FY2007 Business Management Plan
Presentation Materials

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Regarding Forward-Looking Statements (Performance Projections)

Certain statements in the following presentation regarding Tokyo Electric Power Company's business operations may constitute "forward-looking statements." As such, these statements are not historical facts but rather predictions about the future, which inherently involve risks and uncertainties, and these risks and uncertainties could cause the Company's actual results to differ materially from the forward-looking statements (performance projections) herein.

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Measures Already Taken to Preclude Recurrence of Unfortunate Incidents

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1. Disclosing information and ensuring transparency
2. Creating a work environment where operations can be carried out properly
3. Strengthening internal audit in the nuclear power division and reforming our corporate culture
4. Ensuring that all management and staff observe corporate ethics and are in compliance with all rules and regulations

Establishment of a Corporate Culture and System that Assure Compliance with Rules and Regulations

•Awareness Initiatives (Culture)
- Conducting education and training to ensure all employees observe corporate ethics
- Fortifying communications throughout the entire TEPCO Group

•Structural Initiatives (Regulation and oversight)
- Upgrading codes and manuals
- Rigorous administration of documentation and records
- Strengthening workplace auditing and assessment

Issues that Emerged from Recent Incidents

■Awareness Issues (Compliance Culture)
- Lack of rigor at the working level
- Insufficient effort focused on divisional characteristics and realities

■Structural Issues (Regulation and Oversight)
- Insufficient commitment to codes and manuals
- Internal audit subjects and methods were insufficient

■Need to Alleviate Worries and Problems of Front-Line Workers
- Insufficient Head Office support for front-line workplaces where problems are likely
- Insufficient support to help employees overcome job pressure and an attitude of avoidance

Reinforcement of Measures (March 2007)

Awareness Measures (Compliance Culture)

◆Enhance contents of TEPCO's Charter for Good Corporate Behavior

◆Reinforce corporate ethics training with division and workplace characteristics, etc., in mind

◆Signing of written oath to observe corporate ethics

◆Further promote rotation of personnel among divisions and workplaces

Structural Measures (Regulation and Oversight)

◆Revise codes and manuals to make them compatible with front-line facilities and actual work conditions

◆Reinforce and enhance internal auditing

Structural Measures (Framework for Speaking Out)

◆Strengthen framework for incorporating community and social concerns and opinions in local operations

◆Implement concentrated work process reviews through measures including establishing a Work Inspection Month.

◆Enhance framework for managing facility trouble

◆Strengthen support system to alleviate worries of front-line workers caused by job pressure, etc.

◆Strengthen legal and compliance functions to support front-line workplaces

◆Revise operations of the nuclear power division

1. Management Targets

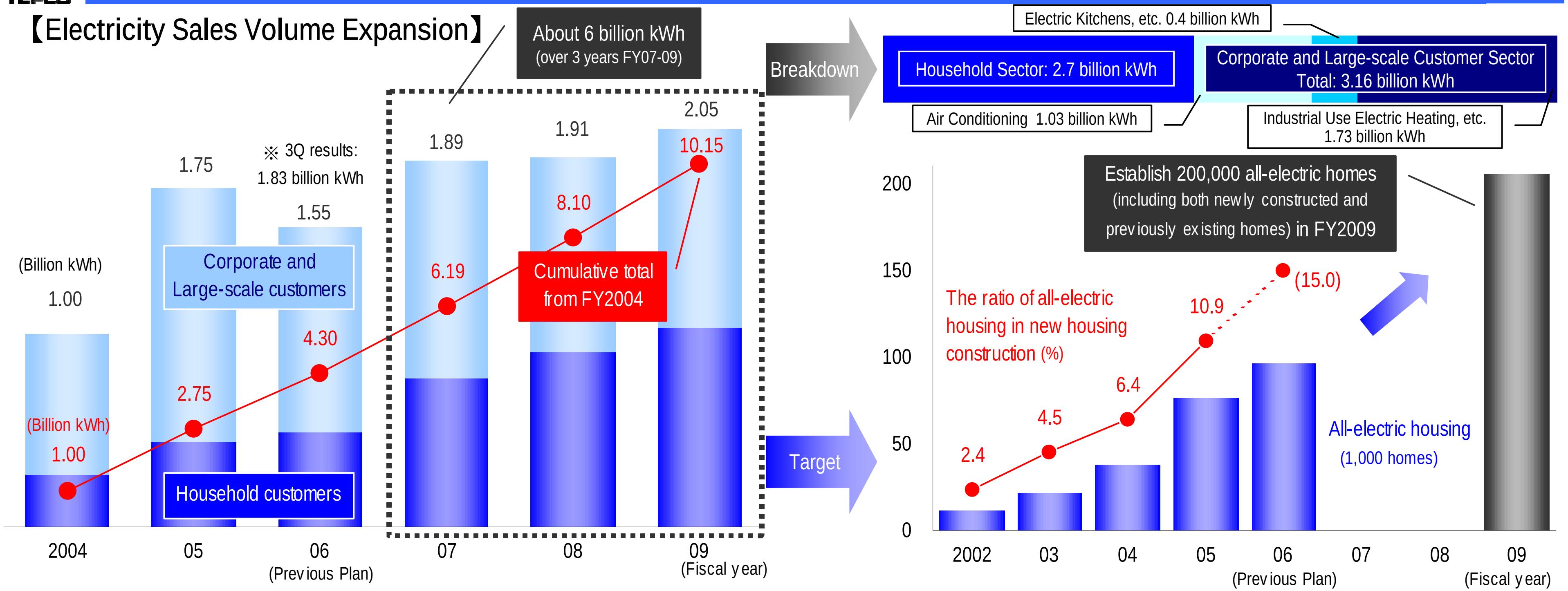
2004	2005	2006	2007	2008	2009	2010

	Targets		FY2006 Business Management Plan (FY2006 – 08)	FY2007 Business Management Plan (FY2007 – 09)*	Management Vision 2010 (FY2010 Targets)
Electric Power Business	Increase Sales	Electricity Sales Volume Expansion	About 5 billion kWh over 3 years	About 6 billion kWh over 3 years	At least 10 billion kWh from FY2004 to FY2010
	Improve Efficiency (Non-consolidated)	Capital Expenditures (excluding incidental businesses)	About ¥620 billion	About ¥640 billion	Improvement of 20% or more (compared with FY2003); with facility safety and securing quality as major premises
	Profitability and FCF Targets	Ordinary Income	(Consolidated) At least ¥380 billion (Non-consolidated) At least ¥350 billion	(Consolidated) At least ¥400 billion (Non-consolidated) At least ¥350 billion	–
		FCF	At least ¥400 billion	At least ¥350 billion	
		ROA	At least 4%	At least 4%	
	Improve Balance Sheet (Non-consolidated)	Shareholders' Equity Ratio	At least 23% at the end of FY2008	At least 24% at the end of FY20089	Shareholders'Equity Ratio of at least 25%
		Interest-Bearing Debt Reduction	At least ¥700 billion over 3 years	At least ¥500 billion over 3 years	
New Businesses	Business Growth Targets	Operating Revenues from Businesses other than Electric Power	About ¥270 billion in FY2008	About ¥300 billion in FY2009	At least ¥300 billion in FY2010
		Operating Income from Businesses other than Electric Power	About ¥40 billion in FY2008	About ¥50 billion in FY2009	At least ¥50 billion in FY2010

*Except as otherwise indicated, figures are averages over the three years FY2007–09.

