 billion**
	Operating Income from Businesses other than Electric Power		¥0.4 billion	About **¥40 billion** (in FY 2009)	At least **¥50 billion**
Global Environment Contribution Targets	CO_2 Emission Intensity		0.372kg-CO_2/kWh	Reduce emissions by **20%** compared with FY 1991 (About 0.31kg-CO_2/kWh in FY 2011)	

Note: Unless otherwise specified, results and targets are on a non-consolidated basis and fiscal 2007 Business Management Plan targets are averaged over the three-year period from fiscal 2007 to fiscal 2009.

company in Japan. In January 2006, POWEREDCOM, Incorporated, a subsidiary with strengths in providing data communications services to corporate customers, merged with KDDI. We are also conducting a study toward the integration of our fiber-to-the-home (FTTH) business with KDDI, with a target date of January 2007. These measures will enable us to establish a framework for providing customers with top-level, competitive services.

Q5: The Fiscal 2007 Business Management Plan is TEPCO's second action plan since Management Vision 2010 was announced. What are the key points of the Plan?

A5: TEPCO announced the Fiscal 2007 Business Management Plan in March 2006. It covers specific measures to be introduced and sets new targets for the period from fiscal 2007 to fiscal 2009, based on changes in the operating environment subsequent to the management plan of the previous fiscal year.

Energy security has become an extremely important issue due to factors such as the surge in crude oil prices over the past few years and the rapid rise in energy demand in Asia and other regions. Consequently, a key feature of the Fiscal 2007 Business Management Plan is its focus on securing safe, stable operations at nuclear power plants, thoroughly implementing quality management and enhancing responsiveness to fuel procurement risks. By steadily implementing this plan, we will establish a stronger foundation for fulfilling our fundamental duty, which is to secure a stable supply of electricity.

We made steady progress in reducing capital expenditures during fiscal 2006. Under the current plan, although we project an increase in the area of supply facilities, we will review our power development plans and take other measures to hold overall capital

expenditures at an average of ¥620.0 billion per year over the three-year period from fiscal 2007 to fiscal 2009, which is the same level as in the previous plan.

The electricity sales volume expansion target for the three years from fiscal 2007 to fiscal 2009 has been revised upward to about 5.0 billion kWh from the previous plan target of about 4.0 billion kWh for the three years from fiscal 2006 to fiscal 2008.

Regarding balance sheet improvements, we revised targets for both free cash flow (FCF) and interest-bearing debt reduction in accordance with the introduction in October 2005 of a new legal system for nuclear power back-end costs (details on pages 22-23). Specifically, TEPCO has shortened the term for transferring its existing reprocessing reserves of approximately ¥1.2 trillion to an external fund to seven years from 15 years under the previous plan. As a result, annual FCF has decreased by about ¥90.0 billion.

As a profitability target, we will work to achieve consolidated ordinary income of at least ¥380.0 billion by maximizing the collective strengths of the entire TEPCO Group. This is the first time we have set a target for ordinary income on a consolidated basis.

The TEPCO Group intends to meet the numerical targets of the Fiscal 2007 Business Management Plan by continuing to implement thoroughgoing cost reductions and improving our balance sheet while ensuring safety and strict risk management as we have always done.

Q6: In closing, what message would you like to offer shareholders and investors?

A6: As a company in the electric power business, TEPCO depends on the support of a large number of stakeholders, including customers, local communities, shareholders and investors, business partners and employees. It is our duty to fulfill our responsibilities to all stakeholders while achieving sustainable growth and development.

Improving the balance sheet to create a more resilient corporate structure and raising profitability continue to be urgent management issues for TEPCO. In allocating free cash flow, therefore, our policy is to focus on reducing interest-bearing debt to achieve a shareholders' equity ratio of at least 25 percent, as set out in Management Vision 2010. At the same time, TEPCO is fundamentally committed to maintaining stable dividends, and therefore intends to meet the expectations of shareholders and investors by distributing gains, while comprehensively considering factors including the Company's performance and progress in improving its financial structure.

The three management guidelines of the TEPCO Group are to win the trust of society, to compete and succeed, and to foster people and technologies. These guidelines are very easy to understand, but at the same time I believe they represent the fundamental corporate image to which we aspire. On a daily basis I encourage employees to incorporate these guidelines in their work. We have seen achievements in areas such as cost reduction and expanding sales, but our three management guidelines have only begun to take root. By winning the trust of society, competing and succeeding, and fostering people and technologies, we will continue to achieve sustainable growth and development and greater stakeholder satisfaction.

I would like to thank our shareholders and investors for their continuing support and understanding as we move toward our goals.

Sustainable Competitive Advantage

Build Relationships on Trust

Hiroshi Nomura
General Manager,
Corporate Marketing & Sales Department

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Focus on Retail Customer Needs

Naomi Hirose
Executive Officer and General Manager,
Marketing & Customer Relations Department

page 14

Provide Superior Value at Competitive Pricing

Toshio Nishizawa
Executive Officer and General Manager,
Corporate Planning Department

page 16

Keep Procurement Stable and Efficient

Tetsu Hashimoto
Executive Officer and General Manager,
Fuel Department

page 18

Promote Innovative and Intelligent Brand Extensions

Takashi Fujimoto
Managing Director and General Manager,
Business Development Division

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Expanding Demand among Corporate and Large-scale Customers

Competition has intensified since liberalization began in March 2000. As of June 1, 2006, approximately 1,400 customers contracting a total of about 2.4 million kW of electricity have switched their electricity supplier from TEPCO to other power producers and suppliers (PPS).

Responding to such a competitive environment is an important management issue for TEPCO. We therefore set an objective of expanding electricity sales volume in Management Vision 2010. Specifically, we will work to expand electricity sales volume within the seven-year period from fiscal 2005 to fiscal 2011 by at least 10 billion kWh, or double the volume of sales we had lost to our competition when the plan was devised in October 2004. Two-thirds of this is slated to come from corporate and large-scale customers.

In our organizational structure, in June 2004 we established an “Energy Solution Center” in the newly formed Marketing & Sales Division. In June 2005, we enhanced this sales framework further by restructuring it into customer industry-based groups to more effectively build a stock of specialized knowledge and strategies for each industry sector. By doing so, we created an organization that can formulate plans more effectively.

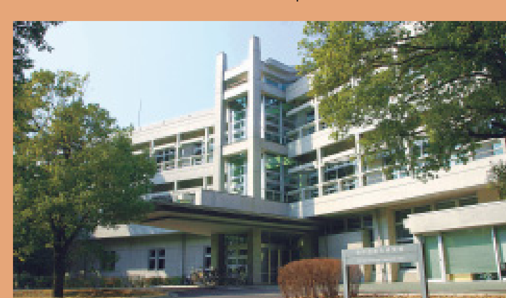
Customer needs are becoming increasingly diverse and sophisticated. The TEPCO Group will respond to these needs by providing one-stop services and total solutions incorporating combinations of various elements including not simply the supply of electricity but also gas, steam and other types of energy, as well as facility planning, construction and maintenance, environmental considerations and off-balance sheet business. In this way, we will succeed against severe competition.

Sustainable Competitive Advantage: Build Relationships on Trust

Our customers’ energy needs are becoming more diverse and sophisticated. The TEPCO Group is working in concert to offer total solutions and services with the aim of satisfying customers.

Heat Pumps – A Powerful Advantage in Responding to Global Warming

In January 2004, the National Institute for Environmental Studies adopted TEPCO’s proposed combination of heat pump and NAS battery system as an environmental measure after comparing it with a competitor’s combination of co-generation and absorption chiller. With the help of TEPCO’s system, the Institute, a world leader in research on global warming, lowered its CO_2 emissions and energy costs in fiscal 2005 by 14 percent and 12 percent, respectively, compared with fiscal 2003. In July 2005, the Institute also decided to adopt ESCO services, and selected the proposal of the TEPCO Group (TEPCO, JAPAN FACILITY SOLUTIONS, Inc. and KANDENKO CO., LTD.) from among proposals by six different business groups. As a result, the Institute expects its CO_2 emissions in fiscal 2007 to decrease a further 15 percent compared with fiscal 2005 levels. This case study is just one example of how we are combining our recommended heat pump and NAS batteries with the Group’s technologies and expertise, and is a prototype for the energy solutions business that the TEPCO Group aims to establish.



Climate Change Research Hall, National Institute for Environmental Studies

TEPCO's Total Solutions

TEPCO is developing optimum energy solutions tailored to the needs of each customer. Based on the customer's industry type and electrical usage, we provide a variety of services including a selection of rate menus and equipment proposals or recommendations.

In fiscal 2006, introduction of all-electric kitchen appliances expanded in the commercial sector. Behind this was an increase in utilization of induction heating (IH) cooktops by the restaurant industry, school catering services and other commercial enterprises. IH cooktops have gained an extremely high evaluation from customers because they are clean, have high heating efficiency and provide a more pleasant cooking environment by keeping the room temperature down. In addition, they help save space by reducing the amount of air-conditioning equipment, ducts and other facilities required. We also continued to aggressively promote all-electric solutions for office buildings, including the introduction of Eco Cute electric water heaters for commercial use.

Proposals to industrial customers increased diffusion of electric heating, which offers superior controllability, high-efficiency heat exchangers with a coefficient of performance (COP) of 4 to 6, and other products and services. We expanded use of sodium-sulfur (NAS) batteries through proposals to semiconductor and other factories that require an uninterrupted supply of high-quality electricity. NAS batteries have earned an extremely high customer evaluation by decreasing the risk of production line power outages. As a result of these initiatives, we expanded electricity sales to corporate and large-scale customers by 1.31 billion kWh, exceeding our fiscal 2006 target of 0.72 billion kWh by 83 percent.

Customers do not evaluate energy on the basis of cost alone. They consider various aspects, including the work environment, efficiency, ease of use, safety, and environmental impact. TEPCO reduced its electricity rates an average of 4.01 percent from April 2006 to further strengthen its price competitiveness. At the same time, TEPCO's system power, which includes nuclear and hydroelectric power, is environmentally superior to the primarily fossil fuel-based electricity produced by PPS.

TEPCO's greatest advantages are its strong relationships of trust with customers in each region and familiarity with their businesses and energy usage. In order for us to further leverage these advantages, customers must see the TEPCO Group as a preferred partner in the field of energy with whom they can consult on a variety of business matters, including facility renewal, factory reorganization and new business start-ups. Looking ahead, we must increase the ability of each of our sales representatives to propose solutions and promote cooperation with Group companies. At the same time, we must strengthen partnerships with manufacturers through joint development of machinery and other initiatives. Moreover, through more finely tuned sales activities directed at our customers' headquarters, branches and factories, we will achieve an accurate understanding of their businesses and changing energy needs. By analyzing the market in this way, we will focus our sales efforts.

"The TEPCO Group's advantage lies in its ability to accurately anticipate the diverse energy needs of its customers based on relationships of trust it has built over many years, and its ability to provide a one-stop source for those needs."

TEPCO organized and operates Electric Kitchen Forum 21 and its associated website in order to increase understanding and adoption of electric kitchens.

Hiroshi Nomura
General Manager,
Corporate Marketing &
Sales Department

Strategies for Expanding the Electricity Demand of Household Customers

Electricity accounts for no more than 40 percent of total household energy consumption. For TEPCO, it is a very appealing market that continues to offer room for expansion.

An all-electric home offers substantially lower running costs than one using a combination of gas and electricity, and is comfortable, energy-efficient, safe and secure. That is why TEPCO aggressively promotes all-electric housing using strategic products such as IH cooktops and Eco Cute electric water heaters.

Management Vision 2010 contains the objective of raising electricity sales volume by a cumulative 10 billion kWh or more during the period from fiscal 2005 to fiscal 2011. One-third of this growth is slated to come from household customers. In addition, we have set a target of raising the share of all-electric housing to one out of every four newly constructed houses by fiscal 2011. To achieve these objectives, we are promoting various measures to enhance our organizational framework. These include strengthening our sales force, establishing the "Design Center" in March 2005 and enhancing sales functions and support.

TEPCO will appeal to end users with mass media advertising such as television commercials, and through the Switch! campaign. In addition, we will continue to conduct aggressive marketing activities targeting "sub-users," or house designers, builders and sellers in the housing industry.

Sustainable Competitive Advantage:
Focus on Retail Customer Needs

The household energy market offers TEPCO ample room for growth. We will aggressively promote all-electric housing by conducting promotional campaigns to appeal to end users, while marketing to developers and other sub-users.

All-Electric Solutions for Large-Scale Condominium Complexes

Compared to new detached homes, which tend to reflect the intent of the owner, it is important to target developers when marketing all-electric solutions for housing complexes. In addition to proposing all-electric standards, we actively propose all-electric marketing for new buildings and regional developments which we learn about at early stages through route sales activities and other initiatives. The merits of all-electric housing for residents are large, and demand is high. To demonstrate that demand to developers who are reluctant to adopt all-electric solutions, TEPCO conducts joint development of all-electric condominiums on its own unused land. We also introduce the many merits of all-electric solutions to owners of rental housing, such as lower fire risk and running costs, as well as a higher occupancy rate. As a result of these marketing initiatives, over 200 condominium complexes are either using or slated to use Eco Cute water heaters, and the reputation of all-electric solutions for housing complexes is rising.

THE TOKYO TOWERS
Location: Kachidoki, Chuo-ku, Tokyo
Number of units: 2,799
Developed by: ORIX Real Estate Corporation, Tokyu Land Corporation, Sumitomo Corporation and others

TEPCO's All-Electric Housing Promotion Strategy

In promoting all-electric housing, TEPCO focuses its marketing efforts on two main targets: general residential customers, or end users, who have a large impact on the final specifications of order-built detached homes, and sub-users such as house builders and developers, who decide the specifications of ready-built homes and condominiums.

The best way to approach end users is to gain their understanding of the benefits of all-electric housing through direct experience. To do this, we began conducting the Switch! campaign twice a year from spring 2004. The Switch! campaign consists of fairs at our promotional facilities and housing exhibitions at which customers can directly experience the comfort, user friendliness, and environmental advantages of all-electric housing, pump water heaters, which use the natural coolant CO_2, and working with financial institutions to develop preferential-rate housing loans and fire insurance discounts for all-electric housing. In addition, we are building and enhancing our network in related fields. For example, we are strengthening ties with local contractors to enhance sales in the home remodeling market, where our visibility has traditionally been poor, and conducting joint research with appliance manufacturers who are actively working to create new demand for all-electric products.

Through such initiatives, we have raised the ratio of all-electric housing to total new housing construction from 0.9 percent in fiscal 2002 to 10.9 percent in fiscal 2006. Some electric power companies in other regions have already achieved

In addition to intensive mass media advertising, the Switch! campaign consists of fairs at which customers can learn about and experience the merits of all-electric housing directly.

> "Many customers have expressed a high level of satisfaction with their all-electric households. We continue to conduct aggressive sales activities with the aim of rapidly achieving our goal of making about one out of four new houses all-electric by fiscal 2011."

backed by intensive advertising through television commercials and other mass media. As a result, awareness of all-electric housing increased from approximately 30 percent in February 2004, before the start of the campaign, to approximately 64 percent in June 2006. Moreover, a questionnaire showed that about 94 percent of respondents currently living in all-electric housing were satisfied, consolidating its position as a product that end users want.

In marketing aimed at sub-users, it is important to gain an understanding of end users' desire for all-electric housing. To achieve this, we aggressively participate in events at builders' housing exhibitions. In addition to promoting the merits of all-electric homes as a product, we are also expanding measures to assist in their introduction. These have included encouraging the Japanese government to establish a system of financial assistance for installing Eco Cute heat a level of over 30 percent, indicating that there is still room for TEPCO to expand in this market. Our objective in Management Vision 2010 is to achieve a ratio of one all-electric house to every four new houses constructed by fiscal 2011. However, we do not intend to stop there. We must work to reach this objective as quickly as possible, ahead of schedule. To increase adoption further, lower initial equipment costs and greater space savings are a must. To achieve this, we will increase cooperation with appliance manufacturers, further strengthen marketing aimed at sub-users and increase understanding and awareness among end users.

TEPCO is beginning to realize steady, significant results from its marketing activities to date. Looking forward, we will accelerate these efforts to achieve our objectives.

Naomi Hirose
Executive Officer and
General Manager,
Marketing & Customer
Relations Department

Cost Reduction Strategies

Expansion in the scope of liberalization in the retail electric power market, which began in 2000, has progressed in stages. At every stage, competition with other power producers, and with other types of energy, has become increasingly severe. In order to succeed in this competitive environment as the top energy service provider, the TEPCO Group must promote greater operating efficiency and build a slimmer, more resilient corporate structure, premised on securing facility safety and thorough quality management.

From this standpoint, we set an objective in Management Vision 2010 of improving operating efficiency in fiscal 2011 by at least 20 percent compared with fiscal 2004, with facility safety and securing quality as major premises. This objective is the minimum level that the TEPCO Group must achieve to compete and succeed in such a challenging market, based on an analysis of the medium-term costs of our competitors.

Among the PPS that have newly entered the market are companies with plans to build large-scale generation facilities. We can therefore expect competition to become even more intense. In response, we will leverage the collective strengths of the TEPCO Group to strengthen our competitiveness by working to thoroughly raise efficiency in all areas.

Sustainable Competitive Advantage: Provide Superior Value at Competitive Pricing

Predicated on a ceaseless commitment to facility safety and quality control, the TEPCO Group is leveraging its collective strengths to reduce costs as it builds a competitive advantage in markets that are changing significantly.

Recent Cost Reduction Initiatives

Increased Reuse of Distribution Line Materials

TEPCO has traditionally reused dismantled distribution line materials. However, revising quality sorting standards through more careful consideration of product functions and having contractors make simple repairs expanded the amount of reusable materials and reduced costs by approximately ¥3.0 billion.

Streamlined Insulation Design for 500kV Transmission Lines

In designing the new 500kV Nishi-Jobu Trunk Line, we used the same route as the existing trunk line and rationalized insulator design by leveraging expertise gained through actual operations and transmission line construction. Shortening insulator arm size, simplifying insulator units and other measures achieved a cost reduction of approximately ¥1.4 billion.

Reduced Size of Main Building of Thermal Power Plant

Construction is progressing on a state-of-the-art LNG thermal power facility at the Futtsu Thermal Power Station, with operations scheduled to commence in 2008. Revising the machinery layout and creating shared maintenance areas reduced the total floor space of the main building by 5 percent, cutting costs by approximately ¥0.5 billion.

Reducing Costs to Achieve the Objectives of Management Vision 2010

TEPCO has been vigorously pursuing cost reduction on a company-wide basis, with facility safety and securing quality as major premises.

For example, by working to flexibly construct and operate facilities while maintaining the reliability of supply, we were able to reduce capital expenditures in fiscal 2006 to approximately ¥505 billion, compared to ¥1.68 trillion on a non-consolidated basis in fiscal 1995. Even given slower growth in demand over the same period, this is still a reduction of approximately two-thirds. Based on these cost reductions, we lowered rates nearly 30 percent in six stages over the past 10 years to strengthen our cost competitiveness.

To compete and succeed, however, it is vital that we achieve the objectives of Management Vision 2010. For further thoroughgoing cost reduction throughout the entire Group, in March 2005, we established the Cost Reduction Committee, comprising 19 department managers from the Corporate Planning, Engineering and other departments and chaired by a managing director. This committee is responsible for reviewing cost reduction measures and for formulating and considering specific measures in the areas of power generation, supply, sales and administration. In addition, it regularly tracks the progress and results of concrete measures that have been implemented. The Fiscal 2007 Business Management Plan reflects and implements several measures considered by the Cost Reduction Committee, including rationalization of facility maintenance and inspection and review of hydroelectric power and transformation facility operation.

Looking ahead, we will increase value-added activities that reduce costs without sacrificing quality or functionality. We will also review business processes including expansion of the scope of shared services with other Group companies to concentrate regular administrative tasks. Furthermore, we will pursue other rationalization initiatives including devising contractual measures that reduce procurement costs.

Although we are vigorously pursuing these cost reduction efforts in every area, there is still much room for improvement at the front lines, where the greatest savings can be made. Moreover, the surge in crude oil prices since last year has increased fuel expenses. To deal with these factors and achieve our objective, not only TEPCO but all affiliated companies and partners must pool their knowledge and creativity to review and implement measures that reduce costs even further.

We will continue to leverage the collective strengths of the TEPCO Group to achieve the objectives of Management Vision 2010 and build a resilient corporate structure that allows us to compete and succeed.

Rationalize Facility Configuration

- Strictly select and streamline plans
- Rationalize design, construction and specifications
- Promote facility streamlining, etc.

Rationalize Operation and Maintenance

- Optimize inspection periods
- Undertake checks according to facility conditions
- Upgrade facility diagnosis technology, etc.

Review Business Processes

- Implement task and information sharing with Group companies
- Use information technology to improve operating efficiency
- Review materials procurement and logistics processes, etc.

Other Rationalization Initiatives

- Reduce fuel expenses
- Reduce procurement prices through creative contractual measures
- Reduce rental expenses for buildings, facilities, etc.

"We have exhaustively reduced costs in various ways, including flexible facility configuration and use, and we will continue to promote measures to reduce costs throughout our operations and build a resilient corporate structure."

Toshio Nishizawa
Executive Officer and General Manager, Corporate Planning Department

Fuel Procurement Strategies

TEPCO promotes an optimum mix of power sources with an emphasis on stable supply and security. From a cost and environmental viewpoint, we utilize nuclear power for base load generation while using thermal power generation to absorb changes in demand.

Fuels for thermal power generation include liquefied natural gas (LNG), oil and coal. By making use of the special characteristics of each, TEPCO promotes procurement strategies that harmonize stability of supply, economy, environmental compatibility and procurement flexibility. For example, LNG, which we purchase mainly on long-term contracts, offers not only superior economy and supply stability, but is also the best fuel from an environmental standpoint because it emits no SOx and very little CO_2 when burned. For these reasons, LNG is TEPCO’s main fuel, accounting for over 60 percent of total thermal power generated. Oil is best for responding to sudden changes in demand. It plays a large role in meeting rapid increases in demand due to extreme seasonal heat and cold. Coal is an abundant resource dispersed widely around the globe, and therefore offers superior supply stability and economy.

TEPCO will undertake new initiatives to achieve flexible and competitive fuel procurement by organically combining the special features of each of these fuels to promote the best mix while leveraging our advantages in procuring vast amounts of fuel.

