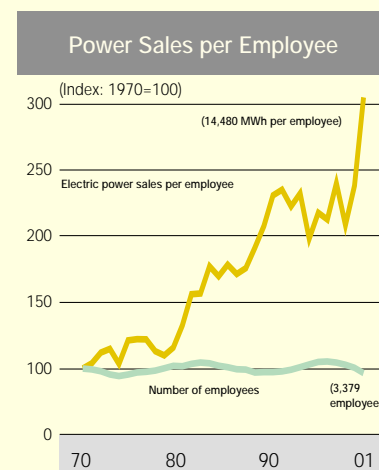
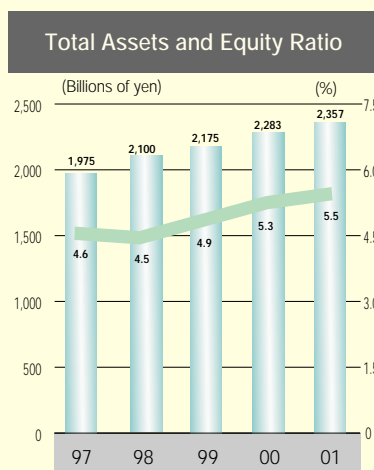
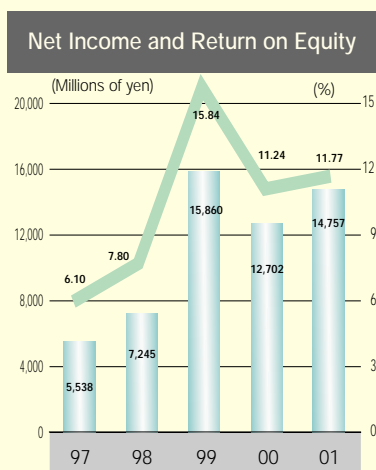


Financial Highlights

Millions of yen

| Years ended March 31 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|------------|------------|------------|------------|------------|-----------|
| Operating revenues | ¥0 440,113 | ¥0 451,096 | ¥0 476,217 | ¥0 451,543 | ¥0 450,330 | ¥ 495,307 |
| Income from electric power sales | 383,099 | 392,565 | 416,849 | 392,474 | 385,719 | 425,184 |
| Hydroelectric | 132,941 | 139,834 | 143,997 | 145,643 | 144,114 | 144,100 |
| Thermal | 250,158 | 252,731 | 272,851 | 246,830 | 241,604 | 281,084 |
| Income from wheeling | — | — | — | — | 62,287 | 67,095 |
| Other operating revenues | 57,013 | 58,530 | 59,368 | 59,069 | 2,324 | 3,026 |
| Operating expenses | 347,112 | 357,210 | 372,563 | 345,367 | 344,493 | 384,937 |
| Operating income | 93,001 | 93,886 | 103,654 | 106,176 | 105,837 | 110,369 |
| Financial revenues | 883 | 751 | 611 | 623 | 409 | 159 |
| Financial expenses | 84,748 | 84,165 | 86,537 | 72,694 | 72,784 | 76,718 |
| Income from overseas technical service | 1,718 | 1,677 | 1,613 | 1,353 | 1,651 | 1,534 |
| Expenses on overseas technical service | 1,511 | 1,510 | 1,505 | 1,149 | 1,362 | 1,221 |
| Other income | 840 | 175 | 101 | 768 | 416 | 3,492 |
| Other expenses | 139 | 159 | 1,274 | 2,618 | 1,248 | 2,280 |
| Gross profit | 10,044 | 10,656 | 16,662 | 32,459 | 32,919 | 35,334 |
| Reserve for drought | — | — | (77) | (403) | 131 | — |
| Extraordinary loss | — | — | — | — | (12,645) | (11,670) |
| Income before income taxes | 10,044 | 10,656 | 16,584 | 32,056 | 20,405 | 23,664 |
| Income taxes | (5,186) | (5,118) | (9,339) | (16,195) | (13,326) | (15,583) |
| Deferred income taxes | — | — | — | — | 5,622 | 6,677 |
| Net income | 4,857 | 5,538 | 7,245 | 15,860 | 12,702 | 14,757 |
| Total shareholders' equity | 90,203 | 91,424 | 94,354 | 105,908 | 120,185 | 130,637 |
| Total assets | 1,877,683 | 1,975,394 | 2,100,181 | 2,174,729 | 2,282,881 | 2,356,878 |
| Per share: | | | | | | |
| Net income (Yen) | 68.80 | 78.45 | 102.62 | 224.65 | 179.92 | 209.04 |
| Cash dividends applicable to the year (Yen) | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 |
| Number of shares outstanding (Thousands) | 70,600 | 70,600 | 70,600 | 70,600 | 70,600 | 70,600 |
| Number of employees | 3,675 | 3,687 | 3,658 | 3,601 | 3,521 | 3,379 |

Note: Corresponding to the revision of electric utility accounting regulations, "income from wheeling" formerly included under "other operating revenues" is listed as an independent item from the year ended March 31, 2000.



A Commitment to Sustainable Development for Japan and the World through an Ongoing Energy Supply Service to Meet Demand

The Electric Power Development Co., Ltd. (EPDC) is to be completely privatized by 2003 under the Japanese Cabinet decision adopted in June 1997. In accordance with these government policies, we are preparing ourselves for a new start as a private organization.

On the other hand, Japan is in the midst of a reform process that will bring fundamental socioeconomic changes fit for the 21st century. This opens up new challenges to tackle the global concerns of growing international competition and intensifying environmental issues in the quest for new development.

