

## [II. The Plans to Establish a New TEPCO Group Having Much Stronger Business Structure]

We are committed to establishing a new TEPCO Group with much stronger business structure by making the best use of the results achieved under the TEPCO Group's medium-term management policy "Management Vision 2010" and by making continuous innovation to overcome business challenges.

### 1. Win the Trust of Society

#### (1) Ensuring Stable Supply and Energy Security

- Promote the best mixture of energy sources, based on the importance of nuclear power generation in every aspect of stability of electricity supply, economic efficiency, and environmental friendliness

#### (2) Strictly Observing Corporate Ethics, Laws, and Regulations

- Strictly observe corporate ethics, laws, and regulations including preventing the recurrence of data falsification, etc. (culture of not doing anything wrong, mechanism of not allowing anyone to do anything wrong, mechanism of encouraging to speak out voluntarily)

#### (3) Contributing to the Eco-Conscious Society

We will promote following measures to meet the target of "reducing its CO2 emission intensity by 20% for the five-year average of fiscal 2008 to 2012 compared to fiscal 1990":

- Safe and stable operation of nuclear power stations
- Enhancement of thermal efficiency of thermal power generation
- Increased utilization of renewable energy sources through conformance to the Renewable Portfolio Standard (RPS) Law
- Acquiring carbon credits utilizing the Kyoto mechanism

Moreover, in order to contribute to conserving energy and CO2 reduction in every sector of home, office, industry, and transportation, we will make every effort to encourage further diffusion of electrified systems and high-efficiency appliances such as "Eco-Cute" utilizing heat pump system, and to encourage diffusion of electric vehicles.

<Reference: Fiscal 2007 Forecast of CO2 Emission>

- The amount of CO2 emitted in fiscal 2007 is expected to increase by about 30% compared to the original plan, due to the shutdown of the Kashiwazaki-Kariwa Nuclear Station that led to increased operation of thermal power plants to meet demand

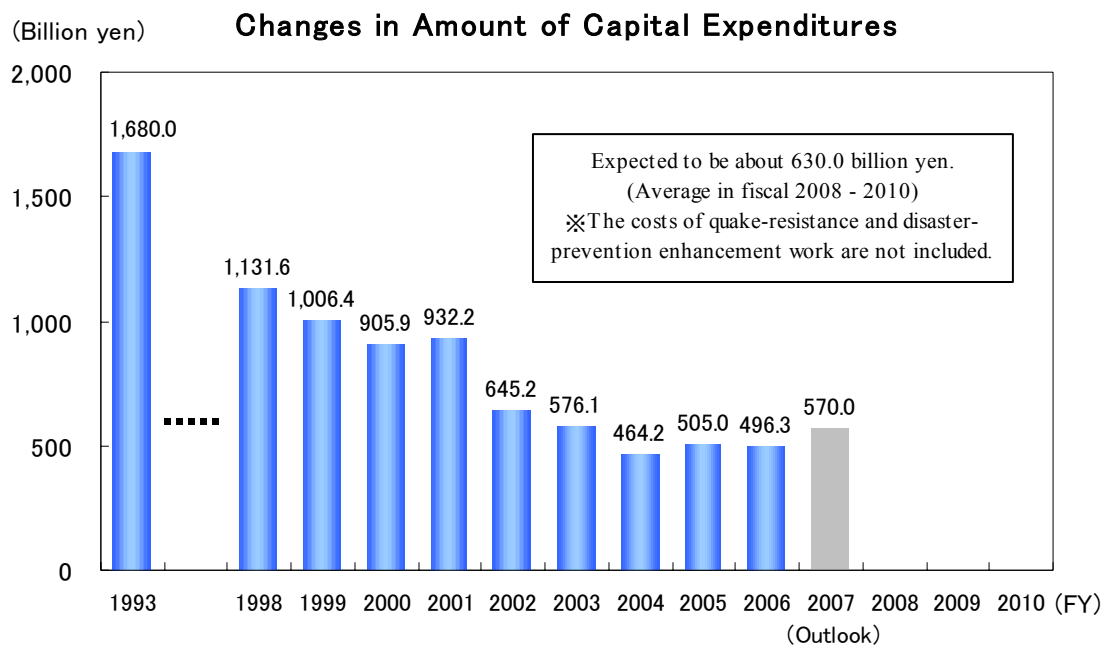
## 2. Compete and Succeed

### (1) Reduction of Costs and More Efficient Facility Maintenance

- Establish much stronger business structure by transforming into a continuous effort of cutting cost that was initiated by the Niigata-ken Chuetsu-Oki Earthquake with the premise of safety of facility and security of quality

<Capital Expenditure Levels>

The three-year average of capital expenditures during fiscal 2008 to 2010 is expected to be about 630 billion yen. The costs of quake-resistance and disaster-prevention enhancement work for nuclear power stations including the Kashiwazaki-Kariwa Nuclear Power Station are under review, so they are not included in the amount.



(2) Steady and Effective Promotion of Sales Activities

- Promote steadily and effectively sales activities to encourage optimal electrified systems and high-efficiency appliances in terms of environmental friendliness, energy conservation, load-leveling, etc.

(3) Rigorous Selection of Investment and Thorough Securement of Profits in New Business

- Investment in new businesses will be made after through due-diligence on profitability, risks, and urgency taking into account the overall corporate business environment

3. Foster People and Technologies

(1) Invigorating of Workplaces, and Securement and Fostering of Human Resources

- Strengthen the business development foundation by the efforts to future invigorate workplaces and foster human resources, sharing acknowledgement of the severe business environment surrounding TEPCO, and challenging mind, through close communications among the whole TEPCO Group

(2) Maintenance, Succession, and Enhancement of Technologies and Techniques

- Execute continuously ways to maintain, succeed, and enhance technologies and techniques supporting front-line workplaces and high-level engineering technologies

(3) Formation of Technology Strategy and Promotion of R&D that Supports Future Growth

- Overcome business challenges and achieve future growth by choosing and concentrating R&D based on technology strategy, and by using the research results of stable supply, safety securement, cost reduction, environmental solution, etc.

<Reference> Major Management Targets

Because TEPCO has no operation plans of the Kashiwazaki-Kariwa Nuclear Power Station at present, we have not set up numerical targets in the Fiscal 2008 Business Plan. However, we continue to make every effort to achieve the targets set up in “Management Vision 2010.”

## **Numerical Targets 2010**

### **- Targets to be achieved by fiscal 2010 -**

#### **Operation Efficiency**

**Improve efficiency by 20% or more from the fiscal 2003 level with equipment safety and securing of quality as major premises**

#### **Improvement of Balance Sheet**

**Increase shareholders' equity ratio to 25% or higher**

#### **Business Growth Expansion of Electricity Sales volume**

**Expand of sales volume by 10 billion kWh or more (cumulative total in fiscal 2004 through 2010)**

#### **Business Growth –Sales and Operating Income from Businesses Other Than Electric Power Industry (Revised in March 2006)**

**Ensure 300 billion yen or more in sales from businesses other than the electric power industry<sup>(Note 1)</sup>, and 50 billion yen or more in operating income from businesses other than the electric power industry<sup>(Note 2)</sup>**

**Note1: The total of sales of consolidated subsidiaries and affiliates to external customers**

**Note2: The total of operating income of consolidated subsidiaries and affiliates**

#### **Target of Contribution to Global Environment**

**Reduce the five-year average of CO<sub>2</sub> emission intensity (fiscal 2008 through fiscal 2012) by 20% from the fiscal 1990 level**