2. Execution of Sales Expansion Strategies

【Electricity Sales Volume Expansion】



✓ Aim for early achievement of Management Vision 2010 target (at least 10 billion kWh total for the period FY2004-10) by expanding electricity sales volume about 6 billion kWh for the three years FY2007-09.

✓ Specific initiatives by sector are as follows:

◇Commercial: Promote greater use of electricity in air conditioning, water heating and cooking through means such as heat storage systems, high-efficiency heat exchangers, heat pump water heaters and all-electric kitchens.

◇Industrial: Promote greater use of electricity in industrial processes through means such as electrical heating and heat pumps. In addition, provide total solutions combining electricity including gas and sodium-sulfur (NAS) batteries and boilers. Moreover, we are also working to attract corporate facilities such as factories by supporting both the efforts of local governments to attract businesses and site surveys among corporations.

◇Household: Aggressively promote the spread of all-electric housing employing technologies including Eco Cute electric water heaters and IH cooktops with the aim of establishing 200,000 all-electric homes (including both newly constructed and previously existing homes) in FY2009.

3. Cost Reduction and Capital Expenditures

【Promotion of Cost Reductions】

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

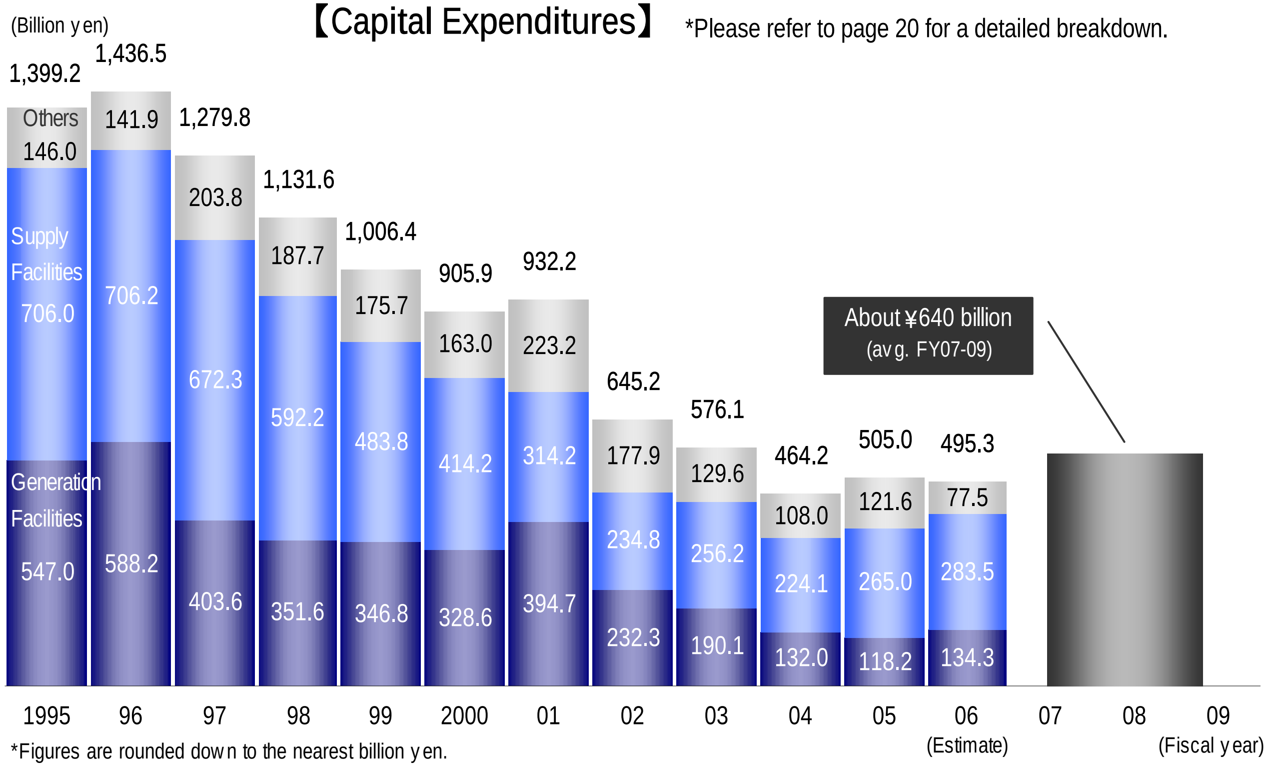
- Implement task and information sharing with Group companies
- Use information technology to improve operating efficiency
- Review materials procurement and logistics processes, etc.

Other Rationalization Initiatives

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

【Capital Expenditures】

*Please refer to page 20 for a detailed breakdown.



*Figures are rounded down to the nearest billion yen.

✓ With facility safety and securing quality as major premises, work to further reduce costs in all areas to achieve the target of Management Vision 2010 of improving efficiency 20% or more compared with FY2003.

