

TEPCO Group Medium to Long-term Growth Declaration

2020



Vision

September 13, 2010

TOKYO ELECTRIC POWER COMPANY

Management Vision 2010 (Oct. 2004)

【Business environment】

- Advancement of electric power liberalization
- Nuclear scandal
- Consolidated management etc.

【Concept】

- Promote efficiency and expand sales (“Compete and succeed”)
- Improve financial standing
- Regain public confidence
- Enhance group management

2020 Vision (Sep. 2010)

【Business environment】

- Population decrease, aging society and falling birthrate, changes in industrial structure
- Advancement of energy conservation
- Global warming issue
- Increased energy consumption mainly in Asia etc.

【Concept】

- Take the opportunity of the business environment to delve deeper into, and more widely expand business activities
- Pursue forward-looking management toward sustainable growth

2020 Vision

Unchanging social mission



Pursuit of new social and environmental roles

Reduction of carbon levels from electricity *supply to demand*

Promotion of high-efficiency, low-carbon energy use overseas

Realize sustainable growth by striking a balance with corporate profit

Share the results of business growth with stakeholders

Customers

Society, local communities

- Low-cost and stable energy services
- Safety and quality assurance, faithful conduct, and community contribution

- ◎ **Contribution to low-carbon societies inside and outside Japan**

Overseas

Employees

- Enough opportunities to exercise potential
- Rewarding careers

Shareholders and investors

- Corporate value creation
- Stable dividends

Creditors

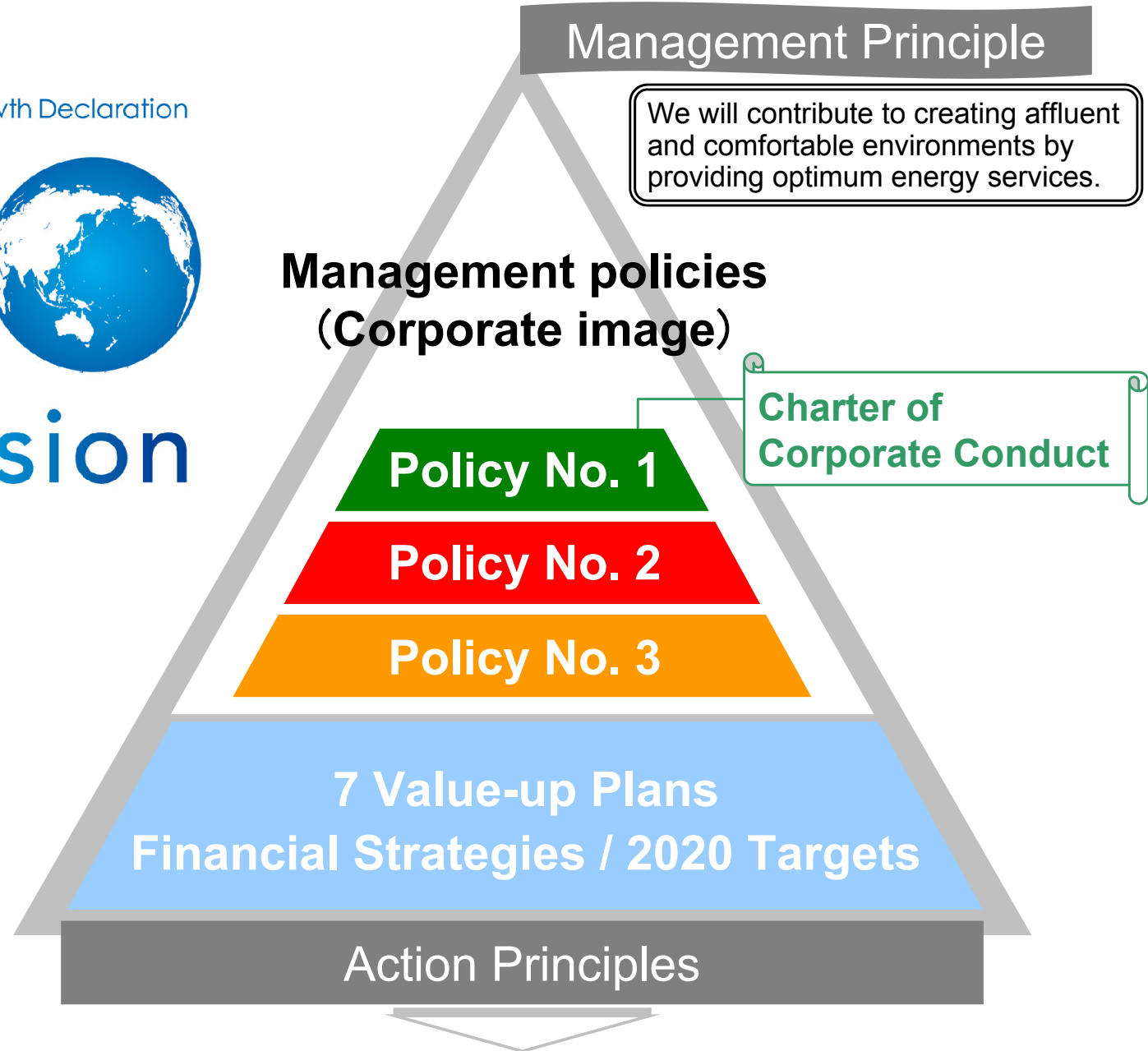
- Steady debt redemption

Business partners

- Mutual development in trust and cooperation

Overview of 2020 Vision

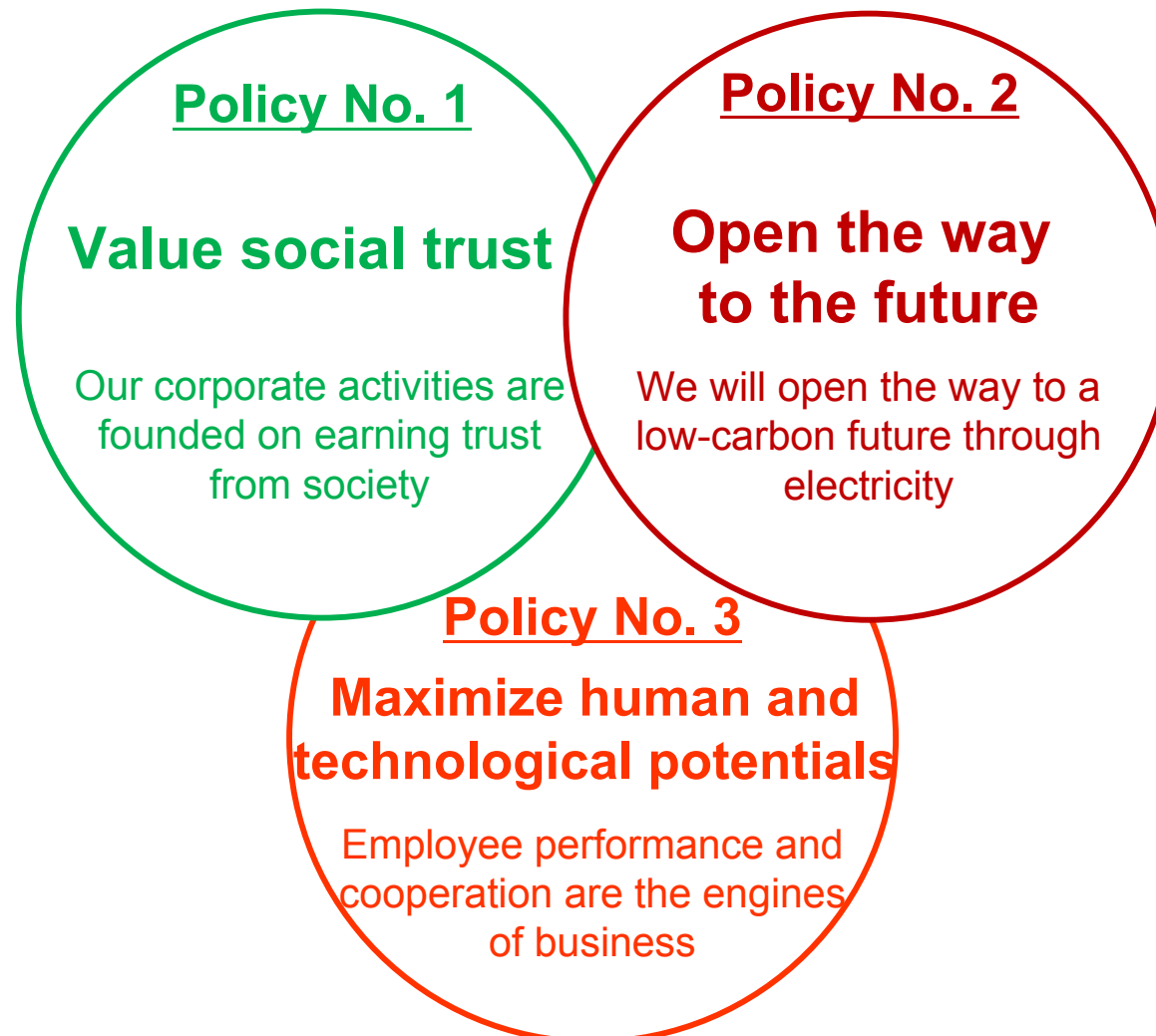
TEPCO Group Medium to Long-term Growth Declaration