Sustainable Competitive Advantage:
Keep Procurement Stable and Efficient

The TEPCO Group ensures responsive, competitive fuel procurement by promoting an optimum mix of power sources based on stability of supply, economy, environmental compatibility and procurement flexibility, and by undertaking new initiatives.

Darwin LNG Project

Since 2003, TEPCO has been participating in the Darwin LNG Project, which involves the development of the Bayu-Undan Gas Field located in the Joint Petroleum Development Area of Timor-Leste and Australia, as well as the liquefaction and sale of gas from the field. We established Tokyo Timor Sea Resources Inc., a joint venture in which TEPCO and Tokyo Gas Co., Ltd. have a 2:1 equity stake and which holds 10.08 percent of the development rights. Through a subsidiary, we are also participating in the operation of a submarine pipeline linking the gas field to a liquefaction plant on the outskirts of Darwin, Australia, as well as in the operation of the plant itself. In addition, we began procuring LNG supplies in March 2006, with an annual contract volume of 2 million tons. In this way, TEPCO has built an LNG chain that links gas field development, liquefaction and sale while producing a supply of LNG for our own consumption. Not only have these initiatives strengthened our procurement capabilities, but through the sales business, we are now able to pursue higher earnings and achieve greater stability and economy in fuel procurement.

Bayu-Undan Gas Field

TEPCO's Fuel Procurement Measures and Advantages

Against the backdrop of increased demand in China and the United States, oil prices have remained at a high level over the past few years. TEPCO is responding to fluctuations in fuel prices by using LNG on a priority basis. This has reduced costs, because LNG is more economical than oil. In procuring LNG, we use contractual measures to keep LNG prices from rising as much as crude oil prices. In addition, we have introduced new forms of contracts including short-term contracts and volume options to improve flexibility of procurement, not only for economic reasons but also to achieve a balance between supply and demand.

The global market for LNG is tight, but TEPCO has secured procurement sufficient to cover its needs for the foreseeable future through long-term contracts (with a period of about 20 years) for over 17 million tons per year, the largest volume of any private corporation. We are working to further reduce the cost and enhance the flexibility of procurement by leveraging this enormous purchase amount to strategically participate in the entire LNG chain, which our competitors would find difficult. This gives TEPCO a significant advantage in procurement.

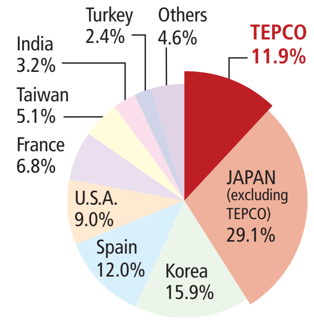
One example of TEPCO's participation in the LNG chain is our entrance into the LNG shipping business. As a buyer of LNG, TEPCO has been able to reduce shipping costs and respond more flexibly to changes in supply and demand by owning, operating and managing our own LNG carriers through a subsidiary. Two vessels are already operating, and two more are scheduled to be added by 2009. In addition, we plan to put the expertise we have gained to use by managing operations of an LNG carrier for shipping LNG to be purchased by Kyushu Electric Power Co., Inc. As a result, earnings from the LNG shipping business are expected to grow.

In fiscal 2006, we also commenced LNG sales through CELT INC., a joint venture established with Mitsubishi Corporation. We developed a new scheme under which CELT purchases LNG in Oman for sale in the United States or to TEPCO, depending on the supply and demand situation. By doing so, we have improved our responsiveness to market fluctuations and secured earnings at the same time.

Amid persistently high fuel prices and increasing global demand, securing stable procurement of fuel is an important management issue. To succeed against escalating competition, reducing fuel procurement costs is essential. We must also ensure stable procurement of inexpensive LNG in order to promote total energy solutions in the electric power business and expand our gas-related businesses. Looking ahead, TEPCO will continue working to promote stable procurement and achieve flexible, competitive procurement of fuel by pursuing aggressive fuel procurement strategies, both existing and new.

> "We are undertaking competitive procurement, backed by the enormous volume of fuel we procure, while aggressively promoting new strategies such as participating in an LNG supply chain linking everything from gas field development to sale."

2005 LNG Imports by Country



Source: The International Group of Liquefied Natural Gas Importers (G.I.I.G.N.L)

Tetsu Hashimoto
Executive Officer and
General Manager,
Fuel Department

Strategies for New Business

Few prospects remain for significant sales growth in the electric power business as a result of the slowdown in demand and intensifying competition. In areas other than electric power, however, the TEPCO Group faces an expanding range of new business opportunities due to regulatory reforms and technological advances.

To achieve sound, sustainable growth, the TEPCO Group must effectively utilize its facilities, technological capabilities and expertise, relationships of trust with local communities and other management resources to expand sales and profits from new businesses. In Management Vision 2010*, we set a goal of pursuing development in the four profitable new business areas of information and telecommunications, energy and environment, living environment and lifestyle-related, and overseas. In promoting these businesses, we will apply selection and concentration, undertake strategic development focused on fields associated with energy, and increase competitiveness through greater cooperation among Group companies. The result will be sustainable growth and development for the entire TEPCO Group.

* Our original targets for businesses other than electric power under Management Vision 2010 were operating revenues of at least ¥600 billion and operating income of at least ¥60 billion. These targets have been revised to ¥300 billion and ¥50 billion, respectively, to reflect the reorganization of our information and telecommunications business in connection with the comprehensive alliance with KDDI CORPORATION, announced in October 2005.

Sustainable Competitive Advantage: Promote Innovative and Intelligent Brand Extensions

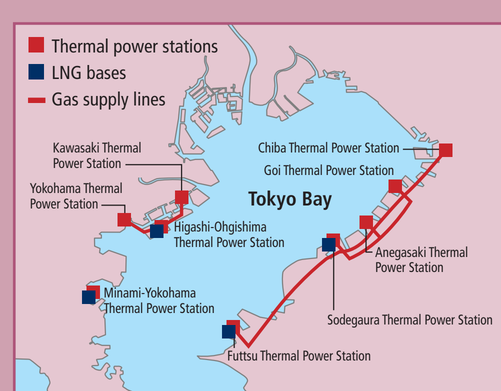
Working to expand earnings and increase corporate value, the TEPCO Group is promoting new business development in four areas with solid earnings potential: information and telecommunications, energy and environment, living environment and lifestyle-related, and overseas.

Achieving Substantial Growth in the Gas Business

TEPCO entered the gas business in January 2001 by leveraging the expertise in LNG procurement, gas shipment and gas storage it has accumulated in the electric power business, as well as related infrastructure and other management resources.

Operating revenues from the gas business in fiscal 2006 were ¥15.4 billion, equivalent to approximately 350 thousand tons of LNG. This was nearly double the previous fiscal year's operating revenues of ¥7.9 billion. As of June 2006, annual sales have grown to approximately 640 thousand tons on a contract basis.

TEPCO's gas business has significant advantages. For example, because we use existing infrastructure, additional capital expenditures are unnecessary, and since raw gas does not require caloric value adjustments, we can sell it at wholesale for a lower price than city gas. Looking ahead, we will continue to use our own facilities, cooperate with Group companies Kanto Natural Gas Development Co., Ltd. and Otaki Gas Co., Ltd., and conduct various other measures to expand sales further. While evaluating profitability, we have commenced gas wholesaling using gas companies' supply lines. Our aim is to achieve operating revenues of ¥42.0 billion in fiscal 2009.



Gas Business Infrastructure

Promotion Strategies for New Business

In the area of information and telecommunications, TEPCO has been leveraging its fiber-optic network, which is originally for power supply security, and other management resources to develop businesses centered on POWEREDCOM, Incorporated, a subsidiary that provides data communications services primarily to corporate customers, and our Fiber-Optics Network Company, which promotes FTTH services to individuals. In the telecommunications market, however, customer needs are changing, technological innovation is rapid, and convergence of fixed and mobile communications is expected to increase. These and other factors have made "comprehensive capabilities" key in this market. In October 2005, TEPCO formed a comprehensive alliance with KDDI CORPORATION, the second-largest comprehensive telecommunications company in Japan. In January 2006, POWEREDCOM merged with KDDI. In April 2006, we also agreed to study the integration of our FTTH business with KDDI, with a target date of January 2007. Such an alliance would enable us to provide customers with the highest level of service and succeed amid intense market competition by leveraging our respective advantages: TEPCO's strong infrastructure capabilities, including fiber optics, and KDDI's full lineup of content, including mobile phones.

In areas other than information and telecommunications, we will also aggressively develop business in fields associated with energy and in fields where we can utilize the relationships of trust with customers that we have cultivated over many years.

The energy and environment area is very closely related to our core electric power business. We will develop total energy solutions services including our gas business, which leverages an enormous supply of LNG, and focus on the ESCO business as well. At the same time, we will expand profit opportunities by extending our LNG business into upstream divisions and shipping. TEPCO also sees future promise in businesses that contribute to the environment, such as the biomass fuel business, which sells the sludge from carbonization wastewater as fuel.

In the living environment and lifestyle-related area, TEPCO is utilizing its reputation for reliability to develop businesses including housing and urban development and nursing and healthcare. In one such business, we provide housing solutions with new value by purchasing existing housing complexes and converting them into all-electric condominiums. We intend to increase our focus in this and other businesses that have strong synergies with the electric power business.

Overseas, where electric power is our only business, we will conduct aggressive development, including investing in thermal and wind power operations with local partners and leveraging our technological capabilities and expertise to provide consulting services.

We will select and concentrate on areas in which the TEPCO Group can make full use of its advantages, and focus resources in other promising areas. We must also pursue a certain minimum scale of business, and will proactively form alliances to supplement Group offerings. We will work to enhance the profitability and growth potential of these initiatives as new businesses that support the future growth and development of the TEPCO Group.

"The TEPCO Group is aiming to generate additional growth by making full use of its advantages and management resources including existing facilities, technological capabilities, expertise and customer trust to aggressively develop new businesses."

Principal Businesses by Area

Information and Telecommunications

- Telecommunications
- Cable television
- Software and information services, etc.

Energy and Environment

- Gas supply
- Fuel supply and transportation
- Energy and environmental solutions, etc.

Living Environment and Lifestyle-Related

- Real estate
- Services, etc.

Overseas

- Power generation
- Consulting, etc.

Takashi Fujimoto
Managing Director and
General Manager,
Business Development Division

Promoting Nuclear Power

A reevaluation of nuclear power has recently begun to spread around the globe against the backdrop of surging crude oil prices and environmental issues. With operational safety and stability as major premises, TEPCO promotes the use of nuclear power, which offers superior supply stability, economy, and environmental compatibility.

The Advantages of Nuclear Power Generation

Japan imports approximately 96 percent of its primary energy. Securing a stable supply of energy is therefore a major issue. Particularly since experiencing two oil crises in the 1970s, the entire nation has worked to promote energy conservation while developing energies to replace oil. TEPCO has also been promoting the best mix of power sources, focused on nuclear power generation. At present, roughly 40 percent of the electricity we produce comes from nuclear power generation.

TEPCO purchases uranium, the fuel for nuclear power generation, from politically secure countries such as Australia, Canada and the United States, from which it can expect procurement stability. Moreover, reprocessing the uranium and plutonium recovered from spent fuel makes nuclear energy an even more stable source for energy supply. From an economic standpoint as well, a government committee reported in January 2004 that nuclear power compares favorably with other power sources for base-load generation, even when the reprocessing of spent fuel is taken into account. Nuclear power is also a superior method of generation from an environmental standpoint. It helps counteract global warming and prevent air pollution because CO_2, nitrous oxides (NOx), sulfur oxides (SOx) or other such gases are not emitted during the generation process. With respect to global warming in particular, nuclear power generation is extremely effective for reducing CO_2 emissions.

With operational safety and stability as major premises, TEPCO will work to ensure a steady and efficient supply of electricity by continuing to aggressively promote nuclear power generation, which offers superior supply stability, economy and environmental compatibility.

A Comparison of Energy Types

	Nuclear	LNG thermal	Oil thermal	Coal thermal	Hydroelectric
Supply stability	(Uranium)	(Natural gas)	(Oil)	(Coal)	
Reserve/production ratio (years)[1]	85	67	41	164	—
Major supply sources	Canada, U.K., Australia, etc.	Southeast Asia, etc.	Middle East, etc.	Australia, China, etc.	—
Economy efficiency Generation cost (yen/kWh)[2]	5.3	6.2	10.7	5.7	11.9
Environmental compatibility Lifecycle CO_2 emissions (g-CO_2/kWh)[3]	22	608	742	975	11

Sources: 1. British Petroleum Statistics 2005, OECD/NEA and IAEA URANIUM 2003
Reserve/ production ratio = recoverable reserves/annual production (consumption)
2. The Subcommittee to Study Costs and Other Issues, Electric Industry Committee (January 2004). Designated life of each power source is 40 years of operation, based on commencement of operation in fiscal 2003.
3. Central Research Institute of Electric Power Industry

The Back-End Business

The Electric Industry Committee has estimated that the back-end costs of the nuclear fuel cycle related to the Rokkasho reprocessing facility in Aomori Prefecture will total approximately ¥18.8 trillion, including reprocessing facility shutdown costs and other expenses, for which no allowance was made in the past because concrete estimates were not possible. To operate the extremely long-term back-end business, it is necessary to secure these funds in advance, in a manner that guarantees security and transparency. For this reason, a new legal system was introduced in October 2005 to appropriately recover and manage back-end costs. Specifically, under the new system, past generation costs are borne by all customers, including the customers of new electric power market entrants, and future generation costs are broadly borne by all electric power company customers. These cost payments, together with the existing reprocessing reserves, are deposited at an external institution.

TEPCO will transfer its existing reprocessing reserves of approximately ¥1.2 trillion to the external fund over a period of seven years. From fiscal 2006, we began accumulating external funds totaling ¥187.1 billion, including interest (see point 1 in chart at the right). In addition, for power to be generated in the future and for power already generated, as established by the new systems and measures, we are accumulating approximately ¥76.0 billion (for fiscal 2006, see point 2 in chart at right), for a total external fund amount of ¥263.2 billion.

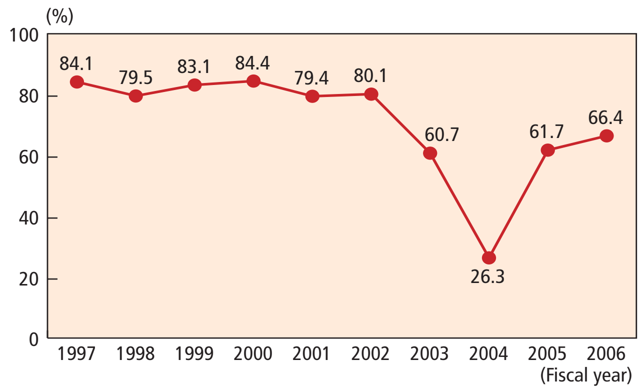
As a result of these measures, free cash flow (FCF) has decreased compared with past levels and FCF and interest-bearing debt reduction targets in the business management plan for fiscal 2007 have each been revised downward by approximately ¥100 billion annually compared to the targets in the previous plan, which were based on a 15-year period for transferring existing reprocessing reserves to the external fund.

Ensuring Safe and Stable Operations at Nuclear Power Plants

Following the incidents in August 2002, TEPCO shut down all 17 of its nuclear power plants in succession and undertook facility inspections and repairs. Focusing efforts on restoring trust and securing quality, we successively resumed operations at inspected and repaired plants upon receiving the understanding of local authorities. As of July 2005, all nuclear power plants were back in operation.

Our nuclear power plant capacity utilization ratio was 66.4 percent in fiscal 2006. We expect utilization to remain at the 70 percent level for the next few years, as we implement regularly scheduled improvement works including preventative safety measures for reactor core shrouds and pipes in the primary loop recirculation (PLR) system for greater assurance of safe, stable operations in the future. TEPCO will continue to work assiduously to restore trust and secure quality while building a record of safe, stable operations and further raising the capacity utilization ratio over the medium to long term.

Nuclear Power Plant Capacity Utilization Ratio



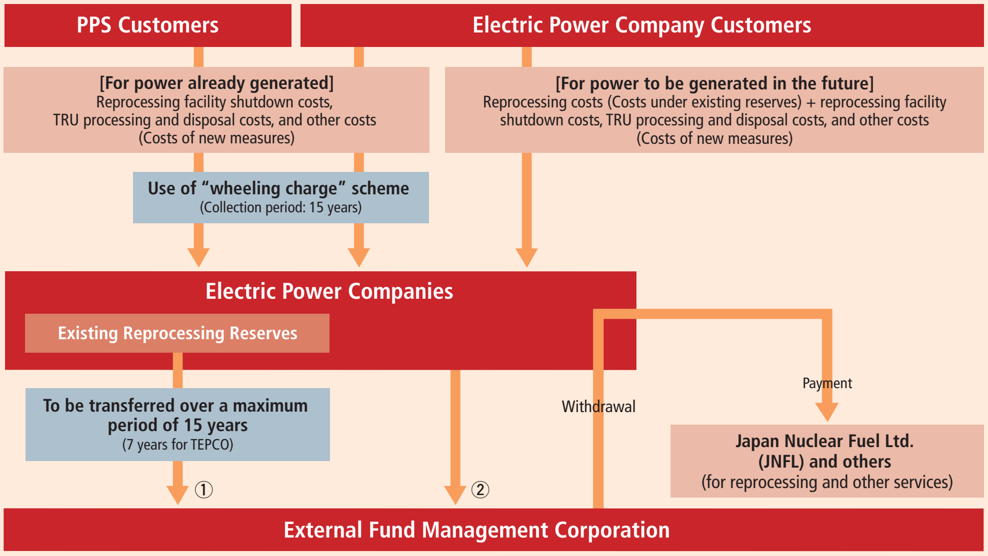
Liberalization and Nuclear Power

In promoting liberalization, a system of priority orders for load dispatch and rules for securing transmission capacity have been instituted to reduce the inherent risks of nuclear power. New systems and measures for the back-end business were also introduced in October 2005 (see column below left).

The Japanese Cabinet passed a resolution in the same month supporting the Framework for Nuclear Energy Policy, which presents long-term policy directions for domestic nuclear power. The Policy states that it is appropriate to maintain the level of nuclear power generation at 30 to 40 percent or more of total electricity generation from 2030 onward, and specifies clearly that nuclear power should be promoted for the long term. It also reconfirms the course for promoting reprocessing.

To achieve the policy objectives of the Framework for Nuclear Energy Policy, from January 2006 the Japanese government began debating the disposition of various issues that must be addressed in conjunction with using nuclear power as the main power source in a liberalized market environment, as well the development of the business environment. Debate is also progressing on scientific and rational safety regulations for nuclear power plants. Depending on the outcome, TEPCO believes these debates have the potential of contributing further to the promotion of nuclear power, reducing its risks and raising the nuclear power plant capacity utilization ratio.

Financing Back-End Costs



Research and Development

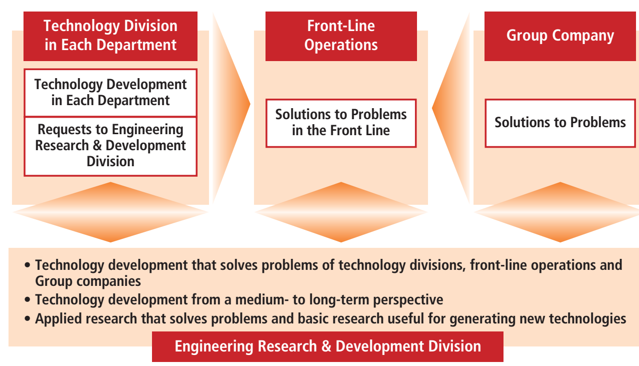
The TEPCO Group will work to increase its technological capabilities and make maximum use of the collective strengths of its engineering divisions to take on various technological challenges. Doing so will pave the way to the future and support the development of our businesses.

Research and Development Policy

The TEPCO Group actively promotes research and development with the aim of becoming the front-runner in energy services. The nucleus of TEPCO's R&D efforts is the Engineering Research & Development Division, which has established the following four key themes.

1. Development of technologies to ensure a stable supply of electricity with priority on ensuring safety and peace of mind
2. Development of technologies that ensure long-term energy security and protect the global environment
3. Development of technologies that facilitate provision of optimal energy services and increases electricity sales volume
4. Development of technologies that increase profitability by reducing costs

Technology Development



The TEPCO Group will actively develop technologies that resolve Group-wide issues, conduct applied research that supports such development, and undertake basic research useful for generating new technologies.

R&D in Action: Electric Vehicle Development

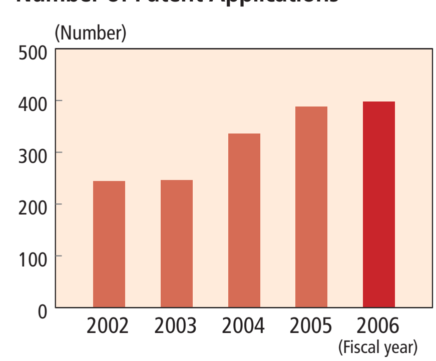
Amid calls to reduce CO_2 and other greenhouse gases, concrete measures for reducing exhaust gases have become a particularly urgent issue for the transportation Industry in Japan. In September 2005, TEPCO, with its environmentally superior network power, and Fuji Heavy Industries Ltd., which aims to manufacture and sell electric vehicles (EVs), agreed to cooperate in developing EVs for TEPCO's business use. Ten test vehicles were developed that could run for 80 kilometers on a single charge. We began using these vehicles for routine work at our branch offices in fiscal 2007. At the same time, we are examining the possibility of converting our business vehicles to EVs by verifying performance, economy, optimum capacity of on-board batteries and other factors. Utilizing our combined technologies and expertise in electrical storage, we have developed a high-speed charger that can charge batteries to 80 percent capacity in approximately 15 minutes and are aiming to put it to practical use. By converting 3,000 business vehicles to EVs, we expect to reduce CO_2 emissions by approximately 2,800 tons annually and lower fuel costs by some ¥0.2 billion.

Experimental electric vehicle for business use

Intellectual Property Strategy

TEPCO has accumulated considerable R&D achievements and expertise at every stage of its business, from electric power generation to sales, including technologies for countering facility and structure aging, as well as energy conservation and other environmental technologies. TEPCO is enhancing efforts to protect and utilize these achievements and expertise as intellectual property by proactively filing patents, developing a system for sharing information among all TEPCO Group companies and other means. We are also working to improve the framework of our incentive system. TEPCO will license some of its intellectual property to acquire revenues while contributing to the common good by making certain intellectual property available for public use.

