

[Specific Efforts]

1. Win the Trust of Society

With a strong awareness that winning the trust of the general public is the qualification to participate in competitive markets, TEPCO will continue to focus all its energies on the measures to prevent the dishonest practice at nuclear power plants from happening again. Under the TEPCO Group Charter of Corporate Conduct to be newly established, moreover, TEPCO will fulfill its social responsibility as a group of companies with reliability and try to win solid trust of the general public.

<Construction of Environment-Oriented Society>

Aiming at achieving Global environment contribution goal (to reduce basic unit for CO₂ emission in FY 2010 by 20% from the FY1990 level) as set forth in the Management Vision 2010, TEPCO will continue to promote its efforts to safely and stably operate its nuclear power stations, introduce natural energies, make the most of the Kyoto Mechanism, and so on. At the same time, TEPCO will actively support the efforts of customers to save energy and reduce CO₂ emissions through its activities such as promotion of wide use of high-efficiency heat pumps such as Eco Cute, ECO Support Plan^{*1} and the like.

*1: The mechanism under which TEPCO helps households buy Eco Cute and offices promote energy-saving activities (ECO Support Money), and TEPCO contributes the same amount of money to the activities to preserve forests.

<Ensuring a Stable Supply and Energy Security>

[Outlook for Power Demand]

As the competition with other types of energy is expected to be intensified in the long term, while the economic growth remains low, the growth of electricity sales is expected to remain slow, and the annual growth rate in FYs 2003-2014 is estimated at 1.2% on average (after the leap year adjustment of air temperature). As for the peak demand, though the demand for cooling mainly for residential and business purposes is expected to increase, the average growth rate in FYs 2003-2014 is estimated at 0.9% (after the transient factor adjustment of air temperature) because of the promotion of wide use of thermal storage air-conditioning systems. All of these figures are revised downward for seven years in a row and further lower than the all-time low levels set forth in the previous plan.

The electricity sales for FY 2005 are expected to decrease for the first time in two years by 0.9% from the previous fiscal year to 283.5 billion kWh because of the downward reaction to the strong demand for cooling due to the record-breaking hot summer of 2004, though the economy is expected to temporarily enter an adjustment phase in the first half of FY 2005. The peak demand (daily peak at the generation end) is estimated at 61,500MW, almost unchanged from the previous fiscal year, on the assumption that the forthcoming summer would be as hot as an average year.

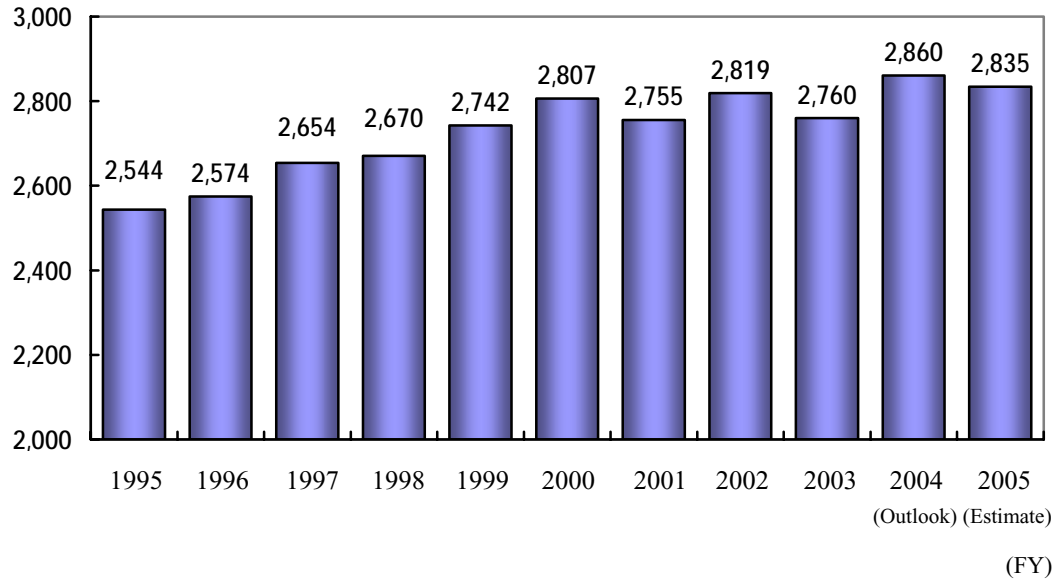
Outlook for Electricity Sales and Peak Demand