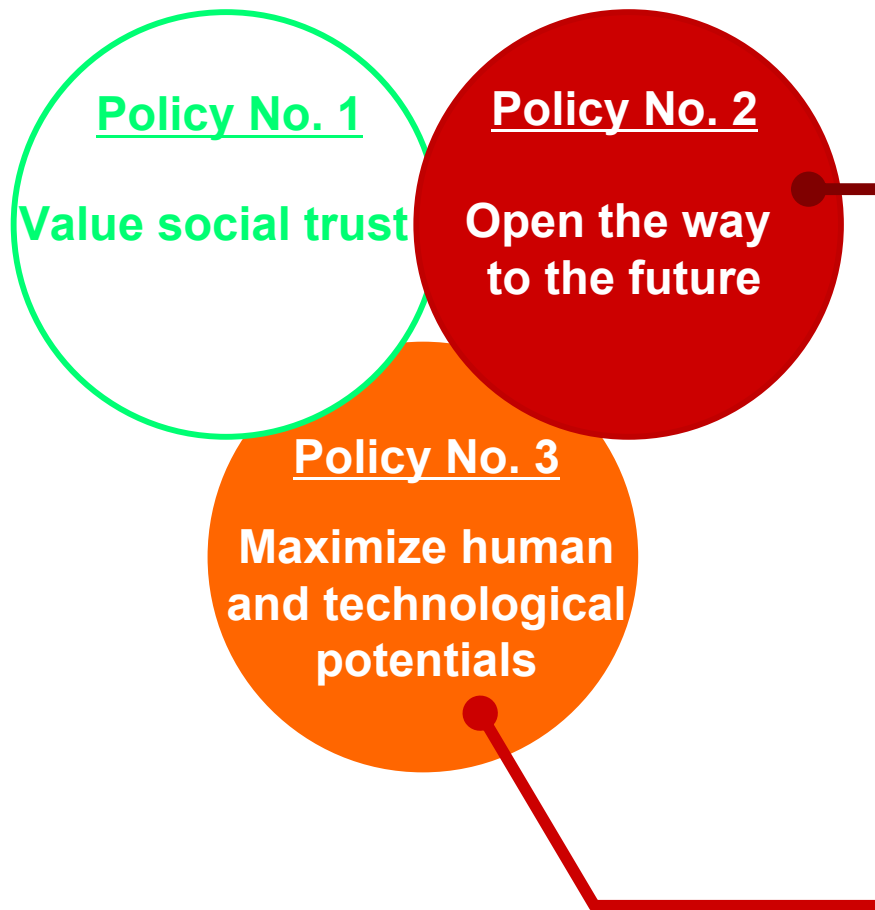


Incorporation in fiscal management plans

Management Policies (Corporate Image)

The TEPCO Group will abide by three policies, to continue offering energy services based on low-cost, stable supply of electricity, as well as to **achieve sustainable growth by pursuing new social and environmental roles in “leading the low-carbon era” and by striking a balance between those roles and corporate profit.**





plan 1

Actively introduce zero-emission power sources



plan 2

Recommend electric systems to all sectors



plan 3

Develop "smarter" power system network



plan 4

Expand our business arena



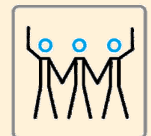
plan 5

Continue improving business efficiency



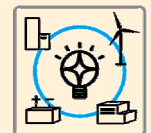
plan 6

Create operational excellence driven by employee performance and cooperation



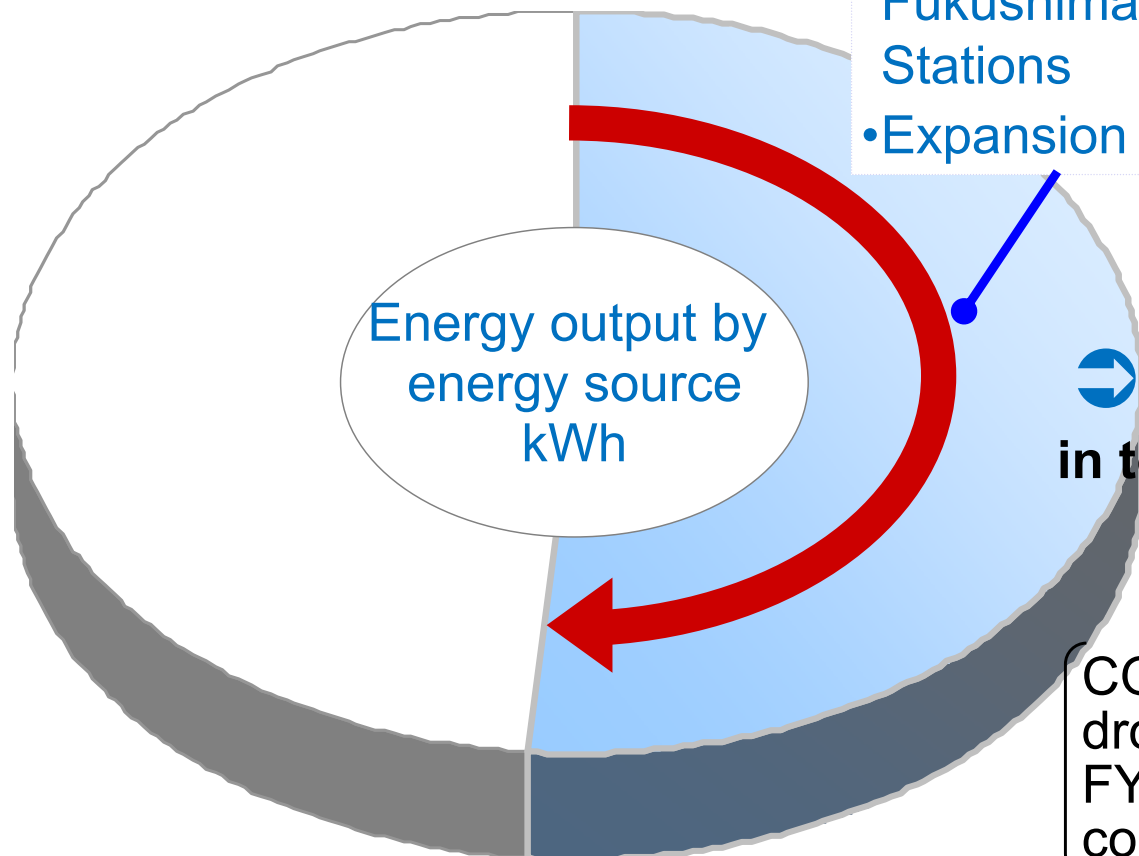
plan 7

Accumulate next-generation technologies



Proportion of non-fossil energy in total energy output

- Improvement of nuclear power plant performance
- Implementation of new construction plans at Fukushima Daiichi and Higashidori Power Stations
- Expansion of the use of renewable energies



➔ Proportion of non-fossil energy in total energy output **More than 50%**

CO₂ emission intensity is expected to drop to around **0.28 kg-CO₂/kWh** in FY2020 (reduction of **more than 25%** compared to that in FY1990).

Over the next ten years, we will invest **2.5 trillion yen** in the development of electric power and distribution systems toward a low-carbon society.

1) Expanding nuclear power generation -reliable nuclear power-

Expansion of nuclear power use

Achieve stable and high-utilization operations of existing plants

Attain safe and long-term operations of existing plants

Promote the construction of new plants as planned

Strengthening field-oriented abilities, Human resource development, Promoting business innovations

We will aim to achieve the world's top performance levels in safety and quality and join **“the top 1/4 of the world's nuclear power plants** based on the WANO performance indicators[※].”

※ The indicators include “forced loss rate”, “unit capacity factor”, and “collective radiation exposure”.

Establishment of the nuclear fuel cycle

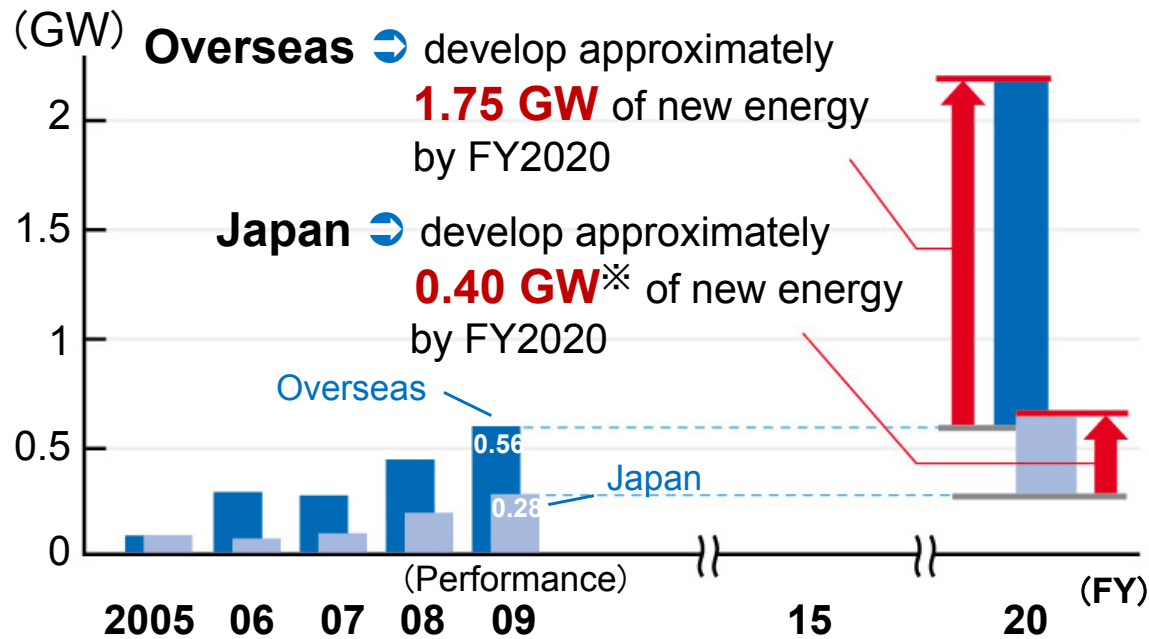
Secure stable nuclear fuel supply / Promote back-end operations

Earning the trust of local residents

Develop power plants so that they co-exist in harmony with local communities and earn the trust of local residents

2) Expanding the use of renewable energies

【Renewable energy use in Japan and overseas (cumulative)】



* In terms of total facility capacity of projects.

