Annual Report 2004

Year ended March 31, 2004

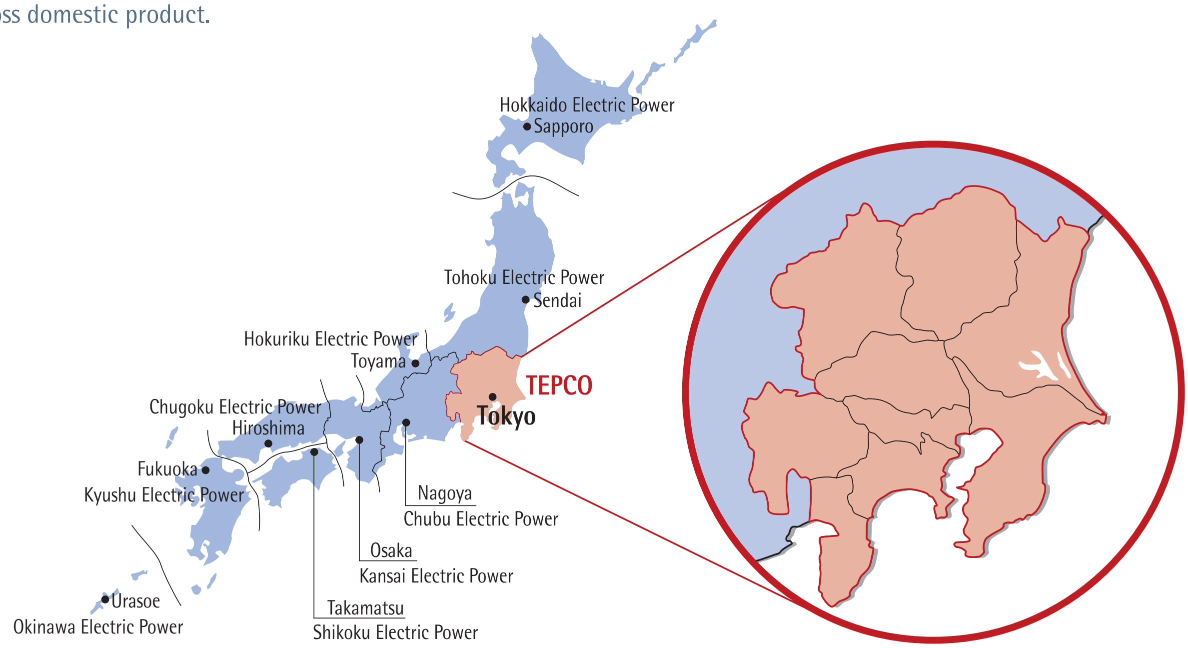
TEPCO

TOKYO ELECTRIC POWER COMPANY

TEPCO at a Glance

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 43 million people accounts for about one-third of Japan's population. Moreover, this area has a gross regional product of ¥186 trillion annually, which accounts for approximately 40 percent of Japan's total gross domestic product.



Comparison with Principal Power Companies Overseas

TEPCO is the leading supplier of electricity in Japan. TEPCO's electricity sales volume in fiscal 2004 totaled 276.0 billion kWh, which was greater than the volume of electricity supplied and consumed in the whole of Italy.

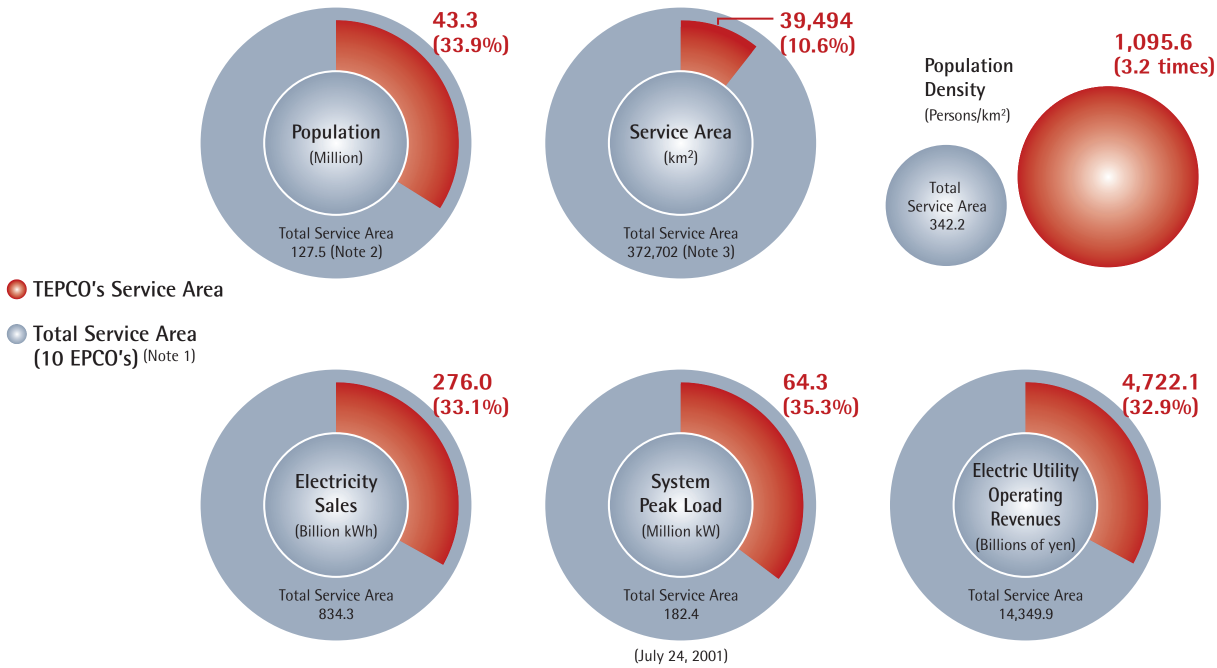
(As of December 31, 2003, unless otherwise noted)

	Country	Electricity Sales Volume (Million kWh)	Generation Capacity (Thousand kW)
EDF (Note 1)	France	386,500	101,255
TEPCO (Note 2)	Japan	276,012	62,660
E.ON (Note 3)	Germany	269,400	25,130
ENEL	Italy	152,200	41,846

Notes: 1. As of December 31, 2002
2. As of March 31, 2004
3. Including wholesale

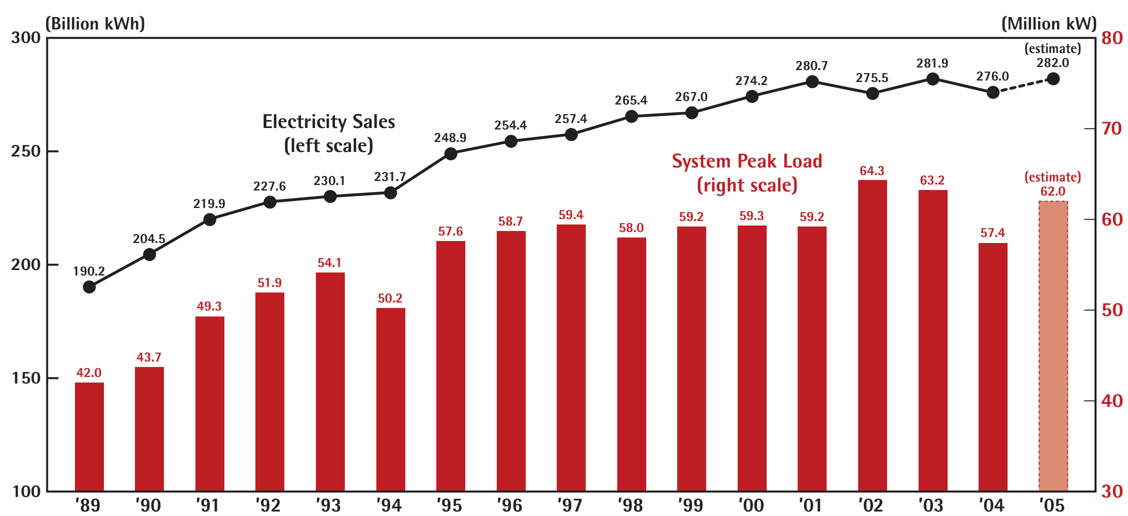
TEPCO's Position in the Japanese Electric Power Industry

(As of March 31, 2004 unless otherwise noted)



Notes: 1. Electric power companies
2. The population figure is an estimate as of January 1, 2004 (prepared by the Statistics Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications).
3. Source: Hand Book of Electric Power Industry (2003 edition)

Power Demand in TEPCO's Service Area



Profile

The Tokyo Electric Power Company, Inc. (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. The liberalization of the retail electricity market took effect for extra-high-voltage users in March 2000. Following the next stage of expansion in the scope of liberalization in 2005, customers in the liberalized retail power market will account for approximately 60 percent of our total sales of electricity. This is expected to severely exacerbate competition.

The entire Company is pulling together in an effort to increase management efficiency, with a view toward realizing our business philosophy: "With optimal energy service, we can offer our customers a better lifestyle and cleaner environment." 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.

Contents

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.

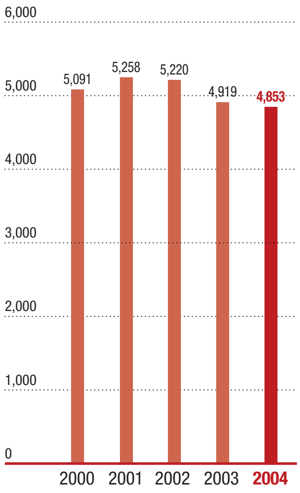
Consolidated Financial Highlights

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

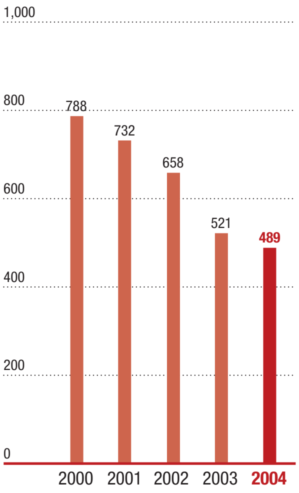
	Millions of yen, unless otherwise noted		Millions of U.S. dollars, unless otherwise noted (Note 1)
	2004	2003	**2004**
For the year:			
Operating revenues	**¥ 4,853,826**	¥ 4,919,109	**$ 45,925**
Operating income	**489,004**	521,406	**4,627**
Net income	**149,550**	165,267	**1,415**
Per share of common stock (Yen and U.S. dollars):			
Net income (basic)	**¥110.53**	¥122.08	**$1.05**
Net income (diluted)	**110.32**	121.33	**1.04**
Cash dividends	**60.00**	60.00	**0.57**
At year-end:			
Total shareholders' equity	**¥ 2,360,475**	¥ 2,245,892	**$ 22,334**
Total assets	**13,900,906**	14,177,296	**131,525**

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 ¥105.69 to US$1.00 prevailing on March 31, 2004.
2. Amounts of less than one million yen have been omitted. All dollar figures have been rounded to the nearest unit.

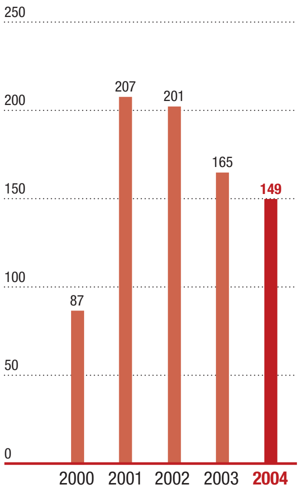
Operating Revenues
(Billions of yen)



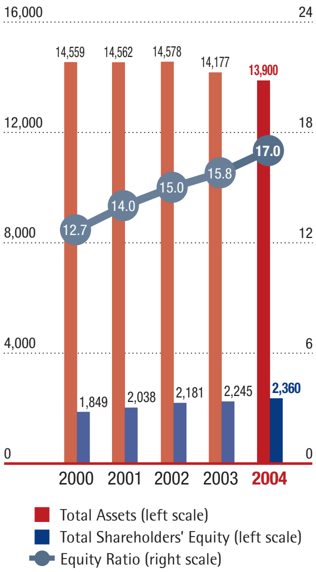
Operating Income
(Billions of yen)



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.

Message from the Management

The Tokyo Electric Power Company, Incorporated (TEPCO) aims to be the front-runner in energy services to fulfill its management philosophy of contributing to better lifestyles and more comfortable environments with superior services in the field of energy.

Chairman
Shigemi Tamura (left)

President
Tsunehisa Katsumata (right)

Operating Conditions and Results

During fiscal 2004, the fiscal year ended March 31, 2004, the Japanese economy showed steady movement toward recovery during the second half, with continued improvement in corporate earnings supported by an increase in exports to Asia and a recovery in private capital investment.

Amid these economic trends, our sales of electricity decreased 2.1 percent from the previous fiscal year to 276.0 billion kWh. Record-low temperatures during the summer and a mild winter reduced demand for air conditioning and heating, while weakness in the manufacturing sector during the first half contributed to flat demand from industrial users.

The decrease in electricity sales in our electric power business was a factor in the 1.3 percent year-on-year decrease in consolidated operating revenues to ¥4,853.8 billion. Although fuel costs in the electric power business rose as the utilization ratio of nuclear power plants decreased, TEPCO executed an exhaustive cost reduction program covering every aspect of operations. This program included reducing personnel expenses by revising TEPCO's retirement benefit and pension plan, and lowering interest and depreciation expenses.

As a result, consolidated operating income decreased 6.2 percent compared to the previous fiscal year to ¥489.0 billion. Net income decreased 9.5 percent year-on-year to ¥149.5 billion, primarily because TEPCO implemented the "Accounting Standards for Impairment of Fixed Assets," which resulted in an impairment loss of ¥44.8 billion that was accounted for as an extraordinary loss. Cash dividends totaled ¥60.00 per share, unchanged from the previous fiscal year.

TEPCO's Management Environment and Challenges

Regarding the series of incidents at our nuclear power facilities, we have been making every effort to ensure no such incidents occur again by creating a corporate culture and system that assure compliance with rules and regulations. The nuclear power facilities where operations were suspended for safety reasons have restarted operations in succession. Looking forward, TEPCO will continue working to ensure safety and restore the public's peace of mind, while maintaining consistently ethical corporate behavior, implementing safety measures and quality control, and thoroughly disclosing information in order to regain the trust of society and the residents living near power plants.

The scope of liberalization of the retail electric power expanded further in April 2004, and will continue in stages. In April 2005, customers in the liberalized retail power market will account for more than 60 percent of our sales of electricity. Moreover, as factors such as low economic growth restrain expansion in electricity demand, we will face heightened competition from new entrants, self-generation and other forms of energy. This will make the electric power market even more challenging. Given these conditions, we will further strengthen our sales activities in responding precisely to the needs of customers in order to continue to be their supplier of choice and succeed in a competitive market. In addition, we will deploy all of the capabilities of the TEPCO Group in aggressively developing new businesses, such as our information and telecommunications businesses.

TEPCO will approach these challenges by promoting highly flexible, efficient management, and by strengthening corporate governance to raise management soundness and transparency.

To Our Shareholders and Investors

TEPCO aims to be the front-runner in energy services to fulfill its social responsibilities by contributing to better lifestyles and more comfortable environments with superior services in the field of energy, as expressed in its management philosophy.

More than most businesses, the electric power business relies on many stakeholders, including shareholders and investors, customers, local residents, and employees. Losing the support of any of them would impede smooth business operations, and so we believe that we must fulfill our obligations to each and every one of our many stakeholders in conducting operations.

As part of this perspective, our objective over the medium to long term is to maximize the overall satisfaction of our many stakeholders. Specifically, we will raise shareholder satisfaction by promoting efficiency and improving profitability to increase earnings. We will also raise customer satisfaction through the stable supply of high-quality energy and services at competitive rates. Moreover, we will continue to operate power generation facilities safely to preclude concern on the part of the residents of the regions in which we operate and coexist with the regions we serve. TEPCO will work to continuously improve its corporate value by maintaining a balance among these initiatives in order to achieve their objectives in concert.

We are counting on the continued support and understanding of our shareholders and investors in managing the Company for future growth.

July 2004

S. Tamura

Shigemi Tamura
Chairman

T. Katsumata

Tsunehisa Katsumata
President

An Interview with President Tsunehisa Katsumata

How has TEPCO worked to restore its credibility following the series of incidents at its nuclear power facilities?

Those incidents damaged our credibility with society and regional residents to its very core.

Since I became president in October 2002, TEPCO has made every effort to preclude the recurrence of such incidents. This included announcing our Four Commitments and assiduously creating a corporate culture and system that assure compliance with rules and regulations. During this time, the nuclear power facilities where operations were suspended for safety reasons have successfully restarted one by one, thanks to the understanding and cooperation of society and regional residents. Regaining lost credibility will not be easy, but we will work closely with our business partners in areas including observing corporate ethics, securing safety and ensuring quality at nuclear power generation facilities, and assiduously disclosing information as part of our efforts to steadily restore our credibility.

As part of our efforts, in June 2004 we established the Nuclear Power & Plant Siting Division, which integrates the former Nuclear Power Division and the Plant Siting & Regional Relations Division, as well as each nuclear power station. The new division will support efforts to raise quality and promote safety in all nuclear power divisions, while integrating the Nuclear Power Division and the Plant Siting & Regional Relations Division will support harmonious coexistence with the regions where we operate.

We will use this opportunity to effect a positive transformation in working to get people to understand that TEPCO has truly changed.

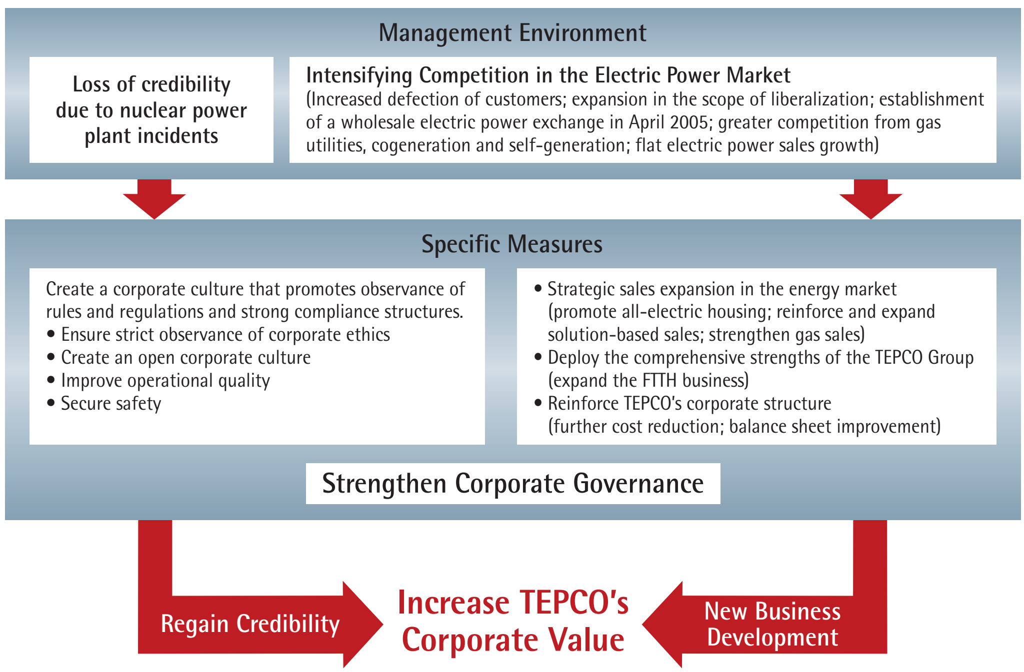
What are the main points of the management plan TEPCO announced in March 2004?