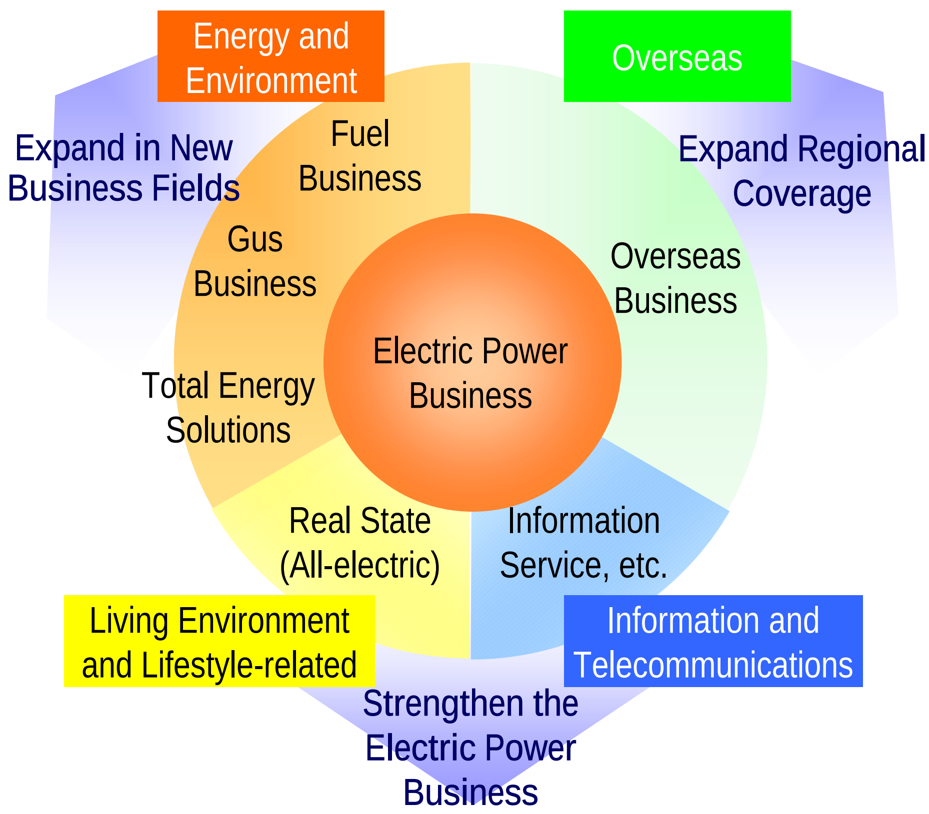
✓ Anticipate annual capital expenditures of about ¥640 billion (3-year average from FY2007-09), ¥20 billion higher than in the previous management plan, due to an increase in outlays for nuclear fuel caused by high uranium prices, etc.

◇Generation facilities: Despite plans to expand generating capacity at Higashidori Nuclear Power Station Unit 1 and elsewhere while conducting improvement work including preventive safety measures at nuclear power facilities, capital expenditures will be held to the same level as in the previous plan by promoting efficient facility configuration.

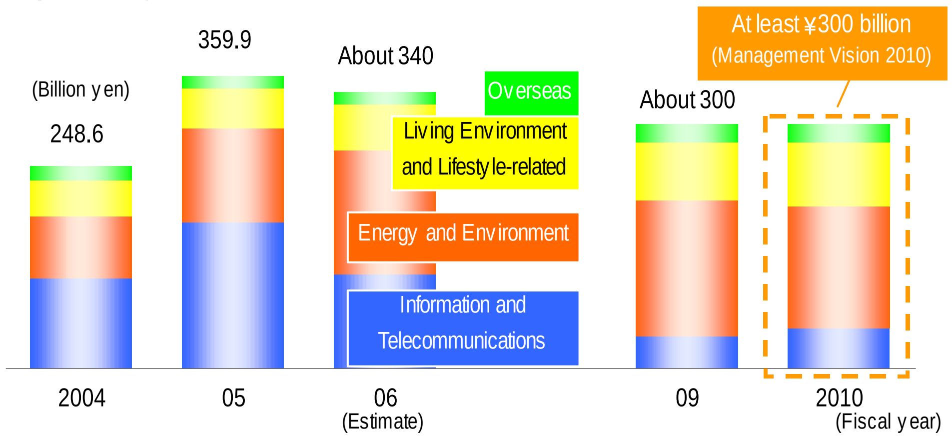
◇Supply facilities: In addition to trunk transmission system construction, steadily implement measures to ensure public safety and sound facilities while maintaining the same level of capital expenditures as in the previous plan by rationalizing designs and specifications.

4-1. Promoting New Businesses

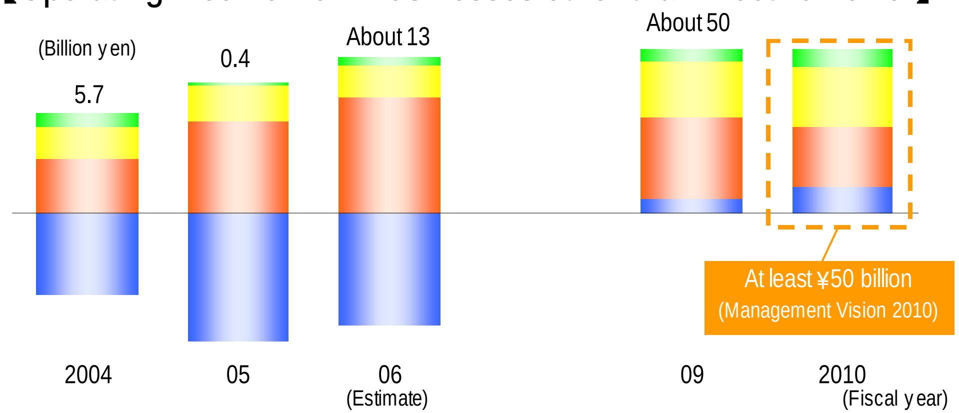
【Future Business Development】



【Operating Revenues from Businesses other than Electric Power】



【Operating Income from Businesses other than Electric Power】



- ✓ Strategically develop businesses associated with electric power. In particular, enhance efforts in energy and environment (fuel business, etc.) and overseas (power generation, etc.), the core areas for revenue and income expansion.
- ✓ Aim to achieve operating revenues of about ¥300 billion and operating income of about ¥50 billion in businesses other than electric power in FY2009, thus achieving Management Vision 2010 targets for FY2010 (at least ¥300 billion and ¥50 billion, respectively) one year ahead of plan.

4-2. Strengthening Energy and Environment Businesses

Upstream Businesses ⟵ LNG Procurement ⟶ Sales Business

Establishing an LNG Value Chain

Gas field development, production and liquefaction	LNG Shipping	LNG Sales	Domestic Receiving Terminals / Overseas Receiving Terminals	Gas sales
Tokyo Timor Sea Resources Inc., TEPCO Darwin LNG Pty Ltd.	Pacific LNG Shipping Limited and others	TEPCO Trading Co., Ltd.		Gas Company

LNG Upstream Business

- 03. 6 Participation in the Darwin LNG Project, involvement in the development of the Bayu-Undan gas fields in Australia and Timor-Leste and the liquefaction and sale of gas from these fields
- 04. 2- Oil production began from Bayu-Undan gas fields
- 06. 2- First LNG shipment

LNG Shipping Business

- 03.10- First vessel has began operating for the Malaysian Project
- 06. 4- Second vessel has began operating for the Darwin Project
- 08. 4- Third vessel will be rolled out for the Darwin project
- 09. 1- Fourth vessel will be rolled out for the Sakhalin II project

*In addition, a TEPCO Group company is scheduled to manage operations of a joint-owned LNG carrier for shipping LNG from a project to be purchased by Kyushu Electric Power Co., Inc.