Number of Patent Applications



Corporate Social Responsibility (CSR) at the TEPCO Group

The TEPCO Group's fundamental duty to society is to supply electricity in a safe and stable manner. By fulfilling this duty, we will help achieve a sustainable society.

CSR Policy

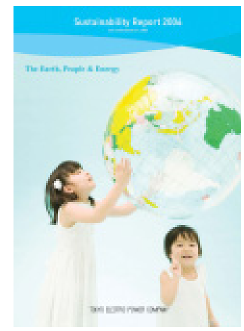
The TEPCO Group's fundamental duty to society is to supply electricity in a safe and stable manner.

In providing a stable supply of electricity, we consider a variety of factors, including better quality, lower price, good customer service and environmental compatibility. By doing so, we support better lifestyles for our customers and a better environment for society as a whole.

As a member of society, the TEPCO Group repeatedly holds interactive dialogues with customers, local communities, shareholders and investors, business partners, employees and many other individuals in order to meet their expectations and ensure greater trust.

In 2004, the TEPCO Group established the CSR Committee, chaired by a director responsible for CSR, and developed an organization to further promote CSR efforts. The CSR Committee discusses various matters, including Group-wide response to CSR issues and measures that strengthen CSR efforts and increase individual employee awareness and commitment.

TEPCO Sustainability Report 2006

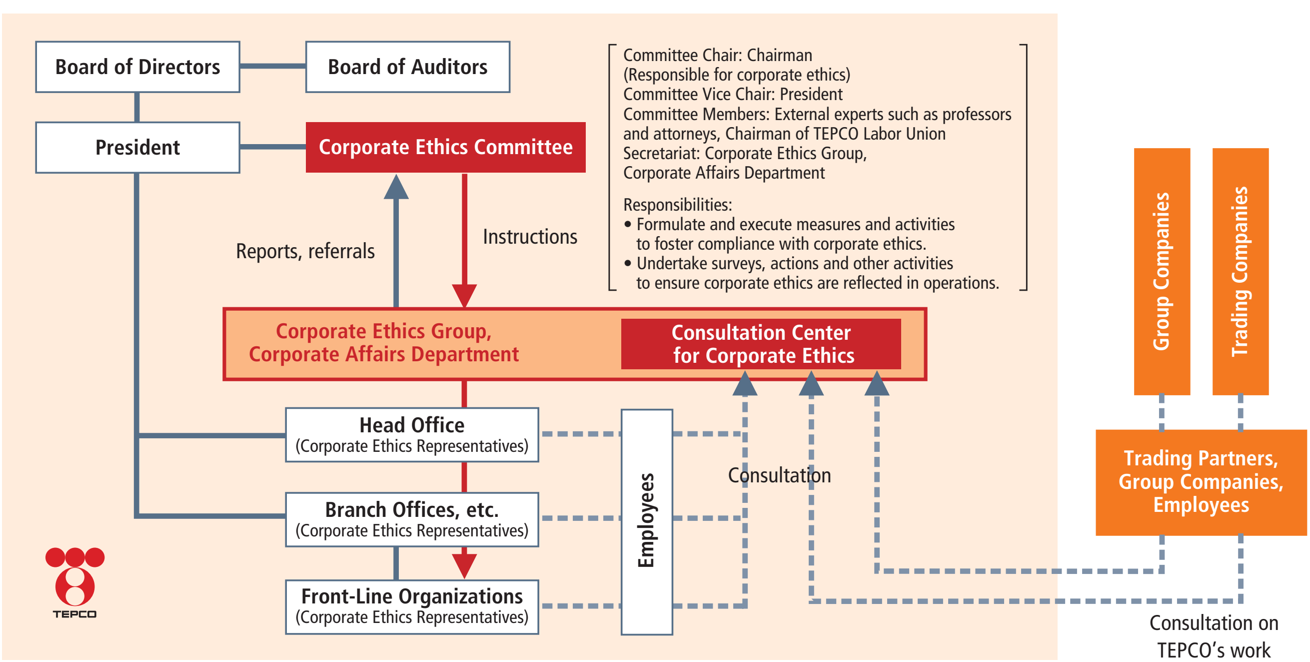


More information is available at our website: www.tepco.co.jp/en/index-e.html

Corporate Ethics and Compliance

The TEPCO Group has established the Group Charter of Corporate Conduct, which outlines the Group's corporate responsibilities and role in society. Based on the values defined in this document, TEPCO established and is working to apply the Standards of Behavior for Corporate Ethics, which cover matters to be observed by every employee, including putting safety first and complying with rules. We also continue working to develop an organization that will ensure thorough commitment to corporate ethics. Measures include the establishment of the Corporate Ethics Committee, the Consultation Center for Corporate Ethics and the Corporate Ethics Group at Head Office, and the installation of Corporate Ethics Representatives in every Head Office department and other offices to serve in a promotional role.

Executive Structure



In fiscal 2006, we implemented measures at a variety of levels to increase awareness of corporate ethics and air out the organization. These included management-level seminars by outside instructors, meetings between the Corporate Ethics Committee Chair (TEPCO's Chairman) and Corporate Ethics Representatives and case studies involving study and resolution of actual issues. We also conducted training using e-learning, videos and other materials and invited employees to submit slogans for corporate ethics posters. Employees spent an average of 9.2 hours each on such activities throughout the year. At the same time, TEPCO worked to fully implement appropriate operating rules by promoting the development of codes and manuals and strengthening auditing and inspection of operations. Every year since 2003, we have conducted a monitoring survey targeting employees and external associates to evaluate their level of commitment to corporate ethics, and we are revising our activities accordingly. With other Group companies also conducting activities such as these, the entire TEPCO Group will continue working to ensure compliance with corporate ethics.

Environmental Initiatives

Environmental Philosophy

TEPCO and its Group companies are working together to develop and implement effective environmental measures based on the TEPCO Group's Environmental Philosophy.

The TEPCO Group's Environmental Philosophy

The TEPCO Group will:

- Fulfill social responsibilities as a business enterprise to pave the way for sustainable development in the 21st century by taking positive measures for the solution of environmental problems, including global warming;
- Endeavor to achieve the reduction of environmental risks, including air pollution control, by continually improving the environmental management system, while carrying out eco-efficient business activities with consideration given to the reduction of CO_2 emissions, waste recycling, and energy and resource conservation; and
- Aim to create a society suitable for the 21st century by increasing the transparency of corporate activities through extensive information disclosure while repeatedly holding an interactive dialogue with customers, investors and other people interested in our business operations.

TEPCO promotes the reduction of CO_2 emissions through public awareness campaigns as well as in-house initiatives.

Measures against Global Warming

Electricity Supply-side Measures	Electricity Use-side Measures	Other Measures
• Expanding the use of nuclear power generation • Developing and diffusing natural energies • Improving the thermal efficiency of thermal power generation	• Advocating ecological lifestyles • Diffusing high-efficiency equipment	• Utilizing the Kyoto Mechanism • R&D • Countermeasures against non-CO_2 greenhouse gases

Programs to Counter Global Warming

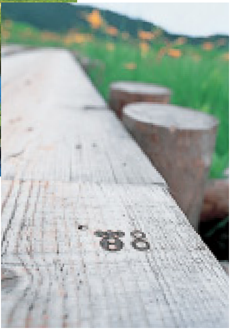
In addition to supplying electricity in a safe and stable manner, it is TEPCO's duty to work to reduce emissions of CO_2 and other greenhouse gases. Our CO_2 emissions in fiscal 2006 were 107.3 million tons, which is roughly equivalent to 10 percent of total emissions in Japan. TEPCO recognizes the impact that its operations have on the global environment and will continue working to fulfill its duties to society as a corporate citizen.

The TEPCO Group's target for contributing to the global environment under Management Vision 2010 is to reduce CO_2 emission intensity in fiscal 2011 by 20 percent compared with fiscal 1991. Specifically, we are aiming to reduce CO_2 emission intensity to approximately 0.31kg-CO_2/kWh. In fiscal 2006, emission intensity decreased 2.4 percent compared with the previous fiscal year, largely due to an increase in nuclear power generation. In absolute terms, however, CO_2 intensity declined only as far as the 0.372kg-CO_2/kWh level. Achieving our target will not be easy, but we will continue aggressively moving to reduce CO_2 emissions by combining supply-side measures such as promoting safe, stable nuclear power and the use of highly efficient appliances with the acquisition of carbon credits through the Kyoto Mechanism and other initiatives.

Protecting Nature and the Environment

TEPCO owns around 70 percent of the land at Oze, a Special Protection Area and Special National Monument located in Nikko Natural Park in Gunma Prefecture, as well as the adjacent Mount Tokura. We have been conducting environmental preservation activities at Oze for roughly 40 years.

In November 2005, Oze was officially inscribed in the Ramsar List of Wetlands of International Importance in order to protect the wetland and the animals and plants that live there, and to promote its wise use. The official recognition of Oze as an internationally important wetland is a testament to the patient efforts of TEPCO and the local community. Through environmental preservation activities such as those at Oze, we will continue our energetic efforts to protect biodiversity in a way that allows people to coexist with nature. TEPCO sees this as an important management task and will work to contribute to a society that places importance on the environment.



Views from the Oze Special Protection Area and Special National Monument

Corporate Governance and Ethics

TEPCO considers effective corporate governance a primary management task that is central to its various efforts to continuously grow, develop and increase enterprise value.

Fundamental Stance on Corporate Governance

We believe the basis for achieving sustainable growth for the entire TEPCO Group is to conduct repeated interactive dialogue with customers, local communities, shareholders and investors, business partners, employees and the many other people concerned with our business in order to truly meet their expectations and win their trust.

For that reason, TEPCO considers enhancing corporate governance to be a primary management task and is working to develop organizational structures and measures to strengthen legal and ethical compliance, appropriate and prompt decision-making, efficient business execution and auditing and supervisory functions.

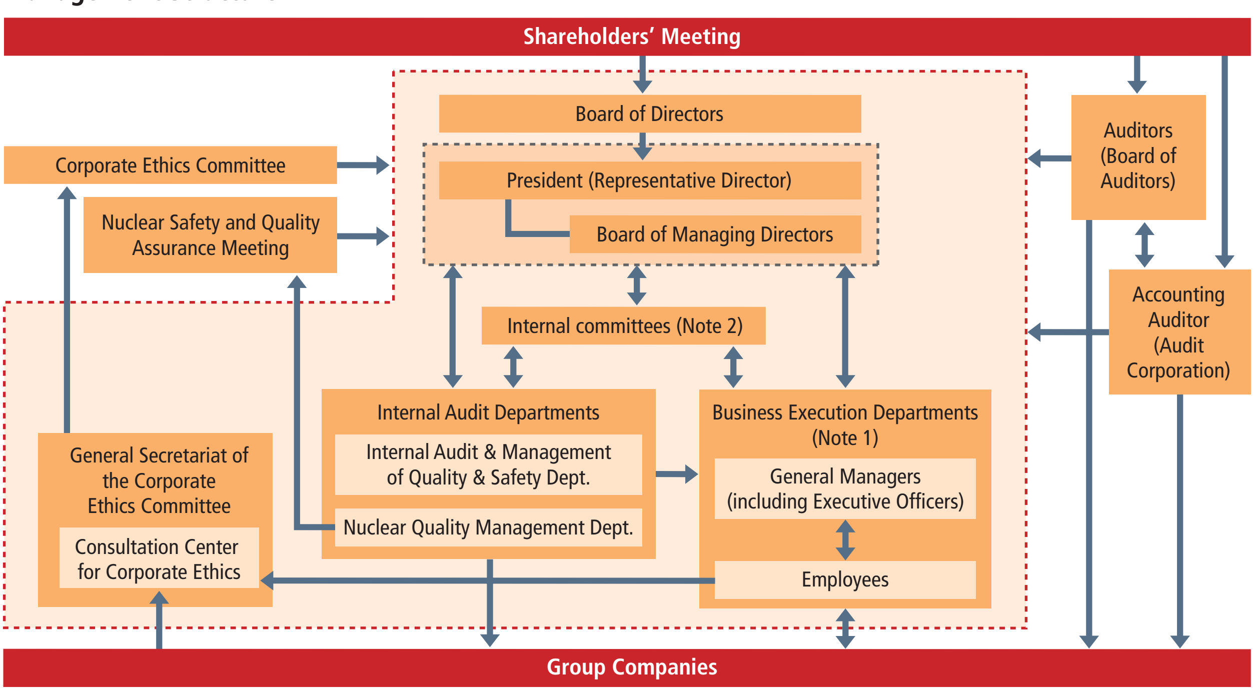
Management Structure Reforms

TEPCO undertook the following management reforms in June 2004 to further improve management soundness and transparency, and to accelerate and raise the efficiency of decision-making.

1. Reduced the maximum number of directors from 32 to 20.
2. Introduced an executive officer system.
3. Increased outside auditors to more than half of TEPCO's auditors.

These reforms have energized the Board of Directors. In particular, the addition of outside directors engenders lively discussion based on an objective perspective. The reforms have also strengthened the

Management Structure



Notes: 1. Include Head Office divisions and departments, other business locations (branch offices, power system offices, thermal power offices, etc.), front-line organizations and internal companies.
2. Include the Disaster Prevention Committee, Systems Security Committee, Risk Management Committee, Quality and Safety Committee, CSR Committee, Internal Control Systems Committee, etc.

auditing function by enhancing auditor autonomy. In addition, the introduction of the executive officer system has raised the efficiency of business execution by creating a clear distinction between directors responsible for handling overall Group management issues and executive officers responsible for specific operations.

Corporate Governance Structure

The Board of Directors is responsible for discussing and making decisions on the execution of important business matters as well as supervising the execution of directors' duties. As of June 2006, it comprised 19 members, including two outside directors.

TEPCO has also established the Board of Managing Directors and other formal bodies to supplement the functions of the Board of Directors and ensure efficient and appropriate decision-making by discussing and resolving important management issues. For example, we have established internal committees to address a range of key management concerns, including CSR, natural disasters and system security, as well as stable electricity supply.

Risk management measures have been established by each department and division in accordance with internal regulations. The Risk Management Committee, which is chaired by TEPCO's president, works to prevent or minimize risks that could have a particularly serious impact on operations.

As of June 2006, TEPCO had seven auditors, including four outside auditors. Their role is to conduct rigorous and impartial audits of the execution of directors' duties.

TEPCO has also established the Internal Audit & Management of Quality & Safety Department, the Nuclear Quality Management Department and other internal organizations to audit operational execution. In particular, the Nuclear Safety and Quality Assurance Meeting, which is entirely composed of lawyers, academics and other outside professionals, conducts strict, impartial and fair audits of quality and safety in nuclear power departments.

In April 2006, the Board of Directors adopted a resolution to "develop a system that ensures fair business practices" in accordance with the requirements of the new Company Law of Japan to establish fundamental internal controls.

Compensation for Directors and Auditors

Compensation in fiscal 2006 for TEPCO's directors and auditors, as well as for the accounting auditor of TEPCO and its consolidated subsidiaries, is shown in the chart below.

To further rationalize our officer compensation system, TEPCO discontinued the payment of retirement bonuses to directors and auditors as of July 2005. In addition, to strengthen auditing functions and further enhance management objectivity, TEPCO will end the payment of bonuses to auditors from fiscal 2007 onward.

Compensation for Directors and Auditors

	Compensation (Millions of yen)	Bonus (Millions of yen)	Retirement Bonus (Millions of yen)
Directors (19)	661	62	159 (Note 1)
Auditors (7)	148	12 (Note 2)	— (Note 1)
Total	809	75	159

Notes: 1. Discontinued as of June 2005. (Integrated with monthly compensation.)
2. Discontinued as of the end of fiscal 2006. (Integrated with monthly compensation.)

Compensation for Accounting Auditor

	Compensation (Millions of yen)
For auditing and certification services	142
Other services	9
Total	151

Board of Directors, Auditors and Executive Officers

As of June 28, 2006

BOARD OF DIRECTORS

CHAIRMAN

Shigemi Tamura
In charge of Ethics

PRESIDENT

Tsunehisa Katsumata

EXECUTIVE VICE PRESIDENTS

Katsutoshi Chikudate
In charge of Operations in General, Affiliated Companies Department, Accounting & Treasury Department

Yoshihisa Morimoto
General Manager, Marketing & Sales Division
In charge of Operations in General

Takashi Hayashi
General Manager, Power Network Division
In charge of Operations in General

Susumu Shirakawa
In charge of Operations in General, Real Estate Acquisition & Management Department, International Affairs Department, Fuel Department

Yuichi Hayase
In charge of Operations in General, Environment Department, Construction Department, Internal Audit & Management of Quality & Safety Department

Masataka Shimizu
In charge of Operations in General, Corporate Planning Department, Materials & Procurement Department, Corporate Communications Department

MANAGING DIRECTORS

Ichiro Takekuro
General Manager, Nuclear Power & Plant Siting Division

Norio Tsuzumi
In charge of Corporate Affairs Department

Takashi Fujimoto
General Manager, Business Development Division
In charge of Corporate Systems Department, Electronic Telecommunications Department

Akio Nakamura
General Manager, Engineering Research & Development Division
In charge of Engineering Department

Shigeru Kimura
Deputy General Manager, Marketing & Sales Division

Hiroyuki Ino
In charge of Thermal Power Department, Nuclear Quality Management Department

Toru Yamaji
Deputy General Manager, Nuclear Power & Plant Siting Division

Masao Yamazaki
In charge of Employee Relations & Human Resources Department, TEPCO General Training Center

DIRECTORS

Teruaki Masumoto
Tomijirou Morita
Yasushi Aoyama

CHAIRMAN
Shigemi Tamura

PRESIDENT
Tsunehisa Katsumata

EXECUTIVE VICE PRESIDENT
Katsutoshi Chikudate

EXECUTIVE VICE PRESIDENT
Yoshihisa Morimoto

EXECUTIVE VICE PRESIDENT
Takashi Hayashi

EXECUTIVE VICE PRESIDENT
Susumu Shirakawa

EXECUTIVE VICE PRESIDENT
Yuichi Hayase

EXECUTIVE VICE PRESIDENT
Masataka Shimizu

AUDITORS

STANDING AUDITORS

Takashi Murata
Toshikazu Funo
Koji Miyamoto

AUDITORS

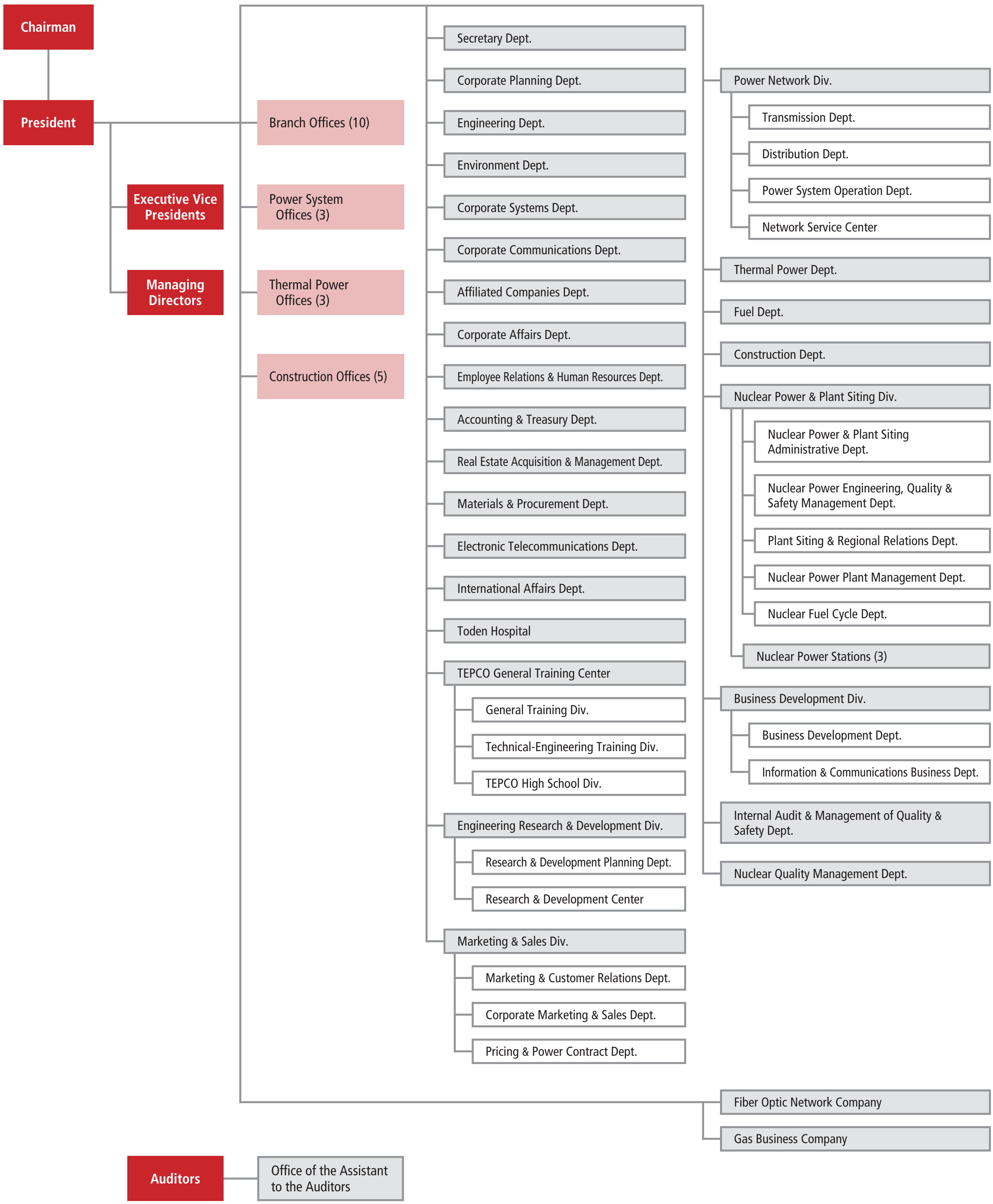
Kichisaburo Nomura
Takashi Nishioka
Sadayuki Hayashi
Koichi Takatsu