(Note) Figures represent cumulative totals after FY2005.

【Mega solar projects under construction】

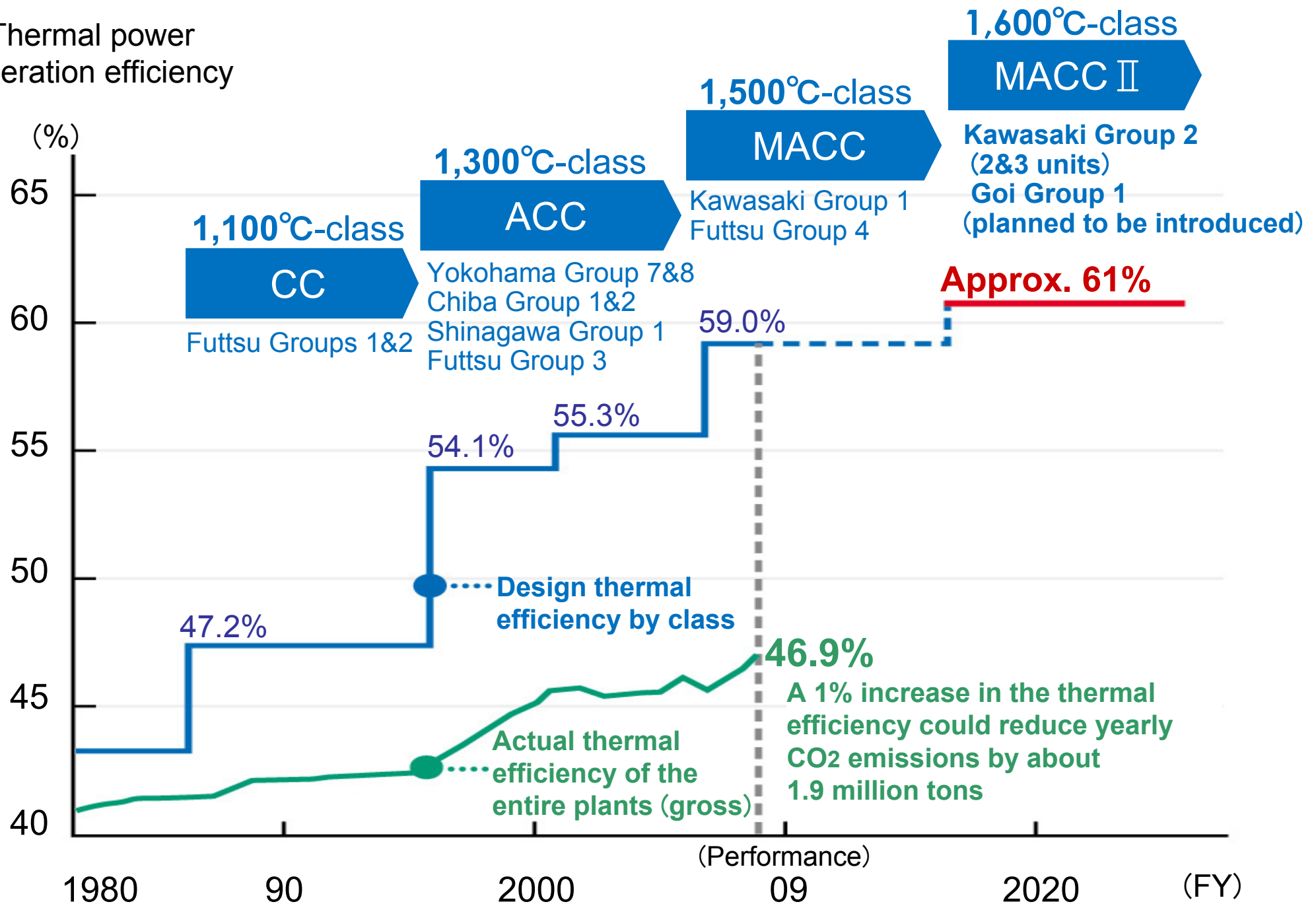
Project	Output (kW)	Commencement of operations
Ukishima, Ohgishima	20,000	Aug. 2011 ~
Komekurayama	10,000	Jan. 2012

【Outlook of hydropower development】

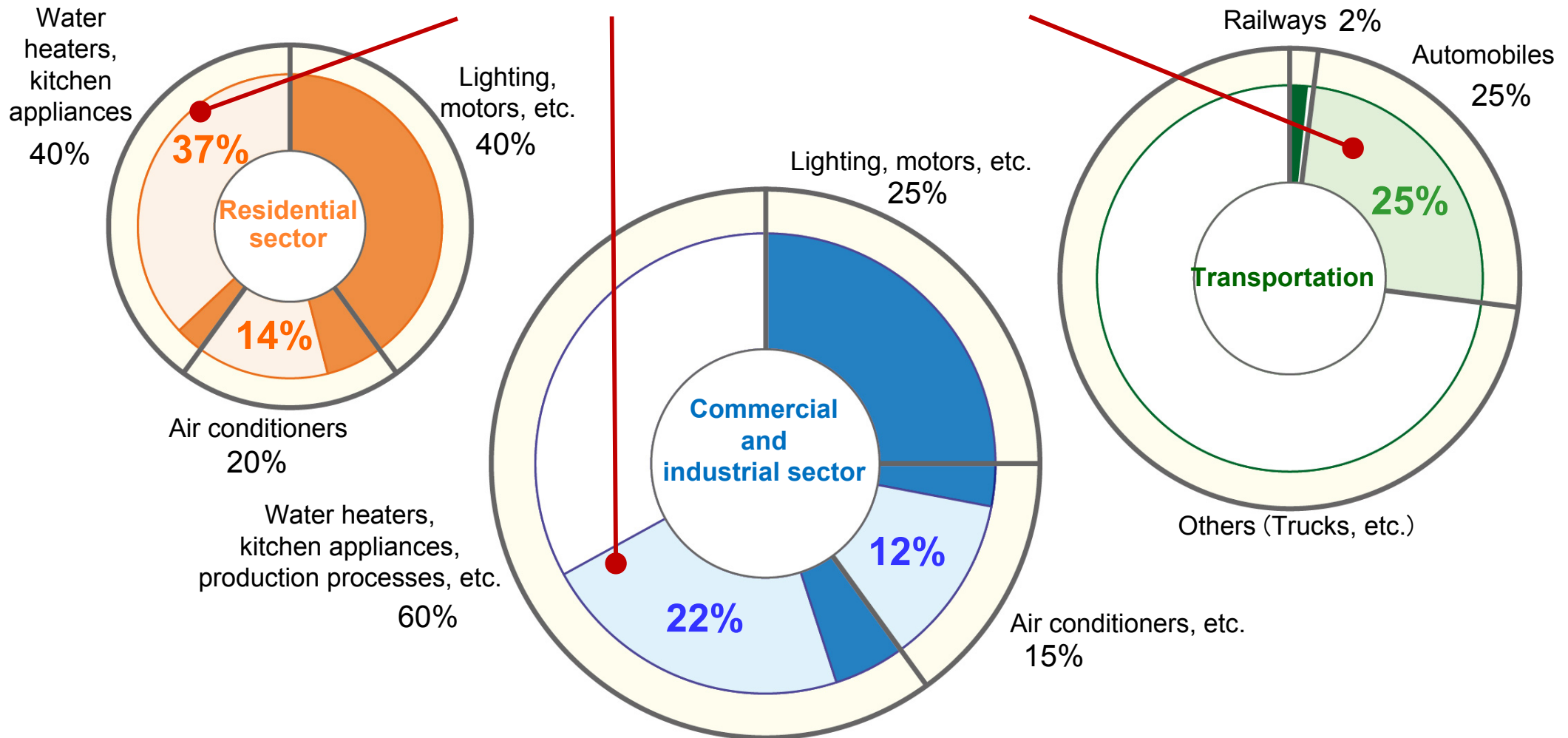
Operator	Total output* (kW)
TEPCO (7 locations)	4,790
Tokyo Electric Generation Co., Inc	520

* Excludes pumped-storage generation.