LNG Sales

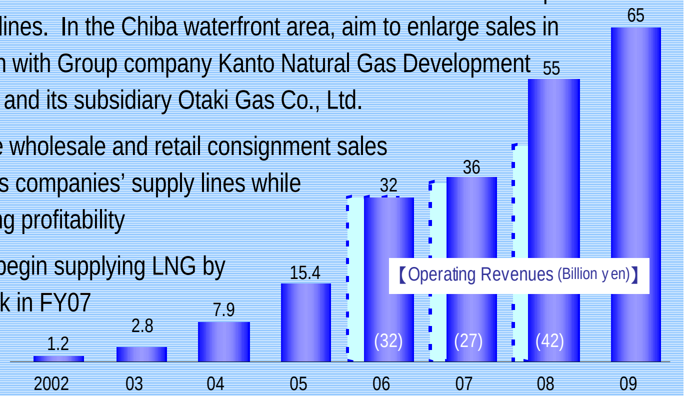
- 06. 1 Subsidiary TEPCO Trading Co., Ltd. was established LNG sales through TEPCO Trading affiliate CELT INC.

Gus Business

◆Develop wholesale and retail sales to city gas companies and large-scale customers located close to TEPCO's LNG terminals and thermal power station gas pipelines. In the Chiba waterfront area, aim to enlarge sales in operation with Group company Kanto Natural Gas Development Co., Ltd. and its subsidiary Otaki Gas Co., Ltd.

◆Promote wholesale and retail consignment sales using gas companies' supply lines while evaluating profitability

◆Plan to begin supplying LNG by tank truck in FY07



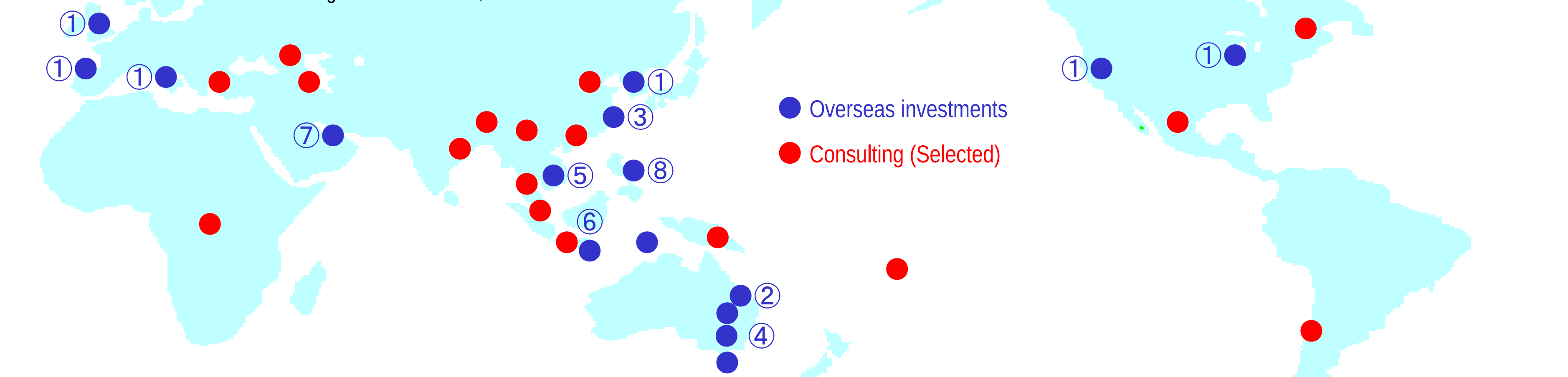
*Figures in parentheses are targets in previous plan

- ✓ In the fuel business, complement LNG procurement with participation in upstream, shipping and sales sectors. Work to increase revenue and income from businesses other than electric power, improve procurement capability and enhance responsiveness to changes in supply and demand by participating throughout the value chain from upstream to downstream sectors.
- ✓ Complement expansion of upstream, shipping and sales operations in the LNG business by promoting additional business development, including examining ways to generate revenue from overseas LNG receiving terminals.
- ✓ Current annual sales volume of the gas business is 670,000 tons (LNG equivalent, contract basis, as of March 2007). TEPCO will continue promoting gas sales to provide total energy solutions that meet a wide range of customer needs.

4-3. Strengthening Overseas Businesses

Company or Project Name	Location	TEPCO Investment* (Investment ratio)	Output	Start of commercial operation, etc.
①Eurus Energy Holdings	US, UK, Italy, etc.	¥14.7 billion (60.0%)	1,320MW	Capital participation Sept. 2002
②Tarong North Power Station Project	Australia	¥6.5 billion (35.0%)	450MW	Commenced operations Aug. 2003
③Chang Bin & Fong Der Project	Taiwan	¥6.5 billion (19.5%)	490MW, 980MW	Commenced operations Mar. 2004
④Loy Yang A Project	Australia	¥17.4 billion (32.5%)	2,200MW	Acquired an interest in Apr. 2004
⑤Phu My 2-2 Project	Vietnam	¥1.9 billion (15.6%)	715MW	Commenced operations Feb. 2005
⑥Paiton I Project	Indonesia	¥8.0 billion (14.0%)	1,230MW	Acquired an interest in Nov. 2005
⑦Umm Al Nar Power and Water Project	UAE	¥5.5 billion (14.0%)	Existing plant: 850MW New plant: 1,550MW	Portions of new facilities scheduled to commence operations in 2007
⑧Mirant Philippines Project	Philippine	Under discussion (50.0%)	2,203MW	Concluded share purchase agreement Dec.2006
Total		About 60 billion (except ⑧)	About 12,000MW (TEPCO's portion: About 3,200MW)	

*Investment ratio calculated at the exchange rate as of March, 2006.