EXECUTIVE OFFICERS

Hiroshi Makino
Momoki Katakura
Takashi Kamiyama
Yukio Arai
Isao Ozaki
Norio Chino
Hitoshi Suzuki
Masaru Takei
Hideyuki Ohkubo
Morio Makiguchi
Hiroshi Yamaguchi
Tetsu Hashimoto
Kouichi Handa
Atsushi Ohide
Yu Narasaki
Sakae Muto
Makio Fujiwara
Takuo Izumi
Takaaki Kato
Mutsuo Funatsu
Kiyoshi Goto
Toshikazu Shito
Yoshihiro Naito
Toshio Nishizawa
Hiroaki Takatsu
Michio Kawashima
Tadaharu Ogawa
Shoichi Wada
Kenji Kudo
Naomi Hirose

Organization Chart

As of June 28, 2006



Major Subsidiaries and Affiliated Companies

As of March 31, 2006

Major Consolidated Subsidiaries

Company Name	Capital (Millions of yen)	TEPCO Ownership (%)	Principal Business
Electric Power Business			
The Tokyo Electric Generation Company, Incorporated	2,200	100.0	Wholesale electricity supply
Information and Telecommunications Business			
AT TOKYO Corporation	11,250	68.0	Installation site leasing for and maintenance, management and operation of computer, telecommunications and other equipment
Fusion Communications Corp.	10,955	53.9	Telecommunications
TEPCO CABLE TELEVISION Inc.	8,775	85.4	Cable television
DREAM TRAIN INTERNET INC.	1,257	96.2	Telecommunications
TEPCO SYSTEMS CORPORATION	350	100.0	Computerized information processing; development and maintenance of software
Energy and Environment Business			
Tokyo Timor Sea Resources Inc.	39 million US$	66.7	Investment in gas field development companies
Pacific LNG Shipping Limited	3,755	70.0	Ownership and charter of LNG carriers
TOKYO TOSHI SERVICE COMPANY	400	100.0	Heat supply
Toden Kogyo Co., Ltd.	300	100.0	Maintenance and repair of power generation and other facilities
Tokyo Electric Power Environmental Engineering Company, Incorporated	300	100.0	Operation and maintenance of environmental protection and other facilities
Tokyo Electric Power Home Service Company, Limited	200	100.0	Electricity usage consultation; design and maintenance of distribution facilities
Tokyo Densetsu Service Co., Ltd.	50	100.0	Maintenance of transmission, transformation and other facilities
Tokyo Electric Power Services Company, Limited	40	100.0	Design and supervision of construction of power generation, transmission, transformation and other facilities
Living Environment and Lifestyle-Related Business			
Toden Real Estate Co., Inc.	2,000	100.0	Management of TEPCO-owned land; rental of company and other housing
TOSHIN BUILDING CO., LTD.	1,100	100.0	Leasing and management of real estate
Tokyo Living Service Co., Ltd.	50	100.0	Maintenance, rental and management of welfare facilities and company housing
TODEN KOKOKU CO., LTD.	20	80.2	Contracting for advertisements on TEPCO-owned utility poles and in/on other media
Overseas Businesses			
Eurus Energy Holdings Corporation	5,699	60.0	Investment in domestic/overseas wind energy projects
Tokyo Electric Power Company International B.V.	240 million Euro	100.0	Investment in overseas businesses

Affiliated Companies Accounted for under the Equity Method

Company Name	Capital (Millions of yen)	TEPCO Ownership (%)	Principal Business
Electric Power Business			
The Japan Atomic Power Company	120,000	28.2	Wholesale electricity supply
Soma Kyodo Power Company, Ltd.	112,800	50.0	Wholesale electricity supply
JOBAN JOINT POWER CO., LTD.	56,000	49.1	Wholesale electricity supply
KASHIMA KYODO ELECTRIC POWER COMPANY	22,000	50.0	Wholesale electricity supply
Kimitsu Cooperative Thermal Power Company, Inc.	8,500	50.0	Wholesale electricity supply
Energy and Environment Business			
Japan Nuclear Fuel Limited	200,000	20.6	Uranium concentration, reprocessing, waste management and underground waste disposal
KANDENKO CO., LTD.	10,264	46.2	Electrical work for distribution, transmission and other facilities
Kanto Natural Gas Development Co., Ltd.	7,902	21.4	Development and sale of natural gas; production and sale of iodine; sale of brine
Takaoka Electric Mfg. Co., Ltd.	5,906	28.2	Manufacture, machining, repair and sale of electric machinery and appliances
TOKO ELECTRIC CORPORATION	1,452	45.4	Manufacture, repair and sale of electric machinery and appliances

Major Facilities

As of March 31, 2006

Generation Facilities

Hydroelectric Power (with a capacity of more than 200 thousand kW)

Station Name	Location	Output (Thousand kW)	Type
Imaichi	Tochigi Pref.	1,050	Dam and conduit (pumped storage)
Shiobara	Tochigi Pref.	900	Dam and conduit (pumped storage)
Yagisawa	Gunma Pref.	240	Dam (pumped storage)
Tambara	Gunma Pref.	1,200	Dam and conduit (pumped storage)
Kannagawa	Gunma Pref.	470	Dam and conduit (pumped storage)
Kazunogawa	Yamanashi Pref.	800	Dam and conduit (pumped storage)
Azumi	Nagano Pref.	623	Dam and conduit (pumped storage)
Midono	Nagano Pref.	245	Dam (pumped storage)
Shin-Takasegawa	Nagano Pref.	1,280	Dam and conduit (pumped storage)

Thermal Power (with a capacity of more than 1 million kW)

Station Name	Location	Output (Thousand kW)	Fuel
Ohi	Tokyo	1,050	Crude oil
Shinagawa	Tokyo	1,140	City gas
Yokosuka	Kanagawa Pref.	2,130	Heavy oil, crude oil and light oil
Yokohama	Kanagawa Pref.	3,325	LNG, heavy oil, crude oil and NGL
Minami-Yokohama	Kanagawa Pref.	1,150	LNG
Higashi-Ohgishima	Kanagawa Pref.	2,000	LNG
Chiba	Chiba Pref.	2,880	LNG
Goi	Chiba Pref.	1,886	LNG, heavy oil, crude oil and NGL
Anegasaki	Chiba Pref.	3,600	LNG, heavy oil, crude oil, LPG and NGL
Sodegaura	Chiba Pref.	3,600	LNG
Futtsu	Chiba Pref.	3,520	LNG
Kashima	Ibaraki Pref.	4,400	Heavy oil and crude oil
Hitachinaka	Ibaraki Pref.	1,000	Coal
Hirono	Fukushima Pref.	3,800	Heavy oil, crude oil, natural gas, NGL and coal

Nuclear Power

Station Name	Location	Output (Thousand kW)	Reactor type
Fukushima Daiichi	Fukushima Pref.	4,696	BWR
Fukushima Daini	Fukushima Pref.	4,400	BWR
Kashiwazaki-Kariwa	Niigata Pref.	8,212	BWR, ABWR

Transmission Facilities

Line Name	Type	Voltage (kV)	Length (km)
Nishi-Gunma Trunk Line	Overhead	500 (partially designed for 1,000kV transmission)	167.99
Minami-Niigata Trunk Line	Overhead	500 (partially designed for 1,000kV transmission)	110.77
Minami-Iwaki Trunk Line	Overhead	500 (partially designed for 1,000kV transmission)	195.40
Fukushima Trunk Line	Overhead	500	181.64
Fukushima Higashi Trunk Line	Overhead	500	171.35
Shin-Toyosu Line	Underground	500	39.50
Bokuto Line	Underground	275	29.03
Katsunan-Setagaya Line	Underground	275	32.50

Substation Facilities

Substation Name	Location	Maximum Voltage (kV)	Output (Thousand kVA)
Shin-Noda	Chiba Pref.	500	7,940
Shin-Fuji	Shizuoka Pref.	500	6,650
Shin-Keiyo	Chiba Pref.	500	6,750
Shin-Koga	Ibaraki Pref.	500	6,000
Boso	Chiba Pref.	500	6,190

Consolidated 11-Year Summary

The Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Years ended March 31

A ROE and the equity ratio for the fiscal year ended March 31, 2006 were the highest since TEPCO began consolidated reporting in the year ended March 31, 2000.

	2006	2005	2004	2003
For the year:				
Operating revenues	**¥ 5,255,495**	¥ 5,047,210	¥ 4,853,826	¥ 4,919,109
Operating income	**576,277**	566,304	489,004	521,406
Income before income taxes and minority interests	**473,832**	372,814	255,309	265,170
Net income	**310,388**	226,177	149,550	165,267
Per share of common stock (Yen and U.S. dollars):				
Net income (basic)	**¥ 229.76**	¥ 167.29	¥ 110.53	¥ 122.08
Net income (diluted) (Note 3)	**—**	—	110.32	121.33
Cash dividends	**60.00**	60.00	60.00	60.00
Total shareholders' equity	**2,059.52**	1,853.52	1,748.06	1,662.38
At year-end:				
Total shareholders' equity	**¥ 2,779,720**	¥ 2,502,157	¥ 2,360,475	¥ 2,245,892
Total assets	**13,594,117**	13,748,843	13,900,906	14,177,296
Interest-bearing debt	**7,840,161**	8,261,717	8,765,175	9,076,289
Number of employees	**51,560**	53,380	51,694	52,322
Financial ratios and cash flow data:				
ROA (%) (Note 5)	**4.2**	4.1	3.5	3.6
ROE (%) (Note 6)	**11.8**	9.3	6.5	7.5
Equity ratio (%)	**20.4**	18.2	17.0	15.8
Net cash provided by operating activities	**¥ 935,622**	¥ 1,411,470	¥ 1,147,591	¥ 1,406,300
Net cash used in investing activities	**(615,377)**	(577,503)	(693,871)	(863,797)
Net cash used in financing activities	**(350,193)**	(785,600)	(451,371)	(573,761)
Other data (Non-consolidated):				
Electricity sales (million kWh)				
Electricity sales for residential use	**95,186**	92,592	86,926	89,354
Electricity sales for commercial and industrial use (Note 7)	**13,499**	78,239	114,772	116,551
Electricity sales to eligible customers (Note 7)	**179,969**	115,910	74,314	75,997
Total	**288,655**	286,741	276,012	281,902
Power generation capacity (thousand kW) (Note 8):				
Hydroelectric	**8,993**	8,521	8,520	8,520
Thermal	**35,536**	36,995	36,831	34,548
Nuclear	**17,308**	17,308	17,308	17,308
Wind	**1**	1	1	1
Total	**61,837**	62,825	62,660	60,377
Nuclear power plant capacity utilization rate (%)	**66.4**	61.7	26.3	60.7

Notes: 1. All dollar amounts herein refer to U.S. currency. Yen amounts have been translated, solely for the convenience of the reader, at the rate of ¥117.48 to US$1.00 prevailing on March 31, 2006.
2. Amounts of less than one million yen have been omitted. All dollar figures and percentages have been rounded to the nearest unit.
3. Diluted net income per share is not presented for the years ended March 31, 2005 and 2006 because no latent shares were outstanding. Diluted net income per share is not presented for the years ended March 31, 1996, 1997, 1999 and 2000 because outstanding convertible bonds had on dilutive effect on net income per share.
4. The balance of interest-bearing debt, number of employees and cash flow are not available on a consolidated basis prior to the fiscal year ended March 31, 1999 and are not presented.
5. ROA = Operating income/Average total assets
6. ROE = Net income/Average total shareholders' equity
7. Electricity sales for commercial and industrial use and electricity sales to eligible customers are presented according to customers categorized as eligible in each fiscal year, and are not restated for changes in the number of eligible customers in succeeding years. For the year ended March 31, 2000, electricity sales to eligible customers have been included in electricity sales for commercial and industrial use.
8. TEPCO facilities only; TEPCO did not generate wind power in the years ended March 31, 1996 to March 31, 1999.

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

C TEPCO raised cash dividends per share to ¥60 from the conventional ¥50.

Millions of yen, unless otherwise noted							Millions of U.S. dollars, unless otherwise noted (Note 1)
2002	2001	2000	1999 (Note 4)	1998	1997	1996	**2006**
¥ 5,220,578	¥ 5,258,014	¥ 5,091,620	¥ 5,088,403	¥ 5,278,019	¥ 5,038,797	¥ 5,053,932	**$ 44,735**
658,933	732,561	788,078	688,607	723,555	628,429	705,731	**4,905**
312,414	329,120	146,236	209,177	225,986	154,872	177,353	**4,033**
201,727	207,882	87,437	97,425	135,322	81,602	51,821	**2,642**
¥ 149.11	¥ 153.66	¥ 64.63	¥ 72.01	¥ 100.03	¥ 60.32	¥ 38.53	**$ 1.96**
147.89	152.36	—	—	99.47	—	—	**—**
60.00	60.00	60.00	50.00	50.00	50.00	50.00	**0.51**
1,612.97	1,506.62	1,367.25	1,176.44	1,154.67	1,104.89	1,094.81	**17.53**
¥ 2,181,983	¥ 2,038,251	¥ 1,849,692	¥ 1,591,562	¥ 1,562,110	¥ 1,494,767	¥ 1,481,114	**$ 23,661**
14,578,579	14,562,299	14,559,331	14,407,405	14,346,901	14,233,317	14,068,943	**115,714**
9,564,914	9,968,871	10,309,674	—	—	—	—	**66,736**
53,704	48,024	48,255	—	—	—	—	
4.5	5.0	5.4	4.8	5.1	4.4	5.1	
9.6	10.7	5.1	6.2	8.9	5.5	3.5	
15.0	14.0	12.7	11.0	10.9	10.5	10.5	
¥ 1,464,181	¥ 1,456,478	¥ 1,434,897	¥ —	¥ —	¥ —	¥ —	**$ 7,964**
(905,453)	(1,017,032)	(1,070,487)	—	—	—	—	**(5,238)**
(558,182)	(431,235)	(372,356)	—	—	—	—	**(2,981)**
85,080	85,990	83,974	80,984	78,910	76,531	76,508	
115,354	117,082	190,252	186,063	186,466	180,895	177,843	
75,106	77,579	—					
275,540	280,651	274,226	267,047	265,376	257,426	254,351	
8,519	8,508	8,103	7,695	7,664	7,643	7,634	
34,548	33,026	32,434	31,871	31,784	30,380	28,977	
17,308	17,308	17,308	17,308	17,308	15,952	14,596	
1	1	1					
60,375	58,843	57,846	56,874	56,756	53,975	51,207	
80.1	79.4	84.4	83.1	79.5	84.1	83.2	

D Eligible customers are retail electric power customers included in the scope of liberalization. From March 2000, eligible customers were those in the high-voltage market with contracts to receive over 2,000 kW annually. From April 2004, eligible customers were those in the high-voltage market with contracts to receive over 500 kW annually. From April 2005, eligible customers were those in the high-voltage market with contracts to receive over 50 kW annually.

Financial Review

Analysis of Business Results

Overview

For the fiscal year ended March 31, 2006, operating revenues increased 4.1 percent from the previous fiscal year to ¥5,255.4 billion (US$44,735 million). Operating income increased 1.8 percent year-on-year to ¥576.2 billion (US$4,905 million). Net income increased 37.2 percent year-on-year to ¥310.3 billion (US$2,642 million).

Operating Revenues

Despite the effect of a rate decrease from October 2004, operating revenues increased 2.1 percent year-on-year in the electric power business because of factors including the favorable impact of the fuel cost adjustment system and increased sales due to the severity of the winter.

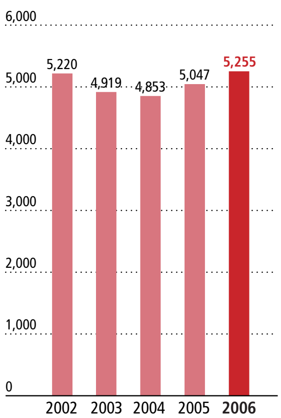
Operating revenues increased 4.1 percent from the previous fiscal year to ¥5,255.4 billion (US$44,735 million). The following segment information includes inter-segment sales and transfers. Beginning with the year ended March 31, 2006, TEPCO has reclassified its business segments, changing from the former three segments of the electric power business, the information and telecommunications business, and other businesses to the five segments of the electric power business, the information and telecommunications business, the energy and environment business, the living environment and lifestyle-related business, and the overseas business. Results from prior fiscal years have been restated in accordance with the reclassification of TEPCO's business segments.

Operating revenues in the electric power business increased 2.1 percent year-on-year to ¥4,897.3 billion (US$41,686 million). Despite the effect of a rate decrease from October 2004, operating revenues increased because of factors including the favorable impact of the fuel cost adjustment system and a year-on-year increase of 0.7 percent in the total volume of electricity sold to 288.7 billion kWh. In the first half of the fiscal year demand for air conditioning decreased from high levels in the previous fiscal year resulting from record-breaking heat, and demand for electricity from large-scale industrial customers also eased compared to the previous fiscal year. In the second half of the fiscal year, however, factors including greater demand for heating as a result of the severe winter supported overall growth in the total volume of electricity sold for the fiscal year. By type of demand, electricity sales for residential use increased 2.8 percent year-on-year to 95.2 billion kWh, electricity sales for commercial and industrial use decreased 2.1 percent year-on-year to 13.5 billion kWh, and electricity sales to eligible customers decreased 0.2 percent year-on-year to 180.0 billion kWh. In April 2005, the scope of liberalization expanded to include all high-voltage customers. Percentage changes in electricity sales for commercial and industrial use and electricity sales to eligible customers between the years ended March 31, 2005 and 2006 have been calculated using the current eligible customer categorization for both years to permit year-on-year comparison.

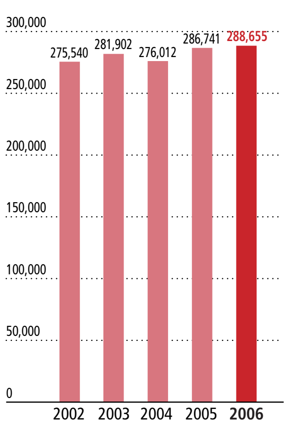
Operating revenues in the information and telecommunications business increased 37.5 percent year-on-year to ¥252.4 billion (US$2,149 million). Contributing factors included the consolidation of the results of subsidiary Fusion Communications Corp. from the start of the second half of the previous fiscal year. Moreover, in the FTTH business, the cumulative number of TEPCO Hikari subscribers increased to about 280 thousand as of March 31, 2006 from approximately 130 thousand a year earlier.

Operating revenues in the energy and environment business increased 18.4 percent year-on-year to

Operating revenues
(Billions of yen)



Electricity sales
(Million kWh)



¥326.1 billion (US$2,776 million). Factors contributing to the increase included a year-on-year increase in gas sales volume in the gas supply business to approximately 350 thousand tons from about 220 thousand tons in the previous fiscal year. Moreover, fuel production and sales volume increased at subsidiary Tokyo Timor Sea Resources Inc.

Operating revenues in the living environment and lifestyle-related business increased 7.0 percent year-on-year to ¥135.7 billion (US$1,156 million). Factors contributing to the increase included an increase in revenues related to real estate.

Operating revenues in the overseas business decreased 13.8 percent year-on-year to ¥14.7 billion (US$125 million). Factors contributing to the decrease included the change of a former subsidiary into an affiliate.

Operating Expenses and Operating Income

Operating expenses in the electric power business increased 2.2 percent year-on-year. While lower personnel and depreciation expenses were among the results of efforts to reduce costs and raise efficiency throughout the TEPCO Group, higher crude oil prices caused a substantial increase in fuel expenses. Operating income increased 1.0 percent year-on-year.

Operating expenses increased 4.4 percent from the previous fiscal year to ¥4,679.2 billion (US$39,830 million). Operating income increased 1.8 percent year-on-year to ¥576.2 billion (US$4,905 million). The following segment information includes inter-segment sales and transfers.

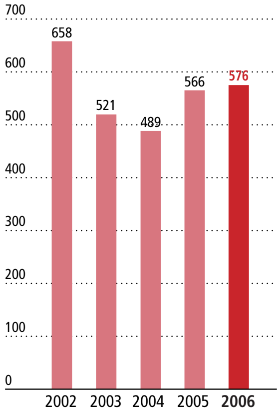
Operating expenses in the electric power business increased 2.2 percent year-on-year to ¥4,324.5 billion (US$36,811 million). Personnel expenses decreased for reasons including lower personnel expenses due to better returns on pension fund assets as a result of higher equity prices during the fiscal year. In addition, TEPCO worked to reduce costs and raise efficiency throughout operations in ways such as lowering depreciation expenses by restraining capital expenditures. However, factors such as a significant increase in fuel costs resulting from the increase in crude oil prices led to higher operating expenses for the fiscal year. Consequently, operating income in the electric power business increased 1.0 percent compared to the previous fiscal year to ¥572.7 billion (US$4,875 million).

Operating expenses in the information and telecommunications business increased 35.1 percent year-on-year to ¥291.1 billion (US$2,478 million). The consolidation of the results of subsidiary Fusion Communications Corp. as of the start of the second half of the previous fiscal year caused operating expenses to increase. Moreover, issues in the FTTH business such as facility construction expenses incurred to prepare for sales in service areas and an increase in sales promotion expenses also contributed to the increase in operating expenses. Consequently, operating loss in the information and telecommunications business totaled ¥38.7 billion (US$330 million).

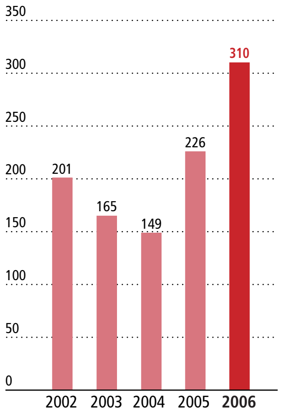
Operating expenses in the energy and environment business increased 14.8 percent year-on-year to ¥298.0 billion (US$2,537 million). Factors contributing to the increase included higher raw material outlays resulting from the increase in sales volume in the gas supply business. As a result, operating income in the energy and environment business increased 76.5 percent year-on-year to ¥28.0 billion (US$239 million).

Operating expenses in the living environment and lifestyle-related business increased 6.1 percent year-on-year to ¥125.0 billion (US$1,064 million). Factors contributing to the increase included an increase in real estate-related expenses. As a result, operating income in the living environment and lifestyle-related business increased 19.2 percent year-on-year to ¥10.7 billion (US$91 million).