The electricity industry is facing the same challenges of sweeping reform in the spreading tide of free market competition that has liberalized the power retail sector after the rigors of the postwar centralization of the electricity industry.

EPDC can look back to a proud history spanning over half a century as an electric power wholesale operation with a proven track record of reliable, low-cost power supply. Our nationwide network of power transmission trunk lines has made a significant contribution to the improvement of living standards in Japan. Our performance records as of July 2001 show that we have built and operate as many as 66 power stations with a total output capacity of 16,000 megawatts and a transmission network of 2,400 kilometers of power lines.

As part of our overseas commitment, we have carried out as many as 182 technical cooperation projects with 57 countries mainly from the developing world. In this manner, we have made a substantial contribution to power supply security and economic development in many overseas countries.

With this proud record of achievements behind us, we are in the process of building a solid

management system with the strength to weather the severe competitive environment and risks that lie ahead of us. This adds weight to our determination toward further expansion and development as we open up new business areas in the electricity and energy market. In order to attain these goals, we are redoubling our efforts to upgrade management efficiency and improve our financial strength while promoting new business development.

As part of our commitment to achieve sweeping improvements in management and cost efficiency not only for EPDC itself but also for its subsidiaries and affiliates, we have established our groupwide Third Phase of the Restructuring Plan (fiscal 2001 to fiscal 2005) designed to sharpen the competitive edge of our electricity wholesale business and improve our financial structure.

Our efforts to develop new activity areas in the non-wholesale sector will focus on such new domains as investments in overseas electric power and energy projects, resources, environment and engineering by making full use of the manpower, technical resources and know-how we have at our command.

In fiscal 2000, we were able to increase revenues and profits and close the year with favorable results.

Ordinary revenues increased 10%, to ¥495.3 billion. This rise was due, in part, to the improved water reserves for the hydroelectric facilities compared with the previous fiscal year (hydroelectric power sales rose 2%, to 9.9 billion kilowatt-hours) and partly due to an increase in thermal power sales due to the startup of the No. 1 and No.2 units of Tachibanawan Thermal Power Station (up 30%, to 39.0 billion kilowatt-hours). A further factor was the



Yoshihiko Nakagaki, *President*

increase in the Company's income from wheeling associated with the startup of new facilities, including the Tachibanawan transmission equipment.

Despite our efforts to enhance efficiency throughout all our activities, ordinary expenses were up 11%, to ¥465.2 billion. This was partly due to the launch of new facilities resulting in higher depreciation costs. We also increased our reserve funds for termination and retirement allowances in accordance with the new accounting standards.

Gross profit was up 7%, to ¥35.3 billion. Fiscal 2001 marks the beginning of a new endeavor under our Third Phase of the Restructuring Plan.

In the past, we have grown strong as we negotiated the many challenges that have faced us. Reassured by our proven track record, we are readying our-

selves for the privatization challenge that is upon us, with a determined effort to reinforce our operating structure groupwide and develop new areas of business. This will give us the resilience for a dynamic takeoff in the new century in which we will play our role of contributing to the sustainable development of Japan and the world.

July 2001

A handwritten signature in black ink that reads "Yoshihiko Nakagaki". The signature is written in a cursive, flowing style.

Yoshihiko Nakagaki
President

Defining Our Key Management Tasks Toward Further Progress in the 21st Century

Key Management Issues

Changes in the supply and demand structure and further deregulation of the electric power industry are rapidly transforming our operating environment.

Against this backdrop, EPDC embraces two overriding management goals. First, we must enhance our operational efficiency and strengthen our financial position. In this context, we need to strengthen our competitiveness as an electricity wholesaler. The second priority is to expand our international and new business activities. We are pursuing these goals in anticipation of our full privatization in two years time to emerge as a competitive and strong electric power and energy company. Our basic management strategy is to ensure that all Group companies step up their efforts in line with these priorities.

Review of the Corporate Organization

1. Bolstering Competitiveness in Electricity Wholesaling through Sweeping Organization Reform

Promoting the Third Phase of the Restructuring Plan

We completed successfully our Second Phase of the Restructuring Plan, covering fiscal 1998 through 2002, at the end of fiscal 2000. The next phase of our Restructuring Plan, launched in fiscal 2001, will take us up to fiscal 2005 with a sweeping reform program that is to further enhance our competitiveness as an electricity wholesaler and thereby improve

our profitability while concurrently strengthening our financial structure. This new Plan consists of:

(1) Far-reaching review of corporate organization

The review program will be executed in four steps. First, we will introduce a divisional system with a clear assignment of operational and profit-related responsibilities. Second, our head office functions will be streamlined. Third, we will reorganize our group structure. Fourth, we will fully integrate administrative tasks for the entire EPDC Group.

(2) Review of executive appointments

We will reduce the number of directors from 20 to 12 and introduce an executive officer system in fiscal 2002 when a new Board is due to be appointed.