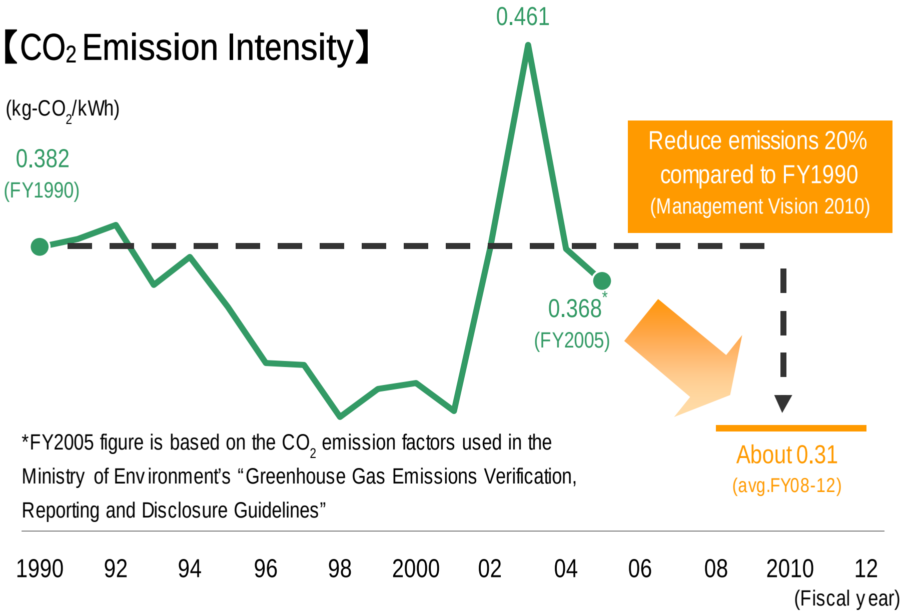
- ✓ Leverage the Group's technological capabilities and human resources to promote investment centered on generation business. Continue concentrating investment in Asia. At the same time, reduce and disperse risk by working to expand regional coverage.
- ✓ Develop the consulting business, including technical support for electric power facility planning, construction, operation and maintenance; restructuring support for electric power businesses in developing countries; and renewable energy development surveys.

5. Contributing to the Global Environment

【Measures against Global Warming】

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

【CO_2 Emission Intensity】



*FY2005 figure is based on the CO_2 emission factors used in the Ministry of Environment's "Greenhouse Gas Emissions Verification, Reporting and Disclosure Guidelines"

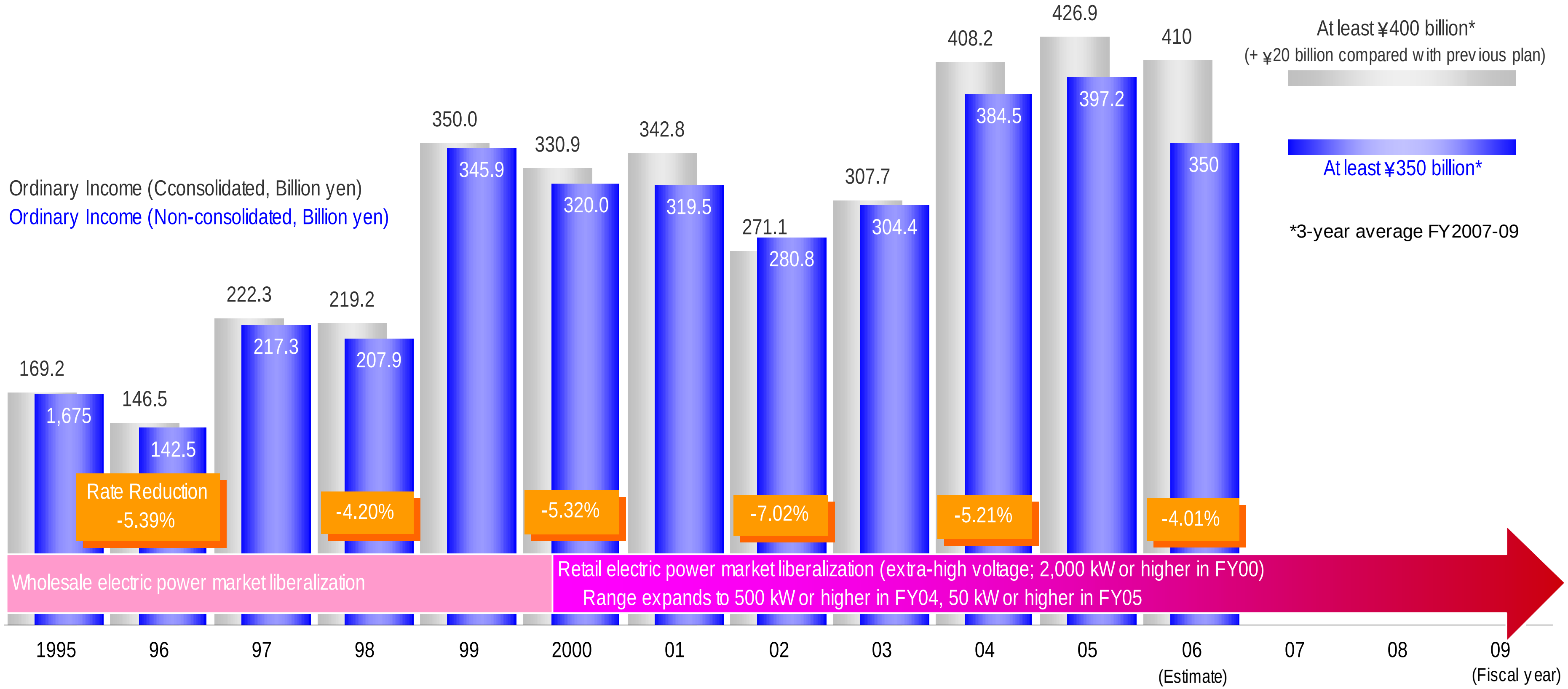
【Utilizing the Kyoto Mechanism】

Funds Total 20.5 million US$	◆Prototype Carbon Fund (PCF) ◆Bio Carbon Fund (BioCF) ◆Japan GHG Reduction Fund (JGRF)
Projects (Credit purchase contract) approx. 7.1 million t-CO_2	◆Chile, Methane Recovery and Destruction CDM ◆China Xinjian Uygur, Wind Power CDM ◆China, Guizhou Hydropower CDM ◆Honduras Bagasse Cogeneration CDM ◆Joint Purchase with Japan Carbon Finance (JCF) ◆China Xinjian Uygur Hydropower CDM ◆China Guangdong province Wind Power CDM
Investments approx. 0.22 million t-CO_2 + α	◆Thailand, Biogas Supply Project ◆Australia, Forestation project in New South Wales

✓ Revised period for achieving the CO_2 emission intensity reduction target in Management Vision 2010 (reduce CO_2 emission intensity 20% below FY1990 levels by FY2010) to FY2008-12 (5-year average figure*) to match the first commitment period of the Kyoto Protocol.
*Calculated by dividing the cumulative 5-year total of CO_2 emissions by the cumulative 5-year total electricity sales volume.