TEPCO has two key challenges at present. The first is regaining credibility lost as a result of the nuclear power facility incidents. The second is emerging a winner as the progress of liberalization and other factors cause competition in the electric power market to intensify. Our management plan centers on these two challenges.

We will follow the approaches I outlined earlier in regaining credibility, and will continue to steadily implement established initiatives. In sales activities, we will be aggressive. Specifically, we will promote all-electric housing while enhancing solutions-based sales and strengthening gas sales with the aim of achieving strategic sales expansion in the energy market. In addition, we expect strong future growth in our information and telecommunications business, and will work on a parent-company basis to further expand our fiber to the home (FTTH) business. Of course, we will continue to accommodate liberalization by promoting cost reductions and making our corporate structure even more robust.

We will also work to strengthen corporate governance as the foundation supporting our efforts to recover credibility and develop our business. I want the year to March 2005 to be one in which we strengthen our efforts in these areas as a means of vigorously executing our new initiatives.

Management Plan: Key Points

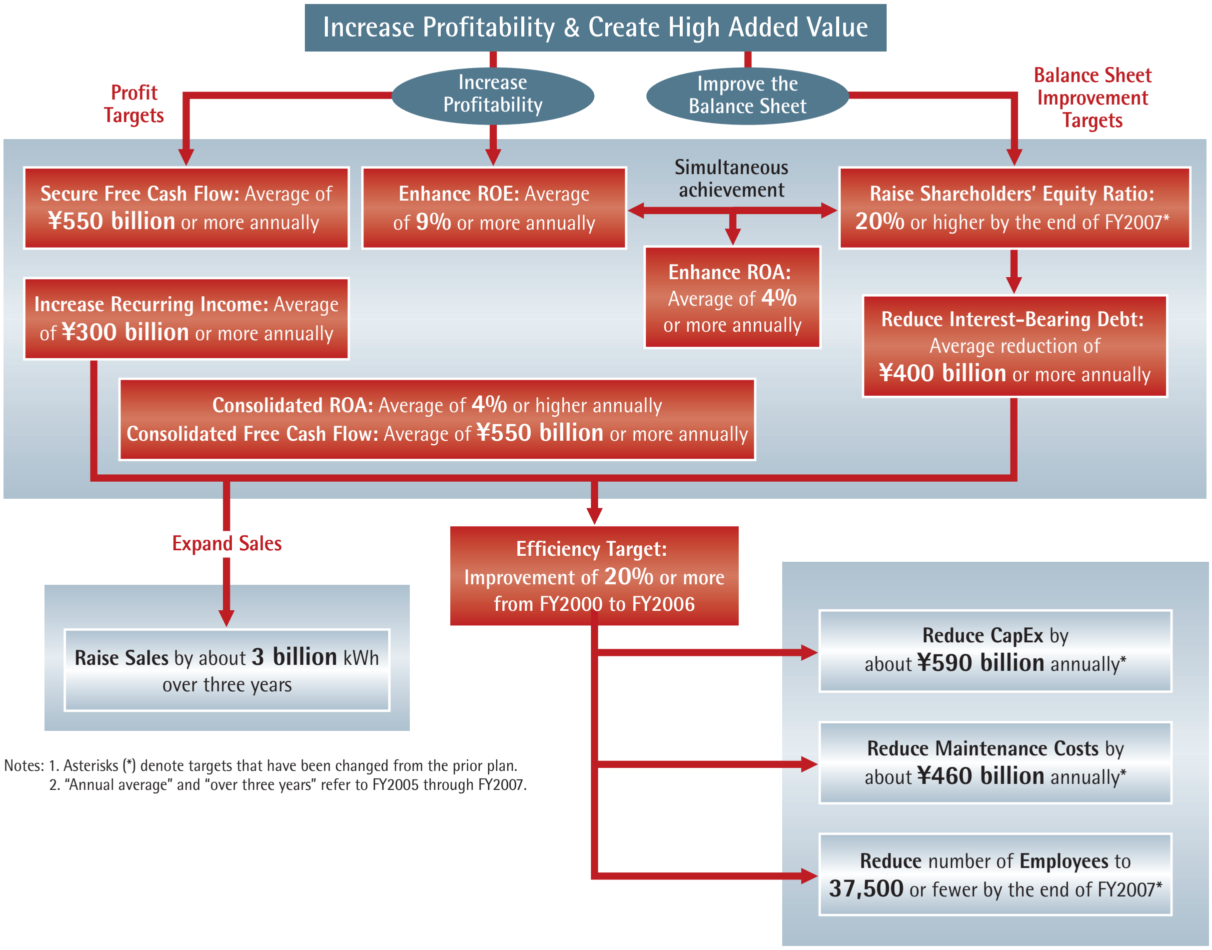


What are TEPCO's management objectives, and how will TEPCO achieve them?

Balance sheet improvement and enhanced profitability are the two primary pillars in achieving the corporate objectives of increased profitability and creating the high added value that are part of TEPCO's long-term vision. With liberalization progressing, TEPCO must further enhance its strengths to compete successfully. Moreover, we must provide high-value-added services and increase profitability.

Our management plan contains new goals for increasing efficiency that exceed our former objectives. In addition, we have established and announced our first sales target of increasing sales of electricity by approximately 3 billion kWh over the next three years. We intend to put every effort into achieving it.

Management Targets



Notes: 1. Asterisks (*) denote targets that have been changed from the prior plan.
2. "Annual average" and "over three years" refer to FY2005 through FY2007.

The scope of liberalization will continue to expand. What is TEPCO's attitude regarding liberalization?

We believe liberalization is an opportunity. Certainly, competition will increase due to new entrants and other factors. However, TEPCO has many years of experience and a long record of performance in serving the electric power market, and we are confident that no competitor will come close to matching it. The liberalization of the electric power industry will increase the scope of our management options in ways such as allowing us to flexibly lower rates, improve our balance sheet, share the benefits of increasing efficiency in ways including distributing dividends to shareholders and enter businesses other than electric power. It will also engender the vitality to unleash our creativity and ingenuity in areas such as managing operations.

By all means, we intend to take advantage of this opportunity. TEPCO will boldly take up the challenge of fully developing its inherent capabilities.

TEPCO has set the goal of increasing sales of electricity by about 3 billion kWh over the next three years. What are your specific strategies for achieving this target?

Our operating environment is becoming progressively more challenging. Key management challenges for remaining the supplier of choice for our customers include reducing costs further, thoroughly increasing operating efficiency and strengthening competitiveness, while swiftly and precisely responding to customer needs.

To do so, in the corporate and large-user markets we are assigning account managers who remain up-to-date on issues including customer requirements and plans to expand facilities. Quickly deploying this information, TEPCO is promoting precise sales activities that entail proposing the optimal rate menus, equipment, systems and other considerations for each customer.

For residential customers, TEPCO will propose the all-electric housing concept for comfortable living that includes highly efficient, safe and convenient appliances and systems such as induction heating (IH) cooktops and the Eco Cute water heating system.

As a result of these sales activities, over the next three years we intend to increase sales of electricity by 2.1 billion kWh in the corporate and large-scale customer segment and by 0.9 billion kWh in the household segment.

The fact is, customer needs are diversifying. Customer expectations for TEPCO will no longer be limited to its traditional function of providing electricity alone. For example, customers with large-scale factories are demanding not only electricity, but also the comprehensive supply of energy including gas and heat, which presents an expanding array of opportunities. We will respond to the total energy needs of customers by combining the capabilities of the TEPCO Group.

The electric power business is not projected to grow. Given intensifying competition, what is TEPCO's strategy for future growth?

Certainly, we cannot expect the same high rate of growth in electricity demand as in the past. However, the growing popularity of amenities has increased electric power's share of energy use, and Japan's economy is projected to gradually recover over the medium to long term. We therefore project that TEPCO's sales of electricity will increase at an average of slightly over 1 percent annually for each of the next 10 years. In addition, we are focused on expanding sales in the electric power business by working to increase sales volume.

However, for the TEPCO Group to generate growth and expansion, we must deploy resources in businesses besides electric power. We therefore intend to deploy the comprehensive strengths of the TEPCO Group in building a total solutions business that encompasses energy services that maximize the Group's capabilities and management resources as well as information and communication services.

In the energy business, we will not only rely on our existing electric power system. Rather, we will develop services that comprehensively employ gas sales, consulting to reduce energy use, on-site electric power generation and other approaches. In the information and telecommunications business, we are concentrating on the FTTH business to deliver a pleasurable, moderately priced communication environment by extending optical fiber to homes. We are also developing businesses such as providing Internet service, telephone service and corporate data communication services through affiliates.

How is TEPCO strengthening its corporate structure?

TEPCO has been working to thoroughly raise efficiency to strengthen its corporate structure since well before the start of liberalization. Specific measures to restrain capital expenditures have included raising efficiency in the structure and management of facilities and fully utilizing existing facilities. We have also reduced maintenance expenses and the number of employees.

As liberalization progresses, improving our balance sheet will be a critical management challenge, and we are aggressively reducing interest-bearing debt. As a result, we have raised our shareholders' equity ratio on a non-consolidated basis to about 16 percent from 10 percent as of March 31, 1997. Our goal is a shareholders' equity ratio of 20 percent or more as of March 31, 2007.

We are holding down funding costs by emphasizing direct procurement from capital markets using instruments with favorable interest rates such as bonds and commercial paper and by aggressively utilizing domestic and international capital markets. As a result, the average interest rate on TEPCO's bonds and borrowings as of March 31, 2004 had decreased to 1.88 percent.

How have reforms of TEPCO's corporate management system strengthened corporate governance?

Corporate governance is the subject of lively debate in Japan. We have been examining appropriate management systems from our perspective of competing successfully and generating sustained growth. After receiving the approval of the Ordinary General Meeting of Shareholders in June 2004, TEPCO implemented corporate management system reforms, which included enhancing the functions of the Board of Directors.

The reforms entailed three main initiatives. We reduced the number of board members, implemented an executive officer system, and increased the number of outside auditors.

These reforms are the beginning of our ongoing emphasis on strengthening corporate governance. We want to ensure the trust of our stakeholders — shareholders and investors, customers and regional communities — as we work to generate sustained growth and build corporate value over the long term.

How will TEPCO distribute the benefits from successfully increasing efficiency?

Our stance is based on a broadly defined profit sharing approach including improving our balance sheet, paying dividends to shareholders, raising customer satisfaction by strengthening price competitiveness, and investing in new businesses. TEPCO recently announced that it will reduce rates in October 2004.

We also expect to maintain stable dividends per share of ¥60.00 as we undertake the critical management challenges of improving our balance sheet.

We are counting on the continued understanding and support of shareholders and investors.

➤ Liberalization of the Electric Power Industry

- Establishment of a Neutral Organization
- National Wholesale Electric Power Exchange

➤ Strategic Focus on Sales Expansion

- Corporate and Large-Scale Customers
- Household Customers

Responsible Energy Leadership

➤ Diversification

- Fiber to the Home (FTTH) Business
- Gas Business
- Overseas Businesses

➤ Cost Reduction Initiatives

- Reduction of Capital Expenditures
- Reduction of Maintenance Costs
- Reduction in the Number of Employees

1 Liberalization of the Electric Power Industry

Liberalization of Japan's electric power industry began in 1995, and has allowed new entrants into the electric power generation business. Liberalization has progressed in stages, including partial liberalization of the retail electric power market in 2000, with the aim of reducing electricity rates and improving standards of service. Further staged expansion in the scope of liberalization has already been decided, with the ultimate goal of fully liberalizing the market while reconciling the two objectives of maintaining reliable supply and ensuring energy security, both of which are public interest issues, and pursuit of efficiency. More specifically, the scope of liberalization in the retail market expanded from April 2004 to include customers supplied with high-voltage electricity (500kW of demand or higher), and will extend to all customers in the high-voltage market from April 2005.

A concrete study on liberalizing the low-voltage market, including power supplied to residential customers, will begin around April 2007, two years after the full liberalization of the high-voltage market. This approach will allow full consideration of the effects of expansion in the scope of liberalization of the high-voltage market.

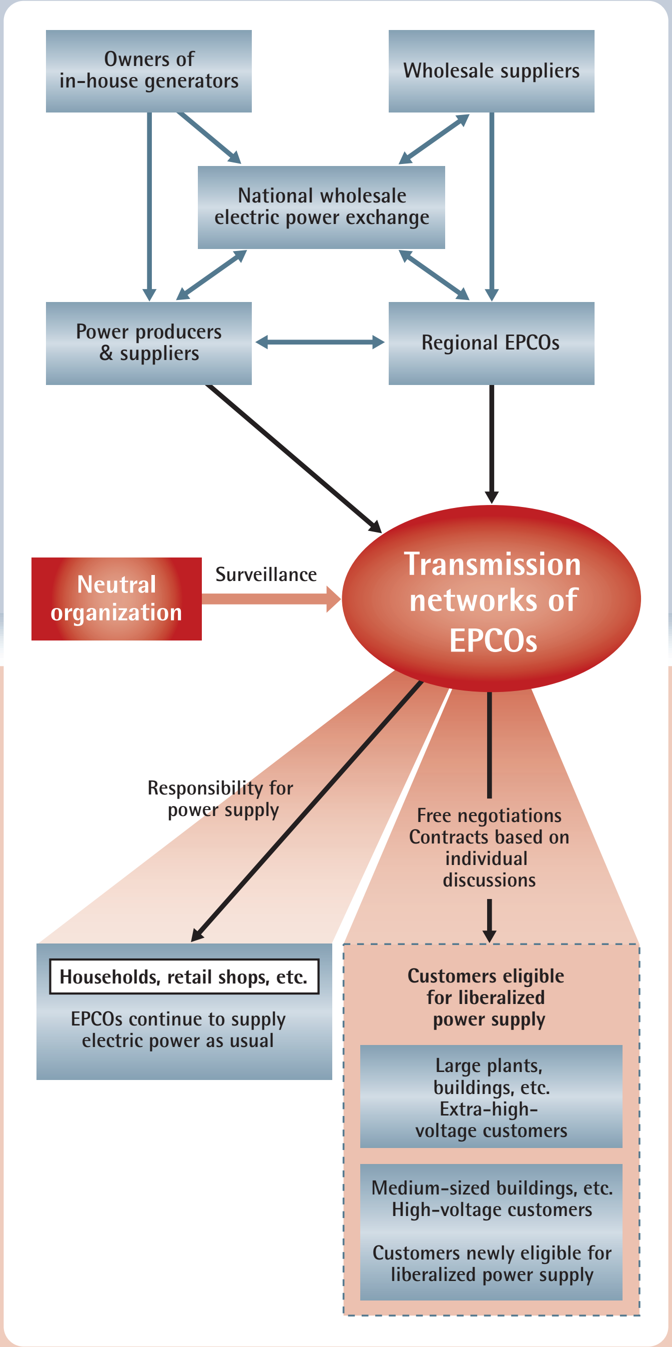
Establishment of a Neutral Organization

Staged Expansion in the Scope of Liberalization

March 2000	Liberalization covers 27% of TEPCO's electricity sales	2,000 kW or higher	**Extra High Voltage** (20,000V or higher) Large scale manufacturing plants (industrial complexes, factories with multiple facilities), department stores, hotels, office buildings, hospitals, universities
April 2004	Liberalization covers 41% of TEPCO's electricity sales	500–1,999 kW	**High Voltage** (6,000V or higher) Mid-size factories, supermarkets, small to medium-sized buildings
April 2005	Liberalization covers 63% of TEPCO's electricity sales	50–499 kW	Small factories, supermarkets, small and medium-sized buildings
Consideration begins April 2007	Possible expansion to 100% of TEPCO's electricity sales	Less than 50 kW	**Low Voltage** (100V or higher) Small factories (family-owned), convenience stores (contracted power less than 50kW), households

National Wholesale Electric Power Exchange

Outline of the New Electric Power System



The networks of transmission and distribution lines that electric power companies own and operate are the foundation of competition in the electric power market. Electric power companies have voluntarily developed and implemented guidelines for electricity transmission and distribution structures, and for access to and operation of their systems, to ensure fairness and transparency.

The expanded scope of liberalization of the retail market will require enhanced fairness and transparency.

A neutral organization to provide assistance to the electric power system has therefore been established. It will develop rules for electric power grid structures, access to and operation of the system, and disclosure of information. It will also function to conduct audits and mediate conflicts. This organization will be a juridical intermediary rather than a for-profit corporation. Its articles of association may give voting rights to its participants. In this regard, the Electric Power System Council of Japan was established in February 2004, and preparations are under way for the Council to begin operations in April 2005.

Suppliers of electric power, including electric power companies and power producers and suppliers (PPS), will use a wholesale electric power exchange to sell surplus electricity and purchase power to cover shortfalls. A juridical intermediary, the Japan Electric Power Exchange, was established in November 2003, and it will begin handling wholesale electric power transactions in April 2005.

The establishment of this exchange is expected to promote competition among suppliers and vitalize the distribution of electric power nationwide. Many countries overseas that have liberalized their electric power markets have created wholesale electric power exchanges. Like exchanges created in some European countries, the exchange in Japan will be a private-sector entity and participation will not be compulsory.

The trust of the market will be essential to ensuring sufficient liquidity and trading volume for both purchase and sale contracts. Transactions must therefore be based on an actual demand, not on speculation, for the exchange to be effective. Electric power companies, including TEPCO, have therefore announced that they will make every effort to provide the exchange market with economically rational supply, under the premise that electric power companies will place priority on securing stable supply and meeting demand within their own service areas.