| Item \ FY | | 2003 actual results | 2004 estimated actual results | 2005 | 2009 | 2014 | Average annual change (%/year) 2003 - 2014 |
|---|----------------------------------|---------------------------|--|--------------|-------|-------|---|
| | | | | | | | |
| Electricity Sales | Electricity (100 million kWh) | 2,760 | 2,860 | 2,835 | 2,976 | 3,163 | – |
| | Annual rate of increase (%) | 2.1 (0.0) | 3.6 (1.3) | 0.9 (0.6) | | | 1.2 (1.2) |
| Summer net peak demand 3-day average | Peak demand (10MW) | 5,531 | 5,916 | 5,906 | 6,183 | 6,543 | – |
| | Annual increase rate (%) | 8.6 (0.8) | 7.0 (0.8) | 0.2 (0.8) | | | 1.5 (0.9) |
| Annual load factor (%) | | 59.8 (60.7) | 57.8 (58.2) | 57.7 | | 58.1 | – |

Note: The figures in the parentheses of the column of Electricity represent the increase rate after the leap year adjustment of air temperature, the figures in the parentheses of the column of Peak demand represent the increase rate after the transient factor adjustment of air temperature, and the figures in the parentheses of the column of Annual load factor represent the values after the leap year and transient factor adjustments of air temperature.

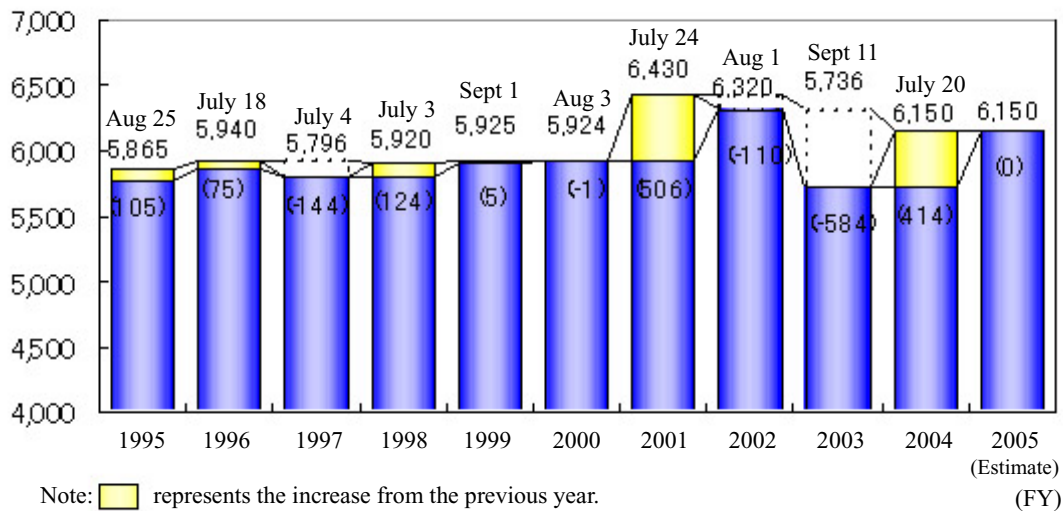
Trends in Electricity Sales

(100 million kWh)



Trends in Peak Demand (daily peak at the generation end)

(10MW)



[Power Source Facility Plan]

TEPCO will build up its power generation capacities by 9,830MW over the next 10 years. To ensure a stable supply and energy security, TEPCO plans to promote nuclear power development in generating mix, taking into account its economical and operational efficiency and environmental compatibility.