(3) Major improvement in efficiency and cost reduction

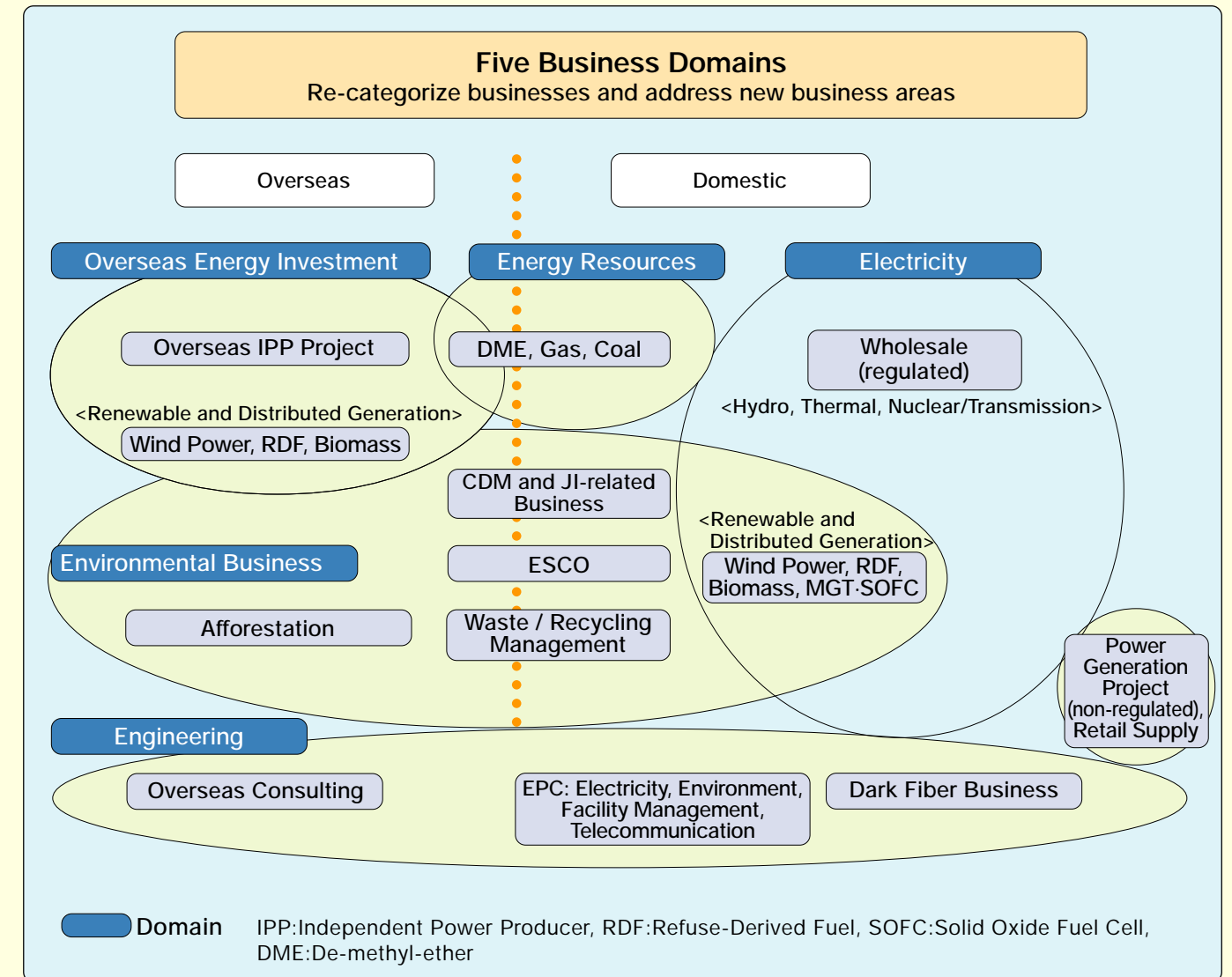
The goal for 2005 is a 25% cutback in the number of employees from the present 8,000 to 6,000, while controllable costs will be pared down at least 20%.

(4) Improvement of financial structure

While constraining capital spending, we will transform fixed assets into cost items through a transition from ownership to leases. This will reduce our interest burden.

2. Expanding our International and New Business Activities

We have been active in power generation for five decades domestically and four decades overseas. We will draw on this



solid track record to develop opportunities in five domains: domestic power generation and transmission, overseas energy investments, environmental business, energy resources, and engineering.

(1) In domestic power generation, we will concentrate on wholesaling (hydroelectric, thermal and nuclear power). At the same time, we will commercialize such areas as wind-powered and waste-fueled generation, cogeneration based on private finance initiative (PFI), biomass generation, micro-hydroelectric power generation, and solid oxide fuel cells. We will consider entering the power retailing business in response to changes in the market environment.

(2) We will make overseas energy investments a second pillar of our operations. We will draw on our expertise gained from EPDC's overseas consultation activities and launch independent power producer (IPP) projects.

(3) We will focus on environmental business, including overseas afforestation based on the Kyoto Mechanisms (Joint Implementation, Clean Development Mechanism and GHG credits) and resource recycling.