2 Strategic Focus on Sales Expansion

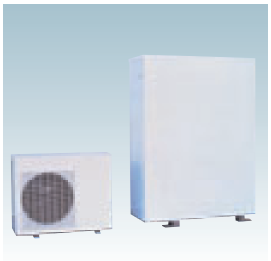
TEPCO's operating environment has become increasingly challenging due to the expanding scope of liberalization and the slow growth in demand for electricity that has resulted as Japan's economy has matured. TEPCO is therefore intensifying its efforts to expand sales of electricity in order to succeed in a competitive marketplace. Our new business management plan contains the objective of increasing sales of electricity by 3.0 billion kWh over the next three years. We plan to increase the volume of electricity sold by 2.1 billion kWh in the corporate and large-scale customer segment and by 0.9 billion kWh in the household segment. In the corporate and large-scale customer segment, specific targets for the end of fiscal 2007 include selling a volume of electricity equivalent to 15 thousand Eco Ice air conditioning units for facilities such as office buildings and factories. This objective is calculated on the basis of the standard 16-horsepower unit. In the household segment, specific objectives for the end of fiscal 2007 include achieving a ratio of 15 percent for all-electric housing as a percentage of total new housing. We have also established the Marketing & Sales Division to strengthen our sales capabilities.

Corporate and Large-Scale Customers

IH Cooktops

Induction heating (IH) cooktops use magnetic lines of force as a heat source, which gives them much greater heating power and greater energy efficiency than other heat sources. IH units do not use fire, and are therefore safer. Moreover, they require little ventilation because they do not cause air pollution. Since they release less heat into the surrounding air, IH cooktops also reduce the energy needed for cooling the kitchen. Additional advantages of IH cooktops include a more diverse range of cooking functions and ease of cleaning.

Eco Cute



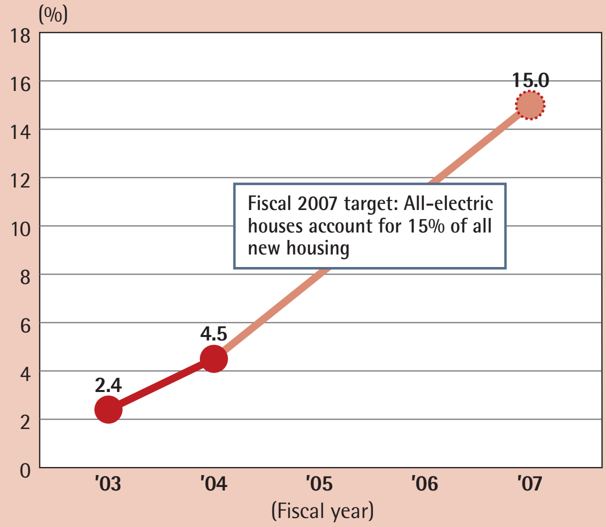
Eco Cute is the world's first natural refrigerant CO_2 heat pump water heater for residential use. TEPCO developed and commercialized it in collaboration with Denso Corporation and the Central Research Institute of Electric Power Industry. Compared to conventional combustion-based water heaters, Eco Cute units can produce more than three times the heat per unit of electric energy they consume, and therefore reduce energy consumption by approximately 30 percent. Eco Cute units reuse CO_2 generated in the process of producing industrial goods instead of using conventional chlorofluorocarbon (CFC) refrigerants, which helps preserve the ozone layer and mitigates global warming.

Household Customers

Responsible Energy Leadership

TEPCO assigned account managers to customers in the liberalized segments of the extra-high-voltage market prior to the past fiscal year. This has been well received by customers, and has accelerated TEPCO's ability to gather information and make timely proposals. We have begun similar services for customers representing 500kW or more of demand and supplied with high-voltage electricity, the segment that was liberalized at the start of the current fiscal year. This effort entails promoting thorough and responsive sales activities among the account managers assigned to each customer, understanding customer needs and plans to build or expand facilities, and proposing packages of rates, equipment and systems that are best suited to each customer. We will continue to provide comprehensive solutions-based services that encompass sales of gas and heat, consulting to reduce energy consumption, and on-site power generation rather than electricity alone in order to meet the full array of customer requirements.

All-Electric New Housing Ratio



TEPCO is proposing all-electric housing that contributes to comfortable lifestyles with environmentally friendly, highly efficient, safe and convenient electric appliances and systems such as the induction heating (IH) cooktop and the Eco Cute water heating system.

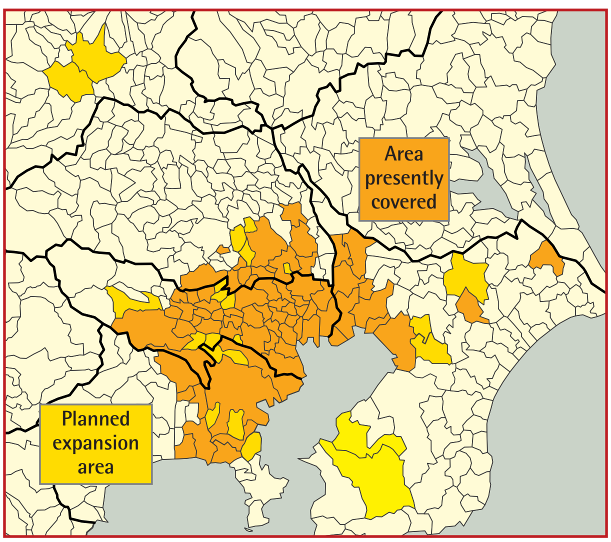
In the new housing market in TEPCO's service area, the ratio of ready-built homes and condominium units sold is higher compared to the service areas of other EPCOs. Consequently, the companies that develop these ready-built homes and condominium units make approximately 75 percent of the decisions in areas such as water heaters and kitchen appliances. TEPCO is therefore promoting all-electric housing as the standard specification at the headquarters level of influential home builders and developers in the housing market, while enhancing proposals to make particular projects all-electric. TEPCO is also strengthening sales activities at the branches where these firms market housing to customers. Efforts include increasing sales staff and optimizing the use of our sites.

TEPCO is also executing sales promotions among end users so they can understand and experience the merits of all-electric housing. In addition, TEPCO is advertising in mass media channels such as television commercials.

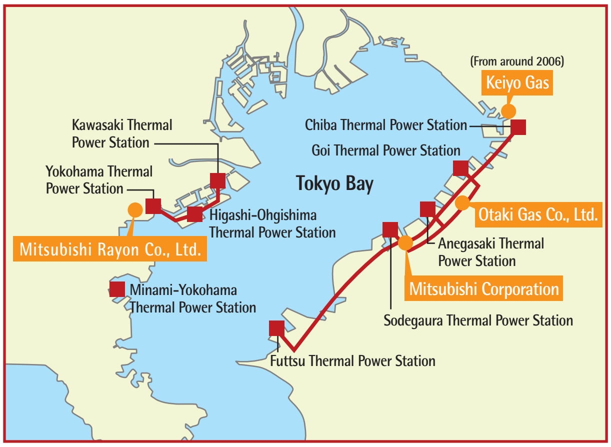
3 Diversification

While liberalization allows new entrants in the electric power business, it also allows electric power companies to enter new markets through deregulation of peripheral businesses and liberalization of the gas market. TEPCO is enhancing corporate value by making full use of its management resources, including its existing infrastructure and the trust of the public, in aggressively developing new businesses. We are also energetically exploring business opportunities abroad. The entire TEPCO Group is working in cooperation to develop new businesses and generate growth.

FTTH Service Area



Gas Business Infrastructure



- LNG thermal power plants
- Customer
- Gas supply lines

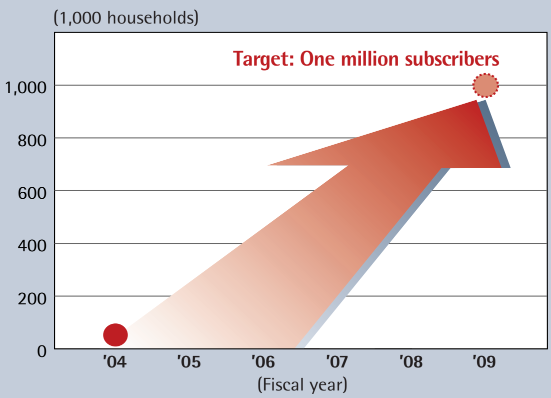
Fiber to the Home (FTTH) Business

Gas Business

Overseas Businesses

RESPONSIBLE ENERGY LEADERSHIP

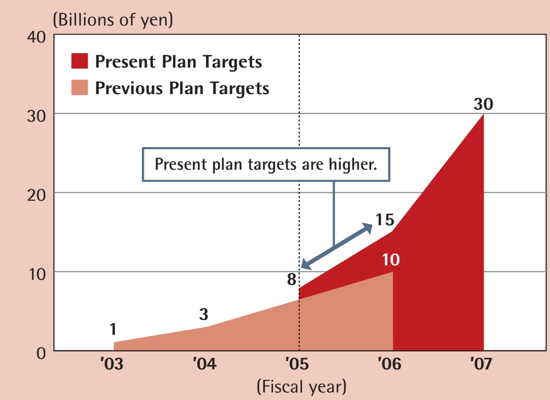
Number of FTTH Subscribers



TEPCO considers FTTH the final phase of broadband. We have been providing high-quality optical fiber network services since March 2002 based on advanced technologies cultivated in our electric power business. In the short term, this business will require increased investment in marketing and in establishing facilities to expand our service area. We expect this business to grow in the future, however, and the number of subscribers is increasingly rapidly.

During the year to March 2005, we plan to expand our service area in stages, with a focus on the 23 wards of metropolitan Tokyo, the neighboring Tama region, and Kanagawa, Saitama, Chiba and Gunma prefectures. The number of households covered in our service area will therefore increase from 4 million to 8 million, and we project that this business will have 1 million subscribers and become profitable in fiscal 2009.

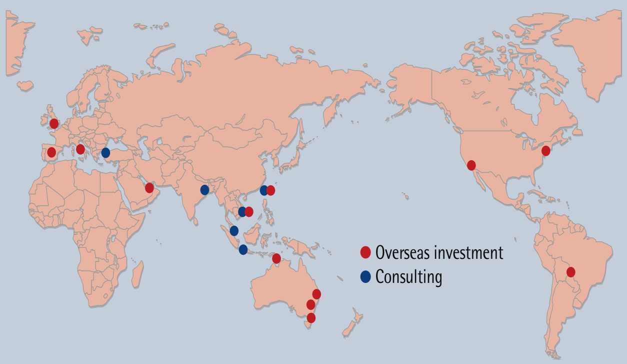
Sales Targets of Gas Business



TEPCO is the largest importer of liquefied natural gas (LNG) in Japan, and accounts for about one-third of total LNG imports to Japan. We are basing gas operations on LNG and using our existing infrastructure, such as LNG bases and gas pipelines. We sell gas mainly to industrial customers near our existing facilities to keep gas operations profitable and strictly limit new capital expenditures.

The scope of gas market liberalization expanded from retail gas sales of 1 million cubic meters or more annually to include sales to customers using 500,000 cubic meters or more annually in 2004, and a wholesale network supply system has been established. This reform presents new business opportunities, and we intend to aggressively sell gas through network supply at prices that are competitive with existing gas companies. Our target in expanding gas operations is sales of ¥30 billion annually in fiscal 2007.

Mainstream Projects



TEPCO employs its wealth of experience, technologies and know-how in overseas businesses including electric power generation, foreign investment, and consulting.

Foreign investment operations include investing in the production of electric power centered on Independent Power Producer (IPP) projects, afforestation and energy-related investment funds. We make decisions to invest on a case-by-case basis, comprehensively taking into consideration profitability, utilization of our management resources and technologies, contributions to counterpart countries, and related risks. We continue to energetically develop such business with the target of approximately ¥50 billion in revenue in fiscal 2006.

Our target for the consulting business is orders totaling ¥2 billion in fiscal 2006. We are expanding sales activities, training overseas consulting staff and strengthening cooperation within the TEPCO Group.

4 Cost Reduction Initiatives

We project that the market will become increasingly competitive as the scope of liberalization of the retail electric power market expands. Under these circumstances, TEPCO is thoroughly reducing costs to offer competitive rates and build a corporate structure capable of succeeding in a competitive environment. Cost-cutting efforts entail reduction of interest-bearing debt to improve TEPCO's financial structure; reduction of capital expenditures and maintenance costs; and strict control of the number of employees. TEPCO will continue to aggressively undertake these efforts to increase profitability and added value as called for in its long-term vision.

Clear, Focused Program for Reducing Costs

- **Process review**
  - Realize the comprehensive strengths of the TEPCO group
  - Raise operating efficiency by fully utilizing IT and other means
  - Reduce outsourcing costs and review purchasing processes
  - Review specifications and standards
  - Reduce costs of systematization
- **Streamline facility structures**
  - Rigorously select and streamline plans
  - Streamline designs, projects and specifications
- **Streamline operations and maintenance**
  - Rigorously select and streamline plans
  - Lengthen time between inspections and increase facility utilization
  - Divert and convert existing facilities to other uses
- **Streamline assets**
  - Study retirement and abolishment of underutilized facilities
- **Cooperate with national and local governments and other companies**
  - Rationalize scale of construction projects
- **Clarify contract terms**
  - Reduce purchasing costs
- **Other specific emphases**
  - Reduce fuel costs
  - Reduce financial costs
  - Reduce sales costs

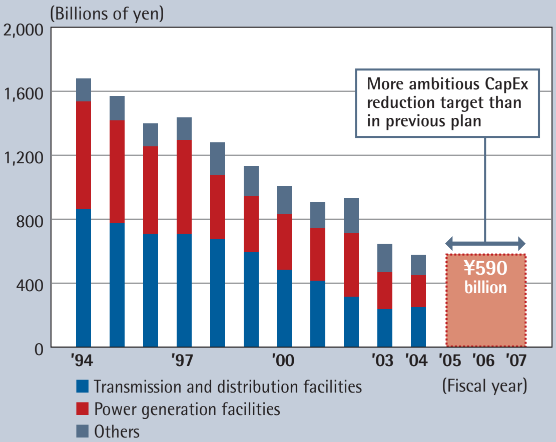
Reduction of Capital Expenditures

Reduction of Maintenance Costs

Reduction in the Number of Employees

Responsible Energy Leadership

Capital Expenditures: Trends and Target

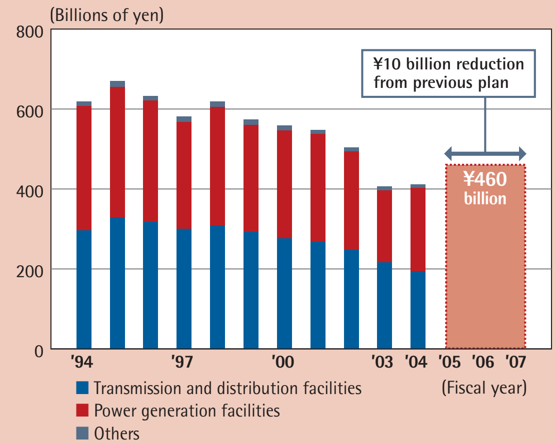


TEPCO is limiting capital expenditures (CapEx) within the scope of cash provided by operations in order to reduce risk and remain competitive in a management environment impacted by changing future demand and the progress of liberalization. Specifically, we are going to do the following:

- Eliminate surplus facilities by improving the efficiency of facility structures;
- Review facility maintenance on the basis of fully utilizing existing capacity and on technical verification;
- Develop and introduce new technologies and new operating methods; and
- Reduce purchasing costs by streamlining specifications.

These measures will further streamline facilities and reduce costs while ensuring stable supply. We project capital expenditures averaging nearly ¥590 billion annually between fiscal 2005 and fiscal 2007, a decrease of about ¥50 billion annually compared to our previous business management plan.

Maintenance Costs: Trends and Target

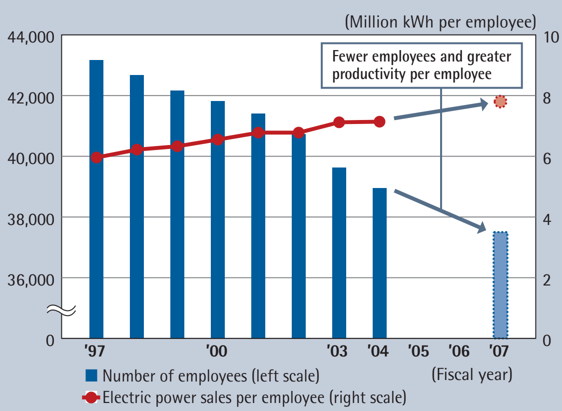


TEPCO is studying strategic facility maintenance measures that will ensure a sound facility structure well into the future while further reducing costs. Specifically, we will secure stable supply while rigorously controlling costs through the following measures:

- Lengthen the time between inspections by evaluating and analyzing data from facility inspections;
- Determine the scope of maintenance and facilities to maintain; and
- Make inspections more efficient.

We plan to reduce average annual maintenance costs to approximately ¥460 billion from fiscal 2005 to fiscal 2007, a decrease of ¥10 billion annually compared to the previous business management plan. Maintenance costs will consist of around ¥250 billion for power generation facilities and around ¥200 billion for transmission and distribution facilities.

An Energized, Productive Workforce



TEPCO is strictly controlling the number of employees by reviewing operating procedures and organizational structures, and by promoting measures to raise efficiency including the use of information technologies. We plan to reduce the number of employees by more than 1,400 between fiscal 2005 and fiscal 2007 to fewer than 37,500 at the end of fiscal 2007. This reduction will improve electricity sales volume per employee to 7.8 million kWh/employee in fiscal 2007, an increase of more than 9 percent compared to fiscal 2004.

We plan to have about 38,400 employees at the end of fiscal 2005, down by 500 from the previous fiscal year, and to keep new recruits at the low level of nearly 500 we have maintained annually since fiscal 2001.

Reconciling Liberalization and Nuclear Power

Measures to Deal with Back-End Business in a Liberalized Market

Japan has few natural resources, which makes nuclear power generation increasingly important to the stable supply of energy and environmental preservation. Careful planning is therefore essential for the back-end business of processing and disposing of spent nuclear fuel and radioactive waste. This necessity will not change in a competitive, liberalized market. Back-end business is characterized by extremely long time periods, and is contingent on scientific knowledge and safety regulations.