Thermal power generation efficiency



The potential market size of electrification is **more than 100 TWh** (Light colors)



➔ Promoting electrification from other heating source, we will electrify **10 TWh** of energy in the five years and **30 TWh** in the ten years

〔 contribute to reducing CO₂ emissions by **around 10 million tons** by FY2020 〕

Basic Policies

(1) Building network that can integrate huge amount of renewable energy

- Take advantage of ICT to build power system network that would boost the penetration of photovoltaic power generation



(2) Supporting customers' energy-saving efforts

- Support customers' energy-saving efforts by utilizing advanced meters and promoting energy shifts to electricity
- Facilitate the creation of low-carbon cities

(3) Improving the efficiency and reliability of power system

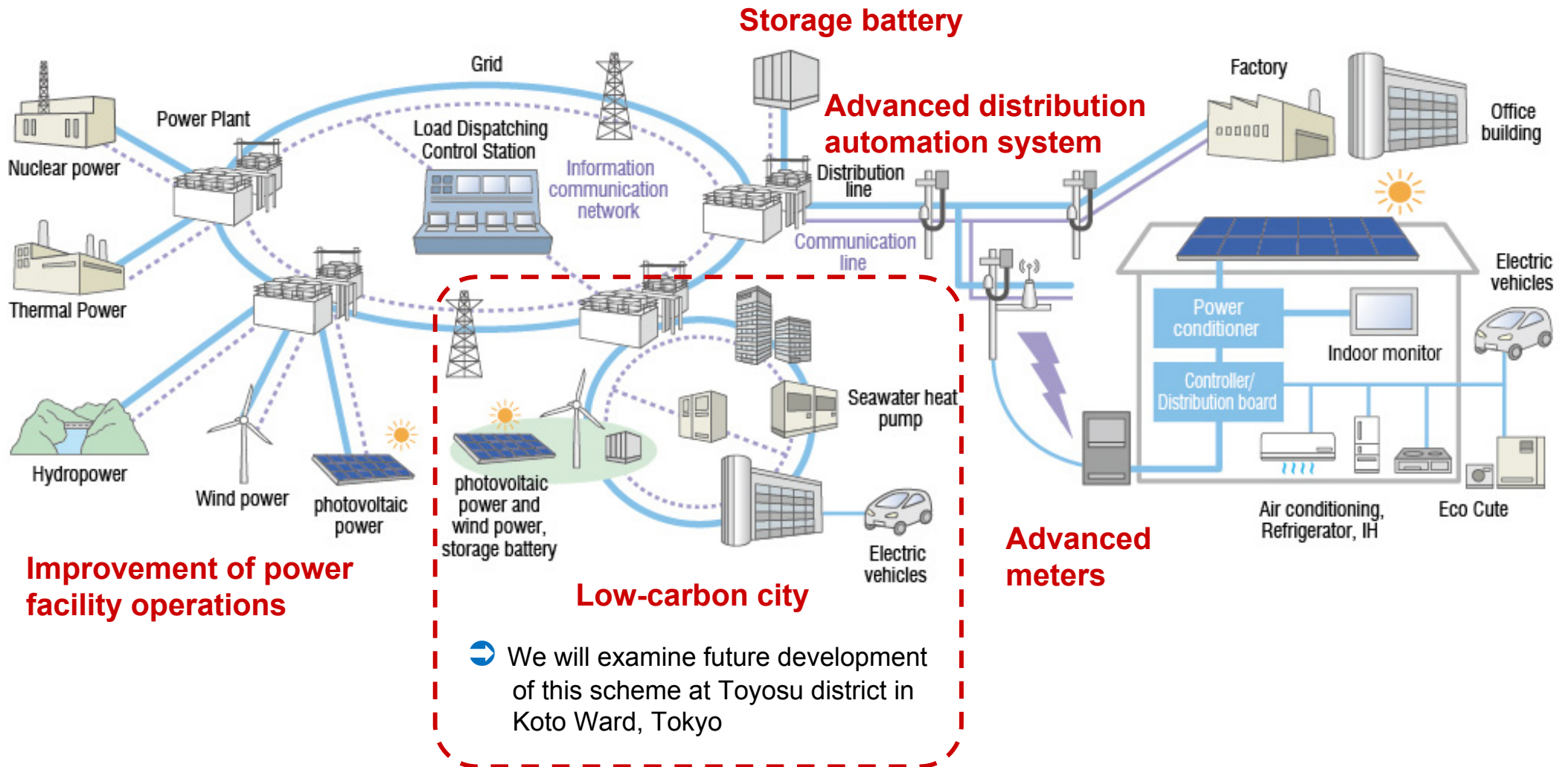
- Deliver stable, low-carbon electricity by improving the efficiency and reliability of power system with utilizing ICT and storage batteries

Power generation

Power transmission

Power distribution

Sales



Overseas businesses

Domestic businesses (energy-related and others)

- Energy supply (gas, etc.)
- Data center
- Energy saving consultation
- Energy solutions
- Green Power Certification
- Fully-electrified homes and systems
(real estate, etc.)
- Services for senior citizens
- Business support
- Others

Electricity business
in Japan

Fuel projects

Upstream interests, transportation, trading

We will enhance the stability, flexibility, and economic efficiency of fuel procurement and acquire new opportunities for profit.

Power generation projects

Thermal, nuclear, and renewable energies

We will expand consolidated profit by attaining efficient supply of low-carbon energy.

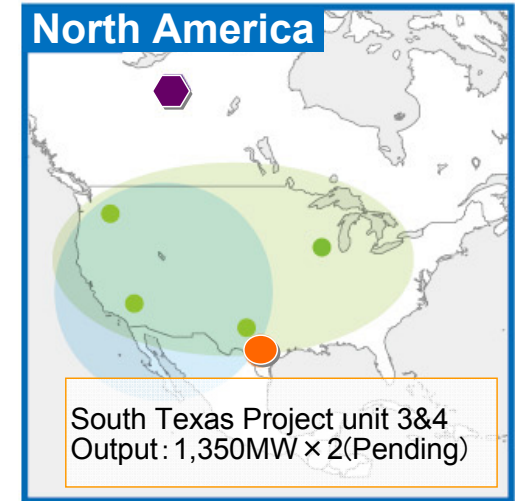
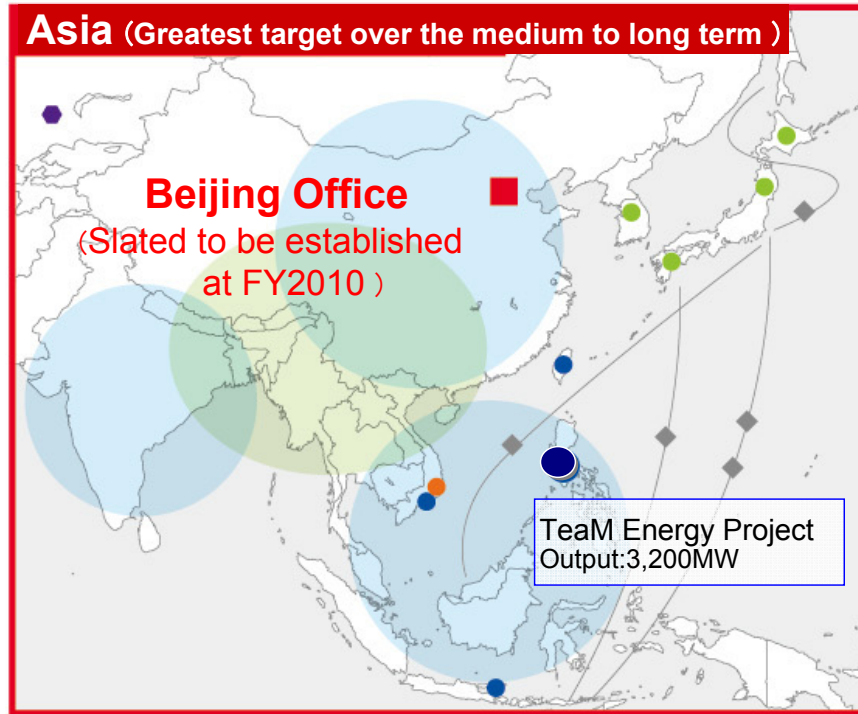
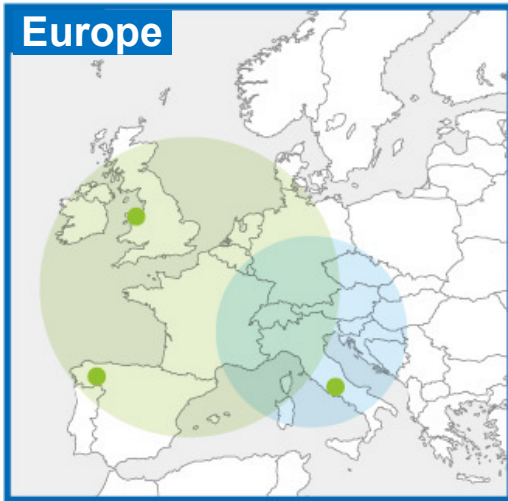
Network projects, etc.

Power transmission and distribution, consultation on energy conservation, etc.

We will ensure business continuity and increase profit stability.

[We will examine the potentials of new ICT services in anticipation of the utilization of advanced meters.]