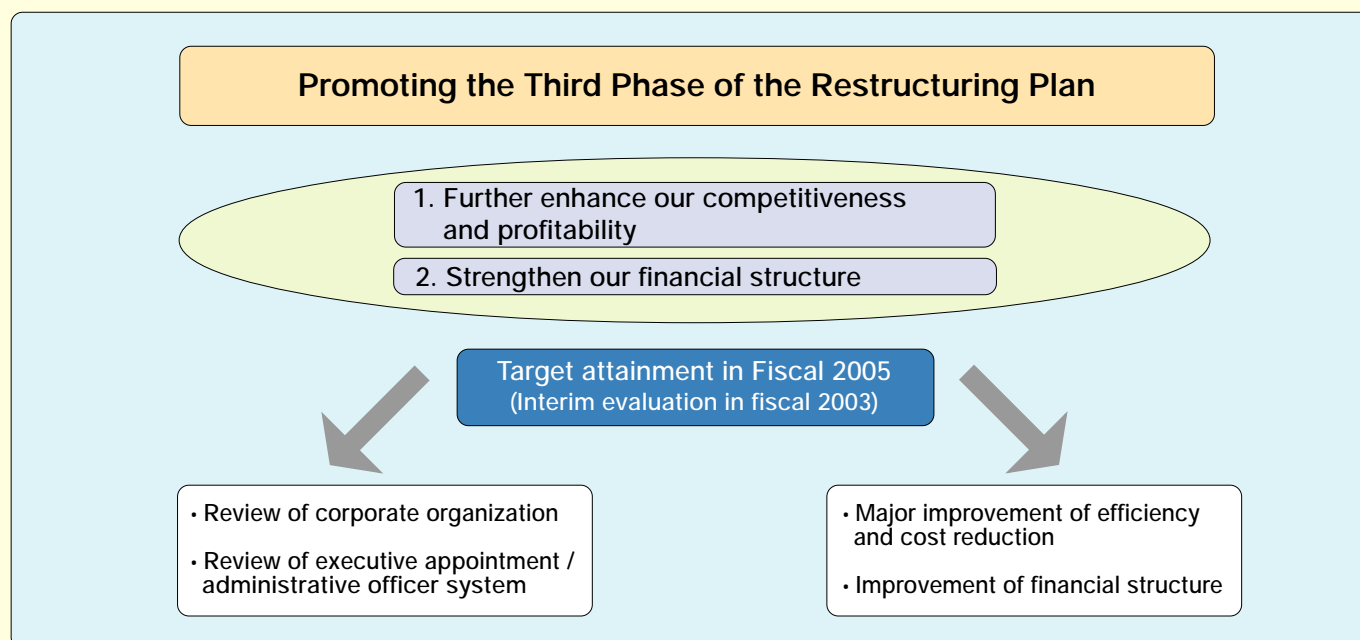
(4) We will pursue resources-related business in keeping with changes in international energy markets.

(5) We will develop engineering business activities in the marketplace by drawing on our technological expertise.

Specific Objectives

The development of our business activities will be crucial for us to meet the challenge of privatization in two years' time. To this end, we will further expand shareholders' equity while boosting profitability by reinforcing competitiveness.

Our target for fiscal 2005 is an equity ratio of 20%. Also in that year, we aim to achieve an ordinary profit of at least ¥40 billion.



EPDC's Responses to Deregulation in the Power Sector

Power Liberalization

The government made amendments to the Electricity Utilities Industry Law in 1995 and 1999 as part of the process of industry deregulation. The government will examine the effects of deregulation. EPDC is responding to the change by improving its competitiveness in the power wholesaling business and extending its corporate domain by opening up new growth opportunities.

1. Electric Power Industry Restructuring

Introduction and Expansion of Competitive Bidding

The competitive bidding system was partly introduced for additional thermal capacity for the 10 major electric power companies (EPCOs) following the amendment of the Electricity Utilities Industry Law in 1995. In March 2000, all additional thermal capacity became subject to the competitive bidding procedure conducted between EPCOs, wholesale power companies and IPPs.

The bidding procedure is mandatory only for new thermal capacities. Therefore, generating facilities run on other resources, such as hydroelectric and nuclear, and generating projects that have already gone into construction, are excluded from the bidding procedure requirement. Nevertheless, as competition becomes more intense, economic efficiency is vital.

2. Partial Liberalization of Electricity Retailing

Following an amendment to the Electricity Utilities Industry Law in 1999, the partial liberalization of electricity retailing started on March 21, 2000. This allowed firms other than EPCOs to serve customers that have a demand size in excess of 2,000 kilowatts and are connected to the power network through a transmission line with a voltage higher than 20,000 volts.

On March 31, 2001, one year after the new system began, eight new categories of company retailed electricity. They included trading houses, energy companies, telecommunications firms, financial institutions and foreign corporations. These players supply both surplus electricity and power from commercial facilities that they have installed. Some companies have encountered limits to the availability of surplus power, and are planning to build new generating facilities.

One demand-side change was the introduction of competitive bidding procedures for electricity purchase by many government bodies. This new practice started when the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry (METI)) solicited electricity supply bids for its main building in August 2000.

Similar procedures followed for the construction of the Shizuoka Prefectural Government building and for facilities operated by the municipal governments of Yokohama, Hiroshima and Fukuoka. Some new entrants were successful in their bids for projects, such as the main building of METI and the Osaka City Government's main building.

In the meantime, EPCOs have stepped up their efforts to cut costs and improve marketing. All EPCOs reduced their electricity tariffs in October 2000 and began offering more supply options that reflected load factors.

Although partial liberalization has had a seemingly minimal impact, it has prompted many businesses to consider entering the electric power industry. Customers are keenly monitoring developments. As a result, we believe that there is a strong potential for competition to expand. Also, foreign companies and governments are increasingly interested in what is happening in Japan.

The government plans to assess progress under the Electricity Utilities Industry Law in 2003.

One key focus will be to forecast the possible impact of full liberalization, with the overseas experience serving as an example worth watching. California, which has liberalized the most, is suffering a 'power crisis' that includes power shortages, price hikes and bankruptcies of power utilities. The crisis in California may greatly affect the trend toward liberalization in Japan and has attracted considerable attention from all parties concerned. METI and the Federation of Electric Power Companies have both sent investigation teams to California. They plan to reassess Japan's liberalization process based on the lessons to be learnt there.