(Major Development Plans for Power Generation Plants)

| | Location | Output (10MW) | State of Operation |
|---------------------------|---|---------------|---|
| Nuclear power | Fukushima Dai-ichi Units No. 7 and No.8 | 138 each | October 2011 and October 2012 |
| | Higashidori Units No. 1 and No.2 | 138.5 each | FY 2013 and after FY 2015 |
| Coal thermal power | Hitachinaka Unit No. 2 | 100 | After FY 2010 |
| | Hirono Unit No. 6 | 60 | FY 2010 |
| LNG thermal power | Futtsu No.4 group | 152 | July 2008, July 2009 and July 2010 |
| | Kawasaki No.1 group | 150 | July 2007, July 2008 and July 2009 |
| | Kawasaki No.2 group | 150 | After FY 2014 |
| Pumped storage hydropower | Kazunogawa | 160 | December 1999 and June 2000 After 2015 |
| | Kannagawa | 282 | December 2005 and July 2010 After 2015 |

(Wide Area Development Plans for Power Generation Plants)

| | Name of site | Developer | Output (10MW) | Date of commencement of commercial operation |
|--------------------|------------------------|---------------------------|---------------|--|
| Coal thermal power | Isogo New Unit No.2 | J-POWER | 60 | July 2009 |
| Nuclear power | Ohma | J-POWER | 138.3 | March 2012 |
| | Higashidori Unit No. 1 | Tohoku Electric Power Co. | 110 | October 2005 |

2. Survive the Struggle in Competition

The scope of liberalization of electricity market will be expanded, and the competition with other types of energy, etc. will be intensified. Under such circumstances, TEPCO will provide the solution services that quickly and accurately meet the needs of customers, and build up its corporate structure.

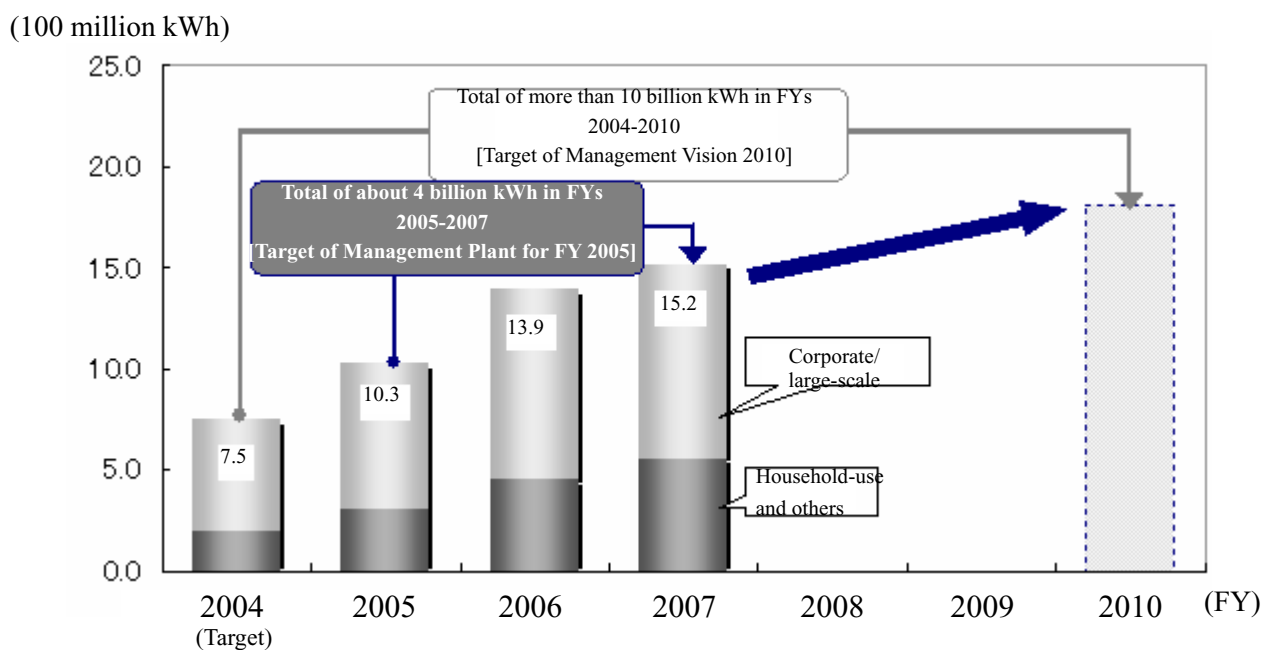
<Promotion of Marketing Activities Aiming at Customer Satisfaction>

TEPCO aims to develop new markets for electricity sales of about 4 billion kWh in the three-year period from FY 2005 through FY 2007 to achieve the target prescribed by the Management Vision 2010 to find new markets for electricity sales (to develop "electricity sales volume to 10 billion kWh or more" on a cumulative basis in the period up to FY 2010).