The Electricity Industry Committee, a subsidiary committee of the Advisory Committee for Natural Resources and Energy, produced a report in 2003 that analyzed and appraised the overall cost structure of nuclear power and the profitability of nuclear power generation. The report also expressed a policy that, around the end of 2004, it would study specific systems and measures, including economic measures. The Committee's intent is to determine the required conditions under which the nuclear power generation business, including back-end business, can be promoted even in a liberalized market.

Economic Measures to Deal with Back-End Business

Under the policy expressed by the Committee, the Subcommittee to Study Costs and Other Issues, a body within the Committee, has formed a preliminary estimate that the back-end business of the nuclear fuel cycle related to the Japan Nuclear Fuel Limited's (JNFL) Rokkasho reprocessing facility will cost a total of ¥18.8 trillion.* Based on this estimate, the Subcommittee has also confirmed that nuclear power plants are never economically inferior to other power sources in terms of power generation expenses, as their ratio of fuel expenses is naturally smaller than other sources of power generation.

Following the above, the Subcommittee on Study of Systems and Measures has confirmed the following as characteristics of the back-end business:

- It covers an extremely long period of time;
- It entails extremely large expenses;
- It is very unstable; and
- The time disparity between power generation and the incidence of expenses is great.

Based on the above confirmation, the Subcommittee has further confirmed the necessity of developing an economically viable system to appropriately cover and manage back-end business expenses at the time of power generation under the principle that the beneficiaries should bear the relevant costs, and will study the details in the future. Some expenses associated with power generation in the past have not been covered, and so the Subcommittee is studying an appropriate allocation of these expenses that is equitable among customers and among generations.

* The study based on the latest views and information has yielded estimates that the total cost of the back-end business of the nuclear fuel cycle, mainly composed of operating expenses at the JNFL's Rokkasho reprocessing facility and for processing and disposing of the waste generated, amounts to ¥18.8 trillion.

Estimated Cost of Back-End Operations

(Trillions of yen)

Business	Power generated in the past	Power to be generated in the future	Expenses
Reprocessing	4.81	6.20	11.00
Covered costs	3.30	4.24	7.54
Cost not covered	1.51	1.96	3.47
Returned high-level radioactive waste management	0.30	–	0.30
Returned TRU waste management	0.56	–	0.56
High-level radioactive waste transportation	0.04	0.15	0.19
High-level radioactive waste disposal	0.28	2.27	2.55
TRU waste formation disposal	0.45	0.37	0.81
Spent fuel transportation	0.23	0.68	0.92
Spent fuel intermediate storage	–	1.01	1.01
MOX fuel fabrication			1.19
Back-end of uranium enrichment plant			0.24
Total	–	–	18.80

Source: Subcommittee on Study of Systems and Measures

Operations where systems have been developed to cover future costs at the time of power generation.

TEPCO and Sustainable Development

Since its incorporation as the company to deliver electricity in the Tokyo metropolitan area more than half a century ago, TEPCO has consistently engaged in socially responsible management. At the same time, we have promoted the development of power sources to adequately meet constantly increasing electricity demand, while supplying challenging remote areas such as isolated islands and mountainous regions and forthrightly taking action against pollution.

We have developed alternative energy sources to oil, centered on the introduction of LNG thermal power generation for the first time in the world and nuclear power generation, and have earnestly worked to reduce CO_2 emissions in dealing with the issue of global warming. TEPCO has been contributing to the sustainability of the energy industry in order to stably supply high-quality electricity into the future.

TEPCO's concept of social responsibility and its management philosophy are based on providing optimum energy services that meet the needs of the times and contribute to affluent lifestyles and comfortable living environments. This management ideal has been part of TEPCO's DNA since the Company's incorporation a half century ago, and will remain integral to the Company. An overview of our efforts to protect and preserve the environment, a corporate objective that is part of our long-term vision, follows below.

Measures against Global Warming

We are working to reduce CO_2 emissions, a primary cause of global warming, through means including nuclear power generation and utilization of natural energy, neither of which emit CO_2, and by improving the efficiency of thermal generation.

Electricity supply-side measures
- Expanding the use of nuclear power generation
- Developing and diffusing natural energies
- Improving the thermal efficiency of thermal power generation

Electricity use-side measures
- Advocating ecological lifestyles
- Diffusing high-efficiency equipment

Other measures
- Utilizing the Kyoto mechanism
- R&D
- Countermeasures against non-CO_2 greenhouse gases

Strict Control of Air Pollutants

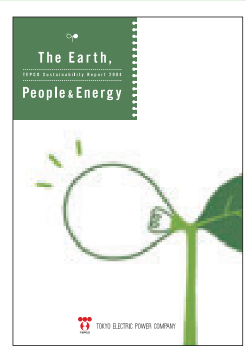
TEPCO's thermal power plants maintain air quality standards that are among the highest in the world through the use of measures to reduce air pollution. These include the use of high-quality fuel such as LNG and equipment with devices to remove pollutants such as sulfur oxide (SOx) and nitrogen oxide (NOx) from airborne emissions.

Oze Nature Preserve

Oze has been designated as a Special Protection Area and Special Natural Monument in Nikko National Park. TEPCO owns around 70 percent of the land at Oze, and has been engaged in various activities to preserve its natural setting for more than 40 years. These efforts have included laying boardwalks and restoring a devastated wetland.

TEPCO Sustainability Report 2004

(Scheduled for publication in September 2004)



This report covers sustainability and details our efforts in the areas of the environment, society and the economy. A feature section of the 2004 edition covers how we have implemented the four commitments we made to prevent the recurrence of the incidents related to nuclear generation facilities in 2002 and reports on how the suspension of nuclear power generation in fiscal 2004 affected the environment, society and the economy.

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

Corporate Governance

TEPCO recognizes that enhancing corporate governance is an important management challenge that is necessary for continued corporate growth and development, and is undertaking several initiatives to improve corporate governance.

Reform of the Corporate Management System

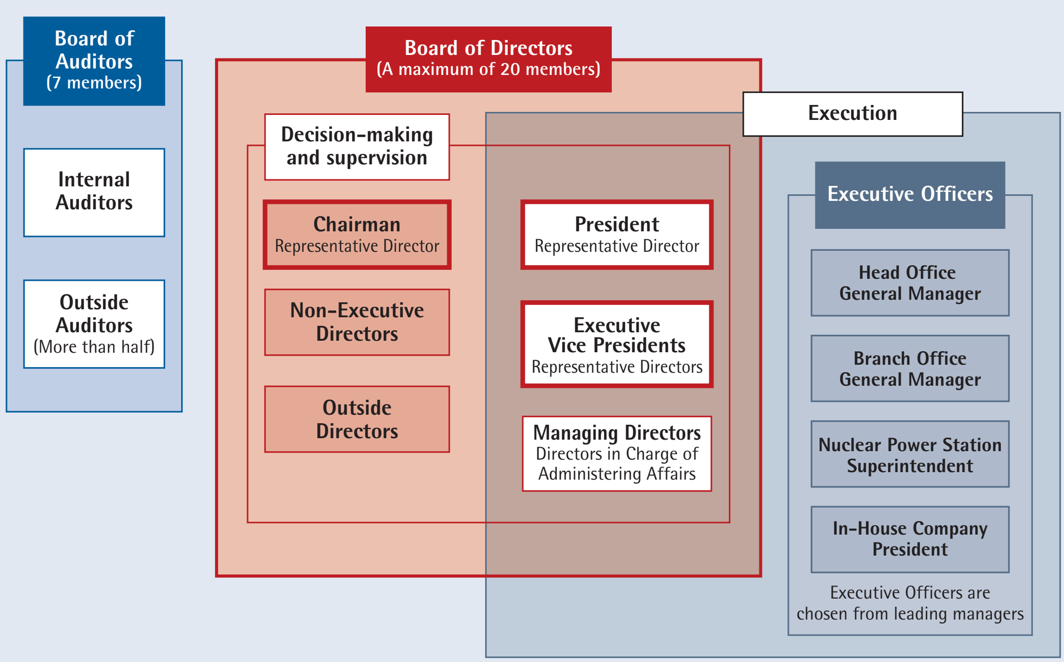
TEPCO has been considering the most suitable management structure to help the Company quickly and flexibly deal with the dramatic changes in its operating environment, including the ongoing liberalization of the electric power industry and TEPCO's entry into new businesses, and to improve management soundness and transparency. The 2004 Ordinary General Meeting of Shareholders approved the reform of the corporate management system and the establishment of a new corporate management structure to further strengthen corporate governance.

Outline of the Reform of the Corporate Management System

1. We have reduced the number of directors from 32 to 19, and enhanced the decision-making and supervisory functions of the Board of Directors. The Chairman, the President and Executive Vice Presidents remain Representative Directors, while Managing Directors, who were formerly Representative Directors, have become Directors in Charge of Administering Affairs.
2. We have introduced an executive officer system under which officers focus on the specific businesses for which they are responsible. This has clarified the roles and responsibilities of Directors for management issues covering the entire TEPCO group, and the responsibility of Executive Officers for specific businesses.
3. We have reinforced the auditing function. Four out of seven, or more than half, of TEPCO's auditors are from outside the Company, which enhances the autonomy of auditors.

TEPCO will continue to enhance corporate governance, including further reform of the corporate management system.

Management Structure after Reform



Compliance and Corporate Ethics

Ensuring that all management and staff observe corporate ethics and are in compliance with rules and regulations is a key component of TEPCO's initiatives to prevent a recurrence of incidents that caused a loss of public trust.

TEPCO's Charter for Good Corporate Behavior

We established TEPCO's Charter for Good Corporate Behavior in 1997, and declared that we will comply with all relevant laws and regulations and that we will fulfill the mission and corporate social responsibility of an electric power utility. Unfortunately, however, a series of incidents related to nuclear power generation facilities disclosed in August 2002 caused a loss of public trust in TEPCO.

We therefore formulated and announced our Four Commitments to prevent the recurrence of such incidents and restore public trust. One of the four commitments is "ensuring that all management and staff observe corporate ethics and are in compliance with all rules and regulations." We are steadily implementing Compliance with Corporate Ethics Observation Programs composed of the following three items:

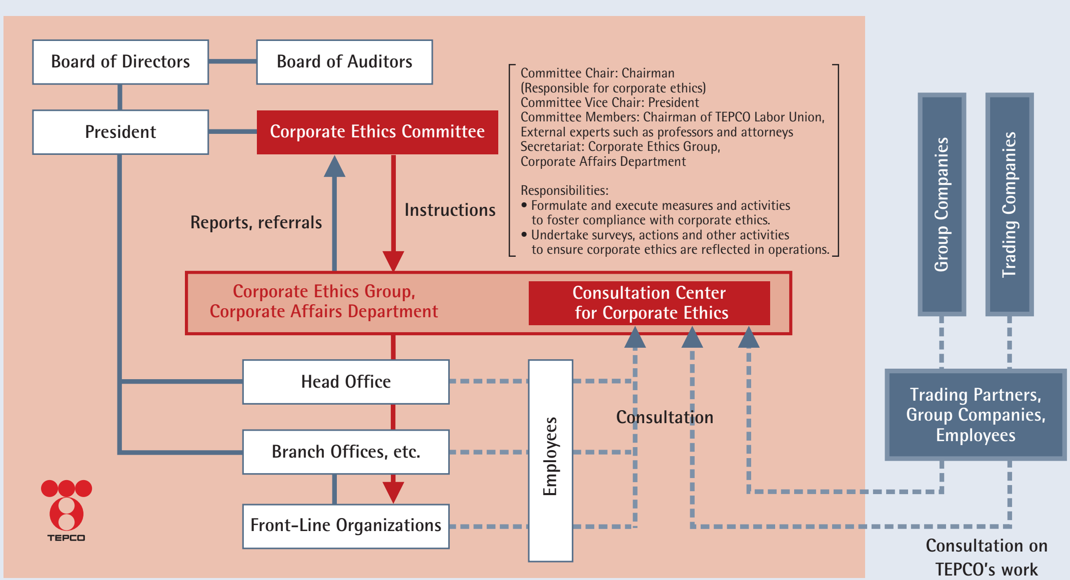
1. Clarifying criteria guiding compliance with corporate ethics
In March 2003, we revised TEPCO's Charter for Good Corporate Behavior to clarify the duties of senior management. We also established the Standard of Behavior for Corporate Ethics, which provides concrete standards of activity for adhering to corporate ethics in the course of day-to-day operations.

2. Arranging systems for promoting rigorous observance of corporate ethics that are based on commonly held social sensibilities
We have established the Corporate Ethics Committee, which is connected directly with senior management. We have also established organizations to promote compliance with corporate ethics covering all workplaces, and created the Consultation Center for Corporate Ethics to help resolve difficult ethical issues at TEPCO workplaces.

3. Establishing a corporate culture and system that assure compliance with rules and regulations
We have established a corporate culture that assures compliance with rules and regulations by providing training in corporate ethics and through activities to fortify communications. We have established a system that assures compliance with rules and regulations by creating rational and thorough workplace rules through the comprehensive check of codes and manuals, while strengthening workplace supervision and audits.

Furthermore, we are monitoring the status of the Corporate Ethics Observation Program through periodic audits, and are reviewing these activities whenever necessary.

Executive Structure



Board of Directors, Auditors and Executive Officers

As of June 25, 2004

BOARD OF DIRECTORS

Chairman
Shigemi Tamura

President
Tsunehisa Katsumata

Executive Vice Presidents
Ryoichi Shirato
Katsutoshi Chikudate
Hisao Naito
Yoshihisa Morimoto
Takashi Hayashi

Managing Directors
Susumu Shirakawa
Takuya Hattori
Yuichi Hayase
Katsumi Mizutani
Masataka Shimizu
Ichiro Takekuro
Makoto Satake
Norio Tsuzumi
Takashi Fujimoto

Directors
Teruaki Masumoto
Tomijirou Morita
Yasushi Aoyama

AUDITORS

Standing Auditors
Takashi Murata
Tamio Kojima
Toshikazu Funo

Auditors
Kichisaburo Nomura
Takashi Nishioka
Sadayuki Hayashi
Koichi Takatsu

Chairman
Shigemi Tamura

President
Tsunehisa Katsumata

Executive Vice President
Ryoichi Shirato

Executive Vice President
Katsutoshi Chikudate

Executive Vice President
Hisao Naito

Executive Vice President
Yoshihisa Morimoto

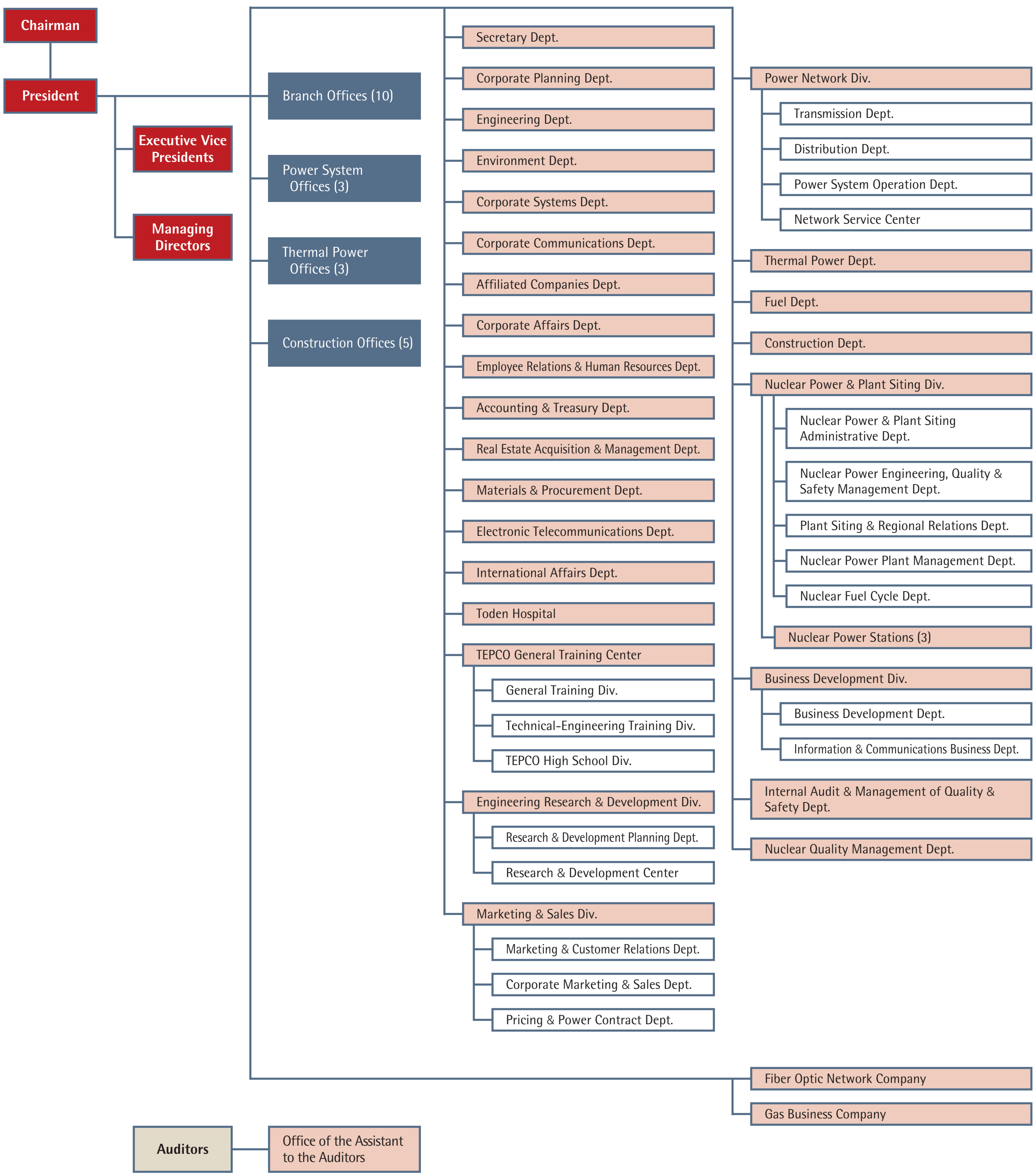
Executive Vice President
Takashi Hayashi

EXECUTIVE OFFICERS

Manabu Yamaguchi
Akio Nakamura
Hiroshi Makino
Shigeru Kimura
Kazuhiro Matsumura
Hiroyuki Ino
Momoki Katakura
Masayuki Hatsushika
Tadashi Hosokawa
Kunio Matsuzawa
Yasuteru Nishihiro
Atsuoh Katsumata
Takashi Kamiyama
Yukio Arai
Yoshiharu Tachibana
Isao Ozaki
Ikuro Namiki
Norio Chino
Hitoshi Suzuki
Hiroshi Muramoto
Akira Kuwata
Masahide Kohno
Masaru Takei
Hideyuki Ohkubo
Tooru Yamaji
Hironao Koyama