EPDC's Responses to Power Liberalization

Wholesale business, which continues to be our core business, is not directly influenced by retail competition. We continue to sell the entire output from our existing capacity to EPCOs on a Power Purchase Agreement. For projects under construction, we have also signed an exclusive service contract with EPCOs.

Under the existing system, the framework of our electricity wholesaling business remains unchanged, except for new thermal power facilities. But the reality is that many companies have entered the power wholesale and retail business, prompting EPCOs to demand lower costs and better quality from us.

We do not envisage significant demand increases for power amid the inevitable intensification of competition. Accordingly, we will take full advantage of the human and technological resources and expertise that we have

accumulated through power wholesaling, to aggressively enter new business areas. These include wind generation, utilization of refuse-derived fuel (RDF), PFI projects, and IPP operations overseas. The goal is to make these areas important pillars for the future.

We will pursue progress and growth by overcoming the challenges of a deregulated market. The way in which we focus the full thrust of our corporate efforts on strengthening our business domains and sharpening our competitive edge will be the key to our success in the future.

Reference—Japan's Electric Power Industry Structure

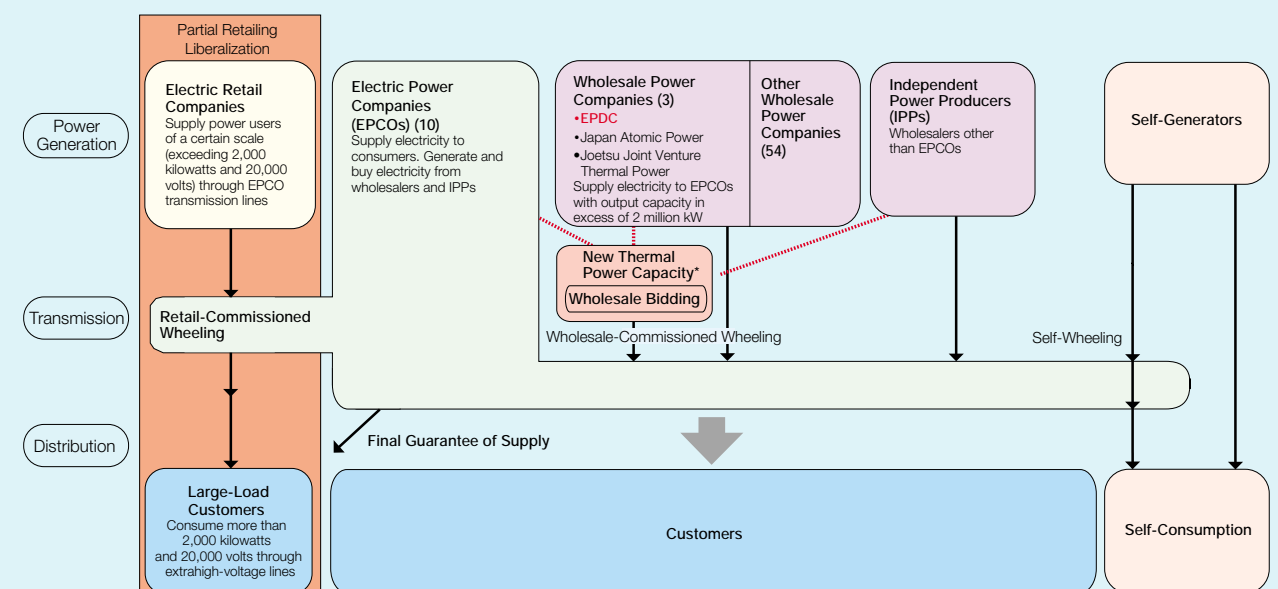
Japan's electric power industry structure comprises four types of power suppliers: electric power companies (EPCOs), wholesale power companies, independent power producers (IPPs) and electric retail companies.

The 10 major EPCOs, have an obligation to serve as a default supplier in each service area. Wholesale power companies are power companies such as EPDC with a generating capacity of more than two million kilowatts, selling their output to EPCOs. IPPs are defined as wholesale companies that emerged from the 1995 revision of the Electricity Utilities Industry Law. IPPs supply power for EPCOs based on a

bidding procedure and long-term contracts with EPCOs. IPPs have been awarded projects since the first bidding solicitation in 1996 and some of them have already started operation.

Since the 1999 revision of the law opened retail competition from March 2000, electric retail companies are able to sell electric power to the large-load customer class.

Other than the four aforementioned types of suppliers, self-generators generate power for their own consumption, and others in the industry provide power within specific areas like industrial complexes.