To achieve the target, TEPCO is intended to propose efficient energy utilization systems that contribute to the reduction in costs, energy consumption and CO₂ emissions through the best combination of various electricity rate options and electric equipment/systems for corporate and bulk power customers. At the same time, TEPCO will also promote the total solution services that combine electricity services with gas sales, and installation, operation and maintenance of various energy equipment and facilities to meet all of the energy-related needs of customers.

For residential customers, TEPCO will propose in an active manner "fully electrified houses" that make efficient use of IH cooking heaters, Eco Cute, etc. which can realize all of the coming trends of houses such as airtight and well insulated, gratifying responses to elderly people, and harmony with environment.

Target for electricity sales development



- As for corporate/large-scale customers, TEPCO plans to develop new markets for electricity sales equivalent to 18,000 units* of Eco Ice for customers' air-conditioning needs in office buildings and production facilities (FY 2007).

*Conversion based on 16 horse-power model most widely in use.

- As for household-use and others, TEPCO plans to fully electrify 19% (about 84,000 houses) of newly-built houses (full electrification of about one in five houses in FY 2007).

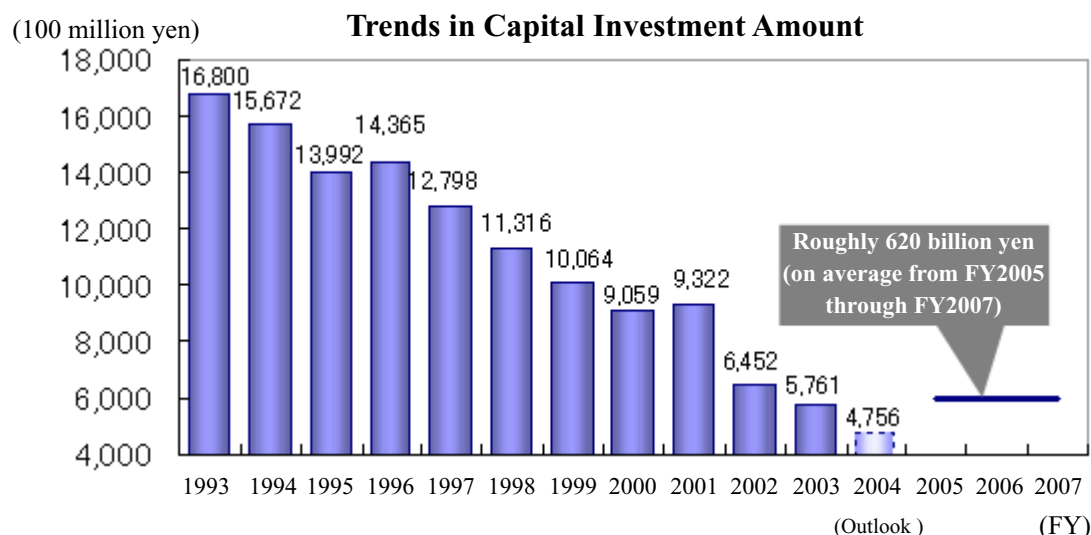
<Cost Reduction Efforts>

To achieve the targets prescribed by the Management Vision 2010 to improve operational efficiency (to improve operational efficiency in FY2010 by more than 20% to the FY 2003 level), TEPCO will review its business processes, streamline the construction, operation and maintenance of equipment and facilities, and promote cost reduction efforts in every field with equipment safety and quality assurance as a major premise.

[Levels of Capital Investment and Repair Cost]