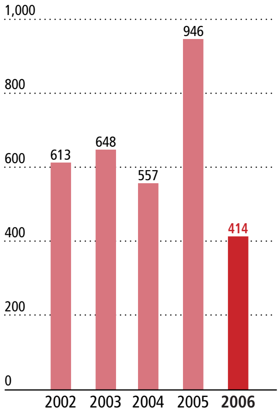
Operating income
(Billions of yen)



Net income
(Billions of yen)



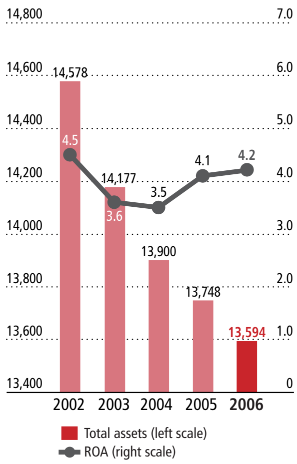
Free Cash Flow
(Billions of yen)



Note: Free cash flow = Net cash provided by operating activities – Capital expenditures in the electric utility business

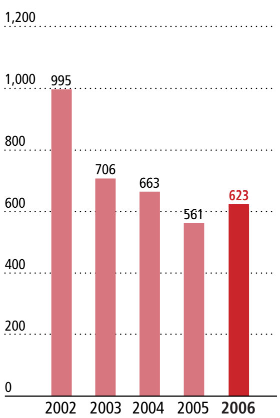
Total assets and ROA

(Billions of yen) (%)



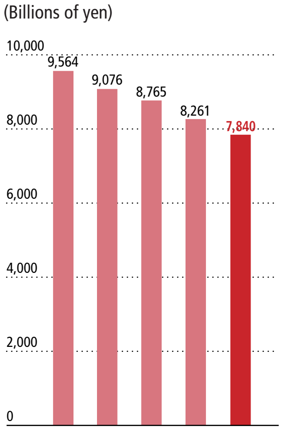
Capital expenditures

(Billions of yen)



Interest-bearing debt

(Billions of yen)



Operating expenses in the overseas business increased 5.7 percent year-on-year to ¥14.2 billion (US$121 million). As a result, operating income in the overseas business decreased 86.8 percent year-on-year to ¥0.4 billion (US$4 million).

Other (Income) Expenses, Income before Income Taxes and Minority Interests and Net Income

Net income increased 37.2 percent year-on-year because of lower other expenses and other factors. Net income per share increased to ¥229.76 from ¥167.29 for the previous fiscal year.

Other expenses decreased 43.1 percent from the previous fiscal year to ¥105.7 billion (US$900 million). As a result, income before income taxes and minority interests increased 27.1 percent year-on-year to ¥473.8 billion (US$4,033 million). Income taxes net of deferrals increased 9.6 percent to ¥159.6 billion (US$1,359 million). Net income increased 37.2 percent to ¥310.3 billion (US$2,642 million). Net income per share increased to ¥229.76 from ¥167.29 for the previous fiscal year.

Liquidity and Capital Resources

Cash Flow

Cash and cash equivalents decreased 20.9 percent year-on-year. Although income before income taxes increased, TEPCO began transferring existing reserves to new external trust funds for reprocessing irradiated nuclear fuel.

Cash and cash equivalents at the end of the fiscal year decreased 20.9 percent compared to the previous fiscal year-end to ¥104.7 billion (US$892 million). Although revenue from sales of electricity increased, factors contributing to the decrease included an increase in fuel expenses and the initiation of transfers of existing reserves to new external trust funds for reprocessing irradiated nuclear fuel.

Net cash provided by operating activities decreased 33.7 percent from the previous fiscal year to ¥935.6 billion (US$7,964 million). Although revenue from sales of electricity increased, factors contributing to the decrease included an increase in fuel expenses and the initiation of transfers of existing reserves to new external trust funds for reprocessing irradiated nuclear fuel

Net cash used in investing activities increased 6.6 percent from the previous fiscal year to ¥615.3 billion (US$5,238 million). Despite ongoing cost reductions and efforts to restrain capital expenditures in ways such as revision of construction processes and methods, net cash used in investing activities increased for reasons including the implementation of preventive maintenance measures to secure sound, safe facilities.

Net cash used in financing activities decreased 55.4 percent from the previous fiscal year to ¥350.1 billion (US$2,981 million). Among factors supporting the decrease, TEPCO reduced repayment of loans.

Free Cash Flow, defined as net cash provided by operating activities minus capital expenditures in the electric utility business, totaled ¥414.3 billion (US$3,527 million). TEPCO used ¥268.0 billion (US$2,282 million) to reduce interest-bearing debt, ¥80.8 billion (US$689 million) to pay dividends, and ¥65.3 billion (US$557 million) to invest in business diversification and other purposes.

Assets, Liabilities and Shareholders' Equity

The shareholders' equity ratio increased to 20.4 percent from 18.2 percent a year earlier.

As of March 31, 2006, total assets decreased ¥154.7 billion (US$1,317 million) from the previous fiscal year-end to ¥13,594.1 billion (US$115,714 million). This decrease was primarily due to efforts to restrain capital expenditures in the electric power business in areas such as efficient configuration and operation of facilities while maintaining reliable supply. Among the results, Tokyo Electric Power Company, Incorporated's property, plant and equipment in the electric power business decreased.

Total liabilities as of March 31, 2006 decreased ¥435.6 billion (US$3,709 million) from the previous fiscal year-end to ¥10,778.6 billion (US$91,749 million). Factors included a reduction of ¥421.5 billion (US$3,588 million) in total interest-bearing debt compared to the previous fiscal year-end.

Shareholders' equity as of March 31, 2006 increased ¥277.5 billion (US$2,363 million) from the previous fiscal year-end to ¥2,779.7 billion (US$23,661 million). Factors included an increase in retained earnings as a result of net income for the fiscal year.

Consequently, the shareholders' equity ratio increased to 20.4 percent from 18.2 percent a year earlier.

Financial Policy

Progress in the liberalization of the electric power market and other factors are causing significant changes in TEPCO's operating environment. TEPCO therefore places high priority on improving its balance sheets. TEPCO is raising efficiency in all of its businesses and executing other initiatives to increase income, and is restraining capital expenditures. TEPCO is working to secure free cash flow, and will emphasize using it to reduce interest-bearing debt with the aim of increasing the shareholders' equity ratio.

In procuring funds, TEPCO works to secure low-cost capital in direct financing by issuing straight bonds and commercial paper (CP). During the year ended March 31, 2006, the Tokyo Electric Power Company, Incorporated issued bonds totaling ¥250.0 billion (US$2,128 million), and short-term bonds (electronic CP) totaling ¥1,020.0 billion (US$8,682 million).

As of the date of publication of this annual report, the long-term debt of the Tokyo Electric Power Company, Incorporated was rated AA- by Standard and Poor's Ratings Services (S&P), Aa3 by Moody's Investors Service, Inc. (Moody's), AA+ by Rating and Investment Information, Inc. (R&I) and AAA by Japan Credit Rating Agency, Ltd. (JCR). The short-term debt of the Tokyo Electric Power Company, Incorporated was rated A-1+ by S&P, P-1 by Moody's, a-1+ by R&I, and J-1+ by JCR.

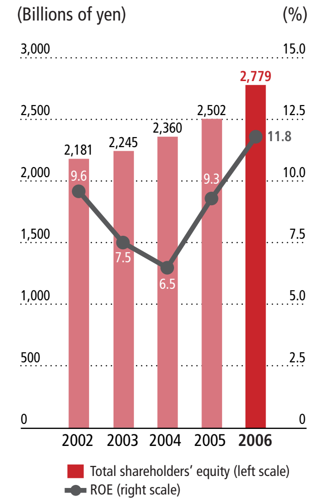
The TEPCO Group is working to improve its balance sheets in ways such as reducing interest-bearing debt. The TEPCO Group is also moving to strengthen its competitiveness by using a Group financial system and working to streamline assets and liabilities and reduce financial costs throughout the Group.

Dividend Policy

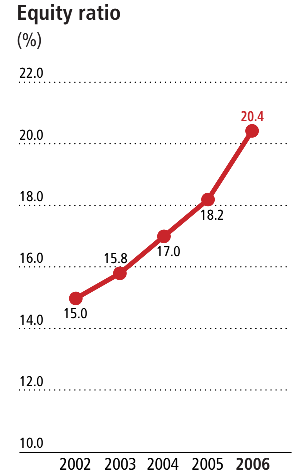
TEPCO's fundamental policy is to emphasize the maintenance of stable dividends and to respond to shareholders' expectations, while giving due regard to performance, balance sheet improvement and other aspects of TEPCO's operations.

For the fiscal year under review, a cash dividend of ¥30.00 per share was approved at the annual general meeting of shareholders. Together with the interim dividend of ¥30.00 per share, the total cash dividend for the fiscal year amounted to ¥60.00 per share for a dividend payout ratio of 31.1 percent. Retained earnings will be used to fund TEPCO's future business operations, enhance its financial position, make capital expenditures in the electric power business and invest in new businesses.

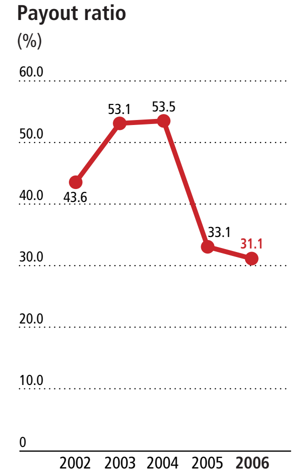
Total shareholders' equity and ROE



Equity ratio



Payout ratio



Risk Factors

The following primary risk factors to which the TEPCO Group is subject may exert a significant influence on investor decisions. Issues that may not necessarily be relevant as risk factors but that may influence investor decisions are also presented below in keeping with TEPCO's vigorous efforts to disclose information to its investors. The forward-looking statements included below represent estimates as of the date of publication of this annual report.

(1) Electric Power Business

1. Economic and Other Conditions

The volume of sales in the electric power business directly reflects economic and industrial activities and is subject to the influence of the economic environment. In addition, it is subject to changes in demand for air conditioning and heating, and is therefore subject to seasonal variations in weather, particularly temperatures in the summer and winter. These factors may have a material impact on the results and financial condition of the TEPCO Group.

2. Liberalization of the Electric Power Market

In the electric power business, the scope of liberalization expanded to all high-voltage customers in April 2005. In addition, the cross-territorial charge system was abolished and trading began on a wholesale electric power exchange.

Nuclear power generation, including the nuclear fuel cycle, is indispensable for preventing global warming and maintaining a stable energy supply. Its necessity will not change after the expansion in the scope of liberalization. TEPCO will continue to steadily promote nuclear power generation business with the basic premise of safe, stable operations through exhaustive quality control. However, TEPCO recognizes that nuclear power generation and related back-end business pose risks to private electric power companies due to the long construction periods and substantial capital investment required. In October 2005, the Law on Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations was implemented after systems and measures for smoothly promoting nuclear power generation and back-end business were studied. Based on this law and other issues, an external reserve has been established to implement reprocessing. This has reduced the risk associated with issues including the ability to recover through electricity rates costs related to decommissioning reprocessing facilities and other back-end expenses that have not been determined.

As per the Framework for Nuclear Energy Policy approved by the Cabinet in October 2005, study will begin around 2010 regarding measures for handling spent fuel in interim storage, based on issues such as the actual results of operation in the Rokkasho reprocessing facility, the status of research and development of fast-breeder reactors and reprocessing technology, and international trends regarding non-proliferation. While some concrete measures will be determined by future study and other initiatives, TEPCO is subject to the possibility of being responsible for reprocessing or other expenses in the future.

The TEPCO Group's operating environment is changing due to this systemic reform and the competition that will develop as a result, both of which have the potential to affect the TEPCO Group's results and financial condition.

3. Competitive Issues Other than Electric Power Market Liberalization

The electric power business competes with self-generation and other forms of energy. This situation has the potential to negatively impact the TEPCO Group's results and financial condition.

4. Changes in Fuel Prices

Sources of fuel for thermal power generation include liquefied natural gas (LNG), oil and coal. Fuel expenses fluctuate as a result of trends in prices and in the foreign exchange markets, and any large fluctuation may affect the TEPCO Group's results and financial condition. However, changes in fuel prices and in the foreign exchange markets are reflected in electricity rates through a system of appropriate adjustments designed to limit the impact of these factors.

(2) Businesses Other than Electric Power

The TEPCO Group is promoting new businesses in the four areas of information and telecommunications, energy and environment, living environment and lifestyle-related, and overseas to generate growth for the Group as a whole.

Intensifying competition from other companies and other changes in the operating environment may impact the viability of investment in these businesses, and this has the potential to affect the TEPCO Group's results and financial condition.

(3) Other Risks

1. Occurrence of Facility and Operational Problems

Natural disasters, accidents and other occurrences that could cause damage to facilities and operational problems have the potential to affect the TEPCO Group's results and financial condition.

2. Management of Personal Information

The TEPCO Group rigorously administers the large volume of personal information it maintains by complying with the Personal Information Protection Act and other relevant guidelines, conducting employee education and other means. A lapse in administration of personal information has the potential to affect the TEPCO Group's results and financial condition.

3. Interest Rate Fluctuations

Future changes in interest rates or credit rating resulting in changes in interest rates on borrowings have the potential to affect the TEPCO Group's results and financial condition.

4. Stock and Bond Holdings

The TEPCO Group's pension assets and other portfolios contain domestic and foreign stocks and bonds. Fluctuations in the prices of these instruments resulting from stock and bond market trends have the potential to affect the TEPCO Group's results and financial condition.

Consolidated Balance Sheets

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

	Millions of yen		Millions of U.S. dollars (Note 2)
ASSETS	**2006**	2005	**2006**
Property:			
Property, plant and equipment	**¥ 28,891,914**	¥ 28,914,990	**$ 245,930**
Construction in progress	**519,910**	782,869	**4,426**
	29,411,824	29,697,859	**250,356**
Less:			
Contributions in aid of construction	**(325,009)**	(324,029)	**(2,767)**
Accumulated depreciation	**(18,916,267)**	(18,660,545)	**(161,017)**
	(19,241,277)	(18,984,575)	**(163,783)**
Property, plant and equipment, net (Notes 4 and 9)	**10,170,547**	10,713,284	**86,573**
Nuclear fuel (Note 9):			
Loaded nuclear fuel	**153,849**	161,635	**1,310**
Nuclear fuel in processing	**763,294**	763,495	**6,497**
	917,143	925,130	**7,807**
Investments and other:			
Long-term investments (Notes 5 and 9)	**744,626**	609,800	**6,338**
Trust funds for reprocessing of irradiated nuclear fuel (Notes 9 and 10)	**262,235**	—	**2,232**
Deferred tax assets (Note 15)	**316,094**	353,337	**2,691**
Discounts on bonds	**251**	283	**2**
Other (Note 9)	**437,918**	424,423	**3,728**
	1,761,126	1,387,845	**14,991**
Current assets (Note 9):			
Cash (Note 6)	**109,531**	140,080	**932**
Notes and accounts receivable—customers	**363,897**	356,513	**3,098**
Other (Notes 6 and 15)	**271,870**	225,988	**2,314**
	745,299	722,582	**6,344**
Total assets	**¥ 13,594,117**	¥ 13,748,843	**$ 115,714**

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of yen 2006	2005	Millions of U.S. dollars (Note 2) 2006
Long-term liabilities and reserves:			
Long-term debt (Notes 7 and 9)	**¥ 6,277,943**	¥ 7,151,600	**$ 53,438**
Other long-term liabilities (Notes 8, 9 and 15)	**78,225**	93,871	**666**
Reserve for reprocessing of irradiated nuclear fuel (Note 11)	**1,258,212**	1,248,549	**10,710**
Accrued employees' retirement benefits (Note 14)	**441,562**	512,027	**3,759**
Reserve for decommissioning costs of nuclear power units (Note 12)	**376,448**	355,143	**3,204**
	8,432,391	9,361,191	**71,777**
Current liabilities:			
Current portion of long-term debt (Note 7)	**1,050,676**	706,948	**8,943**
Short-term loans (Notes 7 and 9)	**376,542**	403,168	**3,205**
Trade notes and accounts payable	**213,702**	159,168	**1,819**
Accrued income taxes and other	**133,245**	169,162	**1,134**
Other (Note 7)	**555,683**	395,043	**4,730**
	2,329,849	1,833,491	**19,832**
Reserve for fluctuation in water levels (Note 13)	**16,455**	19,711	**140**
Total liabilities	**10,778,697**	11,214,394	**91,749**
Minority interests	**35,699**	32,291	**304**
Shareholders' equity (Notes 16 and 21):			
Common stock, without par value:			
Authorized — 1,800,000,000 shares			
Issued — 1,352,867,531 shares in 2006 and 2005	**676,434**	676,434	**5,758**
Capital surplus	**19,014**	19,014	**162**
Retained earnings	**1,969,972**	1,740,907	**16,769**
Land revaluation (loss) gain	**(3,625)**	548	**(31)**
Unrealized holding gain on securities	**117,773**	69,951	**1,003**
Translation adjustments	**5,857**	288	**50**
	2,785,426	2,507,143	**23,710**
Treasury stock, at cost:			
3,363,830 shares in 2006 and			
3,104,708 shares in 2005	**(5,705)**	(4,986)	**(49)**
Total shareholders' equity	**2,779,720**	2,502,157	**23,661**
Contingent liabilities (Note 18)			
Total liabilities, minority interests and shareholders' equity	**¥13,594,117**	¥13,748,843	**$115,714**

See notes to consolidated financial statements

Consolidated Statements of Income

The Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Millions of U.S. dollars (Note 2)
	2006	2005	**2006**
Operating revenues:			
Electricity	**¥4,895,560**	¥4,797,675	**$41,671**
Other	**359,934**	249,535	**3,064**
	5,255,495	5,047,210	**44,735**
Operating expenses (Note 17):			
Electricity	**4,296,901**	4,207,708	**36,576**
Other	**382,317**	273,198	**3,254**
	4,679,218	4,480,906	**39,830**
Operating income	**576,277**	566,304	**4,905**
Other (income) expenses:			
Interest expense	**161,347**	164,556	**1,373**
Loss on impairment of fixed assets of affiliated company accounted for under the equity method	**—**	27,624	**—**
Stock exchange gain on merger of certain subsidiaries with an exclusion from consolidation	**(51,144)**	—	**(435)**
Other, net	**(4,502)**	(6,489)	**(38)**
	105,700	185,690	**900**
Income before special item, income taxes and minority interests	**470,576**	380,613	**4,006**
Special item:			
(Reversal of) provision for reserve for fluctuation in water levels (Note 13)	**(3,255)**	7,799	**(28)**
Income before income taxes and minority interests	**473,832**	372,814	**4,033**
Income taxes (Note 15):			
Current	**146,308**	146,289	**1,245**
Deferred	**13,342**	(655)	**114**
	159,651	145,633	**1,359**
Minority interests	**3,792**	1,003	**32**
Net income	**¥ 310,388**	¥ 226,177	**$ 2,642**
	Yen		U.S. dollars (Note 2)
Per share of common stock:			
Net income (basic)	**¥229.76**	¥167.29	**$1.96**
Cash dividends	**60.00**	60.00	**0.51**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

The Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Years ended March 31

		Millions of yen						
	Number of shares (Thousands)	Common stock	Capital surplus	Retained earnings	Land revaluation (loss) gain	Unrealized holding gain on securities	Translation adjustments	Treasury stock, at cost
Balance at March 31, 2004	1,352,867	¥ 676,434	¥ 19,014	¥ 1,595,930	¥ 692	¥ 71,860	¥ 489	¥ (3,946)
Net income for the year ended March 31, 2005				226,177				
Reversal of land revaluation surplus				144	(144)			
Cash dividends paid				(81,080)				
Bonuses to directors and corporate auditors				(264)				
Net change during the year						(1,909)	(201)	(1,039)
Balance at March 31, 2005	1,352,867	676,434	19,014	1,740,907	548	69,951	288	(4,986)
Net income for the year ended March 31, 2006				**310,388**				
Reversal of land revaluation loss				**(6)**	**6**			
Increase in valuation allowance for deferred tax assets on land revaluation loss					**(4,180)**			
Cash dividends paid				**(81,055)**				
Bonuses to directors and corporate auditors				**(261)**				
Net change during the year						**47,822**	**5,569**	**(719)**
Balance at March 31, 2006	**1,352,867**	**¥676,434**	**¥19,014**	**¥1,969,972**	**¥(3,625)**	**¥117,773**	**¥ 5,857**	**¥(5,705)**

	Millions of U.S. dollars (Note 2)						
	Common stock	Capital surplus	Retained earnings	Land revaluation (loss) gain	Unrealized holding gain on securities	Translation adjustments	Treasury stock, at cost
Balance at March 31, 2005	$ 5,758	$ 162	$ 14,819	$ 5	$ 595	$ 2	$ (42)
Net income for the year ended March 31, 2006			**2,642**				
Reversal of land revaluation loss			**(0)**	**0**			
Increase in valuation allowance for deferred tax assets on land revaluation loss				**(36)**			
Cash dividends paid			**(690)**				
Bonuses to directors and corporate auditors			**(2)**				
Net change during the year					**407**	**47**	**(6)**
Balance at March 31, 2006	**$5,758**	**$162**	**$16,769**	**$(31)**	**$1,003**	**$50**	**$(49)**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Millions of U.S. dollars (Note 2)
	2006	2005	**2006**
Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 473,832**	¥ 372,814	**$ 4,033**
Depreciation and amortization	**824,041**	847,505	**7,014**
Loss on nuclear fuel	**49,684**	47,395	**423**
Loss on disposal of property, plant and equipment	**34,122**	33,283	**290**
Reversal of accrued employees' retirement benefits	**(65,675)**	(39,269)	**(559)**
Provision for reprocessing of irradiated nuclear fuel	**9,663**	111,706	**82**
Provision for decommissioning costs of nuclear power units	**21,304**	3,563	**181**
Interest and dividend income	**(11,156)**	(9,778)	**(95)**
Interest expense	**161,347**	164,556	**1,373**
Stock exchange gain on merger of certain subsidiaries with an exclusion from consolidation (Note 6)	**(51,144)**	—	**(435)**
Increase in trust funds for reprocessing of irradiated nuclear fuel	**(262,235)**	—	**(2,232)**
Increase in notes and accounts receivable	**(18,134)**	(12,227)	**(154)**
Increase in notes and accounts payable	**91,874**	38,874	**782**
Other	**(2,279)**	121,000	**(19)**
	1,255,246	1,679,423	**10,685**
Interest and cash dividends received	**6,887**	8,278	**59**
Interest paid	**(163,874)**	(165,350)	**(1,395)**
Income taxes paid	**(162,637)**	(110,880)	**(1,384)**
Net cash provided by operating activities	**935,622**	1,411,470	**7,964**
Cash flows from investing activities			
Purchases of property, plant and equipment	**(618,493)**	(561,438)	**(5,265)**
Contributions in aid of construction received	**10,980**	16,600	**93**
Increase in investments	**(16,882)**	(21,564)	**(144)**
Proceeds from investments	**21,314**	31,234	**181**
Payments for purchases of subsidiaries, net of cash acquired (Note 6)	**(14,314)**	(30,770)	**(122)**
Proceeds from purchases of subsidiaries, net of cash paid	**—**	408	**—**
Decrease due to merger of certain subsidiaries with an exclusion from consolidation (Note 6)	**(44,974)**	—	**(383)**
Other	**46,991**	(11,974)	**400**
Net cash used in investing activities	**(615,377)**	(577,503)	**(5,238)**
Cash flows from financing activities			
Proceeds from issuance of bonds	**249,189**	252,106	**2,121**
Redemption of bonds	**(405,990)**	(124,320)	**(3,456)**
Proceeds from long-term loans	**98,027**	96,431	**834**
Repayment of long-term loans	**(315,766)**	(432,133)	**(2,688)**
Proceeds from short-term loans	**906,568**	1,075,828	**7,717**
Repayment of short-term loans	**(935,885)**	(1,215,568)	**(7,966)**
Proceeds from issuance of commercial paper	**1,020,000**	1,365,000	**8,682**
Redemption of commercial paper	**(885,000)**	(1,720,000)	**(7,533)**
Cash dividends paid	**(80,895)**	(80,939)	**(689)**
Other	**(440)**	(2,006)	**(4)**
Net cash used in financing activities	**(350,193)**	(785,600)	**(2,981)**
Effect of exchange rate changes on cash and cash equivalents	**2,289**	602	**19**
Net (decrease) increase in cash and cash equivalents	**(27,658)**	48,969	**(235)**
Cash and cash equivalents at beginning of the year	**132,431**	83,462	**1,127**
Cash and cash equivalents at end of the year (Note 6)	**¥ 104,772**	¥ 132,431	**$ 892**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2006

1. Summary of Significant Accounting Policies

a. Basis of Preparation

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

The financial statements of the overseas consolidated subsidiaries are prepared on the basis of the accounting and relevant legal requirements of their countries of domicile.