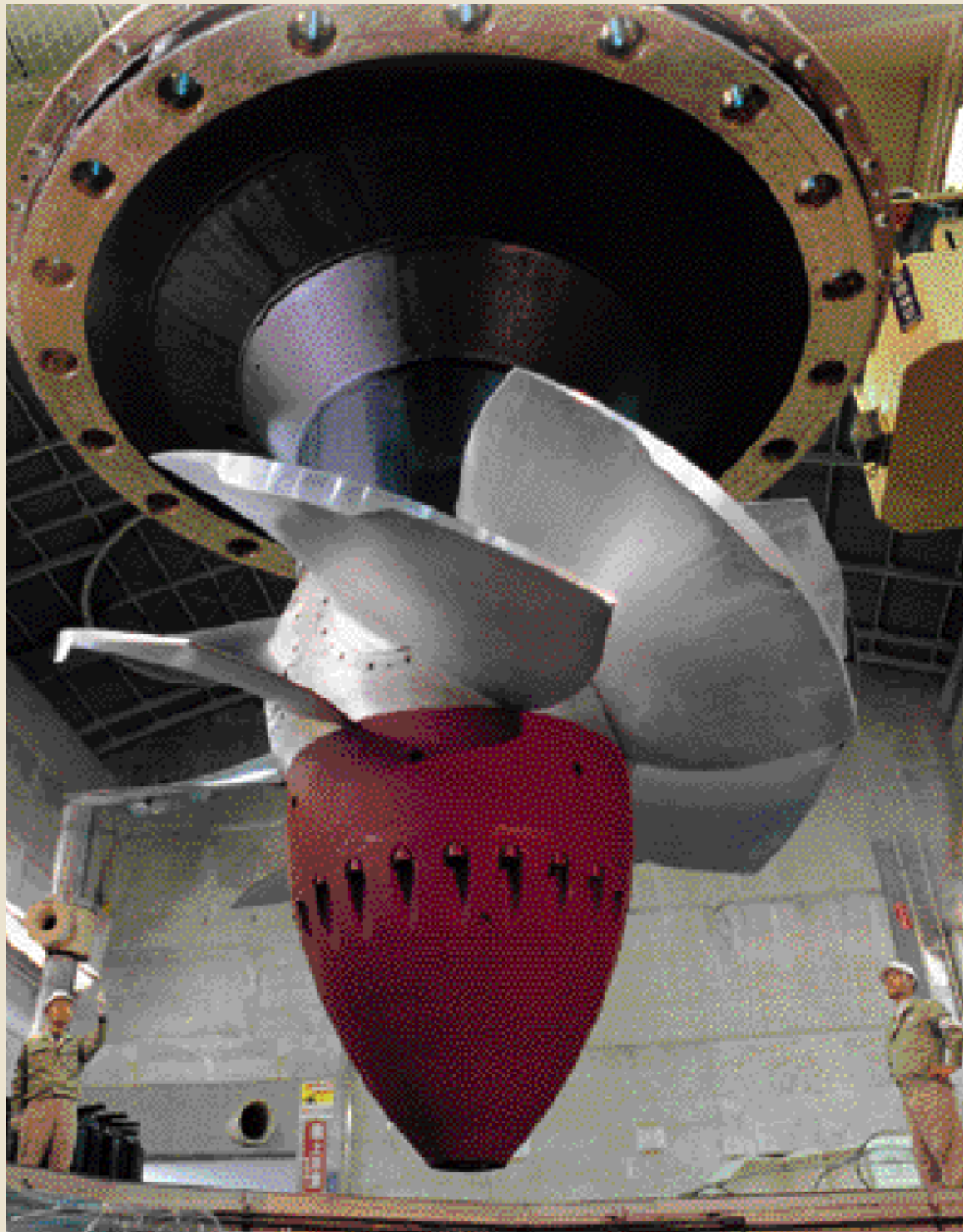
* For new thermal power capacity, EPCOs can participate in bids outside their service areas, therefore, the same EPCO does not necessarily handle both generation and distribution.

Commissioned Wheeling

Commissioned wheeling (consigned transmissions) means that EPCOs deliver electric power originally generated by other EPCOs or companies. Wholesale-commissioned wheeling means delivering electric power generated by other EPCOs, wholesale power companies, or IPPs to EPCOs outside their service area. Self-generator refers to a regular company sending electric power generated internally, to its own plants and other operations. Retail-commissioned wheeling means that electric retail companies retail power to large-load customers. EPCOs set wheeling service rates and terms and notify METI. All such information is available to the public.

Hydroelectric Power Generation

Harnessing Years of Expertise to Ensure Stable Electricity Supplies



We have built and run hydroelectric power stations for more than 40 years. As of the end of March 2001, our 58 hydroelectric power stations in Japan had a total capacity of 8,261 megawatts, accounting for 18% of Japan's hydroelectricity, the largest share in the nation.

Operations

At the first stage in our history, we developed large hydroelectric power stations such as the Sakuma Hydroelectric Power Station, which started operations in 1956. We then moved on to develop medium-sized hydroelectric power stations to match rising demand. We also develop large-scale pumped storage power stations, which are perfect for adjusting capacity to meet peak demand. We have a technological advantage in the construction of dam facilities and large underground structures. In the maintenance of power stations, we have achieved credibility and stability of supply.

Future Development

EPDC is researching and developing diagnostic technologies for power stations, substations, engineering facilities, and preventive and early-warning technologies. We employ the fruits of such work to improve maintenance and emergency responsiveness, and to dramatically reduce downtimes from accidents while planning, repairing and redeveloping our power stations. Since 1991, specialized teams have conducted inspections to determine deterioration, on top of regular checks.

In Japan, there are fewer sites available for large-scale hydroelectric development. The trend is now toward small and medium-sized power stations, in line with reducing environmental impact. EPDC is promoting development and refurbishment of small and medium-sized hydroelectric power stations. At the same time, we will also create smaller hydroelectric power stations.

We have acquired ISO 14001 certification at our Okutadami-Otori Hydro Project Construction Office, while the Engineering Department received ISO 9001 and ISO 14001 certification. These qualifications testify to our commitment to consistent quality in everything from development to maintenance and to our dedication to environmental protection.



Sakuma Dam (Sakuma Hydroelectric Power Station), Shizuoka Prefecture



Okinawa Yanbaru Seawater Pumped Storage Power Plant, Okinawa Prefecture

•Seawater Pumped Storage Power Plants

These plants use seawater as the lower reservoir. This approach cuts dam construction costs. There are also many potential sites for such facilities. Here, the main challenges are to improve the corrosion-resistance of pumps and other equipment made of metals, and to ensure that the seawater does not penetrate the ground.