✓ Promote initiatives to achieve targets, including safe, stable operation of nuclear power plants, which help reduce CO_2 emissions; improving the efficiency of thermal power generation; expanding the use of renewable energies by fulfilling obligations under the RPS Law; and acquiring carbon credits from overseas greenhouse gas reduction projects.

6. Ordinary Income Targets

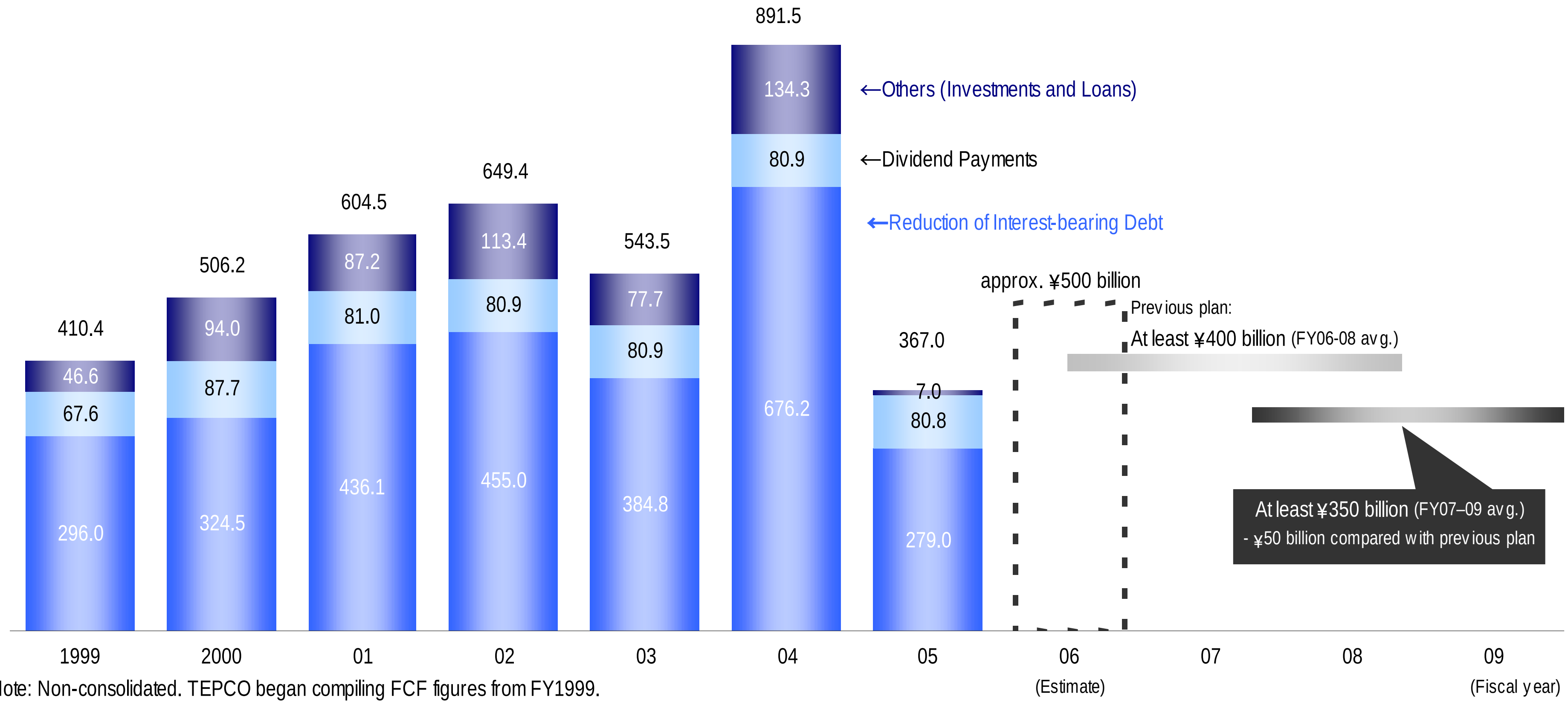


✓ Steadily increase profits while strategically reducing rates in line with the progress of liberalization.

✓ Despite an expected increase in expenses due to changes in the system for calculating depreciation and amortization, TEPCO aims to achieve at least ¥350 billion in non-consolidated ordinary income (3-year average from FY2007-09). TEPCO has decided to raise its consolidated target by ¥20 billion to at least ¥400 billion in anticipation of growth centered on fields related to energy and environment.

✓ TEPCO is aiming for ROA of at least 4% (3-year average from FY2007-09) on both a consolidated and non-consolidated basis by increasing asset efficiency through streamlining of assets. This will include rationalizing facility operations and scrapping or decommissioning underused facilities.