The Company has prepared the consolidated statements of shareholders' equity and certain additional information for the purpose of inclusion in this report although such statements and information are not customarily prepared in Japan.

As permitted by the Securities 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 years' financial statements have been reclassified to conform to the current year's presentation.

b. Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all companies which it controls directly or indirectly. Companies over which the Company or the Companies exercise significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

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

Investments in other affiliates, not significant in amount, are carried at cost. Where there has been permanent impairment in the value of its investments, the Company has written them down.

c. Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated at cost. Contributions in aid of construction are deducted from the cost of the related assets. Depreciation of tangible assets is computed by the declining-balance method based on the estimated useful lives of the respective assets. Depreciation of intangible fixed assets is computed by the straight-line method. Easement on the transmission line right-of-way acquired on or after April 1, 2005 is depreciated over 36 years, the same number of years as the useful life of the transmission line, and other easement is over average remaining useful lives.

d. Nuclear Fuel and Amortization

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

e. Investments

Securities are classified into three categories depending upon the holding purpose 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 a company has the positive intent to hold until maturity; and iii) other securities, which are not classified as either of the aforementioned categories. Other securities are stated at fair market value if such value is available, or, if not, at moving-average cost, with unrealized gain and loss, net of the applicable taxes, reported as a separate component of shareholders' equity. Realized gain and loss on sales of such securities are calculated based on the moving-average cost.

f. Fuel, Materials and Supplies

Fuel exclusive of nuclear fuel, materials and supplies are stated at cost determined principally by the average method.

g. Bond Issuance Expenses and Discounts on Bonds
Bond issuance expenses are charged to income as incurred. Discounts on bonds are amortized by the straight-line method over the respective terms of the bonds.

h. Leases
Noncancelable leases are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that leases which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

i. Accrued Employees' Retirement Benefits
Accrued employees' retirement benefits have been provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

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

Prior service cost is charged or credited to income when incurred.

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 which will be in effect when the differences are expected to reverse.

k. Foreign Currency Translation
The revenue and expense accounts of the overseas consolidated subsidiaries are translated into yen at the average exchange rates prevailing during the year.

The balance sheet accounts of the overseas consolidated subsidiaries, except for the components of shareholders' equity, are translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates. Translation differences arising from the translation of the financial statements of the overseas consolidated subsidiaries are presented as translation adjustments.

Current and non-current foreign currency accounts 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 currently.

l. Derivatives and Hedging Activities
Derivatives are stated at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability.

Liabilities denominated in foreign currencies hedged by derivatives positions are translated at their respective contract rates.

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

n. Amounts per Share
Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥117.48 = US$1.00, the approximate rate of exchange in effect on March 31, 2006, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

3. Accounting Change

(a) Accounting for Easement on the Transmission Line Right-of-Way

Effective April 1, 2005, the Company has changed its accounting treatment for easement on the transmission line right-of-way from non-depreciable assets to depreciable assets to be amortized by the straight-line method.

Although easement on the transmission line right-of-way has value so long as the transmission line is needed, the Company has treated it as non-depreciable assets. However, the Electricity Utilities Industry Law was revised in 2003 and the Company has been required to calculate electricity transmission and distribution cost more properly since the fiscal year ended March 31, 2006. Accordingly, the Company has changed its accounting treatment for easement to depreciate it over the estimated useful period in order to calculate the cost properly.

The effect of this change was to increase depreciation and to decrease operating income, ordinary income and income before income taxes by ¥17,460 million (US$149 million), respectively.

(b) Accounting for Reserve for Reprocessing of Irradiated Nuclear Fuel

Until March 31, 2005, the reserve for reprocessing of irradiated nuclear fuel was stated at 60% of the amount which would be required to reprocess all the irradiated nuclear fuel at the balance sheet date.

However, decommissioning expense of reprocessing facilities and other back-end expenses for the irradiated nuclear fuel with definite reprocessing plan became reasonably estimable because "The Nature of Systems and Measures for Back-End Business," an interim report was issued on August 30, 2004 by the Energy and Natural Resources. Accordingly, effective April 1, 2005, the Company has changed its accounting treatment to state at present value of the amount that would be required to reprocess the irradiated nuclear fuel incurred in proportion to combustion of nuclear fuel.

The effect of this change was to increase reprocessing costs of irradiated nuclear fuel and to decrease operating income, ordinary income and income before income taxes by ¥40,707 million (US$347 million), respectively.

4. Property, Plant and Equipment, Net

The major classifications of property, plant and equipment, net at March 31, 2006 and 2005 were as follows:

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Hydroelectric power production facilities	**¥ 885,475**	¥ 649,555	**$ 7,537**
Thermal power production facilities	**1,324,686**	1,469,811	**11,276**
Nuclear power production facilities	**792,017**	855,067	**6,742**
Transmission facilities	**2,583,126**	2,698,718	**21,988**
Transformation facilities	**1,004,887**	1,045,474	**8,554**
Distribution facilities	**2,277,351**	2,294,773	**19,385**
General facilities	**188,885**	192,842	**1,608**
Other electricity-related property, plant and equipment	**23,175**	23,347	**197**
Other property, plant and equipment	**571,030**	706,694	**4,861**
Construction in progress	**519,910**	776,999	**4,426**
	¥10,170,547	¥ 10,713,284	**$86,573**

5. Marketable Securities and Investment Securities

At March 31, 2006 and 2005, held-to-maturity securities for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2006			2005			**2006**		
	Carrying amount	Market value	Unrealized gain	Carrying amount	Market value	Unrealized gain	Carrying amount	Market value	Unrealized gain
Securities whose market value exceeds their carrying amount:									
Bonds	**¥—**	**¥—**	**¥—**	¥200	¥201	¥1	**$—**	**$—**	**$—**

At March 31, 2006 and 2005, other securities for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2006			2005			**2006**		
	Acquisition costs	Carrying amount	Unrealized holding gain (loss)	Acquisition costs	Carrying amount	Unrealized holding gain (loss)	Acquisition costs	Carrying amount	Unrealized holding gain (loss)
Unrealized holding gain:									
Stocks and bonds	**¥147,758**	**¥319,716**	**¥171,957**	¥39,350	¥143,942	¥104,592	**$1,258**	**$2,721**	**$1,464**
Unrealized holding loss:									
Stocks and bonds	**1,511**	**1,450**	**(60)**	836	749	(86)	**13**	**12**	**(1)**
Total	**¥149,270**	**¥321,167**	**¥171,896**	¥40,186	¥144,692	¥104,505	**$1,271**	**$2,734**	**$1,463**

For the years ended March 31, 2006 and 2005, gain and loss on sales of other securities were as follows:

	Millions of yen						Millions of U.S. dollars		
	2006			2005			**2006**		
	Sales amount	Aggregate gain	Aggregate loss	Sales amount	Aggregate gain	Aggregate loss	Sales amount	Aggregate gain	Aggregate loss
Other securities	**¥11,407**	**¥9,399**	**¥12**	¥28,229	¥9,906	¥516	**$97**	**$80**	**$0**

At March 31, 2006 and 2005, non-marketable securities and investment securities stated at cost were as follows:

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Other securities:			
Unlisted stocks	**¥103,383**	¥91,957	**$880**
Other	**12,148**	11,247	**103**

The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity securities as of March 31, 2006 is summarized as follows:

	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Bonds	**¥210**	**¥ 710**	**¥ 95**	**¥—**
Other	**—**	**363**	**336**	**—**
Total	**¥210**	**¥1,073**	**¥431**	**¥—**

	Millions of U.S. dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Bonds	**$2**	**$6**	**$1**	**$—**
Other	**—**	**3**	**3**	**—**
Total	**$2**	**$9**	**$4**	**$—**

6. Supplemental Cash Flow Information

For the purpose of the consolidated statements of cash flows, a reconciliation between cash and cash equivalents and the cash balances in the consolidated balance sheets is as follows:

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Cash	**¥109,531**	¥140,080	**$932**
Time deposits with maturities of more than three months	**(8,218)**	(11,108)	**(70)**
Short-term investments with an original maturity of three months or less, presenting negligible risk of change in value, included in other current assets	**3,459**	3,458	**29**
Cash and cash equivalents	**¥104,772**	¥132,431	**$892**

Certain subsidiaries were newly included in the scope of consolidation as a result of purchases of subsidiaries' shares for the years ended March 31, 2006 and 2005. The following table represents assets and liabilities of the subsidiaries at the dates of the purchases and the relationship between acquisition costs of the subsidiaries' shares and net payments for the purchases of subsidiaries.

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Non-current assets	**¥16,482**	¥ 154,237	**$140**
Current assets	**3,463**	122,370	**29**
Non-current liabilities	**(955)**	(144,154)	**(8)**
Current liabilities	**(575)**	(107,772)	**(5)**
Consolidation goodwill	**(3,544)**	62,475	**(30)**
Minority interests	**—**	(5,233)	**—**
	14,868	81,923	**127**
The Companies' interests in subsidiaries prior to the inclusion in the scope of consolidation	**—**	13,197	**—**
Acquisition costs of subsidiaries' shares	**14,868**	95,120	**127**
Cash and cash equivalents held by subsidiaries	**(554)**	(64,349)	**(5)**
Payments for purchases of subsidiaries, net of cash acquired	**¥14,314**	¥ 30,770	**$122**

Certain subsidiaries were excluded from the scope of consolidation as a result of merger of certain subsidiaries for the year ended March 31, 2006. The following table represents assets and liabilities of the subsidiaries at the dates of the merger of certain subsidiaries and the relationship between acquisition costs of shares and decrease due to merger of certain subsidiaries with an exclusion from consolidation.

	Millions of yen	Millions of U.S. dollars
	2006	**2006**
Non-current assets	**¥ 111,516**	**$ 949**
Current assets	**74,049**	**630**
Consolidation goodwill	**36,275**	**309**
Non-current liabilities	**(104,065)**	**(886)**
Current liabilities	**(58,818)**	**(501)**
Minority interests	**(3,643)**	**(31)**
Other	**247**	**2**
	55,561	**473**
Stock exchange gain on merger of certain subsidiaries with an exclusion from consolidation	**51,144**	**435**
Acquisition costs of shares	**¥ 106,705**	**$ 908**
Cash and cash equivalents held by subsidiaries	**¥ 44,974**	**$ 383**
Decrease due to merger of certain subsidiaries with an exclusion from consolidation	**¥ 44,974**	**$ 383**

7. Short-Term Debt and Long-Term Debt

Short-term loans and commercial paper are unsecured. The weighted-average interest rates of short-term loans were approximately 0.425% and 0.323% for the years ended March 31, 2006 and 2005, respectively. The weighted-average interest rate of commercial paper was approximately 0.052% for the year ended March 31, 2006.

At March 31, 2006 and 2005, short-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Loans from banks and other sources	**¥376,542**	¥403,168	**$3,205**
Commercial paper	**135,000**	—	**1,149**
	¥511,542	¥403,168	**$4,354**

The annual interest rates applicable to the Company's domestic straight bonds at March 31, 2006 and 2005 ranged from 0.335% to 5.05%, and those applicable to the Company's foreign straight bonds at March 31, 2006 and 2005 ranged from 4.375% to 7.125%. The interest rates applicable to the long-term borrowings (except for the current portion) at March 31, 2006 and 2005 averaged approximately 2.435% and 2.506%, respectively.

At March 31, 2006 and 2005, long-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Domestic straight bonds due from 2005 through 2019	**¥ 4,968,200**	¥5,140,690	**$42,290**
Foreign straight bonds due from 2006 through 2014	**660,262**	660,262	**5,620**
Loans from banks, insurance companies and other sources	**1,700,156**	2,057,595	**14,472**
	7,328,619	7,858,548	**62,382**
Less: Current portion	**(1,050,676)**	(706,948)	**(8,943)**
	¥ 6,277,943	¥7,151,600	**$53,438**

The annual maturities of long-term debt subsequent to March 31, 2006 are summarized as follows:

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2007	¥1,050,676	$ 8,943
2008	898,920	7,652
2009	843,548	7,180
2010	622,547	5,299
2011	500,540	4,261
2012 and thereafter	3,412,385	29,047
Total	¥7,328,619	$62,382

8. Leases

a. Lessees' Accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation, accumulated impairment loss on fixed assets and net book value of the leased assets at March 31, 2006 and 2005, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	March 31, 2006			
	Millions of yen			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss on fixed assets	Net book value
Nuclear power production facilities	**¥15,394**	**¥ 8,725**	**¥ —**	**¥ 6,669**
General facilities	**1,763**	**732**	**—**	**1,030**
Other property, plant and equipment	**40,526**	**15,991**	**4,457**	**20,077**
Other	**1,433**	**1,071**	**—**	**361**
Total	**¥59,118**	**¥26,521**	**¥4,457**	**¥28,139**

	March 31, 2006			
	Millions of U.S. dollars			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss on fixed assets	Net book value
Nuclear power production facilities	**$131**	**$ 74**	**$—**	**$ 57**
General facilities	**15**	**6**	**—**	**9**
Other property, plant and equipment	**345**	**136**	**38**	**171**
Other	**12**	**9**	**—**	**3**
Total	**$503**	**$226**	**$38**	**$240**

	March 31, 2005			
	Millions of yen			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss on fixed assets	Net book value
Nuclear power production facilities	¥14,278	¥ 6,508	¥ —	¥ 7,770
General facilities	1,558	912	—	646
Other property, plant and equipment	40,528	16,227	430	23,871
Other	1,612	1,104	—	507
Total	¥57,978	¥24,752	¥430	¥32,795

Lease expenses related to finance leases accounted for as operating leases for the years ended March 31, 2006 and 2005 amounted to ¥9,018 million (US$77 million) and ¥9,041 million, respectively. The Company and a consolidated subsidiary recognized an impairment loss of ¥4,026 million (US$34 million) and ¥430 million with respect to such leases for the years ended March 31, 2006 and 2005, respectively. Since such leases were not capitalized, the Company and the consolidated subsidiary recorded other long-term liabilities of ¥4,457 million (US$38 million) and ¥430 million at March 31, 2006 and 2005 to recognize the impairment loss for the years ended March 31, 2006 and 2005, respectively. Such a liability is being amortized over the respective lease terms and the Company and the consolidated subsidiary recorded amortization income of ¥679 million (US$6 million) and ¥25 million for the years ended March 31, 2006 and 2005, respectively.

Depreciation expense related to finance leases accounted for as operating leases amounting to ¥8,338 million (US$71 million) and ¥9,016 million for the years ended March 31, 2006 and 2005, respectively would have been recorded if these leases had been accounted for as finance leases. For the purpose of presentation of the pro forma amounts, depreciation for the leased assets has been calculated by the straight-line method over the lease terms assuming a nil residual value.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2006 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Millions of U.S. dollars
2007	¥ 8,322	$ 71
2008 and thereafter	23,569	201
Total	¥31,892	$271

Future minimum lease payments subsequent to March 31, 2006 for operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Millions of U.S. dollars
2007	¥10	$0
2008 and thereafter	25	0
Total	¥35	$0

b. Lessors' Accounting

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases at March 31, 2006 and 2005:

	March 31, 2006					
	Millions of yen			Millions of U.S. dollars		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Other electricity-related assets	**¥11,340**	**¥3,469**	**¥ 7,871**	**$ 97**	**$30**	**$ 67**
Other property, plant and equipment	**6,713**	**2,681**	**4,032**	**57**	**23**	**34**
Total	**¥18,053**	**¥6,150**	**¥11,903**	**$154**	**$52**	**$101**

	March 31, 2005		
	Millions of yen		
	Acquisition costs	Accumulated depreciation	Net book value
Other electricity-related assets	¥ 5,765	¥1,261	¥4,503
Other property, plant and equipment	5,500	2,404	3,095
Total	¥11,265	¥3,666	¥7,599

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥2,032 million (US$17 million) and ¥1,111 million for the years ended March 31, 2006 and 2005, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥3,182 million (US$27 million) and ¥1,868 million for the years ended March 31, 2006 and 2005, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2006 for finance leases accounted for as operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Millions of U.S. dollars
2007	¥ 2,428	$ 21
2008 and thereafter	15,438	131
Total	¥17,867	$152

Future minimum lease income subsequent to March 31, 2006 for operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Millions of U.S. dollars
2007	¥ 408	$ 3
2008 and thereafter	2,867	24
Total	¥3,275	$28

9. Pledged Assets

At March 31, 2006, the Company's entire property was subject to certain statutory preferential rights as security for loans from the Development Bank of Japan which amounted to ¥657,694 million (US$5,598 million), and for bonds of ¥5,960,402 million (US$50,735 million).

Certain 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.

The assets pledged as collateral for certain consolidated subsidiaries' long-term debt of ¥83,484 million (US$711 million), short-term debt of ¥4,408 million (US$38 million), and other long-term liabilities of ¥975 million (US$8 million) at March 31, 2006 were as follows:

	Millions of yen	Millions of U.S. dollars
Property, plant and equipment, net:		
Hydroelectric power production facilities	¥ 4,597	$ 39
Other	79,044	673
Construction in progress	6,680	57
Cash	8,354	71
Notes and accounts receivable — customers	1,359	12
Other current and non-current assets	4,555	39
	¥104,592	$890

Additionally, subsidiaries' stocks of ¥4,850 million (US$41 million) eliminated in consolidation have been pledged as collateral to financial institutions.

A long-term investment and other current asset of ¥20,473 million (US$174 million) were also pledged as collateral for long-term debt from financial institutions of a company which has been invested in by consolidated subsidiaries.

10. Trust Funds for the Reprocessing of Irradiated Nuclear Fuel

The Company is required to contribute to the trust funds for reprocessing of irradiated nuclear fuel and refund it at the same time with payment under the Law on the Creation and Management of Trust Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations.

11. Reserve for Reprocessing of Irradiated Nuclear Fuel

The reserve is stated at present value of the amount based upon 1.9% discount rate that would be required to reprocess the irradiated nuclear fuel incurred in proportion to combustion of nuclear fuel.

However, 117 tons of irradiated nuclear fuel to be temporally stored are excluded from the scope of the reserve because of no definite plan for reprocessing.

Under the accounting rules applicable to electric utility companies in Japan, the difference in reserve from the accounting change which represents for the estimated liability related to past generation costs of ¥474,831 million (US$4,042 million) has been charged to income over 15 years starting from April 1, 2005.

Unrecognized actuarial gain or loss of ¥51,884 million (US$442 million) at the balance sheet date has been charged to income starting from the next fiscal year over the period for which irradiated nuclear fuel with definite reprocessing plan is incurred. They are presented as operating expenses under the rules.

12. Reserve for Decommissioning Costs of Nuclear Power Units

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

The changes in the Law on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors and related regulation concerning the radiation dose level of public exposure may affect the estimation of the amount for the reserve for decommissioning costs of nuclear power units. The radioactive waste costs will be examined based upon its estimated quantities and radiation dose level to be applicable with the regulation under the Electricity Utility Industry Council at the Ministry of Economy, Trade and Industry.

13. Reserve for Fluctuation in Water Levels

To offset fluctuation in income caused by high water levels or by drought conditions in connection with hydroelectric power generation, the Company is required under the Electricity Utilities Industry Law to record a reserve for fluctuation in water levels.