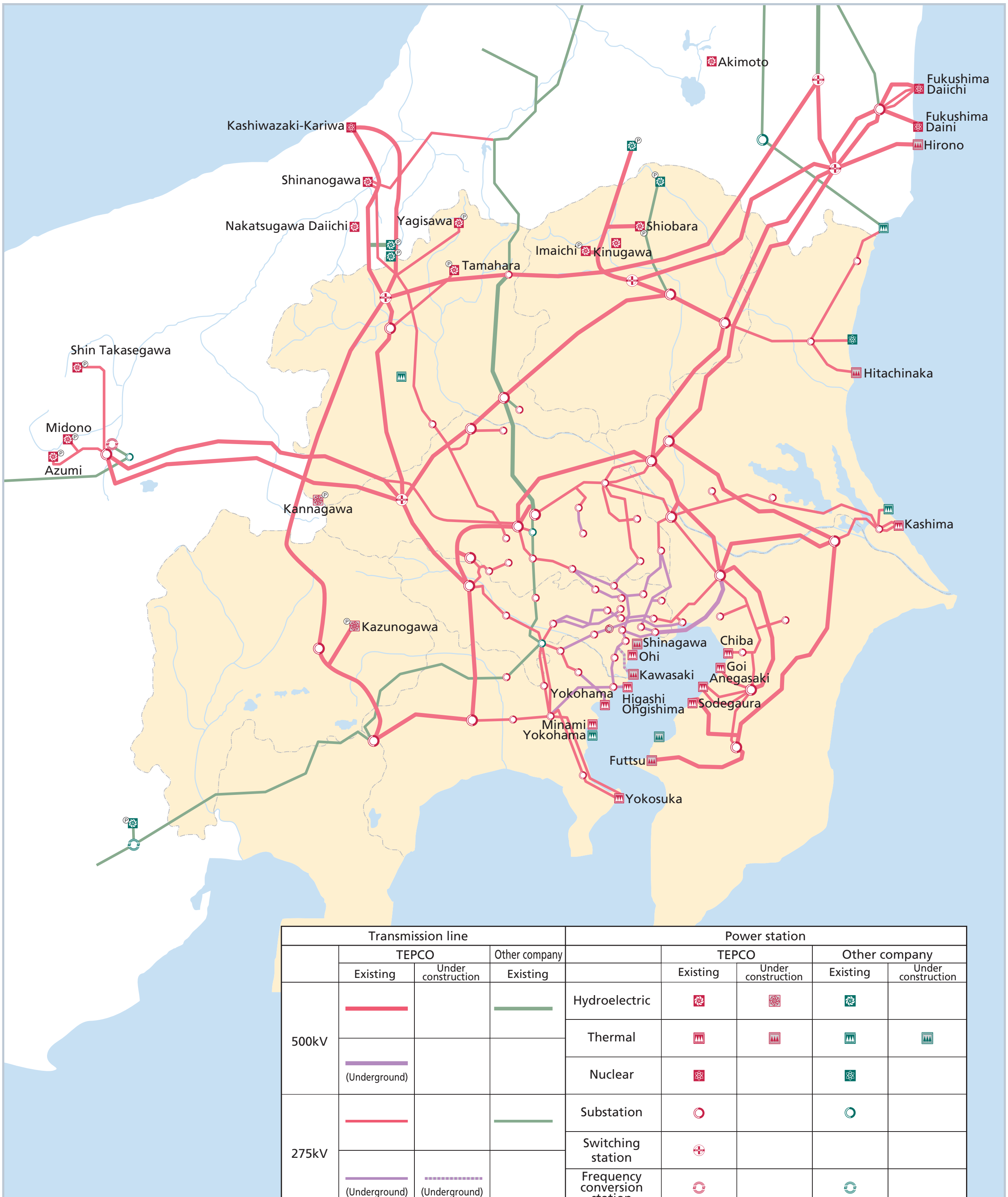
Organization Chart

As of June 25, 2004



Power Grid Map

As of March 31, 2003



Notes: 1. Hydroelectric power plants marked with a Ⓟ are pumped storage.

2. TEPCO's hydroelectric power plants marked on this map are 100,000kW or more, other companies' facilities are 600,000kW or more.

Consolidated Five-Year Summary

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)
	2004	2003	2002	2001	2000	**2004**
For the year:						
Operating revenues	**¥ 4,853,826**	¥ 4,919,109	¥ 5,220,578	¥ 5,258,014	¥ 5,091,620	**$ 45,925**
Operating income	**489,004**	521,406	658,933	732,561	788,078	**4,627**
Income before income taxes and minority interests	**255,309**	265,170	312,414	329,120	146,236	**2,416**
Net income	**149,550**	165,267	201,727	207,882	87,437	**1,415**
Per share of common stock (Yen and U.S. dollars):						
Net income (basic)	**¥ 110.53**	¥ 122.08	¥ 149.11	¥ 153.66	¥ 64.63	**$ 1.05**
Net income (diluted)	**110.32**	121.33	147.89	152.36	—	**1.04**
Cash dividends	**60.00**	60.00	60.00	60.00	60.00	**0.57**
Total shareholders' equity	**1,748.06**	1,662.38	1,612.97	1,506.62	1,367.25	**16.54**
At year-end:						
Total shareholders' equity	**¥ 2,360,475**	¥ 2,245,892	¥ 2,181,983	¥ 2,038,251	¥ 1,849,692	**$ 22,334**
Total assets	**13,900,906**	14,177,296	14,578,579	14,562,299	14,559,331	**131,525**
Interest-bearing debt	**8,765,175**	9,076,289	9,564,914	9,968,871	10,309,674	**82,932**
Number of employees	**51,694**	52,322	53,704	48,024	48,255	
Financial ratios and cash flow data:						
ROA (%) (Note 4)	**3.5**	3.6	4.5	5.0	5.4	
ROE (%) (Note 5)	**6.5**	7.5	9.6	10.7	5.1	
Equity ratio (%)	**17.0**	15.8	15.0	14.0	12.7	
Net cash provided by operating activities	**¥ 1,147,591**	¥ 1,406,300	¥ 1,464,181	¥ 1,456,478	¥ 1,434,897	**$ 10,858**
Net cash used in investing activities	**(693,871)**	(863,797)	(905,453)	(1,017,032)	(1,070,487)	**(6,565)**
Net cash used in financing activities	**(451,371)**	(573,761)	(558,182)	(431,235)	(372,356)	**(4,271)**
Other data (Non-consolidated):						
Electricity sales (million kWh)						
Electricity sales for residential use	**86,926**	89,354	85,080	85,990	83,974	
Electricity sales for commercial and industrial use	**114,772**	116,551	115,354	117,082	190,252	
Electricity sales to eligible customers (Note 6)	**74,314**	75,997	75,106	77,579	—	
Total	**276,012**	281,902	275,540	280,651	274,226	
Power generation capacity (thousand kW) (Note 7):						
Hydroelectric	**8,520**	8,520	8,519	8,508	8,103	
Thermal	**36,831**	34,548	34,548	33,026	32,434	
Nuclear	**17,308**	17,308	17,308	17,308	17,308	
Wind	**1**	1	1	1	1	
Total	**62,660**	60,377	60,375	58,843	57,846	
Nuclear power plant capacity utilization rate (%)	**26.3**	60.7	80.1	79.4	84.4	

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 ¥105.69 to US$1.00 prevailing on March 31, 2004.
2. Amounts of less than one million yen have been omitted. All dollar figures and percentages have been rounded to the nearest unit.
3. All subsidiaries were consolidated in the fiscal year ended March 31, 2002.
4. ROA = operating income/average total assets
5. ROE = net income/average total shareholders' equity
6. Eligible customers are defined as customers in liberalized sectors of the retail market, commencing in March 2000.
7. TEPCO facilities only.

Financial Review

Consolidated Business Results

Overview

For the fiscal year ended March 31, 2004, operating revenues declined 1.3 percent from the previous fiscal year to ¥4,853.8 billion (US$45,925 million). Operating income decreased 6.2 percent to ¥489.0 billion (US$4,627 million). Net income decreased 9.5 percent year-on-year to ¥149.5 billion (US$1,415 million), primarily reflecting the implementation of new accounting standards for the impairment of fixed assets, which resulted in an impairment loss that was accounted for as other (income) expenses.

Sales of Electricity

The total volume of electricity sold decreased 2.1 percent from the previous fiscal year to 276.0 billion kWh. Record-low temperatures during the summer and a mild winter reduced demand for air conditioning and heating, while weakness in the manufacturing sector during the first half led to flat demand from industrial users.

By type of user, sales of electricity for residential use declined 2.7 percent to 86.9 billion kWh, and sales of electricity for commercial and industrial use decreased 1.5 percent to 114.8 billion kWh. Sales of electricity to eligible customers fell 2.2 percent to 74.3 billion kWh.

Operating Revenues

Operating revenues from the electric power business declined 1.7 percent to ¥4,722.1 billion (US$44,679 million) due to a decrease in the volume of electric power sold. As a result, operating revenues slipped 1.3 percent to ¥4,853.8 billion (US$45,925 million).

Operating Expenses and Operating Income

Fuel costs in the electric power business rose as the continued suspension of nuclear power plants substantially increased utilization of thermal power plants and other facilities. However, TEPCO implemented a cost reduction program covering every aspect of operations. This program included reducing personnel expenses by revising TEPCO’s retirement benefit and pension plan, and lowering depreciation expense by restraining capital expenditures. As a result of increased efficiency and reduced costs, operating expenses decreased 0.7 percent from the previous fiscal year to ¥4,364.8 billion (US$41,298 million). The above factors resulted in a 6.2 percent year-on-year decrease in operating income to ¥489.0 billion (US$4,627 million).

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

Other (income) expenses decreased 12.4 percent to ¥226.0 billion (US$2,139 million) due to such factors as a decrease in interest expense, which resulted from lower interest rates and a reduction in the balance of bonds and borrowings. TEPCO adopted “Accounting Standard for the Impairment of Fixed Assets,” which resulted in a loss on impairment of fixed assets totaling ¥44.8 billion (US$424 million) that was recorded as other (income) expenses. As a result, income before income taxes and minority interests decreased 3.7 percent to ¥255.3 billion (US$2,416 million), and net income fell 9.5 percent to ¥149.5 billion (US$1,415 million).

Business Segment Information

Electric Power Business

The total volume of electricity sold decreased 2.1 percent from the previous fiscal year to 276.0 billion kWh. Operating revenues decreased 1.7 percent compared to the previous fiscal year to ¥4,722.1 billion (US$44,679 million) due to factors including the decrease in the volume of electricity sold. Operating expenses, however, decreased 1.2 percent from the previous fiscal year to ¥4,230.8 billion (US$40,030 million). Fuel costs in the electric power business rose as the continued suspension of nuclear power plants substantially increased the utilization of thermal power plants and other facilities. However, TEPCO executed a program covering every aspect of operations to reduce costs and further raise efficiency. This program included reducing personnel expenses by revising TEPCO's retirement benefit and pension plan, and lowering depreciation expenses by restraining capital expenditures. As a result, operating income decreased ¥28.5 billion (US$270 million) from the previous fiscal year to ¥491.3 billion (US$4,649 million).

Information and Telecommunications Business

Operating revenues increased 1.4 percent over the previous fiscal year to ¥87.3 billion (US$826 million), reflecting higher revenues resulting from an increase in the number of subscribers to TEPCO's fiber to the home (FTTH) program, among other factors. Operating expenses increased 4.6 percent year-on-year to ¥105.1 billion (US$995 million), due in part to increases in fixed costs and sales promotion expenses. As a result, the operating loss in this segment increased ¥3.4 billion (US$32 million) over the previous fiscal year to ¥17.8 billion (US$169 million).

Other Businesses

Operating revenues increased 1.8 percent over the previous fiscal year to ¥373.5 billion (US$3,534 million), while operating expenses rose 1.9 percent year-on-year to ¥359.3 billion (US$3,400 million). As a result, operating income amounted to ¥14.1 billion (US$134 million), ¥0.2 billion (US$2 million) lower than in the previous fiscal year.

Cash Flows

Overview

Cash and cash equivalents at the end of the fiscal year increased ¥0.3 billion (US$3 million) compared to the previous fiscal year-end to ¥83.4 billion (US$790 million). Although revenue from sales of electricity decreased while fuel costs increased, TEPCO moved to reduce the use of cash by restraining capital expenditures, and lower interest rates contributed to a reduction in interest paid.

Cash Flows from Operating Activities

Net cash provided by operating activities decreased 18.4 percent from the previous fiscal year to ¥1,147.5 billion (US$10,858 million). Although lower interest rates contributed to a reduction in interest paid, revenues from sales of electricity decreased while cash outlays for fuel increased.

Cash Flows from Investing Activities

Net cash used in investing activities fell 19.7 percent from the previous fiscal year to ¥693.8 billion (US$6,565 million). This decline was principally attributable to restraint in capital investment as TEPCO worked to build and operate its facilities more efficiently.

Cash Flows from Financing Activities

Net cash used in financing activities decreased 21.3 percent from the previous fiscal year to ¥451.3 billion (US$4,271 million). This was due in part to a reduction in cash used for the redemption of bonds.

Assets, Liabilities and Shareholders' Equity

Assets

As of March 31, 2004, total assets decreased ¥276.3 billion (US$2,615 million) from the previous fiscal year-end to ¥13,900.9 billion (US$131,525 million). Investments and other assets increased due to the increase in unrealized gain on investment securities resulting from an increase in the fair value of TEPCO's shareholdings. However, property, plant and equipment, net decreased as TEPCO moved to reduce assets in ways such as streamlining facilities by increasing the efficiency of their structures, primarily in the electric power business, with the aim of reducing capital expenditures. In addition, as a result of the early application of impairment accounting standards, TEPCO recorded an impairment loss that reduced property, plant and equipment.

Liabilities

Total liabilities as of March 31, 2004 decreased ¥404.8 billion (US$3,831 million) from the previous fiscal year-end to ¥11,513.3 billion (US$108,935 million). As a result of efforts to reduce interest-bearing debt, total interest-bearing debt as of March 31, 2004 decreased ¥311.1 billion (US$2,944 million) from the previous fiscal year-end.

Shareholders' Equity

Shareholders' equity as of March 31, 2004 increased ¥114.5 billion (US$1,084 million) compared to the previous fiscal year-end to ¥2,360.4 billion (US$22,334 million). Retained earnings increased as a result of net income for the fiscal year. In addition, an increase in the fair value of TEPCO's shareholdings increased unrealized holding gain on securities. Consequently, the shareholders' equity ratio increased 1.2 percentage points from the previous fiscal year-end to 17.0 percent.

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 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, total cash dividends for the fiscal year amounted to ¥60.00 per share for a dividend payout ratio of 53.5 percent. Retained earnings will be used to fund TEPCO's future business operations, enhance its financial position and invest in new businesses.

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 Electric Utilities Industry Law was revised in June 2003, and the resulting reform will largely take effect on April 1, 2005. This systemic reform includes an incremental expansion of the scope of liberalization and the establishment of a national 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. However, cost recovery risk and back-end business risk must be mitigated to enable private electric power companies to promote nuclear power. Economically viable measures and specific systems are being studied until the end of 2004 with consideration to the respective roles of the public and private sectors, achieving compatibility with the current system and other issues. The necessary measures will then be implemented.

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 working to increase profits and develop new business by operating in the "information and telecommunications business," and "other businesses" in addition to the "electric power business." The TEPCO Group is placing particular emphasis on the "information and telecommunications business" as a central focus of its new business development. In addition, the TEPCO Group is making investments in each of these areas. 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 maintains a large volume of personal information on individuals, and gives due consideration to the rigorous administration of this information by issuing guidelines, implementing safeguards and conducting employee education. 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	**2004**	2003	**2004**
Property:			
Property, plant and equipment	**¥ 28,277,269**	¥ 27,463,995	**$ 267,549**
Construction in progress	**858,847**	1,263,949	**8,126**
	29,136,116	28,727,945	**275,675**
Less:			
Contributions in aid of construction	**(308,366)**	(280,869)	**(2,918)**
Accumulated depreciation	**(17,850,929)**	(17,102,717)	**(168,899)**
	(18,159,296)	(17,383,586)	**(171,817)**
Property, plant and equipment, net (Notes 4, 9 and 17)	**10,976,820**	11,344,358	**103,859**
Nuclear fuel:			
Loaded nuclear fuel	**183,440**	157,504	**1,736**
Nuclear fuel in processing	**725,891**	696,668	**6,868**
	909,332	854,173	**8,604**
Investments and other:			
Long-term investments (Notes 5 and 9)	**626,974**	573,379	**5,932**
Deferred tax assets (Note 14)	**352,752**	385,509	**3,338**
Discounts on bonds	**315**	—	**3**
Other	**403,854**	398,688	**3,821**
	1,383,896	1,357,577	**13,094**
Current assets (Note 9):			
Cash	**86,335**	80,954	**817**
Notes and accounts receivable—customers	**323,272**	333,407	**3,059**
Other (Note 14)	**221,249**	206,825	**2,093**
	630,857	621,187	**5,969**
Total assets	**¥ 13,900,906**	¥ 14,177,296	**$ 131,525**