7. Free Cash Flow (FCF) Targets

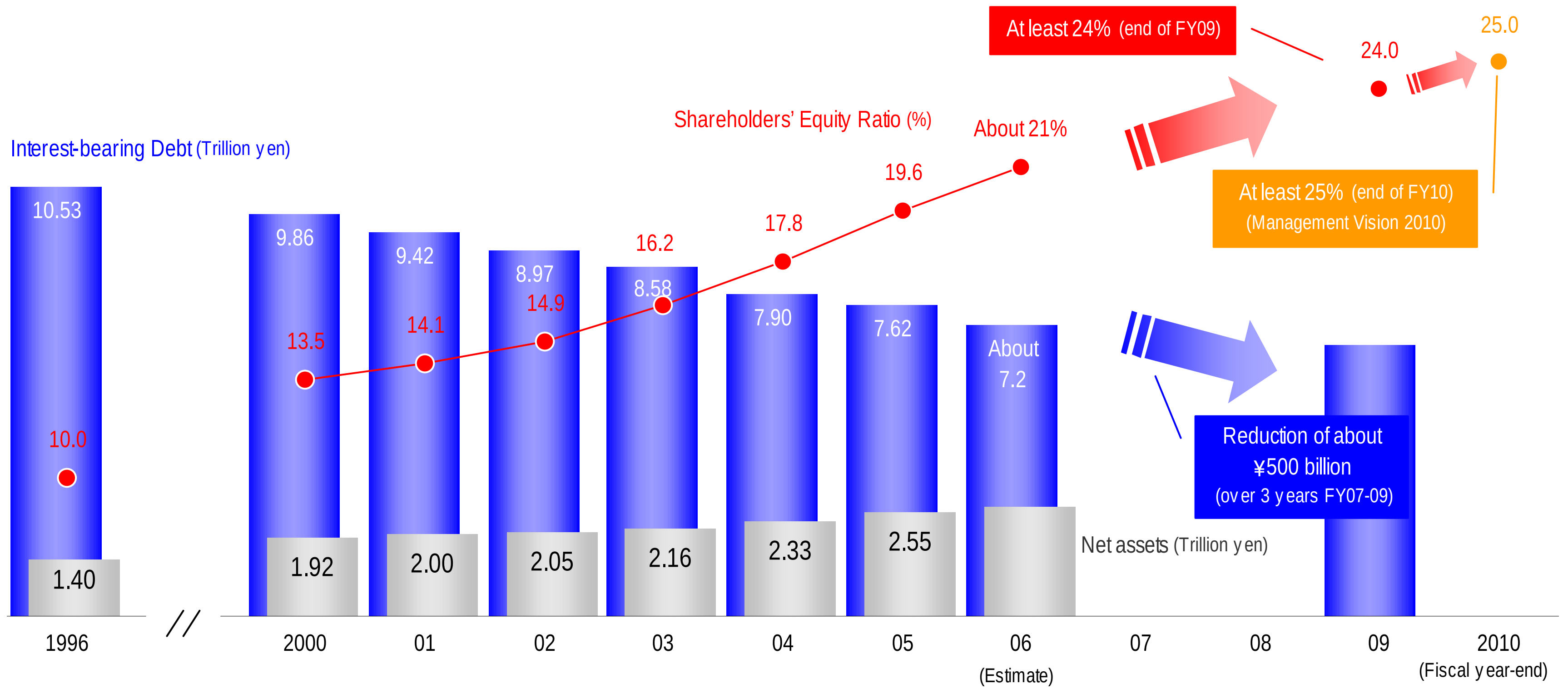


Note: Non-consolidated. TEPCO began compiling FCF figures from FY1999.

- ✓ TEPCO projects non-consolidated FCF of approximately ¥500 billion, which is higher than the initial target of at least ¥400 billion (3-year average from FY2006-08). Factors in the change include capital expenditures in the electric power business that were approximately ¥90 billion lower than initial projections.
- ✓ In the current plan, TEPCO anticipates an increase in capital expenditures in the electric power business due to factors including an increase in outlays for nuclear fuel caused by high uranium prices. As a result of this and other factors, the Company has lowered its FCF target from the previous plan to at least ¥350 annually (average from FY2007-09).

Ⅱ. Dividend Policy

8. Background to the Dividend Increase: Balance Sheet Improvement



✓ TEPCO's shareholders' equity ratio has risen to 21.2% (non-consolidated, as of Dec. 31, 2006) with steady improvement in the balance sheet resulting from an emphasis on allocating FCF to reduce interest-bearing debt.

✓ Early achievement of the Management Vision 2010 target (shareholders' equity ratio of at least 25%* in FY2010) is in sight because the Company will continue regular reductions of interest-bearing debt. (The target shareholders' equity ratio for the end of FY2009 in the current plan is at least 24%)

*The ratio of shareholders' equity excluding share warrants to total assets

✓ Accordingly, based on its policy of profit sharing, TEPCO has decided to increase the FY2006 year-end dividend from ¥30 to ¥40 per share, an increase of ¥10 for a total dividend of ¥70 per share for the fiscal year.

9. Profit Sharing

【Concept of Profit Sharing】

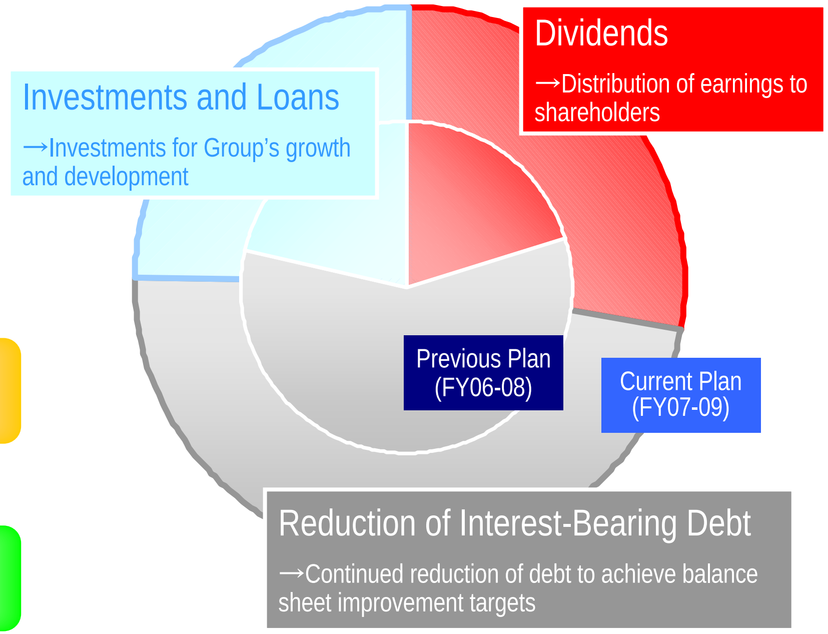
Efficiency gains through company-wide streamlining

Efficiency gains distributed based on the profit-sharing concept

Free Cash Flow

Provision of good-quality, low-priced electricity and services	Reduction of interest-bearing debt	Dividends	Investment in new businesses
Increase in customer satisfaction	Balance sheet improvement	Maintaining stable dividends	Securing growth potential

【Allocation of FCF】



New Earnings Distribution Policy

TEPCO is fundamentally committed to maintaining a stable dividend and intends to achieve a consolidated payout ratio of 30% or higher. Therefore, the Company endeavors to meet shareholder' expectations by distributing earnings while comprehensively considering factors including business performance and progress in improving the balance sheet.

✓ In addition to distributing dividends to shareholders, TEPCO will use FCF to achieve balance sheet improvement targets by steadily reducing debt and for the investments required to ensure the TEPCO Group's future growth and development.