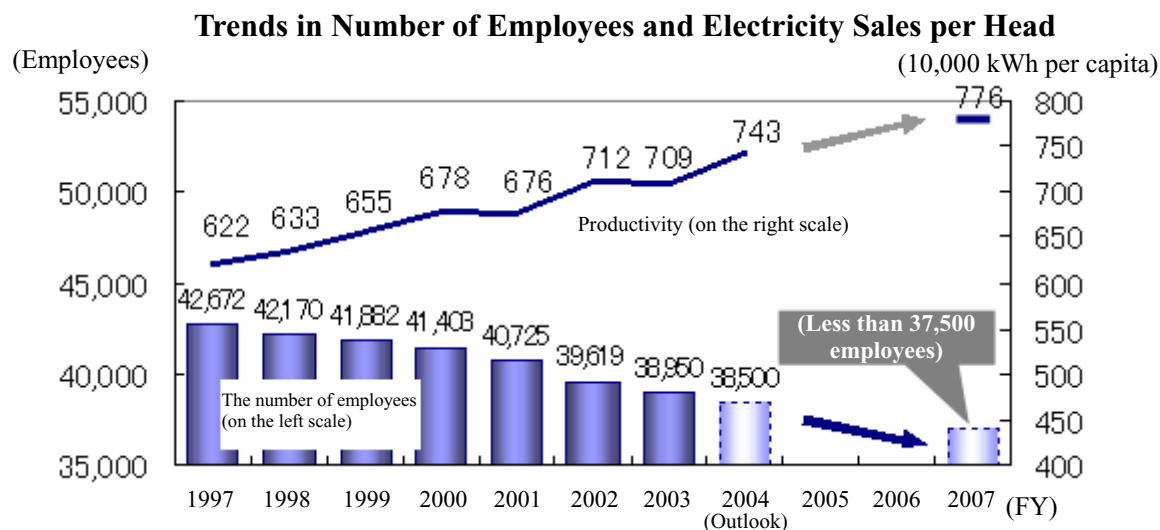
TEPCO's capital investment amounts to about 620 billion yen (up about 30 billion yen from the previous fiscal year's plan) on average in three years from FY 2005 through FY 2007 through well-planned implementation of preventive maintenance measures to ensure the safety and soundness of equipment and facilities.

TEPCO's repair cost amounts to about 460 billion yen (the same as the previous fiscal year's plan) on average in three years from FY 2005 through FY 2007.



[Reductions in number of employees]

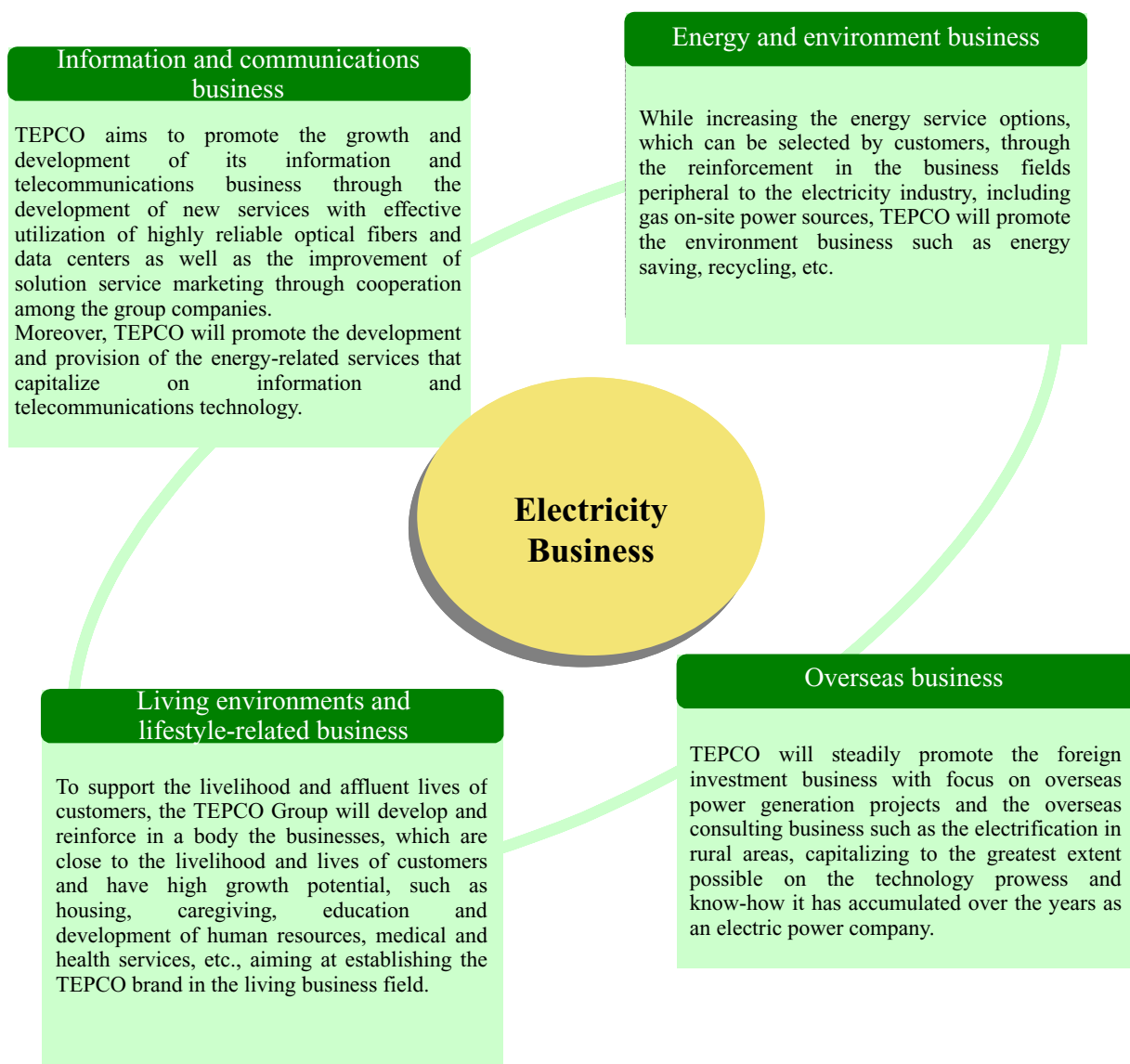
TEPCO will reduce the number of its employees to less than 37,500 at the end of FY 2007 by reviewing the business operation and organization and by promoting the measures for improvement of efficiency such as automation of equipment.