See notes to consolidated financial statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars (Note 2) 2004
Long-term liabilities and reserves:			
Long-term debt (Notes 7 and 9)	**¥ 7,394,986**	¥ 7,222,997	**$ 69,969**
Other long-term liabilities	**67,119**	68,254	**635**
Reserve for reprocessing of irradiated nuclear fuel (Note 10)	**1,136,843**	1,113,973	**10,756**
Accrued employees' retirement benefits (Note 13)	**547,053**	613,034	**5,176**
Reserve for decommissioning costs of nuclear power units (Note 11)	**351,580**	349,911	**3,327**
	9,497,583	9,368,171	**89,863**
Current liabilities:			
Current portion of long-term debt and other (Note 7)	**520,122**	810,582	**4,921**
Short-term loans (Note 7)	**499,362**	683,033	**4,725**
Accrued income taxes and other	**125,586**	131,790	**1,188**
Other (Note 7)	**858,758**	920,300	**8,125**
	2,003,829	2,545,707	**18,960**
Reserve for fluctuation in water levels (Note 12)	**11,911**	4,296	**113**
Total liabilities	**11,513,324**	11,918,175	**108,935**
Minority interests	**27,106**	13,227	**256**
Shareholders' equity (Notes 15 and 21):			
Common stock, without par value:			
Authorized — 1,800,000,000 shares			
Issued — 1,352,867,531 shares in 2004 and 2003	**676,434**	676,434	**6,400**
Capital surplus	**19,014**	19,014	**180**
Retained earnings	**1,595,930**	1,527,474	**15,100**
Land revaluation surplus	**692**	990	**7**
Unrealized holding gain on securities	**71,860**	20,631	**680**
Translation adjustments	**489**	3,789	**5**
	2,364,421	2,248,335	**22,371**
Treasury stock, at cost	**(3,946)**	(2,443)	**(37)**
Total shareholders' equity	**2,360,475**	2,245,892	**22,334**
Contingent liabilities (Note 18)			
Total liabilities, minority interests and shareholders' equity	**¥13,900,906**	¥14,177,296	**$131,525**

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)
	2004	2003	**2004**
Operating revenues:			
Electricity	**¥4,722,118**	¥4,801,380	**$44,679**
Other	**131,708**	117,729	**1,246**
	4,853,826	4,919,109	**45,925**
Operating expenses (Note 16):			
Electricity	**4,211,986**	4,264,047	**39,852**
Other	**152,835**	133,655	**1,446**
	4,364,822	4,397,703	**41,298**
Operating income	**489,004**	521,406	**4,627**
Other (income) expenses:			
Interest	**170,443**	206,702	**1,613**
Loss on impairment of fixed assets (Note 17)	**44,825**	—	**424**
Other, net	**10,812**	51,246	**102**
	226,080	257,948	**2,139**
Income before special item, income taxes and minority interests	**262,923**	263,457	**2,488**
Special item:			
Provision for (reversal of) reserve for fluctuation in water levels (Note 12)	**7,614**	(1,712)	**72**
Income before income taxes and minority interests	**255,309**	265,170	**2,416**
Income taxes (Note 14):			
Current	**98,376**	134,198	**931**
Deferred	**8,612**	(33,427)	**81**
Minority interests	**(1,229)**	(868)	**(12)**
Net income	**¥ 149,550**	¥ 165,267	**$ 1,415**

	Yen		U.S. dollars (Note 2)
Per share of common stock:			
Net income (basic)	**¥110.53**	¥122.08	**$1.05**
Net income (diluted)	**110.32**	121.33	**1.04**
Cash dividends	**60.00**	60.00	**0.57**

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 surplus	Unrealized holding gain on securities	Translation adjustments	Treasury stock, at cost
Balance at March 31, 2002	1,352,867	¥676,434	¥19,014	¥1,443,632	¥1,089	¥ 39,621	¥ 2,449	¥ (258)
Net income for the year ended March 31, 2003				165,267				
Increase due to reversal of land revaluation surplus				120				
Cash dividends paid				(81,161)				
Bonuses to directors and corporate auditors				(384)				
Net change during the year					(98)	(18,990)	1,340	(2,184)
Balance at March 31, 2003	1,352,867	676,434	19,014	1,527,474	990	20,631	3,789	(2,443)
Net income for the year ended March 31, 2004				**149,550**				
Increase due to reversal of land revaluation surplus				**297**				
Cash dividends paid				**(81,120)**				
Bonuses to directors and corporate auditors				**(272)**				
Net change during the year					**(297)**	**51,229**	**(3,300)**	**(1,503)**
Balance at March 31, 2004	**1,352,867**	**¥676,434**	**¥19,014**	**¥1,595,930**	**¥ 692**	**¥ 71,860**	**¥ 489**	**¥(3,946)**

	Millions of U.S. dollars (Note 2)						
	Common stock	Capital surplus	Retained earnings	Land revaluation surplus	Unrealized holding gain on securities	Translation adjustments	Treasury stock, at cost
Balance at March 31, 2003	$ 6,400	$ 180	$ 14,452	$ 9	$ 195	$ 36	$ (23)
Net income for the year ended March 31, 2004			**1,415**				
Increase due to reversal of land revaluation surplus			**3**				
Cash dividends paid			**(768)**				
Bonuses to directors and corporate auditors			**(3)**				
Net change during the year				**(3)**	**485**	**(31)**	**(14)**
Balance at March 31, 2004	**$6,400**	**$180**	**$15,100**	**$ 7**	**$680**	**$ 5**	**$(37)**

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)
	2004	2003	**2004**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 255,309**	¥ 265,170	**$ 2,416**
Depreciation and amortization	**889,955**	922,357	**8,420**
Loss on impairment of fixed assets	**44,825**	—	**424**
Loss on nuclear fuel	**20,170**	48,228	**191**
Loss on disposal of property, plant and equipment	**32,473**	32,881	**307**
(Reversal of) provision for accrued employees' retirement benefits	**(66,157)**	63,754	**(626)**
Provision for reprocessing of irradiated nuclear fuel	**22,869**	65,624	**216**
Provision for decommissioning costs of nuclear power units	**1,668**	15,671	**16**
Interest revenue and cash dividends received	**(8,385)**	(8,852)	**(79)**
Interest expense	**170,443**	206,702	**1,613**
Decrease in notes and accounts receivable	**11,355**	32,917	**107**
Increase in notes and accounts payable	**19,049**	91,741	**180**
Other	**25,258**	24,378	**239**
	1,418,835	1,760,574	**13,425**
Interest and cash dividends received	**4,614**	4,240	**44**
Interest paid	**(175,009)**	(217,375)	**(1,656)**
Income taxes paid	**(100,848)**	(141,138)	**(954)**
Net cash provided by operating activities	**1,147,591**	1,406,300	**10,858**
Cash flows from investing activities:			
Purchases of property, plant and equipment	**(659,864)**	(828,291)	**(6,243)**
Contributions in aid of construction received	**13,633**	27,597	**129**
Increase in investments	**(22,185)**	(38,392)	**(210)**
Proceeds from investments	**2,025**	2,071	**19**
Decrease in cash and cash equivalents due to inclusion in consolidation	**(17,439)**	—	**(165)**
Increase in cash and cash equivalents due to inclusion in consolidation	**9,517**	—	**90**
Other	**(19,559)**	(26,783)	**(185)**
Net cash used in investing activities	**(693,871)**	(863,797)	**(6,565)**
Cash flows from financing activities:			
Proceeds from issuance of bonds	**534,587**	800,898	**5,058**
Redemption of bonds	**(284,090)**	(710,320)	**(2,688)**
Redemption of convertible bonds	**(178,431)**	—	**(1,688)**
Proceeds from long-term loans	**147,642**	87,529	**1,397**
Repayment of long-term loans	**(393,359)**	(549,848)	**(3,722)**
Proceeds from short-term loans	**1,377,472**	1,447,402	**13,033**
Repayment of short-term loans	**(1,563,243)**	(1,375,279)	**(14,791)**
Proceeds from issuance of commercial paper	**2,299,000**	2,024,000	**21,752**
Redemption of commercial paper	**(2,309,000)**	(2,216,000)	**(21,847)**
Cash dividends paid	**(80,937)**	(80,994)	**(766)**
Other	**(1,011)**	(1,150)	**(10)**
Net cash used in financing activities	**(451,371)**	(573,761)	**(4,271)**
Effect of exchange rate changes on cash and cash equivalents	**(2,044)**	940	**(19)**
Net increase (decrease) in cash and cash equivalents	**303**	(30,318)	**3**
Cash and cash equivalents at beginning of the year	**83,158**	113,476	**787**
Cash and cash equivalents at end of the year (Note 6)	**¥ 83,462**	¥ 83,158	**$ 790**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Tokyo Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2004

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.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

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.

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

"Other securities" with a determinable market value are stated at fair value. Other securities without a determinable market value are stated at cost determined by the moving average method. The difference between the acquisition cost and the carrying value of other securities, including unrealized gain and loss, is recognized in "Unrealized holding gain on securities."

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 amortized as 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 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.

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥105.69 = US$1.00, the approximate rate of exchange in effect on March 31, 2004, 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

Effective the year ended March 31, 2004, the Company and its domestic consolidated subsidiaries implemented early adoption of a new accounting standard for the impairment of fixed assets which requires that tangible and intangible fixed assets be carried at cost less depreciation, and be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Companies are required to recognize an impairment loss in their statement of income or operations if certain indicators of asset impairment exist and if the book value of an asset exceeds the undiscounted sum of its future cash flows. The standard states that impairment losses should be measured as the excess of the book value over the higher of (1) the fair market value of the asset, net of disposition costs, and (2) the present value of future cash flows arising from ongoing utilization of the asset and from disposal of the asset after use. The standard covers land, factories, buildings and other forms of property, plant and equipment as well as intangible assets. Fixed assets are to be grouped at the lowest level for which there are identifiable cash flows independent of the cash flows from other groups of assets.

The effect of the adoption of this new accounting standard was to decrease income before income taxes and minority interests by ¥44,825 million (US$424 million) for the year ended March 31, 2004.

4. Property, Plant and Equipment, Net

The major classifications of property, plant and equipment, net, at March 31, 2004 and 2003 were as follows:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Hydroelectric power production facilities	**¥ 683,438**	¥ 719,230	**$ 6,466**
Thermal power production facilities	**1,541,812**	1,287,995	**14,588**
Nuclear power production facilities	**929,441**	1,022,742	**8,794**
Transmission facilities	**2,817,714**	2,966,086	**26,660**
Transformation facilities	**1,116,557**	1,168,711	**10,564**
Distribution facilities	**2,306,402**	2,338,852	**21,822**
General facilities	**223,409**	224,066	**2,114**
Other electricity-related property, plant and equipment	**17,900**	14,946	**169**
Other property, plant and equipment	**492,139**	373,467	**4,656**
	¥10,128,816	¥ 10,116,099	**$95,835**

5. Marketable Securities and Investment Securities

At March 31, 2004 and 2003, held-to-maturity securities for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2004			2003			**2004**		
	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	**¥399**	**¥405**	**¥5**	¥398	¥408	¥9	**$4**	**$4**	**$0**
Securities whose carrying amount exceeds their market value:									
Bonds	**—**	**—**	**—**	49	49	—	**—**	**—**	**—**
Total	**¥399**	**¥405**	**¥5**	¥448	¥458	¥9	**$4**	**$4**	**$0**

At March 31, 2004 and 2003, "Other securities" for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2004			2003			**2004**		
	Acquisition cost	Carrying amount	Unrealized holding gain (loss)	Acquisition cost	Carrying amount	Unrealized holding gain (loss)	Acquisition cost	Carrying amount	Unrealized holding gain (loss)
Unrealized holding gain:									
Stocks and bonds	**¥33,889**	**¥134,767**	**¥100,877**	¥26,667	¥61,802	¥35,134	**$321**	**$1,275**	**$954**
Unrealized holding loss:									
Stocks and bonds	**11,408**	**9,399**	**(2,008)**	18,557	14,550	(4,006)	**108**	**89**	**(19)**
Total	**¥45,297**	**¥144,166**	**¥ 98,868**	¥45,225	¥76,352	¥31,127	**$429**	**$1,364**	**$935**

For the year ended March 31, 2004, gain and loss on sales of "Other securities" were as follows:

	Millions of yen			Millions of U.S. dollars		
	Sales amount	Aggregate gain	Aggregate loss	Sales amount	Aggregate gain	Aggregate loss
Other securities	**¥81**	**¥58**	**¥14**	**$1**	**$1**	**$0**

At March 31, 2004 and 2003, non-marketable securities and investment securities stated at cost were as follows:

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Held-to-maturity securities:			
Commercial paper	¥ 1,099	¥ —	$ 10
Other securities:			
Unlisted stocks	97,551	94,838	923
Other	7,728	7,949	73

The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity securities as of March 31, 2004 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	¥1,312	¥876	¥350	¥ —

	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	$12	$8	$3	$ —

6. Cash and Cash Equivalents

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
	2004	2003	2004
Cash	¥86,335	¥80,954	$817
Time deposits with maturities of more than three months	(7,331)	(1,154)	(69)
Short-term investments with an original maturity of three months or less, presenting negligible risk of change in value, included in other current assets	4,459	3,358	42
Cash and cash equivalents	83,462	83,158	790

7. Short-Term Debt and Long-Term Debt

Short-term loans and commercial paper are unsecured. The related weighted-average interest rates were approximately 0.301% and 0.009% for the year ended March 31, 2004 and 0.286% and 0.018% for the year ended March 31, 2003, respectively.

At March 31, 2004 and 2003, short-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Loans from banks and other sources	¥499,362	¥ 683,033	$4,725
Commercial paper	355,000	365,000	3,359
	¥854,362	¥1,048,033	$8,084

The annual interest rates applicable to the Company's domestic straight bonds at March 31, 2004 and 2003 ranged from 0.335% to 5.05%, and from 0.36% to 7.00%, respectively, and those applicable to the Company's foreign straight bonds at March 31, 2004 and 2003 ranged from 4.00% to 7.125%, and from 4.00% to 7.625%, respectively. The interest rates applicable to the long-term borrowings (except for the current portion) at March 31, 2004 and 2003 averaged approximately 2.617% and 2.426%, respectively.

At March 31, 2004 and 2003, long-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Domestic bonds:			
Straight bonds due from 2003 through 2019	**¥4,995,510**	¥4,671,320	**$47,266**
1.7% convertible bonds due 2004	**—**	178,431	**—**
Foreign straight bonds due from 2003 through 2014	**660,262**	731,922	**6,247**
Loans from banks, insurance companies and other sources	**2,255,040**	2,446,581	**21,336**
	7,910,812	8,028,255	**74,849**
Less: Current portion	**(515,826)**	(805,257)	**(4,881)**
	¥7,394,986	¥7,222,997	**$69,969**

The annual maturities of long-term debt subsequent to March 31, 2004 are summarized as follows:

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2005	¥ 515,826	$ 4,881
2006	673,407	6,372
2007	1,051,645	9,950
2008	875,537	8,284
2009	840,776	7,955
2010 and thereafter	3,953,618	37,408

8. Leases

a. Lessees' Accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2004 and 2003, 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, 2004					
	Millions of yen			Millions of U.S. dollars		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Nuclear power production facilities	**¥16,267**	**¥ 9,488**	**¥ 6,779**	**$154**	**$ 90**	**$ 64**
General facilities	**2,185**	**1,271**	**914**	**21**	**12**	**9**
Other	**19,513**	**5,671**	**13,841**	**185**	**54**	**131**
Total	**¥37,966**	**¥16,431**	**¥21,534**	**$359**	**$155**	**$204**

	March 31, 2003		
	Millions of yen		
	Acquisition costs	Accumulated depreciation	Net book value
Nuclear power production facilities	¥17,337	¥ 8,368	¥ 8,969
General facilities	2,299	1,103	1,195
Other	17,770	5,040	12,730
Total	¥37,407	¥14,512	¥22,895

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥5,389 million (US$51 million) and ¥5,206 million, which were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms, for the years ended March 31, 2004 and 2003, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2004 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Millions of U.S. dollars
2005	¥ 5,252	$ 50
2006 and thereafter	16,282	154
Total	¥21,534	$204

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, 2004 and 2003:

	March 31, 2004					
	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	**¥ 601**	**¥ 152**	**¥ 449**	**$ 6**	**$ 1**	**$ 4**
Other assets	**5,265**	**2,686**	**2,578**	**50**	**25**	**24**
Total	**¥5,867**	**¥2,839**	**¥3,027**	**$56**	**$27**	**$29**

	March 31, 2003		
	Millions of yen		
	Acquisition costs	Accumulated depreciation	Net book value
Other electricity-related assets	¥ —	¥ —	¥ —
Other assets	4,927	2,975	1,952
Total	¥4,927	¥2,975	¥1,952

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥875 million (US$8 million) and ¥1,131 million for the years ended March 31, 2004 and 2003, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥762 million (US$7 million) and ¥850 million for the years ended March 31, 2004 and 2003, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2004 for finance leases accounted for as operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Millions of U.S. dollars
2005	¥1,313	$12
2006 and thereafter	3,238	31
Total	¥4,552	$43

Future minimum lease income subsequent to March 31, 2004 for operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Millions of U.S. dollars
2005	¥ 199	$ 2
2006 and thereafter	1,402	13
Total	¥1,602	$15

9. Pledged Assets

At March 31, 2004, 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 ¥789,504 million (US$7,470 million), and for bonds of ¥6,589,472 million (US$62,347 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 ¥69,877 million (US$661 million) at March 31, 2004 were as follows:

	Millions of yen	Millions of U.S. dollars
Hydroelectric power production facilities, at net book value	¥ 4,966	$ 47
Construction in progress	2,635	25
Other current and non-current assets	91,679	867
	¥99,281	$939

Additionally, subsidiaries' stocks of ¥4,850 million (US$46 million) and a deposit of ¥1 million (US$0 million) eliminated in consolidation have been pledged as collateral to financial institutions.

A long-term investment of ¥1,306 million (US$12 million) was also pledged as collateral for long-term debt from financial institutions of a company which has been invested in by consolidated subsidiaries.

10. Reserve for Reprocessing of Irradiated Nuclear Fuel

The Company is required, under the accounting rules applicable to electric utility companies in Japan, to provide a reserve for the reprocessing of irradiated nuclear fuel. This reserve, in accordance with the rules, is stated at 60% of the amount which would be required to reprocess all the Company's irradiated nuclear fuel.

11. 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.

12. Reserve for Fluctuation in Water Levels

To offset fluctuations 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.

13. Employees' Retirement Benefit Plans

At March 31, 2004, 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 37 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, 2004 and 2003 for the Companies' defined benefit plans:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Retirement benefit obligation	**¥(1,088,343)**	¥(1,137,585)	**$(10,298)**
Plan assets at fair value	**564,955**	453,218	**5,345**
Accrued employees' retirement benefits	**547,053**	613,034	**5,176**
Prepaid pension expense	**(1,849)**	(1,397)	**(18)**
Unrecognized actuarial gain (loss)	**¥ 21,815**	¥ (72,730)	**$ 206**

The components of retirement benefit expenses for the years ended March 31, 2004 and 2003 are outlined as follows:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Service cost	**¥ 39,022**	¥ 44,166	**$ 369**
Interest cost	**21,915**	22,874	**207**
Expected return on plan assets	**(2,366)**	(2,477)	**(22)**
Amortization of actuarial loss	**46,653**	74,975	**441**
Amortization of prior cost	**(68,072)**	—	**(644)**
	¥ 37,152	¥139,538	**$ 352**

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

	2004	2003
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 prior service liability	**Mainly amortized in the year incurred**	—
Period for recognition of actuarial gain or loss	**Mainly amortized by the straight-line method over a period of 3 years**	Mainly amortized by the straight-line method over a period of 3 years

14. 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 2004 and 2003. Other major consolidated subsidiaries are subject to corporation, enterprise and inhabitants' taxes, which, in the aggregate, resulted in a statutory tax rate of approximately 42% in 2004 and 2003.