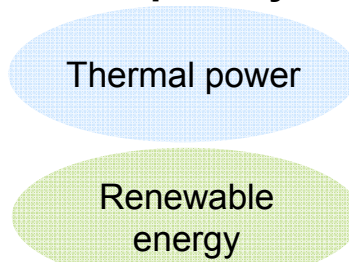
<h3>Thermal power projects</h3>	<ul style="list-style-type: none"> Seize project opportunities around the world Prepare to advance into the Asian market, particularly China and India, over the medium to long term 	<p>[Overseas output quota]</p> <table border="1"> <caption>Overseas output quota (GW)</caption> <thead> <tr> <th>Fiscal Year (FY)</th> <th>Output (GW)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>~3.0</td> </tr> <tr> <td>2008</td> <td>~3.5</td> </tr> <tr> <td>2009</td> <td>3.5</td> </tr> <tr> <td>2010</td> <td>~4.0</td> </tr> <tr> <td>2015</td> <td>~8.0</td> </tr> <tr> <td>2020</td> <td>10.0</td> </tr> </tbody> </table>	Fiscal Year (FY)	Output (GW)	2007	~3.0	2008	~3.5	2009	3.5	2010	~4.0	2015	~8.0	2020	10.0
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2010	~4.0															
2015	~8.0															
2020	10.0															
<h3>Nuclear power projects</h3>	<ul style="list-style-type: none"> Engage in nuclear power projects by drawing on our previous experience in ABWR development, construction, and operation Launch overseas projects in countries that have already introduced nuclear power generation and expand to other countries, step by step 															
<h3>Renewable energy projects</h3>	<ul style="list-style-type: none"> Expand renewable energy projects in Europe and the United States under the leadership of Eurus Energy Holdings Corporation Consider expanding into regions other than Europe and the United States over the medium to long term 															
<h3>Fuel projects</h3>	<ul style="list-style-type: none"> Expand participation in fuel projects to increase fuel procurement stability, flexibility, and economic efficiency Establish a rough guideline of procurement rates per fuel type (see fig. below) from projects we participate in 	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Uranium</p> <p>Present 8%</p> <p>2020 <u>1/3 ~ 1/2</u></p> </div> <div style="text-align: center;"> <p>LNG</p> <p>Present 11%</p> <p>2020 <u>1/3*</u></p> </div> </div> <p>*Rate of procurement from projects TEPCO participates in and largely contributes to enhancing stability and flexibility.</p>														



Locations of overseas projects (including projects under preparation)

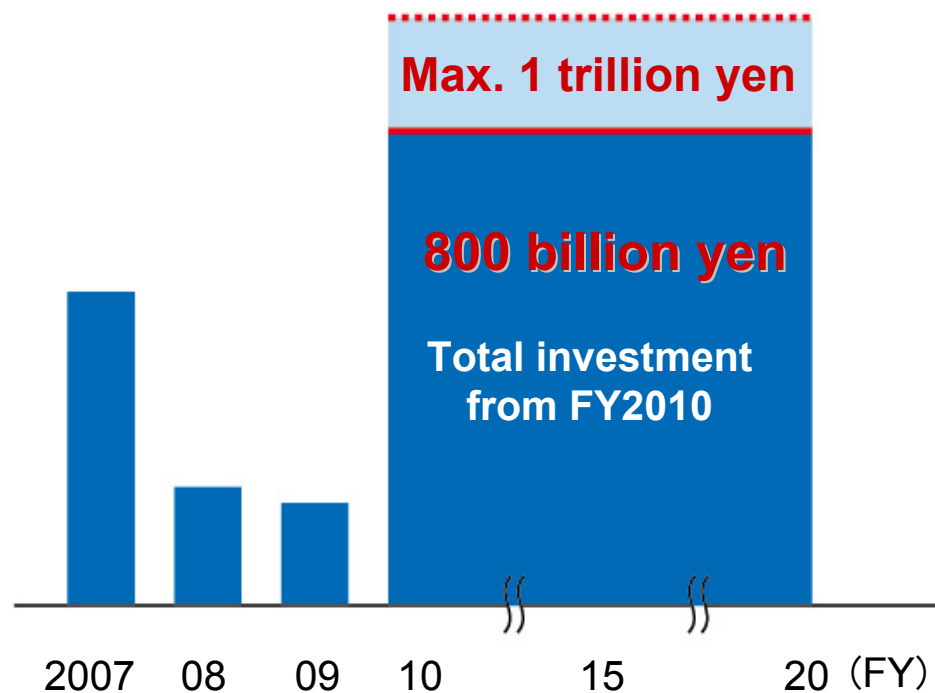
- Thermal power projects
- Nuclear power projects
- Renewable energy projects
- Upstream LNG projects
- Uranium projects
- ◆ LNG transportation business

Future priority areas

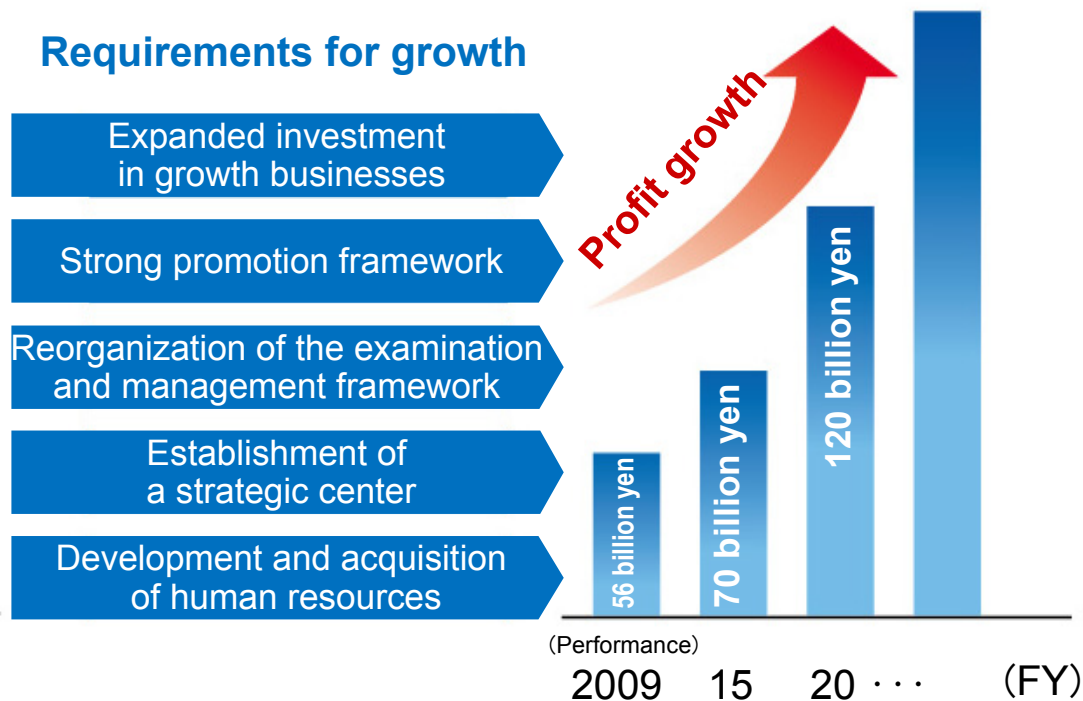


We have implemented energy conservation consultation services and others around the world (407 projects in 63 countries as of July 31, 2010).

【Investment in growth businesses】



【Requirements of growth businesses and ordinary income】



Growth business

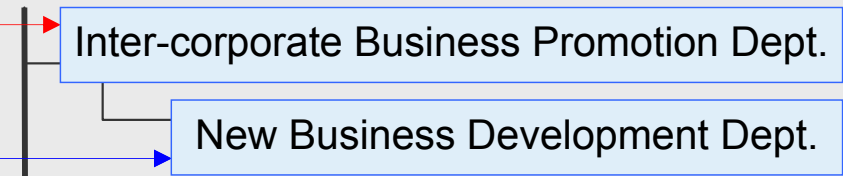
We will focus on expanding our business in three domains: the domestic electricity business, overseas businesses, and energy-related and other businesses. We refer to the latter two domains as “growth businesses,” because we will be seeking growth especially in these domains, in addition to the domestic electricity business.