<Development of New Profitable Businesses to Ensure Growth Potential>

To achieve the targets of growth of businesses as prescribed by the Management Vision 2010 (to ensure the sales of more than 600 billion yen and operating profit of more than 60 billion yen in the businesses other than the electricity industry in FY 2010), TEPCO will achieve sustainable growth and development of the group in its four strategic business fields, i.e., Information and Telecommunications Business, Energy and Environment Business, Living Environment and Life Support Business, and Overseas Business.

Specifically speaking, TEPCO aims to ensure the sales of about 500 billion yen and operating profit of about 25 billion yen in the businesses other than the electricity industry by FY 2007.



3. Foster People and Technologies

Under the awareness that the future of the TEPCO Group would be carved out by "people and technologies," TEPCO will maintain and reinforce the technology and skills of employees, and address the technical challenges that contribute to the winning of the social trust, reinforcement of competitiveness, and development of businesses.

Technology for securing of safety, stable supply and cost reduction

To deliver highly cost efficient and good quality electricity to customers over a long period of time, TEPCO will further reinforce the technology related to the securing of safety, stable supply, cost reduction and quality improvement, ranging from the front-line places of work to research and development of leading-edge technology.

- To maintain, hand down, and strengthen highly sophisticated engineering technology.
- To diagnose the remaining service life of equipment and extend such service life through the assessment of deterioration of materials and equipment structure.

Technology for resolution of environmental issues

TEPCO will actively promote the development of environment-related technology that contributes to the resolution of environment issues such as global warming, etc., and fulfill its corporate social responsibility in view of sustainable development in the 21st century.

- To develop the technology to recover and sequester CO₂.
- To develop and introduce distributed power sources of natural energy such as photovoltaic power generation, wind power generation, etc. as well as biomass power generation.
- To develop the next-generation high-efficiency power generation plant.

Technology to meet all of the needs of customers

To allow as many customers as possible to efficiently use our environment-friendly electricity, TEPCO will develop high-efficiency equipment and reinforce the technology leading to the solution proposals that meet almost all of the needs of customers such as gas, heat, facilities, etc.

- To develop products electrified kitchen equipment, Eco Cute with higher saleability, etc.
- To reinforce energy diagnosis and consulting services and the prowess to propose systems.

Technology for expansion of scope of businesses

TEPCO will promote the development of the technology that expands the scope of businesses such as the information and telecommunications technology that creates futuristic life styles supported by optical fibers.

- To utilize the infrastructure-related technology peculiar to the electricity industry (high-speed PLC and wireless LAN).
- To apply large-capacity telecommunications technology, peripheral equipment and systems for the diffusion of video services.