To resolve these issues, METI commissioned us to build the world's first seawater pumped storage power plant, the Okinawa Yanbaru Seawater Pumped Storage Power Plant, in Okinawa, with a maximum output of 30 megawatts. Pilot operations began in March 1999.

Thermal Power Generation

We Are Harnessing Advanced Power Generation Technologies to Preserve the Environment while Enhancing Economy



EPDC operates seven coal-fired and one geothermal power station in this category. We specialize in coal-fired power generation.

Coal-Fired Power Generation

Operations

As of March 31, 2001, we operated seven coal-fired power stations with a combined output of 7,742 megawatts. We are the largest coal-fired thermal power station operator in Japan, with a 27% share of nationwide output.

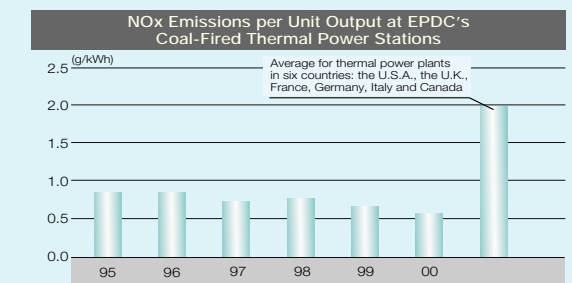
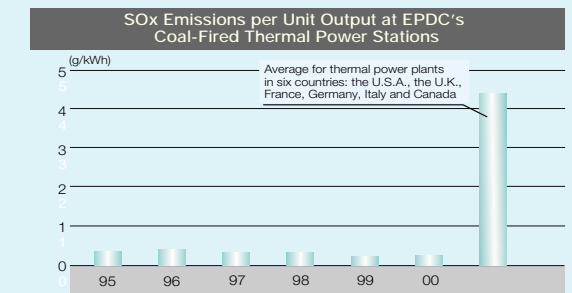
EPDC entered the coal-fired power field in the late 1960s to assist the domestic coal industry. Later, we began planning power stations fueled by imported coal to diversify sources of energy, and became the first in Japan to operate such power stations.

We have diversified procurement channels of overseas coal, from Australia, China, the United States, South Africa and Indonesia. Imports are based on both long-term and spot contracts. We have invested in overseas coal mine developments to secure long-term stability in coal supply, notably the Blair Athol and Ensham projects in Australia.

Improving Power Generation Efficiency

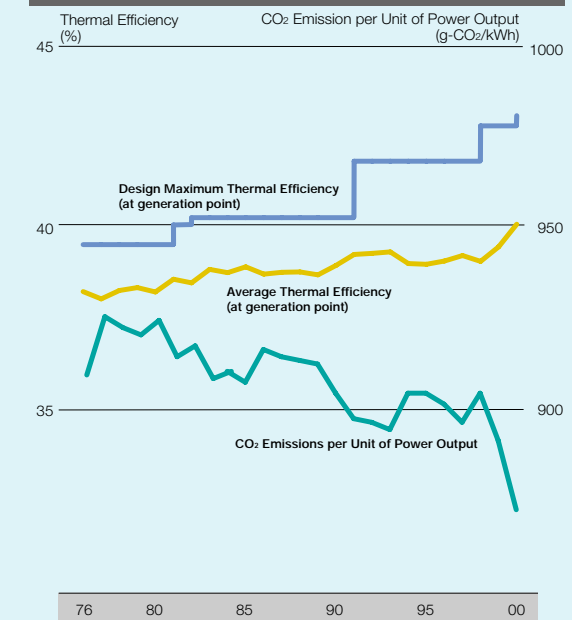
EPDC already operates the most heat-efficient power generating facilities in Japan. Improvements in power generation efficiency are dependent on raising the temperature of steam at the entrance of the turbines. We have already reached a turbine temperature of 600°C at the Tachibanawan Thermal Power Station which went on line in 2000. Higher thermal efficiency lowers carbon dioxide emissions. We are currently researching techniques to reach the 630°C threshold.

EPDC has done much to suppress emissions of carbon dioxide, as well as nitrogen oxides (NOx) and sulfuric oxides (SOx) that cause pollution and acid rain. We are the first company in Japan to use flue gas desulfurization facilities at a thermal power station and the first in the world to develop the technology for denitrification systems. We have cooperated with efforts in Europe and China to introduce environmental technologies. We have many achievements to our credit worldwide, particularly in safeguards for coal-fired generation.



Source: SOx and NOx levels for the six countries were calculated on information in Environmental Data Compendium 1999.

Design Maximum Thermal Efficiency, Average Thermal Efficiency and CO₂ Emissions at EPDC's Coal-Fired Thermal Power Stations



Future Development

To cope with global warming, EPDC continues to promote technological development in coal-fired, high-efficiency power generation, an area of continuous involvement. At the same time, while considering a bidding system for new thermal power projects, we must reinforce our cost-competitiveness by innovating engineering, procurement and construction methods for new power stations. For existing power stations, we are developing life-expectancy analysis technologies to establish the life extension and are expanding the use of coal fuels that are lower priced.

Ultra Super Critical (USC) Technologies

USC technologies dramatically improve the generating efficiency of thermal power stations by raising steam temperature and pressure. In recent years, these technologies have been applied to the No. 2 Unit of Mitsuura Thermal Power Station, and the No. 1 and No. 2 units of the Tachibanawan Thermal Power Station. Such power stations greatly contribute to the improvement of generating efficiency in our country.