Present framework

Future framework

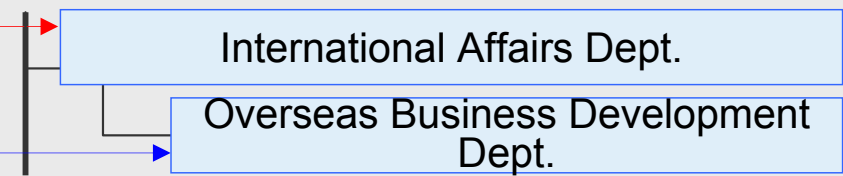
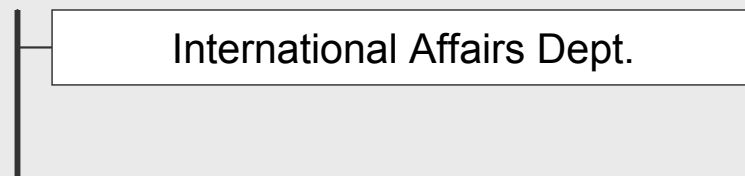
【Domestic Group business promotion framework】

【Comprehensive management of domestic businesses】

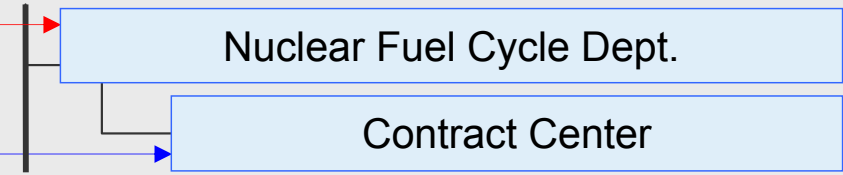


【Overseas business promotion framework】

【Comprehensive management of overseas businesses】



【Nuclear fuel cycle promotion framework】

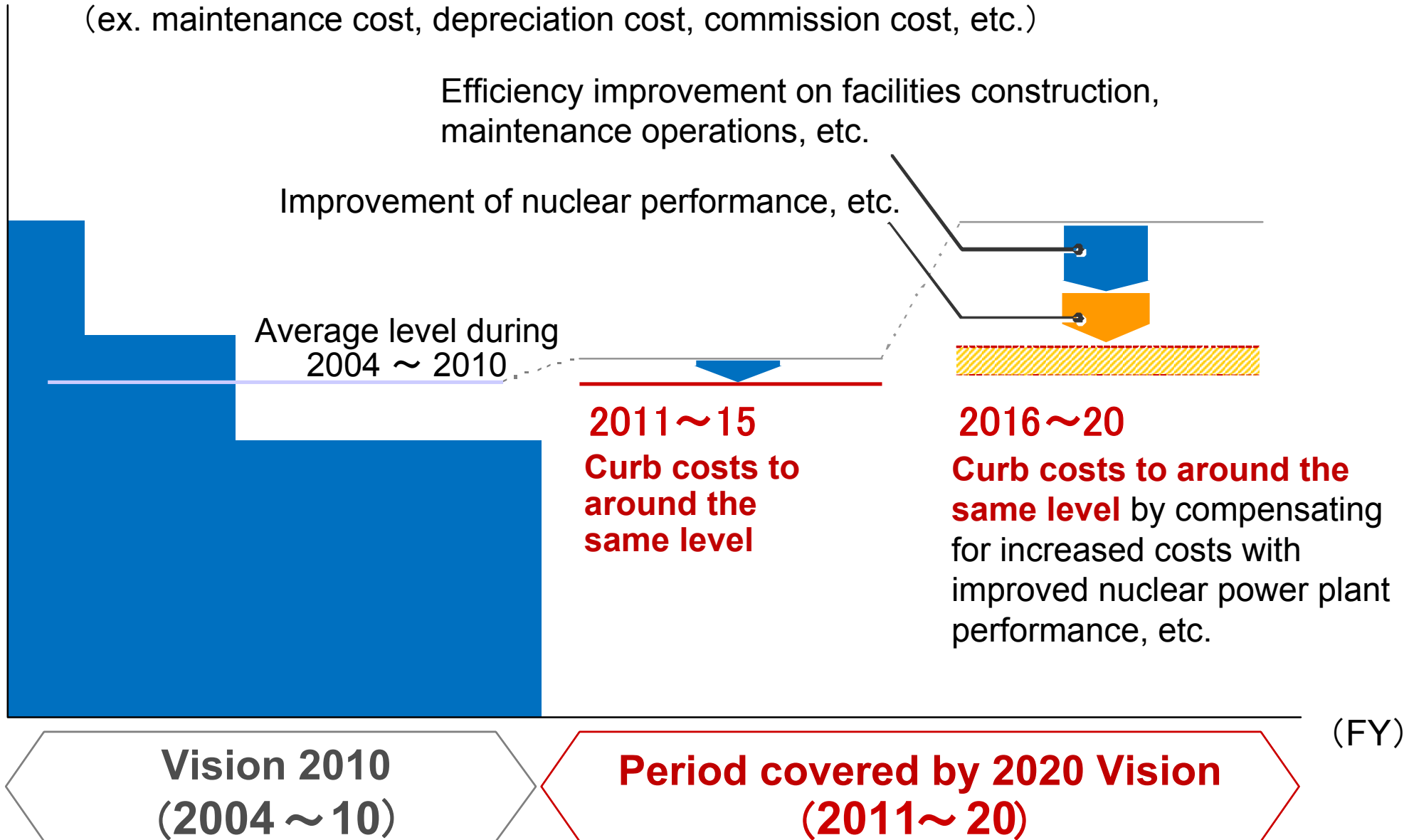


【Investment decision-making and management framework】

The Investment and Management Committee (restructuring the New Business Investment Committee)
 The Investment Evaluation and Management Group in Corporate Planning Dept. (Newly established)

➔ Restrain controllable portion of fixed costs never affected by power sales volume.

(ex. maintenance cost, depreciation cost, commission cost, etc.)



Practice people-oriented management

Draw forth the greatest potential of each individual and bundle those potential into organizational strength

Thorough human resource development

- PDCA for human resource development
- Strengthening middle management
- etc.

Human resource diversity

- System that promotes independent actions
- Diversity
- etc.

Strong communication and cooperation

- Personnel exchanges among divisions
- etc.

Operational excellence driven by employee performance and cooperation
 → **Highest service quality**

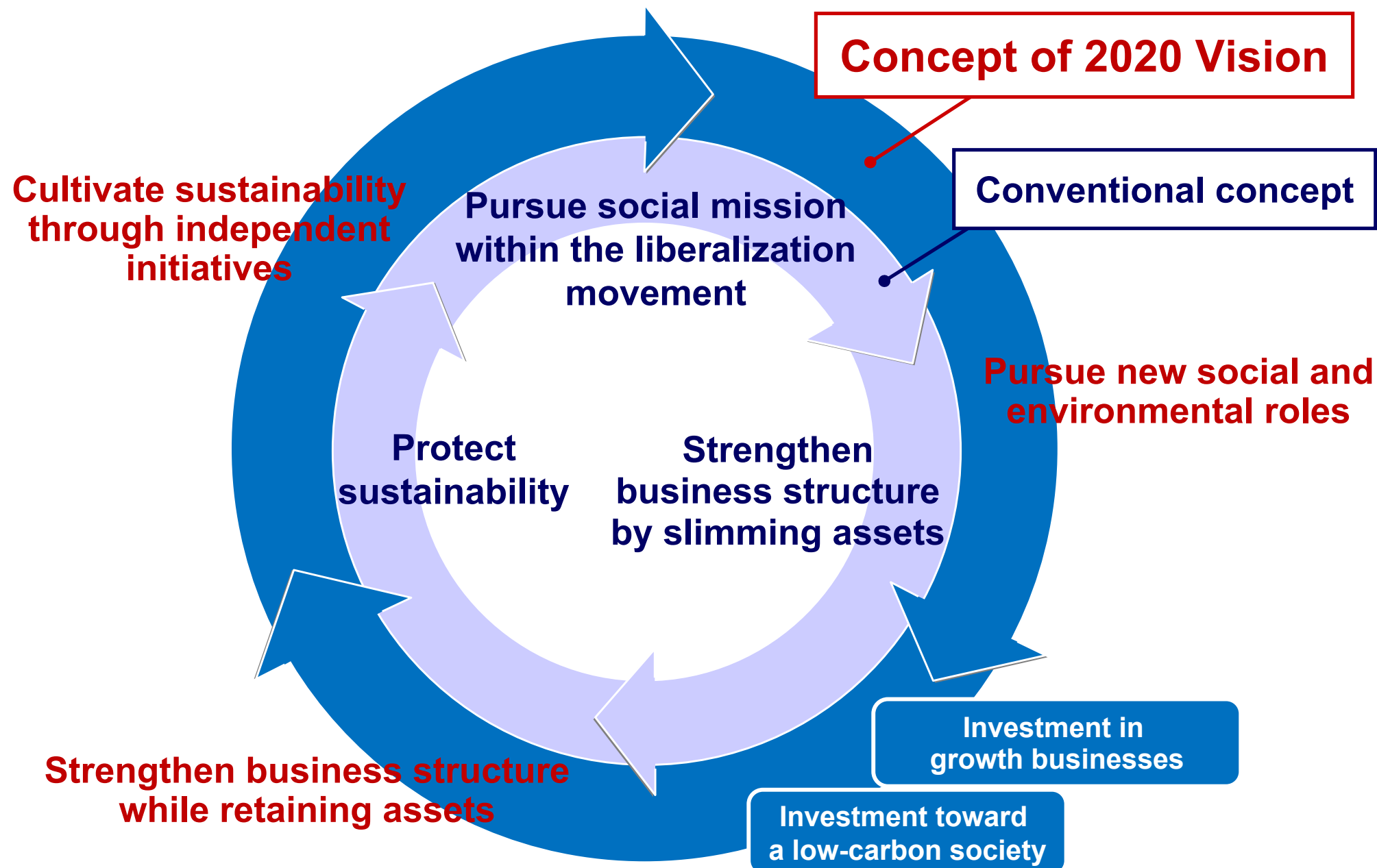
Promote business innovations

- Streamline, standardize, and upgrade all businesses from an optimum perspective for the entire Group