The significant components of deferred tax assets and liabilities as of March 31, 2004 and 2003 were as follows:

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Deferred tax assets:			
Accrued employees' retirement benefits	¥185,112	¥198,761	$1,751
Reserve for reprocessing of irradiated nuclear fuel	63,144	63,144	597
Depreciation and amortization	49,294	41,169	466
Reserve for decommissioning costs of nuclear power units	32,791	32,791	310
Deferred expenses for tax purposes	29,283	35,262	277
Other	87,715	75,836	830
	447,343	446,965	4,233
Valuation allowance	(21,111)	(12,553)	(200)
Total deferred tax assets	426,232	434,412	4,033
Deferred tax liabilities:			
Unrealized holding gain on securities	(36,640)	(12,747)	(347)
Other	(6,734)	(2,718)	(64)
Total deferred tax liabilities	(43,375)	(15,465)	(410)
Net deferred tax assets	¥382,856	¥418,946	$3,622

The difference between the effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2004 and the statutory tax rate was as follows:

	2004
Statutory tax rate	36.2%
Valuation allowance	6.6
Loss on investments in affiliates	2.3
Tax credit for information and telecommunication equipments	(1.4)
Tax credit for research and development cost	(1.4)
Other	(0.4)
Effective tax rate	41.9%

The difference for the year ended March 31, 2003 was not disclosed because it was immaterial.

15. 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 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.

16. Research and Development Costs

Research and development costs included in general and administrative expenses for the years ended March 31, 2004 and 2003 totaled ¥36,970 million (US$350 million) and ¥40,344 million, respectively.

17. Impairment Loss on Fixed Assets

For the year ended March 31, 2004, the Company and its domestic consolidated subsidiaries recognized ¥44,825 million (US$424 million) impairment losses on fixed assets which consisted of the following:

	Millions of yen	Millions of U.S. dollars
Other electricity-related property, plant and equipment	**¥ 4,152**	**$ 39**
Other property, plant and equipment	**11,366**	**108**
Construction in progress	**29,306**	**277**
Total	**¥44,825**	**$424**

Impairment losses relating to "other electricity-related property, plant and equipment" and "construction in progress" with uncertain future cash flows are recognized by unit. Impairment loss relating to "other property, plant and equipment" (mainly land used for real estate business) is grouped within respective rental areas because these assets are supplemental in terms of generating cash flows. The Companies determine if assets are impaired by comparing their undiscounted expected future cash flows to their carrying amounts in the accounting records. The Companies recognize impairment losses if the undiscounted expected future cash flows are less than the carrying amount of the asset.

Recoverable amounts in these asset groups were measured by the respective net selling prices. The selling prices were based primarily on appraisal valuation.

18. Contingent Liabilities

At March 31, 2004, contingent liabilities totaled ¥1,609,011 million (US$15,224 million), of which ¥419,906 million (US$3,973 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$113 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, ¥249,104 million (US$2,357 million) consisted of guarantees given in connection with housing loans made to employees of the Companies.

The remainder of ¥940,000 million (US$8,894 million) represents the debt assigned by the Company to certain banks under debt assumption agreements.

The Companies were contingently liable at March 31, 2004 for ¥132 million (US$1 million) in the aggregate of trade notes receivable endorsed to suppliers.

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 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 three industry segments: electric power, information and telecommunications, and other businesses. The information and telecommunications segment involves the provision of telecommunications and data processing services, software development and maintenance, and CATV broadcasting. Other businesses comprise repair work to the power generation facilities, the repair and maintenance of transmission and transformation facilities, and the real estate and property management business.

Industry segment information for the Companies for the years ended March 31, 2004 and 2003 is summarized as follows:

	Millions of yen					
	2004					
	Electric power business	Information and telecom-munications business	Other businesses	Total	Eliminations	Consolidated
I. Operating revenues and operating income:						
Operating revenues:						
Sales to third parties	**¥ 4,722,118**	**¥ 20,389**	**¥111,319**	**¥ 4,853,826**	**¥ —**	**¥ 4,853,826**
Inter-segment sales and transfers	**—**	**66,917**	**262,214**	**329,131**	**(329,131)**	**—**
Total	**4,722,118**	**87,306**	**373,533**	**5,182,958**	**(329,131)**	**4,853,826**
Operating expenses	**4,230,806**	**105,169**	**359,383**	**4,695,358**	**(330,536)**	**4,364,822**
Operating income (loss)	**¥ 491,311**	**¥ (17,862)**	**¥ 14,150**	**¥ 487,599**	**¥ 1,404**	**¥ 489,004**
II. Assets, depreciation, impairment loss on fixed assets and capital expenditures:						
Total assets	**¥13,143,545**	**¥120,136**	**¥867,522**	**¥14,131,204**	**¥(230,298)**	**¥13,900,906**
Depreciation and amortization	**846,903**	**18,023**	**29,674**	**894,601**	**(4,645)**	**889,955**
Impairment loss on fixed assets	**33,458**	**—**	**11,366**	**44,825**	**—**	**44,825**
Capital expenditures	**573,599**	**26,025**	**67,588**	**667,212**	**(3,244)**	**663,967**

	Millions of yen					
	2003					
	Electric power business	Information and telecom-munications business	Other businesses	Total	Eliminations	Consolidated
I. Operating revenues and operating income:						
Operating revenues:						
Sales to third parties	¥ 4,801,380	¥ 17,583	¥100,146	¥ 4,919,109	¥ —	¥ 4,919,109
Inter-segment sales and transfers	—	68,536	266,844	335,381	(335,381)	—
Total	4,801,380	86,120	366,991	5,254,491	(335,381)	4,919,109
Operating expenses	4,281,565	100,578	352,583	4,734,727	(337,023)	4,397,703
Operating income (loss)	¥ 519,814	¥ (14,458)	¥ 14,407	¥ 519,763	¥ 1,642	¥ 521,406
II. Assets, depreciation and capital expenditures:						
Total assets	¥13,563,221	¥119,539	¥716,645	¥14,399,406	¥(222,110)	¥14,177,296
Depreciation and amortization	886,387	16,549	24,688	927,625	(5,268)	922,357
Capital expenditures	640,319	21,595	48,327	710,242	(3,585)	706,656

	Millions of U.S. dollars					
	2004					
	Electric power business	Information and telecom-munications business	Other businesses	Total	Eliminations	Consolidated
I. Operating revenues and operating income:						
Operating revenues:						
Sales to third parties	$ 44,679	$ 193	$1,053	$ 45,925	$ —	$ 45,925
Inter-segment sales and transfers	—	633	2,481	3,114	(3,114)	—
Total	44,679	826	3,534	49,039	(3,114)	45,925
Operating expenses	40,030	995	3,400	44,426	(3,127)	41,298
Operating income (loss)	$ 4,649	$ (169)	$ 134	$ 4,613	$ 13	$ 4,627
II. Assets, depreciation, impairment loss on fixed assets and capital expenditures:						
Total assets	$124,359	$1,137	$8,208	$133,704	$(2,179)	$131,525
Depreciation and amortization	8,013	171	281	8,464	(44)	8,420
Impairment loss on fixed assets	317	—	108	424	—	424
Capital expenditures	5,427	246	639	6,313	(31)	6,282

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, 2004, were approved at a general meeting of the shareholders held on June 25, 2004:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends (¥30 = US$0.28 per share)	¥40,542	$384
Bonuses to directors and corporate auditors	75	1

Report of Independent Auditors

SHIN NIHON & CO.
ERNST & YOUNG INTERNATIONAL

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, 2004 and 2003, 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, 2004 and 2003, 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, The Tokyo Electric Power Company, Incorporated and its domestic consolidated subsidiaries adopted a new accounting standard for impairment accounting for fixed assets as early adoption of the standard was permitted from the fiscal year ended March 31, 2004.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2004 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.

Shin Nihon & Co.

June 25, 2004

Non-Consolidated Balance Sheets

The Tokyo Electric Power Company, Incorporated
March 31

	Millions of yen		Millions of U.S. dollars (Note 2)
ASSETS	**2004**	2003	**2004**
Property:			
Property, plant and equipment	**¥ 27,621,530**	¥ 26,910,501	**$ 261,345**
Construction in progress	**816,217**	1,247,998	**7,723**
	28,437,747	28,158,499	**269,068**
Less:			
Contributions in aid of construction	**(304,272)**	(278,531)	**(2,879)**
Accumulated depreciation	**(17,516,830)**	(16,783,679)	**(165,738)**
	(17,821,103)	(17,062,211)	**(168,617)**
Property, plant and equipment, net (Notes 4 and 6)	**10,616,644**	11,096,288	**100,451**
Nuclear fuel:			
Loaded nuclear fuel	**184,261**	158,241	**1,743**
Nuclear fuel in processing	**727,257**	697,766	**6,881**
	911,518	856,008	**8,624**
Investments and other:			
Long-term investments	**588,722**	538,487	**5,570**
Investments in subsidiaries and affiliates	**414,757**	367,264	**3,924**
Deferred tax assets	**313,548**	354,714	**2,967**
Discounts on bonds	**315**	—	**3**
Other	**43,850**	42,007	**415**
	1,361,193	1,302,474	**12,879**
Current assets:			
Cash	**40,444**	47,908	**383**
Accounts receivable—customers	**307,002**	319,659	**2,905**
Fuel—exclusive of nuclear fuel—materials and supplies	**78,292**	87,027	**741**
Other	**119,230**	103,172	**1,128**
	544,970	557,767	**5,156**
Total assets	**¥ 13,434,326**	¥ 13,812,538	**$ 127,111**

See notes to non-consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars (Note 2) 2004
Long-term liabilities and reserves:			
Long-term debt	**¥ 7,239,437**	¥ 7,137,556	**$ 68,497**
Other long-term liabilities	**37,233**	47,491	**352**
Reserve for reprocessing of irradiated nuclear fuel	**1,136,843**	1,113,973	**10,756**
Accrued employees' retirement benefits	**506,313**	573,632	**4,791**
Reserve for decommissioning costs of nuclear power units	**351,580**	349,911	**3,327**
	9,271,407	9,222,565	**87,723**
Current liabilities:			
Current portion of long-term debt	**494,804**	776,070	**4,682**
Current portion of other long-term liabilities	**2,487**	3,413	**24**
Short-term loans	**496,000**	683,000	**4,693**
Commercial paper	**355,000**	365,000	**3,359**
Accrued income taxes	**54,052**	59,657	**511**
Deposits from employees and others	**2,739**	3,127	**26**
Other — principally accounts payable	**576,236**	636,883	**5,452**
	1,981,319	2,527,152	**18,747**
Reserve for fluctuation in water levels	**11,853**	4,285	**112**
Total liabilities	**11,264,581**	11,754,003	**106,581**
Shareholders' equity:			
Common stock, without par value:			
Authorized — 1,800,000,000 shares			
Issued — 1,352,867,531 shares in 2004 and 2003	**676,434**	676,434	**6,400**
Capital surplus	**19,014**	19,014	**180**
Retained earnings	**1,416,147**	1,345,523	**13,399**
Unrealized holding gain on securities	**61,509**	19,419	**582**
Treasury stock, at cost	**(3,359)**	(1,856)	**(32)**
Total shareholders' equity	**2,169,745**	2,058,535	**20,529**
Contingent liabilities (Note 5)			
Total liabilities and shareholders' equity	**¥13,434,326**	¥13,812,538	**$127,111**

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)
	2004	2003	**2004**
Operating revenues:			
Residential	**¥1,909,435**	¥1,955,531	**$18,066**
Commercial and industrial	**2,688,725**	2,729,718	**25,440**
Other	**136,404**	123,174	**1,291**
	4,734,565	4,808,424	**44,797**
Operating expenses:			
Fuel	**905,806**	782,676	**8,570**
Depreciation	**845,028**	882,863	**7,995**
Purchased power	**637,116**	619,878	**6,028**
Personnel	**445,167**	544,219	**4,212**
Maintenance	**411,488**	406,232	**3,893**
Taxes other than income taxes	**315,929**	325,794	**2,989**
Other	**701,828**	734,534	**6,640**
	4,262,365	4,296,200	**40,329**
Operating income	**472,200**	512,223	**4,468**
Other (income) expenses:			
Interest	**167,977**	203,952	**1,589**
Loss on impairment of fixed assets (Note 6)	**41,956**	—	**397**
Other, net	**(257)**	69,058	**(2)**
	209,676	273,010	**1,984**
Income before special item and income taxes	**262,524**	239,213	**2,484**
Special item:			
Provision for (reversal of) reserve for fluctuation in water levels	**7,567**	(1,708)	**72**
Income before income taxes	**254,956**	240,921	**2,412**
Income taxes:			
Current	**88,027**	125,598	**833**
Deferred	**15,110**	(37,705)	**143**
Net income	**¥ 151,818**	¥ 153,029	**$ 1,436**
	Yen		U.S. dollars (Note 2)
Per share of common stock:			
Net income (basic)	**¥112.25**	¥113.09	**$1.06**
Net income (diluted)	**112.01**	112.51	**1.06**
Cash dividends	**60.00**	60.00	**0.57**

See notes to non-consolidated financial statements..

Non-Consolidated Statements of Shareholders' Equity

The Tokyo Electric Power Company, Incorporated
Years ended March 31

		Millions of yen				
	Number of shares (Thousands)	Common stock	Capital surplus	Retained earnings	Unrealized holding gain on securities	Treasury stock, at cost
Balance at March 31, 2002	1,352,867	¥676,434	¥19,014	¥1,273,806	¥ 36,265	¥ (258)
Net income for the year ended March 31, 2003				153,029		
Cash dividends paid				(81,161)		
Bonuses to directors and corporate auditors				(150)		
Net change during the year					(16,845)	(1,597)
Balance at March 31, 2003	1,352,867	676,434	19,014	1,345,523	19,419	(1,856)
Net income for the year ended March 31, 2004				**151,818**		
Cash dividends paid				**(81,120)**		
Bonuses to directors and corporate auditors				**(75)**		
Net change during the year					**42,090**	**(1,502)**
Balance at March 31, 2004	**1,352,867**	**¥676,434**	**¥19,014**	**¥1,416,147**	**¥ 61,509**	**¥(3,359)**

	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, 2003	$ 6,400	$180	$12,731	$184	$(18)
Net income for the year ended March 31, 2004			**1,436**		
Cash dividends paid			**(768)**		
Bonuses to directors and corporate auditors			**(1)**		
Net change during the year				**398**	**(14)**
Balance at March 31, 2004	**$6,400**	**$180**	**$13,399**	**$582**	**$(32)**

See notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

The Tokyo Electric Power Company, Incorporated
March 31, 2004

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. In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

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 ¥105.69 = US$1.00, the approximate rate of exchange in effect on March 31, 2004, 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

Effective the year ended March 31, 2004, the Company implemented early adoption of a new accounting standard for the impairment of fixed assets which requires that tangible and intangible fixed assets be carried at cost less depreciation, and be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company is required to recognize an impairment loss in their statement of income or operations if certain indicators of asset impairment exist and if the book value of an asset exceeds the undiscounted sum of its future cash flows. The standard states that impairment losses should be measured as the excess of the book value over the higher of (1) the fair market value of the asset, net of disposition costs, and (2) the present value of future cash flows arising from ongoing utilization of the asset and from disposal of the asset after use. The standard covers land, factories, buildings and other forms of property, plant and equipment as well as intangible assets. Fixed assets are to be grouped at the lowest level for which there are identifiable cash flows independent of the cash flows from other groups of assets.

The effect of the adoption of this new accounting standard was to decrease income before income taxes and minority interests by ¥41,956 million (US$397 million) for the year ended March 31, 2004.

4. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2004 and 2003 were as follows:

	Millions of yen			
As of March 31, 2004	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
Hydroelectric power production facilities	**¥ 1,474,360**	**¥ 7,077**	**¥ 790,481**	**¥ 676,801**
Thermal power production facilities	**5,383,849**	**33,290**	**3,803,949**	**1,546,609**
Nuclear power production facilities	**5,024,519**	**3,644**	**4,088,043**	**932,832**
Internal combustion engine power production facilities	**39,562**	**156**	**25,696**	**13,709**
Transmission facilities	**6,946,782**	**160,096**	**3,953,022**	**2,833,662**
Transformation facilities	**3,252,319**	**36,723**	**2,087,337**	**1,128,258**
Distribution facilities	**4,829,308**	**40,788**	**2,425,121**	**2,363,398**
Incidental business facilities	**101,221**	**15**	**19,165**	**82,040**
General facilities	**569,607**	**22,481**	**313,168**	**233,957**
Construction in progress	**816,217**	**—**	**10,843**	**805,373**
	¥28,437,747	**¥304,272**	**¥17,516,830**	**¥10,616,644**

	Millions of yen			
As of March 31, 2003	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
Hydroelectric power production facilities	¥ 1,472,303	¥ 7,076	¥ 752,523	¥ 712,704
Thermal power production facilities	4,899,398	17,106	3,589,528	1,292,764
Nuclear power production facilities	5,002,715	456	3,976,288	1,025,970
Internal combustion engine power production facilities	36,993	156	25,221	11,616
Transmission facilities	6,909,019	156,184	3,769,489	2,983,344
Transformation facilities	3,227,095	36,634	2,008,732	1,181,728
Distribution facilities	4,751,941	40,136	2,314,020	2,397,784
Incidental business facilities	48,196	5	8,182	40,008
General facilities	562,837	20,774	303,842	238,219
Construction in progress	1,247,998	—	35,851	1,212,146
	¥28,158,499	¥278,531	¥16,783,679	¥11,096,288

	Millions of U.S. dollars			
As of March 31, 2004	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
Hydroelectric power production facilities	**$ 13,950**	**$ 67**	**$ 7,479**	**$ 6,404**
Thermal power production facilities	**50,940**	**315**	**35,992**	**14,633**
Nuclear power production facilities	**47,540**	**34**	**38,680**	**8,826**
Internal combustion engine power production facilities	**374**	**1**	**243**	**130**
Transmission facilities	**65,728**	**1,515**	**37,402**	**26,811**
Transformation facilities	**30,772**	**347**	**19,750**	**10,675**
Distribution facilities	**45,693**	**386**	**22,946**	**22,362**
Incidental business facilities	**958**	**0**	**181**	**776**
General facilities	**5,389**	**213**	**2,963**	**2,214**
Construction in progress	**7,723**	**—**	**103**	**7,620**
	$269,068	**$2,879**	**$165,738**	**$100,451**

5. Contingent Liabilities

At March 31, 2004, contingent liabilities totaled ¥1,624,804 million (US$15,373 million), of which ¥440,854 million (US$4,171 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, ¥11,985 million (US$113 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, ¥243,950 million (US$2,308 million) consisted of guarantees given in connection with housing loans made to employees of the Company.