14. Employees' Retirement Benefit Plans

At March 31, 2006, the Company and certain of its consolidated subsidiaries had defined benefit plans, including funded non-contributory tax-qualified retirement pension plans and lump-sum retirement benefit plans. Within the Companies, there are 38 retirement benefit plans and 12 pension plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2006 and 2005 for the Companies' defined benefit plans:

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Retirement benefit obligation	**¥(1,095,719)**	¥(1,115,260)	**$(9,327)**
Plan assets at fair value	**740,597**	627,999	**6,304**
Accrued employees' retirement benefits	**441,562**	512,027	**3,759**
Prepaid pension expense	**(1,601)**	(1,890)	**(14)**
Unrecognized actuarial gain	**¥ 84,838**	¥ 22,875	**$ 722**

The components of retirement benefit expenses for the years ended March 31, 2006 and 2005 are outlined as follows:

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Service cost	**¥ 38,735**	¥38,437	**$ 330**
Interest cost	**22,118**	21,739	**188**
Expected return on plan assets	**(3,263)**	(2,935)	**(28)**
Amortization of unrecognized actuarial gain	**(58,642)**	(9,552)	**(499)**
Amortization of prior service cost	**(276)**	262	**(2)**
	¥ (1,328)	¥47,952	**$ (11)**

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

	2006	2005
Method of allocation of estimated retirement benefits	**Equally over the period**	Equally over the period
Discount rate	**Mainly 2.0%**	Mainly 2.0%
Expected rate of return on plan assets	**Mainly 0.5%**	Mainly 0.5%
Period for amortization of unrecognized actuarial gain or loss	**Mainly 3 years**	Mainly 3 years

15. Income Taxes

Income taxes applicable to the Company and a consolidated subsidiary in the electricity business comprise corporation and inhabitants' taxes, which, in the aggregate, resulted in a statutory tax rate of approximately 36% in 2006 and 2005. Other major consolidated subsidiaries are subject to corporation, enterprise and inhabitants' taxes, which, in the aggregate, resulted in a statutory tax rate of approximately 41% in 2006 and 2005.

The significant components of deferred tax assets and liabilities as of March 31, 2006 and 2005 were as follows:

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Deferred tax assets:			
Accrued employees' retirement benefits	**¥161,620**	¥179,651	**$1,376**
Reserve for reprocessing of irradiated nuclear fuel	**61,952**	63,144	**527**
Depreciation and amortization	**60,352**	81,208	**514**
Tax loss carryforwards	**—**	41,553	**—**
Reserve for decommissioning costs of nuclear power units	**32,791**	32,791	**279**
Deferred expenses for tax purposes	**24,528**	25,904	**209**
Other	**114,926**	95,688	**978**
	456,171	519,942	**3,883**
Valuation allowance	**(42,766)**	(91,887)	**(364)**
Total deferred tax assets	**413,404**	428,055	**3,519**
Deferred tax liabilities:			
Unrealized holding gain on securities	**(62,595)**	(38,062)	**(533)**
Other	**(9,019)**	(10,077)	**(77)**
Total deferred tax liabilities	**(71,615)**	(48,139)	**(610)**
Net deferred tax assets	**¥341,789**	¥379,915	**$2,909**

Deferred tax assets and liabilities were included in other current assets and other long-term liabilities as follows:

	Millions of yen		Millions of U.S. dollars
	2006	2005	**2006**
Other current assets	**¥36,960**	¥34,035	**$315**
Other long-term liabilities	**11,264**	7,456	**96**

The differences between the effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2006 and 2005 and the statutory tax rate were as follows:

	2006
Statutory tax rate	**36.2%**
Stock exchange gain on merger of certain subsidiaries with an exclusion from consolidation	**(3.9)**
Amortization of consolidation goodwill	**0.9**
Other	**0.5**
Effective tax rate	**33.7%**

	2005
Statutory tax rate	36.2%
Loss on impairment of fixed assets of affiliated company accounted for under the equity method	2.7
Other	0.2
Effective tax rate	39.1%

16. Shareholders' Equity

Retained earnings include a legal reserve provided in accordance with the Commercial Code of Japan. The Code provides that an amount equal to at least 10% of the amount to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of such reserve and the additional paid-in capital account equals 25% of the common stock account. The legal reserve amounted to ¥169,108 million (US$1,439 million) at March 31, 2006. The Code provides that neither capital surplus nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Code also provides that if the total amount of capital surplus and the legal reserve exceeds 25% of the common stock account, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

17. Research and Development Costs

Research and development costs included in operating expenses for the years ended March 31, 2006 and 2005 totaled ¥35,935 million (US$306 million) and ¥35,181 million, respectively.

18. Contingent Liabilities

At March 31, 2006, contingent liabilities totaled ¥992,405 million (US$8,447 million), of which ¥396,816 million (US$3,378 million) was in the form of co-guarantees or commitments to give co-guarantees if requested for the loans, bonds, lease obligations or other commitments of other companies. However, ¥11,918 million (US$101 million) of this balance can be assigned to other co-guarantors based on the terms of the contracts between or among the co-guarantors.

In addition, ¥255,588 million (US$2,176 million) consisted of guarantees given in connection with housing loans made to employees of the Companies.

The remainder of ¥340,000 million (US$2,894 million) represents the debt assigned by the Company to certain banks under debt assumption agreements.

19. Derivatives

The Company utilizes commodity swap agreements for the purpose of hedging its exposure to adverse fluctuation in fuel prices.

The Company and certain consolidated subsidiaries also utilize forward foreign exchange contracts solely in order to hedge against the risk of fluctuation in foreign currency exchange rates and to stabilize their future cash flows relating to payables denominated in foreign currencies.

The Company also utilizes currency swap agreements for the purpose of hedging its exposure to adverse fluctuation in foreign exchange rates and to manage its future cash flows relating to payments on the principal and interest of foreign bonds denominated in foreign currencies.

Liabilities denominated in foreign currencies hedged by derivatives positions are translated at their respective contract rates.

The Company and certain consolidated subsidiaries also utilize interest-rate swaps and interest-rate caps to hedge their exposure to adverse fluctuation in interest rates and to manage their future cash flows relating to interest payments on long-term bank loans.

The Company also utilizes weather derivatives for the purpose of hedging its electric power business risk which fluctuates according to summer temperature changes.

The Company also utilizes fuel prices margin swap in order to hedge against the risk of fluctuation of settlement of balance of fuel prices margin between prices on the basis of a system of appropriate adjustments and fuel prices to purchase.

The Company and certain consolidated subsidiaries have entered into such derivatives transactions solely in order to hedge against certain risks in compliance with their internal policies. The Company and these consolidated subsidiaries have not entered into derivatives transactions for trading or speculative purposes.

The Company and certain consolidated subsidiaries are also exposed to credit risk in the event of non-performance by the counterparties to these derivatives positions, but consider the risk of any such loss to be minimal because they enter into derivatives transactions only with financial institutions and companies which have high credit ratings.

20. Segment Information

The Companies operate principally in five industry segments: electric power, information and telecommunications, energy and environment, living environment and lifestyle-related, and overseas businesses. The information and telecommunications segment involves the provision of telecommunications, CATV broadcasting, and information software and services. The energy and environment business involves the supply of gas, and facilities construction and maintenance. The living environment and lifestyle-related business involves the real estate and property management. The overseas business involves power generation projects and investment in overseas.

Industry segment information for the Companies for the years ended March 31, 2006 and 2005 is summarized as follows:

	Millions of yen							
	2006							
	Electric power business	Information and telecom-munications business	Energy and Environment business	Living Environment and Lifestyle-Related business	Overseas business	Total	Eliminations	Consolidated
I. Operating revenues and operating income:								
Operating revenues:								
Sales to third parties	¥ 4,895,560	¥179,680	¥115,858	¥ 49,655	¥ 14,739	¥ 5,255,495	¥ —	¥ 5,255,495
Inter-segment sales and transfers	1,746	72,732	210,246	86,135	—	370,861	(370,861)	—
Total	4,897,307	252,413	326,105	135,790	14,739	5,626,356	(370,861)	5,255,495
Operating expenses	4,324,599	291,171	298,073	125,041	14,263	5,053,150	(373,931)	4,679,218
Operating income (loss)	¥ 572,708	¥ (38,758)	¥ 28,031	¥ 10,749	¥ 476	¥ 573,206	¥ 3,070	¥ 576,277
II. Assets, depreciation and capital expenditures:								
Total assets	¥12,656,819	¥179,417	¥501,501	¥339,210	¥157,293	¥13,834,242	¥(240,124)	¥13,594,117
Depreciation and amortization	754,223	43,954	14,356	14,850	2,810	830,195	(6,154)	824,041
Capital expenditures	501,925	52,924	39,805	16,993	15,524	627,173	(3,446)	623,726

	Millions of yen							
	2005							
	Electric power business	Information and telecom-munications business	Energy and Environment business	Living Environment and Lifestyle-Related business	Overseas business	Total	Eliminations	Consolidated
I. Operating revenues and operating income:								
Operating revenues:								
Sales to third parties	¥ 4,797,675	¥110,410	¥ 78,975	¥ 43,044	¥ 17,106	¥ 5,047,210	¥ —	¥ 5,047,210
Inter-segment sales and transfers	1,157	73,195	196,505	83,853	—	354,711	(354,711)	—
Total	4,798,832	183,605	275,480	126,897	17,106	5,401,922	(354,711)	5,047,210
Operating expenses	4,231,772	215,599	259,602	117,882	13,491	4,838,348	(357,442)	4,480,906
Operating income (loss)	¥ 567,060	¥ (31,993)	¥ 15,878	¥ 9,014	¥ 3,614	¥ 563,573	¥ 2,730	¥ 566,304
II. Assets, depreciation and capital expenditures:								
Total assets	¥12,693,782	¥377,303	¥455,224	¥332,195	¥143,876	¥14,002,382	¥(253,539)	¥13,748,843
Depreciation and amortization	787,592	32,548	13,837	15,587	3,582	853,149	(5,643)	847,505
Capital expenditures	459,375	40,093	32,385	8,462	24,133	564,451	(3,244)	561,206

	Millions of U.S. dollars							
	2006							
	Electric power business	Information and telecom-munications business	Energy and Environment business	Living Environment and Lifestyle-Related business	Overseas business	Total	Eliminations	Consolidated
I. Operating revenues and operating income:								
Operating revenues:								
Sales to third parties	**$ 41,671**	**$1,529**	**$ 986**	**$ 423**	**$ 125**	**$ 44,735**	**$ —**	**$ 44,735**
Inter-segment sales and transfers	**15**	**619**	**1,790**	**733**	**—**	**3,157**	**(3,157)**	**—**
Total	**41,686**	**2,149**	**2,776**	**1,156**	**125**	**47,892**	**(3,157)**	**44,735**
Operating expenses	**36,811**	**2,478**	**2,537**	**1,064**	**121**	**43,013**	**(3,183)**	**39,830**
Operating income (loss)	**$ 4,875**	**$ (330)**	**$ 239**	**$ 91**	**$ 4**	**$ 4,879**	**$ 26**	**$ 4,905**
II. Assets, depreciation and capital expenditures:								
Total assets	**$107,736**	**$1,527**	**$4,269**	**$2,887**	**$1,339**	**$117,758**	**$(2,044)**	**$115,714**
Depreciation and amortization	**6,420**	**374**	**122**	**126**	**24**	**7,067**	**(52)**	**7,014**
Capital expenditures	**4,272**	**450**	**339**	**145**	**132**	**5,339**	**(29)**	**5,309**

As less than 10% of the consolidated revenues and total assets are generated overseas, the disclosure information of geographical segments and overseas sales has been omitted.

21. Subsequent Event

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2006, were approved at a general meeting of the shareholders held on June 28, 2006:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends (¥30 = US$0.26 per share)	¥40,522	$345
Bonuses to directors	125	1

Report of Independent Auditors

ERNST & YOUNG SHINNIHON

Certified Public Accountants
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The Board of Directors
The Tokyo Electric Power Company, Incorporated

We have audited the accompanying consolidated balance sheets of The Tokyo Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Tokyo Electric Power Company, Incorporated and consolidated subsidiaries at March 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 3 (a), effective April 1, 2005, The Tokyo Electric Power Company, Incorporated has changed its accounting treatment for easement on the transmission line right-of-way from non-depreciable assets to depreciable assets to be amortized by the straight-line method.

As described in Note 3 (b), effective April 1, 2005, The Tokyo Electric Power Company, Incorporated has changed its accounting treatment for the reserve for reprocessing of irradiated nuclear fuel to state at present value of the amount which would be required to reprocess the irradiated nuclear fuel incurred in proportion to combustion of nuclear fuel.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon

June 28, 2006

Non-Consolidated Balance Sheets

The Tokyo Electric Power Company, Incorporated
March 31

	Millions of yen		Millions of U.S. dollars (Note 2)
ASSETS	**2006**	2005	**2006**
Property:			
Property, plant and equipment	**¥ 28,256,941**	¥ 27,845,331	**$ 240,526**
Construction in progress	**482,433**	744,519	**4,107**
	28,739,375	28,589,851	**244,632**
Less:			
Contributions in aid of construction	**(313,567)**	(311,809)	**(2,669)**
Accumulated depreciation	**(18,663,427)**	(18,128,697)	**(158,865)**
	(18,976,994)	(18,440,506)	**(161,534)**
Property, plant and equipment, net (Note 4)	**9,762,380**	10,149,344	**83,098**
Nuclear fuel:			
Loaded nuclear fuel	**155,622**	162,450	**1,325**
Nuclear fuel in processing	**765,323**	766,681	**6,515**
	920,945	929,131	**7,839**
Investments and other:			
Long-term investments	**677,260**	562,831	**5,765**
Investments in subsidiaries and affiliates	**457,817**	517,268	**3,897**
Trust funds for reprocessing of irradiated nuclear fuel	**262,235**	—	**2,232**
Deferred tax assets	**277,418**	313,597	**2,361**
Discounts on bonds	**251**	283	**2**
Other	**71,312**	60,225	**607**
	1,746,296	1,454,206	**14,865**
Current assets:			
Cash	**44,210**	68,309	**376**
Accounts receivable—customers	**331,358**	314,997	**2,821**
Fuel exclusive of nuclear fuel, materials and supplies	**111,698**	80,340	**951**
Other	**114,573**	104,856	**975**
	601,840	568,504	**5,123**
Total assets	**¥ 13,031,464**	¥ 13,101,186	**$ 110,925**

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars (Note 2) 2006
Long-term liabilities and reserves:			
Long-term debt	**¥ 6,120,613**	¥ 6,861,813	**$ 52,099**
Other long-term liabilities	**37,293**	55,715	**317**
Reserve for reprocessing of irradiated nuclear fuel	**1,258,212**	1,248,549	**10,710**
Accrued employees' retirement benefits	**397,094**	463,996	**3,380**
Reserve for decommissioning costs of nuclear power units	**376,448**	355,143	**3,204**
	8,189,663	8,985,218	**69,711**
Current liabilities:			
Current portion of long-term debt	**1,026,252**	653,128	**8,736**
Current portion of other long-term liabilities	**1,939**	3,295	**17**
Short-term loans	**348,000**	394,000	**2,962**
Commercial paper	**135,000**	—	**1,149**
Trade accounts payable	**192,159**	147,279	**1,636**
Accrued income taxes	**69,100**	88,535	**588**
Deposits from employees and others	**2,873**	3,107	**24**
Other	**495,098**	472,257	**4,214**
	2,270,424	1,761,604	**19,326**
Reserve for fluctuation in water levels	**16,363**	19,599	**139**
Total liabilities	**10,476,451**	10,766,422	**89,176**
Shareholders' equity: (Notes 6 and 7)			
Common stock, without par value:			
Authorized — 1,800,000,000 shares			
Issued — 1,352,867,531 shares in 2006 and 2005	**676,434**	676,434	**5,758**
Capital surplus	**19,014**	19,014	**162**
Retained earnings	**1,759,510**	1,579,814	**14,977**
Unrealized holding gain on securities	**105,171**	63,900	**895**
Treasury stock, at cost:			
2,132,263 shares in 2006 and			
1,873,662 shares in 2005	**(5,117)**	(4,398)	**(44)**
Total shareholders' equity	**2,555,012**	2,334,764	**21,748**
Contingent liabilities (Note 5)			
Total liabilities and shareholders' equity	**¥13,031,464**	¥13,101,186	**$110,925**

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

The Tokyo Electric Power Company, Incorporated
Years ended March 31

	Millions of yen		Millions of U.S. dollars (Note 2)
	2006	2005	**2006**
Operating revenues:			
Residential	**¥2,022,456**	¥1,976,832	**$17,215**
Commercial and industrial	**2,659,588**	2,660,435	**22,639**
Other	**259,053**	185,991	**2,205**
	4,941,098	4,823,259	**42,059**
Operating expenses:			
Fuel	**1,040,085**	822,488	**8,853**
Depreciation	**753,457**	785,909	**6,413**
Purchased power	**629,332**	600,895	**5,357**
Maintenance	**469,384**	472,776	**3,995**
Personnel	**401,036**	454,453	**3,414**
Taxes other than income taxes	**311,691**	319,293	**2,653**
Other	**799,347**	831,950	**6,804**
	4,404,335	4,287,767	**37,490**
Operating income	**536,763**	535,491	**4,569**
Other (income) expenses:			
Interest expense	**153,761**	156,334	**1,309**
Stock exchange gain on merger of certain subsidiaries with an exclusion from consolidation	**(12,419)**	—	**(106)**
Other, net	**(2,171)**	(5,345)	**(18)**
	139,171	150,988	**1,185**
Income before special item and income taxes	**397,592**	384,503	**3,384**
Special item:			
(Reversal of) provision for reserve for fluctuation in water levels	**(3,235)**	7,745	**(28)**
Income before income taxes	**400,827**	376,757	**3,412**
Income taxes:			
Current	**129,938**	133,662	**1,106**
Deferred	**10,062**	(1,727)	**86**
	140,000	131,934	**1,192**
Net income	**¥ 260,827**	¥ 244,822	**$ 2,220**
	Yen		U.S. dollars (Note 2)
Per share of common stock:			
Net income (basic)	**¥192.99**	¥181.13	**$1.64**
Cash dividends	**60.00**	60.00	**0.51**

See notes to non-consolidated financial statements..

Non-Consolidated Statements of Shareholders' Equity

The Tokyo Electric Power Company, Incorporated
Years ended March 31

	Number of shares (Thousands)	Millions of yen Common stock	Capital surplus	Retained earnings	Unrealized holding gain on securities	Treasury stock, at cost
Balance at March 31, 2004	1,352,867	¥ 676,434	¥ 19,014	¥ 1,416,147	¥ 61,509	¥ (3,359)
Net income for the year ended March 31, 2005				244,822		
Cash dividends paid				(81,080)		
Bonuses to directors and corporate auditors				(75)		
Net change during the year					2,391	(1,039)
Balance at March 31, 2005	1,352,867	676,434	19,014	1,579,814	63,900	(4,398)
Net income for the year ended March 31, 2006				**260,827**		
Cash dividends paid				**(81,055)**		
Bonuses to directors and corporate auditors				**(75)**		
Net change during the year					**41,270**	**(719)**
Balance at March 31, 2006	**1,352,867**	**¥676,434**	**¥19,014**	**¥1,759,510**	**¥105,171**	**¥(5,117)**

	Millions of U.S. dollars (Note 2) Common stock	Capital surplus	Retained earnings	Unrealized holding gain on securities	Treasury stock, at cost
Balance at March 31, 2005	$ 5,758	$ 162	$ 13,448	$ 544	$ (37)
Net income for the year ended March 31, 2006			**2,220**		
Cash dividends paid			**(690)**		
Bonuses to directors and corporate auditors			**(1)**		
Net change during the year				**351**	**(6)**
Balance at March 31, 2006	**$5,758**	**$162**	**$14,977**	**$895**	**$(44)**

See notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

The Tokyo Electric Power Company, Incorporated
March 31, 2006

1. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying non-consolidated financial statements of The Tokyo Electric Power Company, Incorporated (the "Company") have been prepared from the accounts and records maintained by the Company in accordance with the provisions of the Commercial Code of Japan and on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The Company has prepared the non-consolidated statements of shareholders' equity and certain additional information for the purpose of inclusion in this report although such statements and information are not customarily prepared in Japan. As permitted by the provision of the Commercial Code of Japan, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying non-consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The non-consolidated financial statements are prepared on the same basis as the accounting policies discussed in Note 1 to the consolidated financial statements except that the accompanying financial statements relate to the Company only, with investments in subsidiaries and affiliates being substantially stated at cost.

Certain amounts previously reported have been reclassified to conform to the current year's presentation.

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥117.48 = US$1.00, the approximate rate of exchange in effect on March 31, 2006, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

3. Accounting Change

(a) Accounting for Easement on the Transmission Line Right-of-Way

Effective April 1, 2005, the Company has changed its accounting treatment for easement on the transmission line right-of-way from non-depreciable assets to depreciable assets to be amortized by the straight-line method.

Although easement on the transmission line right-of-way has value so long as the transmission line is needed, the Company has treated it as non-depreciable assets. However, the Electricity Utilities Industry Law was revised in 2003 and the Company has been required to calculate electricity transmission and distribution cost more properly since the fiscal year ended March 31, 2006. Accordingly, the Company has changed its accounting treatment for easement to depreciate it over the estimated useful period in order to calculate the cost properly.

The effect of this change was to increase depreciation and to decrease operating income, ordinary income and income before income taxes by ¥17,460 million (US$149 million), respectively.

(b) Accounting for Reserve for Reprocessing of Irradiated Nuclear Fuel

Until March 31, 2005, the reserve for reprocessing of irradiated nuclear fuel was stated at 60% of the amount which would be required to reprocess all the irradiated nuclear fuel at the balance sheet date.

However, decommissioning expense of reprocessing facilities and other back-end expenses for the irradiated nuclear fuel with definite reprocessing plan became reasonably estimable because "The Nature of Systems and Measures for Back-End Business," an interim report was issued on August 30, 2004 by the Energy and Natural Resources. Accordingly, effective April 1, 2005, the Company has changed its accounting treatment to state at present value of the amount that would be required to reprocess the irradiated nuclear fuel incurred in proportion to combustion of nuclear fuel.

The effect of this change was to increase reprocessing costs of irradiated nuclear fuel and to decrease operating income, ordinary income and income before income taxes by ¥40,707 million (US$347 million), respectively.

4. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2006 and 2005 were as follows:

	Millions of yen			
As of March 31, 2006	Acquisition costs	Contributions in aid of construction	Accumulated depreciation	Net book value
Hydroelectric power production facilities	**¥ 1,768,806**	**¥ 8,750**	**¥ 881,205**	**¥ 878,850**
Thermal power production facilities	**5,326,074**	**33,260**	**3,964,735**	**1,328,077**
Nuclear power production facilities	**5,061,329**	**3,644**	**4,262,736**	**794,948**
Internal combustion engine power production facilities	**35,907**	**156**	**26,192**	**9,558**
Transmission facilities	**7,045,714**	**160,700**	**4,288,483**	**2,596,530**
Transformation facilities	**3,282,009**	**43,189**	**2,224,976**	**1,013,843**
Distribution facilities	**5,016,435**	**41,724**	**2,644,417**	**2,330,292**
Incidental business facilities	**172,456**	**105**	**51,776**	**120,574**
General facilities	**548,208**	**22,035**	**318,901**	**207,271**
Construction in progress	**482,433**	**—**	**—**	**482,433**
	¥28,739,375	**¥313,567**	**¥18,663,427**	**¥9,762,380**

	Millions of yen			
As of March 31, 2005	Acquisition costs	Contributions in aid of construction	Accumulated depreciation	Net book value
Hydroelectric power production facilities	¥ 1,475,639	¥ 7,302	¥ 825,279	¥ 643,057
Thermal power production facilities	5,443,903	33,269	3,936,629	1,474,004
Nuclear power production facilities	5,038,113	3,644	4,176,139	858,329
Internal combustion engine power production facilities	39,511	156	26,584	12,771
Transmission facilities	6,987,660	160,949	4,113,194	2,713,516
Transformation facilities	3,261,114	43,126	2,161,968	1,056,020
Distribution facilities	4,932,298	41,174	2,541,665	2,349,458
Incidental business facilities	127,162	40	31,802	95,320
General facilities	539,927	22,146	309,460	208,320
Construction in progress	744,519	—	5,973	738,546
	¥28,589,851	¥311,809	¥18,128,697	¥10,149,344

	Millions of U.S. dollars			
As of March 31, 2006	Acquisition costs	Contributions in aid of construction	Accumulated depreciation	Net book value
Hydroelectric power production facilities	**$ 15,056**	**$ 74**	**$ 7,501**	**$ 7,481**
Thermal power production facilities	**45,336**	**283**	**33,748**	**11,305**
Nuclear power production facilities	**43,082**	**31**	**36,285**	**6,767**
Internal combustion engine power production facilities	**306**	**1**	**223**	**81**
Transmission facilities	**59,974**	**1,368**	**36,504**	**22,102**
Transformation facilities	**27,937**	**368**	**18,939**	**8,630**
Distribution facilities	**42,700**	**355**	**22,510**	**19,836**
Incidental business facilities	**1,468**	**1**	**441**	**1,026**
General facilities	**4,666**	**188**	**2,715**	**1,764**
Construction in progress	**4,107**	**—**	**—**	**4,107**
	$244,632	**$2,669**	**$158,865**	**$83,098**

5. Contingent Liabilities

At March 31, 2006, contingent liabilities totaled ¥1,026,456 million (US$8,737 million), of which ¥436,207 million (US$3,713 million) was in the form of co-guarantees or commitments to give co-guarantees if requested for the loans, bonds or other commitments of other companies. However, ¥11,963 million (US$102 million) of this balance can be assigned to other co-guarantors based on the terms of the contracts between or among the co-guarantors.

In addition, ¥250,249 million (US$2,130 million) consisted of guarantees given in connection with housing loans made to employees of the Company.

The remainder of ¥340,000 million (US$2,894 million) represents the debt assigned by the Company to certain banks under debt assumption agreements.

6. Shareholders' Equity

Retained earnings include a legal reserve provided in accordance with the Commercial Code of Japan. The Code provides that an amount equal to at least 10% of the amount to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of such reserve and the additional paid-in capital account equals 25% of the common stock account. The legal reserve amounted to ¥169,108 million (US$1,439 million) at March 31, 2006. The Code provides that neither capital surplus nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Code also provides that if the total amount of capital surplus and the legal reserve exceeds 25% of the common stock account, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

7. Subsequent Event

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying non-consolidated financial statements for the year ended March 31, 2006, were approved at a general meeting of the shareholders held on June 28, 2006:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends (¥30 = US$0.26 per share)	¥40,522	$345
Bonuses to directors	125	1

Report of Independent Auditors

ERNST & YOUNG SHINNIHON

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The Board of Directors
The Tokyo Electric Power Company, Incorporated

We have audited the accompanying non-consolidated balance sheets of The Tokyo Electric Power Company, Incorporated as of March 31, 2006 and 2005, and the related non-consolidated statements of income and shareholders' equity for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Tokyo Electric Power Company, Incorporated at March 31, 2006 and 2005, and the non-consolidated results of its operations for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 3 (a), effective April 1, 2005, The Tokyo Electric Power Company, Incorporated has changed its accounting treatment for easement on the transmission line right-of-way from non-depreciable assets to depreciable assets to be amortized by the straight-line method.

As described in Note 3 (b), effective April 1, 2005, The Tokyo Electric Power Company, Incorporated has changed its accounting treatment for the reserve for reprocessing of irradiated nuclear fuel to state at present value of the amount which would be required to reprocess the irradiated nuclear fuel incurred in proportion to combustion of nuclear fuel.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon

June 28, 2006

Bond Issues and Maturities (Non-Consolidated)

April 1, 2005 to March 31, 2006

(Millions of yen, unless otherwise indicated)

Issue	Issue date	Issue amount	Amount at maturity	Outstanding as of March 31, 2006	Par value (¥)	Coupon rate (% per annum)	Mortgage (Type, subject property, seniority)	Maturity date	Details of maturities		Application
									Non-current maturities	Others	
Serial TEPCO bond issue number											
423	February 28, 1994	150,000	18,500	131,500	100.00	4.75	General mortgage	February 28, 2014	131,500		Funds from bond issues have been used for capital expenditures.
425	July 29, 1994	100,000	23,400	76,600	99.80	5.0		July 29, 2014	76,600		
426	November 28, 1994	100,000	77,500	22,500	99.60	5.05		November 28, 2014	22,500		Note
428	May 29, 1995	150,000	49,800	100,200	100.00	4.1		May 29, 2015	100,200		
429	August 24, 1995	150,000	32,000	118,000	100.00	3.1		August 24, 2007	118,000		
431	February 28, 1996	100,000	21,500	78,500	100.00	3.25		February 28, 2008	78,500		
433	April 30, 1996	150,000	44,500	105,500	100.00	3.45		April 30, 2008	105,500		
434	May 31, 1996	150,000	150,000		99.80	3.5		May 31, 2006			Note
435	November 29, 1996	150,000	120,000	30,000	99.80	2.8		November 29, 2006		30,000	Note
436	November 29, 1996	50,000	8,100	41,900	100.00	3.45		November 29, 2016	41,900		
437	May 15, 1997	100,000	14,000	86,000	100.00	2.5		May 15, 2007	86,000		
438	June 25, 1997	50,000	7,700	42,300	100.00	3.15		June 25, 2009	42,300		
439	July 31, 1997	100,000	8,500	91,500	100.00	2.625		July 31, 2007	91,500		
440	July 28, 1997	50,000	2,000	48,000	100.00	3.225		July 28, 2017	48,000		
441	September 22, 1997	50,000	7,200	42,800	100.00	3.075		September 22, 2017	42,800		
442	December 19, 1997	50,000		50,000	100.00	2.2		December 19, 2007	50,000		
443	December 22, 1997	50,000	1,700	48,300	100.00	2.775		December 22, 2017	48,300		
445	January 30, 1998	50,000		50,000	100.00	2.15		January 30, 2008	50,000		Note
446	March 23, 1998	50,000	7,000	43,000	100.00	2.9		March 23, 2018	43,000		Note
447	March 24, 1998	60,000		60,000	100.00	2.25		March 24, 2008	60,000		Note
448	April 17, 1998	70,000	12,700	57,300	100.00	2.775		April 17, 2018	57,300		Note
449	April 17, 1998	50,000		50,000	100.00	2.1		April 17, 2008	50,000		Note
450	May 18, 1998	50,000	50,000		100.00	1.825		May 18, 2005			Note
451	May 15, 1998	50,000		50,000	100.00	2.15		May 15, 2008	50,000		Note
452	May 28, 1998	80,000		80,000	100.00	2.0		May 28, 2008	80,000		Note
453	July 29, 1998	50,000	50,000		100.00	1.625		July 29, 2005			Note
454	August 28, 1998	50,000		50,000	100.00	1.825		August 28, 2008	50,000		Note
455	October 23, 1998	50,000		50,000	100.00	2.075		October 23, 2018	50,000		Note
456	October 23, 1998	50,000		50,000	100.00	1.325		October 23, 2008	50,000		Note
457	November 16, 1998	50,000		50,000	100.00	2.05		November 16, 2018	50,000		Note
458	November 18, 1998	50,000		50,000	100.00	1.33		November 18, 2008	50,000		Note
459	January 29, 1999	50,000	5,500	44,500	100.00	2.7		January 29, 2019	44,500		Note
460	March 17, 1999	50,000		50,000	100.00	2.4		March 17, 2011	50,000		Note
462	April 15, 1999	50,000		50,000	100.00	2.0		April 15, 2009	50,000		Note
463	June 24, 1999	50,000	50,000		100.00	0.85		June 24, 2005			Note
464	July 28, 1999	70,000		70,000	100.00	2.025		July 28, 2011	70,000		Note
465	September 17, 1999	50,000		50,000	100.00	2.0		September 17, 2009	50,000		Note
466	September 17, 1999	50,000	7,500	42,500	100.00	2.8		September 17, 2019	42,500		Note
467	December 9, 1999	50,000		50,000	100.00	1.825		December 9, 2009	50,000		Note
468	February 15, 2000	50,000	50,000		100.00	1.325		February 15, 2006			Note
469	April 27, 2000	100,000	100,000		100.00	1.25		April 27, 2005			Note
470	June 15, 2000	50,000		50,000	100.00	1.99		June 15, 2012	50,000		Note
471	June 15, 2000	50,000		50,000	100.00	1.825		June 15, 2010	50,000		Note
472	August 17, 2000	50,000		50,000	100.00	1.825		August 17, 2010	50,000		Note
473	August 17, 2000	50,000		50,000	100.00	1.975		August 17, 2012	50,000		Note
474	October 27, 2000	50,000		50,000	100.00	1.44		October 27, 2006		50,000	Note
475	October 27, 2000	50,000		50,000	100.00	1.96		October 27, 2010	50,000		Note

(Millions of yen, unless otherwise indicated)

Issue	Issue date	Issue amount	Amount at maturity	Outstanding as of March 31, 2006	Par value (¥)	Coupon rate (% per annum)	Mortgage (Type, subject property, seniority)	Maturity date	Details of maturities		Application
									Non-current maturities	Others	
Serial TEPCO bond issue number											
476	November 30, 2000	50,000		50,000	100.00	1.93	General mortgage	November 30, 2010	50,000		Note
477	December 15, 2000	50,000	50,000		100.00	1.17		December 15, 2005			Note
478	February 23, 2001	50,000		50,000	100.00	1.68		February 23, 2011	50,000		Note
479	February 27, 2001	50,000		50,000	100.00	1.11		February 27, 2007		50,000	Note
480	March 14, 2001	50,000		50,000	100.00	1.54		March 14, 2011	50,000		Note
481	March 14, 2001	50,000	50,000		100.00	0.82		March 14, 2006			Note
482	May 25, 2001	100,000		100,000	100.00	1.45		May 25, 2011	100,000		Note
483	June 15, 2001	50,000		50,000	100.00	1.4		June 15, 2011	50,000		Note
484	June 15, 2001	50,000		50,000	100.00	0.51		June 15, 2006		50,000	Note
485	June 22, 2001	50,000		50,000	100.00	1.38		June 22, 2011	50,000		Note
486	June 26, 2001	50,000		50,000	100.00	0.48		June 26, 2006		50,000	Note
487	October 26, 2001	50,000		50,000	100.00	1.445		October 26, 2011	50,000		Note
488	October 26, 2001	50,000		50,000	100.00	0.5		October 26, 2006		50,000	Note
489	November 15, 2001	100,000		100,000	100.00	1.39		November 15, 2011	100,000		Note
490	November 29, 2001	50,000		50,000	100.00	0.5		November 29, 2006		50,000	Note
491	January 31, 2002	50,000		50,000	100.00	1.49		January 31, 2012	50,000		Note
492	March 13, 2002	50,000		50,000	100.00	0.73		March 13, 2007		50,000	Note
493	April 26, 2002	100,000		100,000	100.00	1.49		April 26, 2012	100,000		Note
494	May 14, 2002	50,000		50,000	100.00	0.59		May 14, 2007	50,000		Note
495	May 30, 2002	50,000		50,000	100.00	1.455		May 30, 2012	50,000		Note
496	June 14, 2002	100,000		100,000	100.00	1.49		June 14, 2012	100,000		Note
497	July 30, 2002	100,000		100,000	100.00	1.395		July 30, 2012	100,000		Note
498	December 13, 2002	100,000		100,000	100.00	1.1		December 13, 2012	100,000		Note
499	December 26, 2002	50,000		50,000	100.00	1.115		December 26, 2012	50,000		Note
500	December 25, 2002	50,000		50,000	100.00	0.635		December 25, 2009	50,000		Note
501	February 14, 2003	100,000		100,000	100.00	0.92		February 14, 2013	100,000		Note
502	February 27, 2003	50,000		50,000	100.00	0.96		February 27, 2013	50,000		Note
503	March 17, 2003	50,000		50,000	100.00	0.36		March 17, 2008	50,000		Note
504	April 25, 2003	50,000		50,000	100.00	0.335		April 25, 2008	50,000		Note
505	April 25, 2003	50,000		50,000	100.00	0.775		April 25, 2013	50,000		Note
506	May 30, 2003	100,000		100,000	100.00	0.675		May 30, 2013	100,000		Note
507	October 28, 2003	50,000		50,000	100.00	1.47		October 28, 2013	50,000		Note
508	October 28, 2003	50,000		50,000	100.00	0.62		October 28, 2008	50,000		Note
509	December 24, 2003	50,000		50,000	100.00	0.655		December 24, 2008	50,000		Note
510	December 24, 2003	50,000		50,000	100.00	1.415		December 24, 2013	50,000		Note
511	May 28, 2004	50,000		50,000	100.00	1.615		May 28, 2014	50,000		Note
512	May 28, 2004	50,000		50,000	100.00	0.725		May 28, 2009	50,000		Note
513	July 28, 2004	50,000		50,000	100.00	1.85		July 28, 2014	50,000		Note
514	October 29, 2004	50,000		50,000	100.00	1.565		October 29, 2014	50,000		Note
515	February 10, 2005	50,000		50,000	100.00	1.435		February 10, 2015	50,000		Note
516	April 27, 2005	50,000		50,000	100.00	1.42		April 27, 2015	50,000		Note
517	June 15, 2005	50,000		50,000	100.00	1.355		June 15, 2015	50,000		Note
518	August 12, 2005	100,000		100,000	100.00	1.36		August 12, 2015	100,000		Note
519	December 28, 2005	50,000		50,000	100.00	1.59		December 28, 2015	50,000		Note
Domestic bond total		5,980,000	1,019,100	4,960,900					4,580,900	380,000	

Funds from bond issues have been used for capital expenditures.

(Millions of yen, unless otherwise indicated)

Issue	Issue date	Issue amount	Amount at maturity	Outstanding as of March 31, 2006	Par value (¥)	Coupon rate (% per annum)	Mortgage (Type, subject property, seniority)	Maturity date	Details of maturities: Non-current maturities	Details of maturities: Others	Application
15th Swiss franc-denominated TEPCO bond	September 27, 1996	27,012 [300,000 thousand Swiss franc]		27,012 [300,000 thousand Swiss franc]	102.50	4.50	General mortgage	September 27, 2006		27,012 [300,000 thousand Swiss franc]	Funds from bond issues have been used for capital expenditures.
1st French franc-denominated TEPCO bond	September 27, 1996	85,120 [4,000,000 thousand French franc]		85,120 [4,000,000 thousand French franc]	99.403	6.50		September 27, 2006		85,120 [4,000,000 thousand French franc]	
7th U.S. dollar-denominated TEPCO bond	February 13, 1997	116,400 [1,000,000 thousand U.S. dollar]		116,400 [1,000,000 thousand U.S. dollar]	99.758	7.00		February 13, 2007		116,400 [1,000,000 thousand U.S. dollar]	
8th U.S. dollar-denominated TEPCO bond	June 13, 1997	58,100 [500,000 thousand U.S. dollar]		58,100 [500,000 thousand U.S. dollar]	99.815	7.125		June 13, 2007	58,100 [500,000 thousand U.S. dollar]		
2nd Euro-denominated TEPCO bond	May 14, 1999	125,850 [1,000,000 thousand Euro]		125,850 [1,000,000 thousand Euro]	99.738	4.375		May 14, 2009	125,850 [1,000,000 thousand Euro]		Note
3rd Euro-denominated TEPCO bond	March 27, 2002	113,510 [1,000,000 thousand Euro]		113,510 [1,000,000 thousand Euro]	100.977	5.125		March 27, 2007		113,510 [1,000,000 thousand Euro]	Note
4th Euro-denominated TEPCO bond	March 24, 2004	134,270 [1,000,000 thousand Euro]		134,270 [1,000,000 thousand Euro]	99.763	4.50		March 24, 2014	134,270 [1,000,000 thousand Euro]		Note
Overseas bond total		660,262 [300,000 thousand Swiss franc] [1,500,000 thousand U.S. dollar] [4,000,000 thousand French franc] [3,000,000 thousand Euro]		660,262 [300,000 thousand Swiss franc] [1,500,000 thousand U.S. dollar] [4,000,000 thousand French franc] [3,000,000 thousand Euro]					318,220 [500,000 thousand U.S. dollar] [2,000,000 thousand Euro]	342,042 [300,000 thousand Swiss franc] [1,000,000 thousand U.S. dollar] [4,000,000 thousand French franc] [1,000,000 thousand Euro]	
Total		[Issued during the fiscal year 250,000] 6,640,262	[Redeemed during the fiscal year 405,400] 1,019,100	[Decrease for the fiscal year 155,400] 5,621,162		1.929			4,899,120	722,042	

Notes: 1. TEPCO treats the following bonds, denoted using their serial TEPCO bond issue numbers, or amounts thereof as redeemed because they represent debt assigned by the Company under debt assumption agreements.
Agreements concluded in fiscal 2000: 434th TEPCO bond (¥120,000 million of total)
Agreements concluded in fiscal 2001: 426th TEPCO bond (¥70,000 million of total), 434th TEPCO bond (¥30,000 million of total), 435th TEPCO bond (¥120,000 million of total)
Contingent redemption obligations relevant to bond holders are presented in Note 5 of the Notes to Non-Consolidated Financial Statements regarding contingent liabilities on TEPCO's balance sheets.

2. Funds from the issue of TEPCO bonds number 445 to 458, TEPCO bonds 504 to 510 and TEPCO bonds 513 to 515 have been used for capital expenditures or repayment of borrowings.

3. Funds from the issue of TEPCO bonds number 459 to 460, TEPCO bonds 462 to 503, TEPCO bonds 511 to 512, TEPCO bonds 516 to 519, the 2nd Euro-denominated TEPCO bond, the 3rd Euro-denominated TEPCO bond, and the 4th Euro-denominated TEPCO bond have been used for capital expenditures, repayment of borrowings or redemption of bonds.

4. For all bonds issued overseas, TEPCO fixed the yen value of the amount at maturity and interest payments with currency swaps at the time of issue.

Corporate Information

As of March 31, 2006

Trade Name
The Tokyo Electric Power Company, Incorporated

Head Office
1-3, Uchisaiwai-cho 1-chome, Chiyoda-ku,
Tokyo 100-8560, Japan
Phone: +81-3-4216-1111

Established
May 1, 1951

Fiscal Year-End
March 31

Paid-in Capital
¥676,434,197,050

Number of Employees
38,235

Overseas Offices
Washington Office
1901 L Street, N.W., Suite 720, Washington, D.C. 20036, U.S.A.
Phone: +1-202-457-0790
London Office
Berkeley Square House, Berkeley Square, London W1J 6BR, U.K.
Phone: +44-20-7629-5271

Number of Shares of Common Stock Issued and Outstanding
1,352,867,531

Number of Shareholders
801,025

Shareholders' Meeting
June

Stock Listings
Tokyo Stock Exchange, Osaka Securities Exchange,
Nagoya Stock Exchange
(Code: 9501)

Accounting Auditor
Ernst & Young ShinNihon

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

Publications
- *TEPCO Corporate Brochure*
- *TEPCO ILLUSTRATED*
- *TEPCO Sustainability Report*

TEPCO Investor Relations Website
http://www.tepco.co.jp/en/ir/index-e.html
In addition to financial data, the site contains a business overview and other information.

Credit Ratings (As of April 17, 2006)

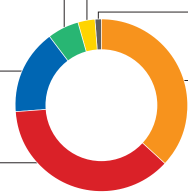
Standard and Poor's Ratings Services	AA- (stable)
Moody's Investors Service, Inc.	Aa3 (positive)
Rating and Investment Information, Inc.	AA+ (stable)
Japan Credit Rating Agency, Ltd.	AAA (negative)

Major Shareholders

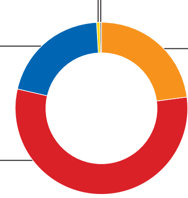
Name	Number of Shares Held (Thousands)
Japan Trustee Services Bank, Ltd. (Trust Account)	56,947
The Dai-ichi Mutual Life Insurance Company	55,001
Nippon Life Insurance Company	52,800
The Master Trust Bank of Japan, Ltd. (Trust Account)	51,409
Tokyo Metropolitan Government	42,676
Sumitomo Mitsui Banking Corporation	35,927
Mizuho Corporate Bank, Ltd.	34,839
Japan Trustee Services Bank, Ltd. (Trust Account 4)	19,441
State Street Bank and Trust Company 505103	14,012
TEPCO Employees' Shareholding Association	13,823

Breakdown of Shareholders

Shareholdings by Type of Shareholder



Shareholders by Number of Shares Held



For more detailed information, please contact:
Tokyo Electric Power Company
- Shareholder & Investor Relations Group, Corporate Affairs Department
- Finance Group, Accounting & Treasury Department
  1-3, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo 100-8560, Japan
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TOKYO ELECTRIC POWER COMPANY

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