Strengthen field-oriented abilities

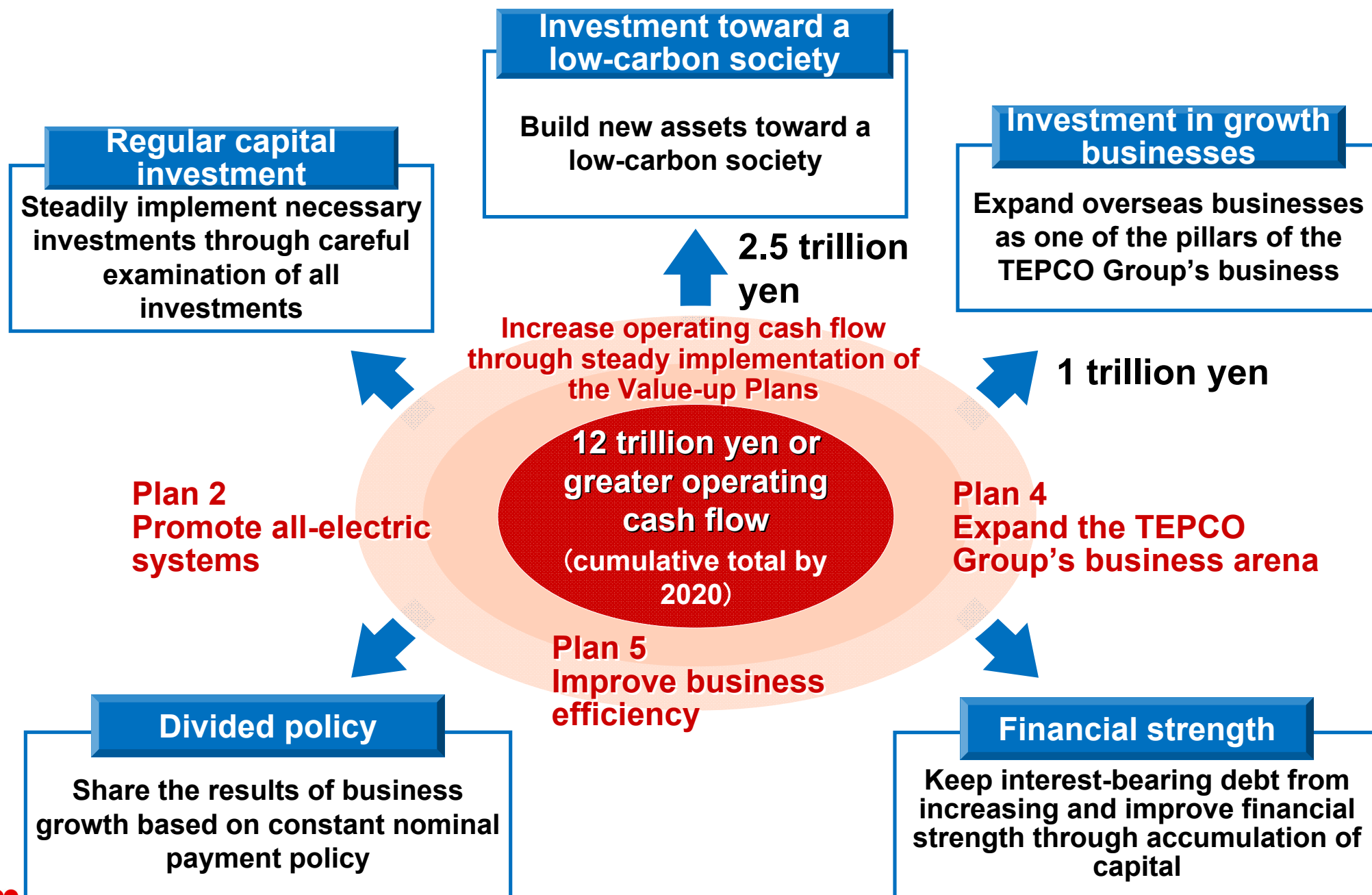
- Reinforce the awareness of prioritizing safety
- Maintain and upgrade operational technologies and skills
- Quality management and improvement activities
- etc.

	Initiatives up to 2020	Long-term initiatives (after 2020)
Actively introduce zero-emission power sources	Improving nuclear power generation performance <ul style="list-style-type: none"> • Advancement of condition-based maintenance technologies ,etc. • Early establishment of nuclear fuel cycle technology 	Advanced nuclear power generation technology <ul style="list-style-type: none"> • Development of advanced light-water reactors and fast breeder reactors • Development of decommissioning technology of nuclear facilities
	Expanding of the use of renewable energies <ul style="list-style-type: none"> • Development and demonstration of bottom mounted offshore wind power 	<ul style="list-style-type: none"> • Development of next-generation floating offshore wind power
	Promoting high-efficiency, low-carbon thermal power generation <ul style="list-style-type: none"> • Development and demonstration of IGCC and CCS 	<ul style="list-style-type: none"> • Development and installation of MACC III • Installation IGCC and CCS
Develop “smarter” power system network	Network that can integrate huge amount of renewable energy, improving the efficiency and reliability of power system <ul style="list-style-type: none"> • Development and installation of electric power system network technologies and advanced distribution automation system that can integrate huge amount of renewable energy • Distribution loss, demonstration of superconducting power cable, etc. 	Improving the efficiency and reliability of power system, development of next-generation operation control technology <ul style="list-style-type: none"> • Development of technology for coordinated utilization through two-way communication • Development of next-generation power system network control technology that utilizes batteries, etc. • Installation of superconducting power cable
	Supporting customers’ energy-saving efforts <ul style="list-style-type: none"> • Development, demonstration, and installation of advanced meters and demonstration of EMS 	<ul style="list-style-type: none"> • Development of technology for coordinated <i>supply</i> side and <i>demand</i> side through two-way communication
Recommend electric systems	Electrification in the residential, commercial, and industrial sectors <ul style="list-style-type: none"> • Efficiency improvement of heat pumps • Standardization of technologies intended to disseminate and promote electric vehicles 	<ul style="list-style-type: none"> • Development of ultra high-efficiency heat pumps • Development of technologies for next-generation electric transportation systems
Stable supply and safety assurance	Advancement of maintenance technologies and Reinforcement of risk management <ul style="list-style-type: none"> • Development of degradation countermeasures technologies, facility diagnosis technologies, and life-extending technologies for aging facilities • Establishment of nuclear power plant earthquake countermeasures, expansion of fuel types for energy security assurance, and development of fatal accident countermeasures and PCB treatment technology 	



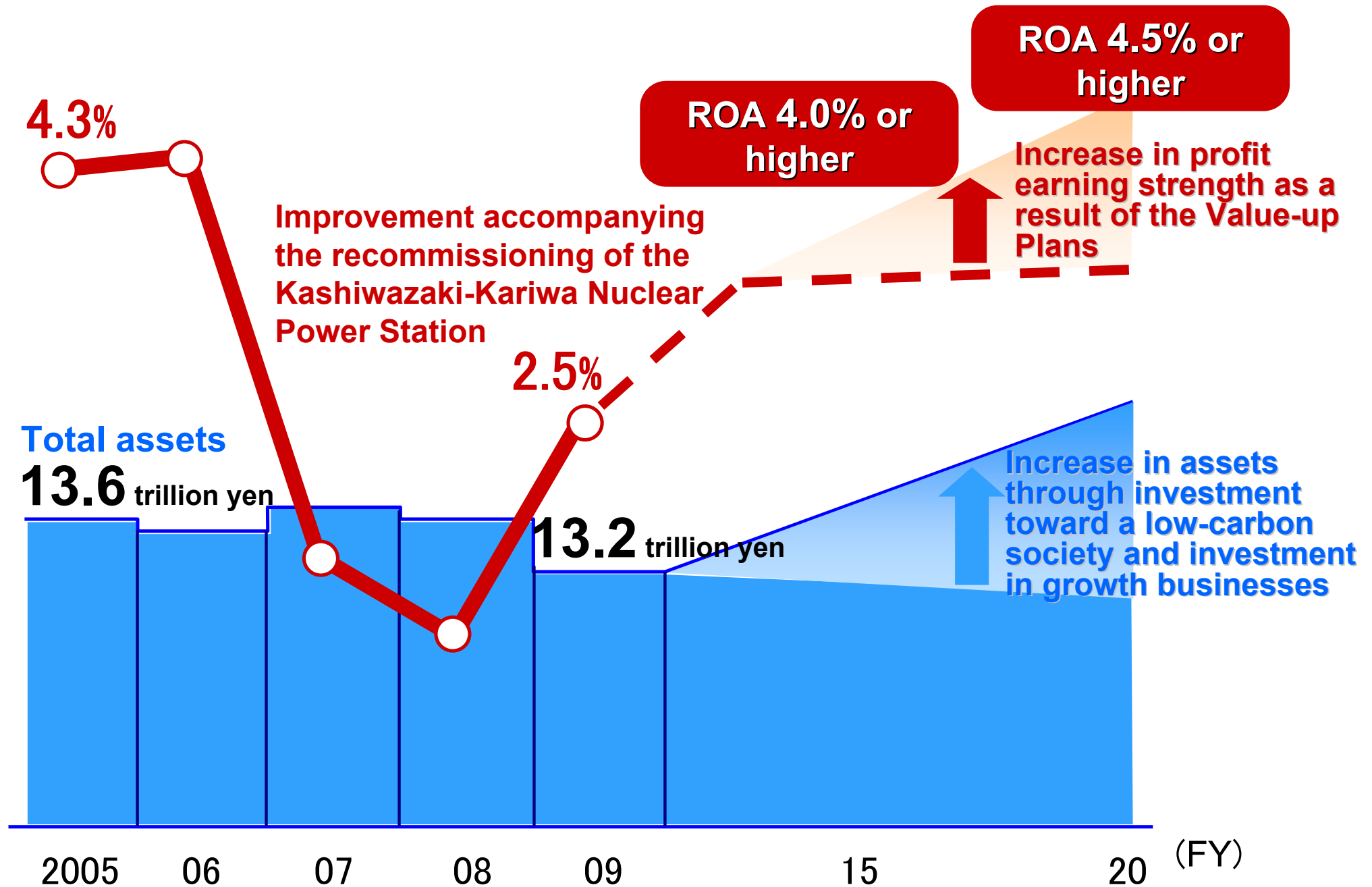
Three Financial Strategy Perspectives

(1) Cash creating strength “Creating and distributing operating cash flow”