The remainder of ¥940,000 million (US$8,894 million) represents the debt assigned by the Company to certain banks under debt assumption agreements.

6. Impairment Loss on Fixed Assets

For the year ended March 31, 2004, the Company recognized ¥41,956 million (US$397 million) impairment losses on fixed assets which consisted of the following:

	Millions of yen	Millions of U.S. dollars
Incidental business facilities	¥ 8,497	$ 80
General facilities	4,152	39
Construction in progress	29,306	277
Total	¥41,956	$397

Impairment losses relating to "general facilities" and "construction in progress" with uncertain future cash flows are recognized by unit. Impairment loss relating to "incidental business facilities" (mainly land used for real estate business) is grouped within respective rental areas because these assets are supplemental in terms of generating cash flows. The Company determines if assets are impaired by comparing their undiscounted expected future cash flows to their carrying amounts in the accounting records. The Company recognizes impairment losses if the undiscounted expected future cash flows are less than the carrying amount of the asset.

Recoverable amounts in these assets groups were measured by the respective net selling prices. The selling prices were based primarily on appraisal valuation.

Report of Independent Auditors

SHIN NIHON & CO.
ERNST & YOUNG INTERNATIONAL

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, 2004 and 2003, 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, 2004 and 2003, 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, The Tokyo Electric Power Company, Incorporated adopted a new accounting standard for impairment accounting for fixed assets as early adoption of the standard was permitted from the fiscal year ended March 31, 2004.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2004 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.

Shin Nihon & Co.

June 25, 2004

Bond Issues and Maturities (Non-Consolidated)

April 1, 2003 to March 31, 2004

(Millions of yen, unless otherwise indicated)

Issue	Issue date	Issue amount	Amount at maturity	Outstanding as of March 31, 2004	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											
407	April 23, 1991	100,000	100,000		99.75	6.9	General mortgage	April 23, 2003			Funds from bond issues have been used for capital expenditures.
408	May 23, 1991	100,000	100,000		100.00	6.9		May 23, 2003			
409	June 25, 1991	100,000	100,000		100.75	7.0		June 25, 2003			
410	July 25, 1991	100,000	100,000		100.35	6.9		July 25, 2003			
411	November 26, 1991	100,000	100,000		100.65	6.2		November 26, 2003			
414	May 25, 1992	100,000	100,000		100.00	6.1		May 25, 2004			Note
415	June 25, 1992	100,000	100,000		100.00	6.1		June 25, 2004			Note
416	July 28, 1992	100,000	100,000		100.00	5.8		July 28, 2004			Note
417	December 24, 1992	100,000	100,000		99.85	5.375		December 24, 2004			Note
418	January 27, 1993	100,000	100,000		100.00	5.275		January 27, 2005			Note
419	March 25, 1993	100,000	100,000		99.80	4.65		March 25, 2005			Note
423	February 28, 1994	150,000	15,000	135,000	100.00	4.75		February 28, 2014	135,000		
425	July 29, 1994	100,000	21,500	78,500	99.80	5.0		July 29, 2014	78,500		
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	47,000	103,000	100.00	4.1		May 29, 2015	103,000		
429	August 24, 1995	150,000	30,500	119,500	100.00	3.1		August 24, 2007	119,500		
431	February 28, 1996	100,000	20,000	80,000	100.00	3.25		February 28, 2008	80,000		
433	April 30, 1996	150,000	39,000	111,000	100.00	3.45		April 30, 2008	111,000		
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	7,500	42,500	100.00	3.45		November 29, 2016	42,500		
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	6,500	43,500	100.00	3.15		June 25, 2009	43,500		
439	July 31, 1997	100,000	8,000	92,000	100.00	2.625		July 31, 2007	92,000		
440	July 28, 1997	50,000	1,500	48,500	100.00	3.225		July 28, 2017	48,500		
441	September 22, 1997	50,000	3,500	46,500	100.00	3.075		September 22, 2017	46,500		
442	December 19, 1997	50,000		50,000	100.00	2.2		December 19, 2007	50,000		
443	December 22, 1997	50,000	1,500	48,500	100.00	2.775		December 22, 2017	48,500		
444	January 30, 1998	50,000	50,000		100.00	1.6		January 30, 2004			Note
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	12,000	58,000	100.00	2.775		April 17, 2018	58,000		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	50,000		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	50,000		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	2,000	48,000	100.00	2.7		January 29, 2019	48,000		Note
460	March 17, 1999	50,000		50,000	100.00	2.4		March 17, 2011	50,000		Note
461	April 15, 1999	100,000		100,000	100.00	1.18		April 15, 2004		100,000	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	50,000		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	6,000	44,000	100.00	2.8		September 17, 2019	44,000		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	50,000		Note
469	April 27, 2000	100,000		100,000	100.00	1.25		April 27, 2005	100,000		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

(Millions of yen, unless otherwise indicated)

Issue	Issue date	Issue amount	Amount at maturity	Outstanding as of March 31, 2004	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											Funds from bond issues have been used for capital expenditures.
474	October 27, 2000	50,000		50,000	100.00	1.44	General mortgage	October 27, 2006	50,000		Note
475	October 27, 2000	50,000		50,000	100.00	1.96		October 27, 2010	50,000		Note
476	November 30, 2000	50,000		50,000	100.00	1.93		November 30, 2010	50,000		Note
477	December 15, 2000	50,000		50,000	100.00	1.17		December 15, 2005	50,000		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	50,000		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
Subtotal		6,730,000	1,740,000	4,990,000					4,890,000	100,000	
1st TEPCO convertible bond	January 31, 1989	180,000	180,000		100.00	1.7	General mortgage	March 31, 2004			Note
Domestic bond total		6,910,000	1,920,000	4,990,000					4,890,000	100,000	

(Millions of yen, unless otherwise indicated)

Issue	Issue date	Issue amount	Amount at maturity	Outstanding as of March 31, 2004	Par value (¥)	Coupon rate (% per annum)	Mortgage (Type, subject property, seniority)	Maturity date	Details of maturities: Non-current maturities	Details of maturities: Others	Application
6th U.S. dollar-denominated TEPCO bond	July 29, 1993	106,180 [1,000,000 thousand U.S. dollar]	106,180 [1,000,000 thousand U.S. dollar]		99.182	6.125	General mortgage	July 29, 2003			Funds from bond issues have been used for capital expenditures.
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		September 27, 2006	27,012 [300,000 thousand Swiss franc]		
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]		
1st Euro-denominated TEPCO bond	March 24, 1999	99,750 [750,000 thousand Euro]	99,750 [750,000 thousand Euro]		101.567	4.00		March 24, 2004			Note
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		866,192 [300,000 thousand Swiss franc] [2,500,000 thousand U.S. dollar] [4,000,000 thousand French franc] [3,750,000 thousand Euro]	205,930 [1,000,000 thousand U.S. dollar] [750,000 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]					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]		
Total		[Issued during the fiscal year 534,270] 7,776,192	[Redeemed during the fiscal year 461,361] 2,125,930	[Increase for the fiscal year 72,909] 5,650,262		1.921			5,550,262	100,000	

Notes: 1. 1st TEPCO Convertible Bond Conversion Provisions
(1) Conversion Price
From March 1, 1989 to March 31, 1990: ¥7,519
From April 1, 1990 to September 30, 1995: ¥7,372
From October 1, 1995: ¥7,299
(2) Shares to be Issued upon Conversion
Common shares
(3) Conversion Period
March 1, 1989 to March 30, 2004

2. TEPCO treats the following bonds, denoted using their serial TEPCO bond issue numbers, as redeemed because they represent debt assigned by the Company under debt assumption agreements.
Agreements concluded in fiscal 1999: 414th TEPCO bond, 415th TEPCO bond, 416th TEPCO bond
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.

3. 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: 417th TEPCO bond, 418th TEPCO bond, 419th TEPCO bond, 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.

4. Funds from the issue of TEPCO bonds number 444 to 458 and TEPCO bonds 504 to 510 have been used for capital expenditures or repayment of borrowings.

5. Funds from the issue of TEPCO bonds number 459 to 503, the 1st Euro-denominated TEPCO bond, 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.

6. 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.

Major Subsidiaries and Affiliated Companies

As of March 31, 2004

Major Consolidated Subsidiaries

Company Name	Capital (¥ million)	TEPCO Ownership (%)	Principal Business
Electric Power Business			
The Tokyo Electric Generation Company, Incorporated	2,200	100.0	Power Generation
Information and Telecommunications Business			
AT TOKYO Corporation	11,250	56.0	Information Software and Services
TEPCO CABLE TELEVISION Inc.	8,775	86.3	Cable Television
TEPCO SYSTEMS CORPORATION	350	100.0	Information Software and Services
Other Businesses			
Toden Real Estate Co., Inc.	2,000	100.0	Property Management
TOSHIN BUILDING CO., LTD.	1,100	100.0	Property Management
Tokyo City Service Co., Ltd.	400	100.0	Energy and Environment
Toden Kogyo Co., Ltd.	300	100.0	Facilities Construction and Maintenance
Tokyo Electric Power Environmental Engineering Company, Incorporated	300	100.0	Facilities Construction and Maintenance
TEPCO HOME SERVICE CO., LTD.	200	100.0	Facilities Construction and Maintenance
Tokyo Electricity Meter Industry Inc.	100	100.0	Supply of Resources, Equipment and Materials
Oze Ringyo Inc.	80	100.0	Property Management
TOKYO DENSETSU SERVICE CO., LTD.	50	100.0	Facilities Construction and Maintenance
Tokyo Living Service Co., Ltd.	50	100.0	Transportation and Services
TEPCO PUBLIC RELATIONS CO., LTD.	50	100.0	Transportation and Services
TEPCO LOGISTICS CO., LTD.	50	80.0	Transportation and Services
Tokyo Electric Power Services Company, Limited	40	100.0	Facilities Construction and Maintenance
NANMEI KOSAN CO., LTD.	40	100.0	Fuel Supply
TEPCO-U CO., LTD.	20	100.0	Fuel Supply
TEPSTAR CO., LTD.	20	100.0	Fuel Supply
Toden Kokoku Co., Ltd.	20	81.8	Transportation and Services

Affiliated Companies Accounted for under the Equity Method

Company Name	Capital (¥ million)	TEPCO Ownership (%)	Principal Business
Electric Power Business			
Soma Kyodo Power Company, Ltd.	120,000	50.0	Power Generation
The Japan Atomic Power Company	120,000	28.3	Power Generation
JOBAN JOINT POWER CO., LTD.	56,000	49.1	Power Generation
Kashima Kyodo Electric Power Co., Ltd.	22,000	50.0	Power Generation
Kimitsu Cooperative Thermal Power Company, Inc.	8,500	50.0	Power Generation
Information and Telecommunications Business			
POWEREDCOM, Incorporated	42,061	36.6	Telecommunications
Other Businesses			
Japan Nuclear Fuel Limited	200,000	20.6	Fuel Supply
KANDENKO CO., LTD.	10,264	48.1	Facilities Construction and Maintenance
Takaoka Electric Mfg. Co., Ltd.	5,906	28.3	Supply of Resources, Equipment and Materials
TOKO ELECTRIC CORPORATION	1,452	46.1	Supply of Resources, Equipment and Materials

Glossary

Four Commitments
The policies TEPCO announced in September 2002 to prevent the recurrence of incidents. They are disclosing information and ensuring transparency; creating an environment where operations can be carried out properly; strengthening internal surveillance in the nuclear power division and reforming our corporate culture; and ensuring that all management and staff observe corporate ethics and are in compliance with rules and regulations.

Long-Term Vision
The TEPCO Long-Term Vision was released in March 2001, and addresses TEPCO's objectives and roles it wants to play in society. TEPCO aims to realize its corporate philosophy as a front-runner in energy services through three corporate objectives: increase profitability and high added value, improve the living environment and lifestyles, and take on the challenge of great change.

Free Cash Flow
TEPCO defines free cash flow as net cash provided by operating activities minus capital expenditures in the electric utility business.

Reliable Supply
Used generally as a technical term to describe the quality of electric power, reliability of supply is measured by the frequency of power outages, expressed as the number of hours without power per household annually or the number of power outages per year.

Public Interest Issues
These are issues that are to be addressed along with steps to promote efficiency in light of the liberalization of the retail electricity market for eligible customers' use. These include issues principally related to securing the stability of the power supply, including the provision of universal service, maintaining the reliability of the power supply and energy security (guaranteeing the physical security of energy-related facilities), and preserving the natural environment.

Power Producer and Supplier (PPS)
A company registered with the Minister of Economy, Trade and Industry (METI) to supply eligible customers. In principle, eligible customers contract for 500 kW or more of electric power, which is supplied through the high-voltage or extra-high-voltage lines maintained and operated by electric power companies.

Eco Ice
This system uses relatively low-cost, late-night electric power to make ice or hot water—depending on the season—for use in air conditioning/heating systems, rather than using electricity during the hours when rates are higher. Compared with systems that use water for this purpose, the conversion of water to ice or water to hot water stores a larger amount of latent energy for cooling or heating using the same volume of water. Alternatively, Eco Ice provides the same storage function with a smaller accumulation tank. For example, when the ratio of conversion to ice is 50%, the cooling capacity of the accumulation tank needs to be only one-seventh the capacity of conventional systems because ice is capable of storing seven times more heat than water can.

LNG
Liquefied Natural Gas (LNG) is composed of methane (CH4) and ethane (C2H6) and is converted from a natural gaseous state to a liquid by cooling to -162°C. LNG is transported on specially designed LNG carrier ships and after unloading is converted back to a gas for use as a fuel for generating electric power and other purposes.

Wholesale Network Supply (Gas)
This is the term used when gas utilities or wholesale suppliers of gas provide utilities with gas on a wholesale basis, using the pipe distribution facilities of third parties.

IPP
Independent power producer (IPP) is a term applied generally to a supplier of electricity that owns generating facilities but has no transmission network and therefore provides electricity on a wholesale basis.

The Electricity Industry Committee of The Advisory Committee for Natural Resources and Energy
The Electricity Industry Committee was established on November 5, 2001 to study the future of the electric power industry. METI advised the Committee to "consider the future structure of the electric power industry with a view toward the construction of a fair and effective system that can achieve reliable and efficient supply of the electricity that serves as the foundation of Japan's economy and the daily lives of its citizens."

Back-End Business
The flow of fuel in the nuclear fuel cycle is divided into two sections based around the nuclear reactor. The first section is the front-end or upstream portion and the second is the back-end or downstream portion. In the case of light water nuclear reactor fuel, back-end business includes the cooling and reprocessing of spent nuclear fuel, the various stages of the recovery and reprocessing of uranium and plutonium, including transportation required for these stages, and the waste products generated in these processes. In some cases, back-end business is defined to include dealing with spent fuel and its disposal. Note that in some instances spent nuclear fuel is disposed of or stored without further processing.

Rokkasho Reprocessing Facility
One of Japan Nuclear Fuel Limited's nuclear fuel cycle facilities, located in Rokkasho Village, Aomori prefecture. Construction is 95 percent complete, with completion scheduled for July 2006 after uranium tests.

Nuclear Fuel Cycle
The nuclear fuel cycle refers to the process that begins with the mining of uranium and thorium, which are found in nature, and continues with the refining, conversion, enrichment, and fabrication into nuclear fuel. After use in nuclear reactors, the spent fuel is recycled and reprocessed into usable nuclear fuel and wastes. To complete the cycle, reprocessed nuclear fuel is then used in nuclear reactors and the waste materials are disposed of safely.

Thermal Efficiency
The ratio of electric power generated to the thermal energy of fuel consumed.
Electric energy generated (kWh) X 3.60 (MJ/kWh)/Fuel consumption (kl, t) X Unit heating value of fuel (MJ/kl, t)

Corporate Information

As of March 31, 2004

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
http://www.tepco.co.jp/en/index-e.html

Established
May 1, 1951

Fiscal Year-End
March 31

Paid-in Capital
¥676,434,197,050

Number of Employees
38,950

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
836,331

Shareholders' Meeting
June

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

Certified Public Accountants
Shin Nihon & Co.

Transfer Agent
UFJ Trust Bank Limited
4-3, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-0005, Japan

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

Credit Ratings

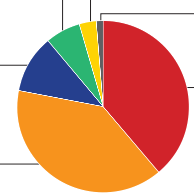
Standard and Poor's Rating Services	AA-	(stable)
Moody's Investors Service, Inc.	Aa3	(stable)
Rating and Investment Information, Inc.	AA+	(stable)
Japan Credit Ratings Agency, Ltd.	AAA	(stable)

Major Shareholders

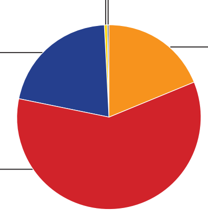
Name	Number of Shares Held (Thousands)
Japan Trustee Services Bank, Ltd. (Trust Account)	64,685
The Master Trust Bank of Japan, Ltd. (Trust Account)	60,810
The Dai-ichi Mutual Life Insurance Company	55,001
Nippon Life Insurance Company	52,235
Mizuho Corporate Bank, Ltd.	43,490
Tokyo Metropolitan Government	42,676
Sumitomo Mitsui Banking Corporation	35,927
Shinsei Bank, Limited	16,989
TEPCO Employees' Shareholding Association	12,761
Taiyo Life Insurance Company	11,796

Breakdown of Stockholders

Shareholders by Type



Number of Shares



For more detailed information, please contact:
Tokyo Electric Power Company
- Shareholder & Investor Relations Group, Corporate Affairs Department
- Research and Planning Group, Accounting & Treasury Department

1-3, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo 100-8560, Japan
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Tokyo Electric Power Company Annual Report 2004

TEPCO

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