【Reference】

FY2007 Electricity Supply Plan

【Reference】Demand Outlook

(Billion kWh, Million kW, %)

		FY2005 (actual)		FY2006 (estimate)		FY2007 (projected)		FY2016 (projected)	Annual growth rate (FY2005-16)	
	Lighting	2.8	(2.6)	-1.9	(1.3)	3.3	(2.1)			
			95.2		93.3		96.5	108.7	1.2	(1.4)
	Low-voltage power	-2.1	(-4.0)	-6.6	(-0.5)	-0.7	(-0.9)			
			11.2		10.5		10.4	10.0	-1.0	(-0.4)
	Other power	-2.2	(-2.2)	-4.5	(-4.5)	-1.1	(-1.4)			
			2.3		2.2		2.2	1.7	-2.4	(-2.4)
Regulated segment		2.2	(1.8)	-2.5	(0.9)	2.9	(1.7)			
			108.7		106.0		109.0	120.5	0.9	(1.2)
Liberalized segment		-0.2	(-0.1)	1.1	(1.8)	1.6	(1.2)			
			180.0		181.9		184.7	199.3	0.9	(1.0)
Total electricity sales volume		0.7	(0.6)	-0.3	(1.5)	2.0	(1.4)			
			288.7		287.9		293.7	319.8	0.9	(1.1)
Peak demand (3-day average at transmission end)		-2.9	(-1.2)	-3.8	(-0.7)	6.3	(2.5)			
			57.45		55.27		58.76	63.93	1.0	(0.9)

Notes: Upper figures for FY2005, FY2006 and FY2007 indicate percentage change compared to the previous fiscal year. Figures in parentheses are adjusted for the influence of air temperature.

Comparison with previous plan (as of FY2015)

	Current plan	Previous plan
Sales volume	316.2	317.1
	Difference: -0.8 billion kWh (-0.3%)	
Peak demand	63.24	64.71
	Difference: -1.47 million kW (-2.3%)	

- ✓ With the continued gradual recovery of the economy, electricity sales volume in FY2007 is expected to increase more than 1.4% (adjusted for the influence of air temperature) to 293.7 billion kWh due to continued growth in demand from customers in liberalized segments, primarily in the industrial sector, coupled with an increase in household use (lighting) supported by a rising number of customer accounts.
- ✓ Competition with companies offering other forms of energy and progress in energy conservation is expected to intensify over the medium term. TEPCO therefore projects electricity sales volume growth to average 1.1% annually from FY2005-16. This represents a downward revision of approximately 0.8 billion kWh in sales volume and 1.47 million kW in peak demand compared with the previous plan forecasts for FY2015, the final year of the previous plan.

【Reference】Major Facilities Plans

		Location/Name	Output/Scale	Start of commercial operation	Start of commercial operation (previous plan)
Electric power development projects	Nuclear	Fukushima Daiichi Units 7 and 8	1.38 million kW ea.	October 2013, October 2014	October 2012, October 2013
		Higashidori Units 1 and 2	1.385 million kW ea.	December 2014 Fiscal 2017 or later	December 2014 Fiscal 2016 or later
	Coal thermal	Hitachinaka Unit 2	1 million kW	Fiscal 2014 or later	Fiscal 2014 or later
		Hirono Unit 6	0.6 million kW	Fiscal 2014 or later	Fiscal 2010
	LNG thermal	Futtsu Unit 4 group	1.52 million kW	July 2008, July 2009, July 2010	July 2008, July 2009, July 2010
		Kawasaki Unit 1 group	1.5 million kW	July 2007, July 2008, July 2009	July 2007, July 2008, July 2009
		Kawasaki Unit 2 group	1.5 million kW	Fiscal 2017 or later	Fiscal 2016 or later
	Hydroelectic	Kazunogawa	0.8 million kW 0.8 million kW	December 1999, June 2000 Fiscal 2017 or later	December 1999, June 2000 Fiscal 2016 or later
		Kannagawa	0.94 million kW 1.88 million kW	December 2005, July 2010 Fiscal 2017 or later	December 2005, July 2010 Fiscal 2016 or later
Supply facility plans	Transmission	Kawasaki-Takanawa Line, new construction (275 kV)	17.9 km	June 2006, December 2006, June 2007	June 2006, December 2006, June 2007
		Naka-Tokyo Trunk Line, additional line (275 kV)	16.0 km	October 2008	October 2008
		Yokohama Kohoku Line, addition (275 kV)	16.8 km	June 2009	June 2009
		Nishi Joubu Trunk Line, new construction (500 kV)	112 km	May 2012	May 2012
	Transformation	Kashima Substation, addition (275kV)	900MVA	January 2008	—
		Shin-Fukushima Substation, replacement (500 kV)	1,000 MVA removed 1,500 MVA installed	December 2008	—
Interregional management	Wide-area power generation development	Isogo New Unit 2 (coal thermal, with J-POWER)	0.6 million kW	July 2009	July 2009
		Ohma (nuclear, with J-POWER)	1.383 million kW	March 2012	March 2012
	Wide-area interconnection	New construction at Higashi-Shimizu FC (by Chubu Electric Power Co., Ltd.)	0.3 million kW capacity	September 2011 (partial operation from March 2006)	September 2011 (partial operation from March 2006)
Power plants decommission plan	Oil thermal	Yokohama Unit 5 and 6	0.175 million kW 0.35 million kW	March 2010	—

Note: Underlined dates have changed from the previous plan.

【Reference】Capital Expenditures and Funding

(Billion yen)

				FY2005 (actual)	FY2006 (estimate)	FY2006 (previous plan)	FY2007 (planned)	FY2008 (planned)
Capital Expenditures			Hydroelectric	25.7	13.1	(13.4)	8.3	13.2
			Thermal	53.1	73.9	(79.4)	69.5	78.2
			Nuclear	39.4	47.3	(76.4)	81.4	136.8
		Power sources subtotal		118.2	134.3	(169.2)	159.2	228.2
			Transmission	71.3	94.7	(135.0)	162.7	134.7
			Transformation	52.3	54.9	(59.2)	47.8	57.6
			Distribution	141.3	133.9	(138.8)	136.7	139.6
		Supply facilities subtotal		265.0	283.5	(333.0)	347.2	331.9
		Others		17.0	12.8	(20.2)	17.2	15.0
	Subtotal			400.3	430.6	(522.4)	523.6	575.1
	Nuclear fuel			104.6	64.7	(59.3)	85.2	87.8
	Total			505.0	495.3	(581.7)	608.8	662.9
Funding		Internal reserves		730.2	775.5	(792.7)	681.7	699.5
		Other		54.6	180.8	(104.8)	50.4	147.4
	Total internal funding			784.9	956.3	(897.5)	732.1	846.9
		Proceeds from issuance of bonds		250.0	329.2	(250.0)	400.0	450.0
		Net proceeds from issuance of bonds		-156.2	-400.4	(-472.8)	-303.4	-136.9
		Loans		-123.6	-60.6	(157.0)	180.1	-47.1
	Total external funding			-279.8	-461.0	(-315.8)	-123.3	-184.0
	Total			505.0	495.3	(581.7)	608.8	662.9