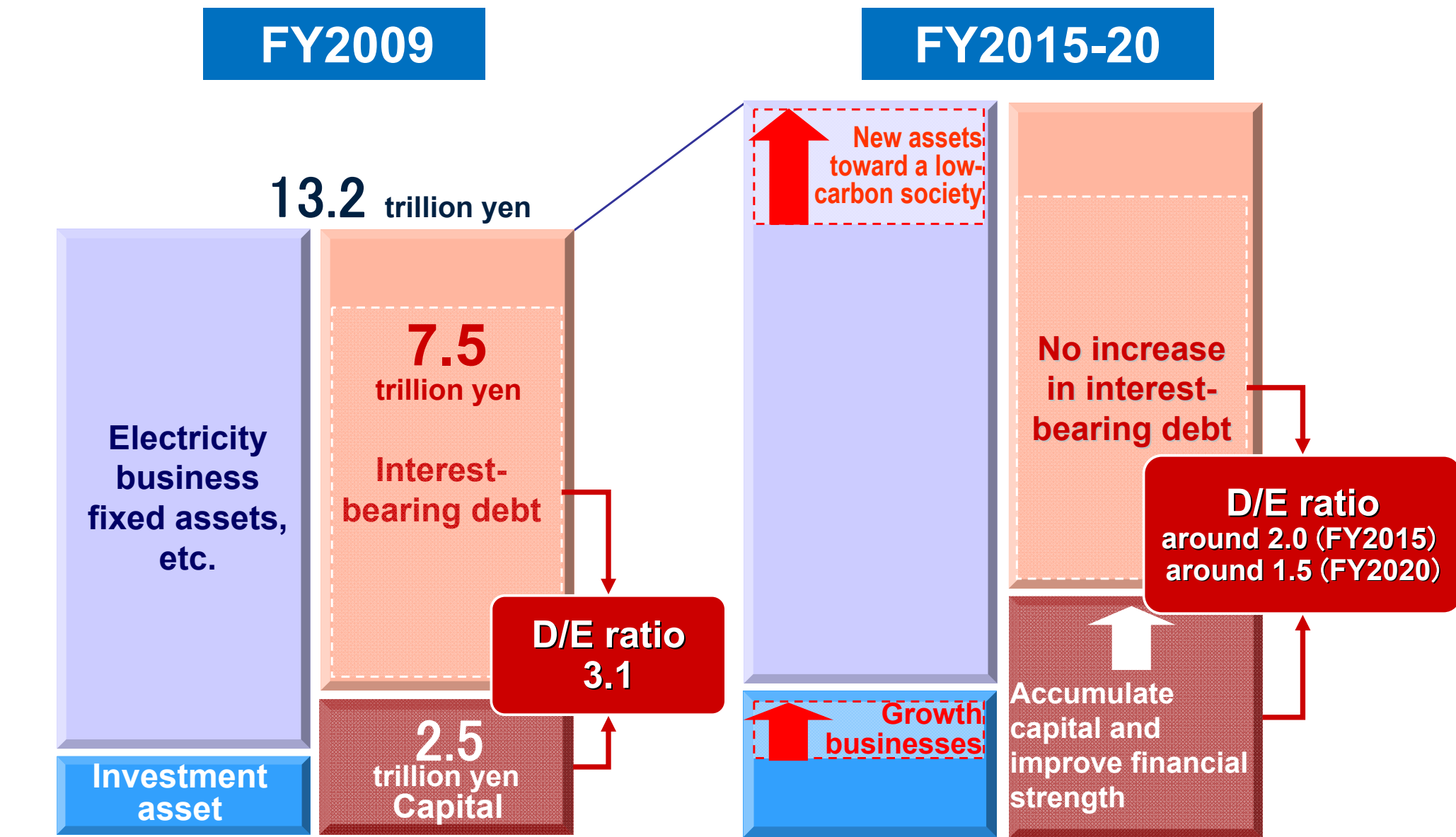
Three Financial Strategy Perspectives

(2) Profit earning strength “Increasing total assets and improving ROA”

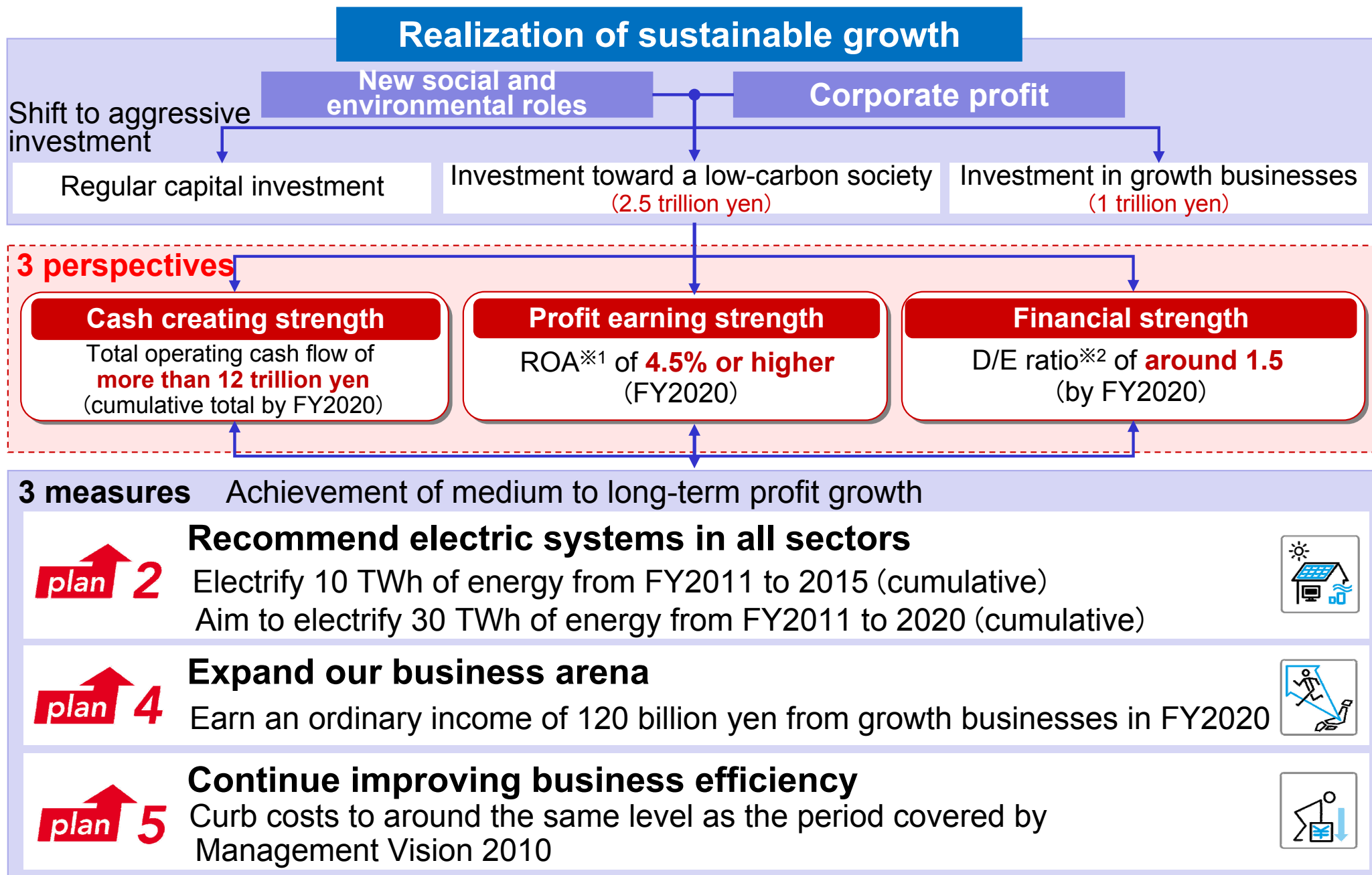


Three Financial Strategy Perspectives

(3) Financial strength “Balance sheet management”



Overview of the Financial Strategies



※1 (Ordinary income or loss + Interest expense) / Average total assets

※2 Interest-bearing debt outstanding / Equity capital

いつもの電気、もっと先へ。



東京電力

Regarding Forward-Looking Statements (Performance Projections)

This presentation contains forward-looking statements regarding The Tokyo Electric Company, Inc.'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 presentation. 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.

(Note)

Please note that the following to be an accurate and complete translation of the original Japanese version prepared for the convenience of our English-speaking investors. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.