Pressurized Fluidized-Bed Combustion (PFBC)

This technology minimizes NOx. Desulfurization during combustion takes place within a boiler. This eliminates the need for flue gas desulfurization units, resulting in small space utilization.

With PFBC technology, the fluidized bed combusts under pressure. The resulting hot, pressurized gases drive a gas turbine.

Gas and steam turbines combine to generate electricity at greater efficiency. For five years, from 1994, we had performed a PFBC demonstration test.

Today we develop advanced pressurized fluidized-bed combustion (A-PFBC) based on PFBC technologies to increase efficiency through higher gas turbine inlet temperatures from 850°C to 1,350°C. With Japanese government support, we perform A-PFBC process development unit tests at Wakamatsu Coal Utilization Research Center from 2001 with the co-operation of Chubu Electric Power Co., Inc.

Geothermal Power Generation

Geothermal energy is renewable and emits almost no carbon dioxide. EPDC started geothermal studies around Japan in 1960. In 1975, we started operating the Onikobe Geothermal Power Station in Miyagi Prefecture, a 12.5-megawatt facility. We have completed development and environmental impact surveys for the Oguni Geothermal Power Development Project in Kumamoto Prefecture. This facility will have a capacity of 20 megawatts.

Integrated Coal Gasification Combined Cycle (IGCC) Power Generation

IGCC systems are highly efficient. They gasify and burn coal gas to drive a gas turbine. Waste heat runs a steam turbine. Boosting gas turbine temperature and pressure improves efficiency even further. We are participating in an IGCC demonstration project with EPCOs to commercialize this technology.

Coal Energy Application for Gas, Liquid and Electricity (EAGLE)

To utilize coal as a fuel for fuel cells, the coal must be gasified and refined to remove dust and sulfur. The Japanese government and the New Energy and Industrial Technology Development Organization (NEDO) have funded us to build and operate an EAGLE pilot plant to help develop systems to manufacture coal gas suitable for fuel cells.

We began constructing this facility in 1999. Test operations will run for five years, from 2001. At the same time, we will test solid-oxide fuel cells. Our success in both programs will lead to the world's first integrated coal gasification fuel cell (IGFC) technology.

IGFC could deliver a thermal efficiency of around 60%, compared with about 40% for conventional coal-fired generating systems. IGFC could thus become as important as liquified natural gas (LNG) combined-cycle setups.

NEDO commissioned us to develop several related technologies. One is for a binary-cycle power plant to tap geothermal energy. Another is to innovate technologies to evaluate reservoir fluctuations. The goal here is to make geothermal facilities safer and contribute to progress in surrounding areas.

We are working closely with NEDO in research to promote geothermal development promotion in promising regions where such work has yet to be conducted.



Tachibanawan Thermal Power Station, Tokushima Prefecture



Blair Athol Coal Mining Project in Australia



Onikobe Geothermal Power Station, Miyagi Prefecture

Transmission Lines, Substations and Communications

A Nationwide Grid of Extrahigh-Voltage Transmission Lines Improves Power Usage Efficiency



At March 31, 2001, EPDC maintained a nationwide network of 2,400 kilometers of transmission lines and a total of eight substations, frequency converter stations and alternating current/direct current (AC/DC) converter stations, plus a telecommunications network.

Transmission and Substation Facilities

Our transmission and substation facilities link hydroelectric power stations in each area, contributing to the overall operations of the whole power system in Japan.

In 1965, we built the Sakuma Frequency Converter Station, which links Eastern Japan's 50-hertz power system with the 60-hertz setup of Western Japan. We have also connected EPCO service areas. The Tadami Trunk Line links the Tokyo and Tohoku regions. The Miboro Trunk Line unifies the 60-hertz systems of the Chubu, Hokuriku and Kansai areas.

We have broadened power supply capabilities with extrahigh-voltage power transmission lines spanning the entire nation. We built the ± 250 -kilovolt Kitahon High Voltage (HV) DC Link, which stretches 167 kilometers and crosses the Tsugaru Straits between Honshu and Hokkaido. We constructed the 500-kilovolt Honshi Interconnecting Line between Honshu and Shikoku via the Seto Ohashi Bridge, and the Kanmon Interconnecting Line between Honshu and Kyushu. To supply energy from the Tachibanawan Thermal Power Station in Anan, Tokushima Prefecture, to the Kansai area, we built Japan's first 500-kilovolt HVDC link with Kansai Electric Power Co., Inc., and Shikoku Electric Power Co., Inc., and it began operation in 2000. This line spans the Kii Channel between Honshu and Shikoku with submarine cables. The line won the Minister of Education's Science Prize in the 30th annual Japan Industrial Technology Awards. The line is critical to developing new sources of power and ensuring stable electricity supplies. It will also allow us to more swiftly serve a growing need for transmission lines as a result of deregulation.

DC links transmit power far more economically than AC counterparts for long distances and through submarine cables. In 1965, EPDC was the first in Japan to adapt HVDC technology from overseas, when it opened the Sakuma Frequency Converter Station. We have remained the leader in this field. We are currently evaluating the availability of self-commutated converters to power grids.

Telecommunications Network

EPDC coordinates nationwide operations with microwave radio circuits with a total route length of 5,240 kilometers, fiber-optic cables with a total length of 680 kilometers, and data communications links. These links contribute greatly to the stability of Japan's power system. We have stepped up telecommunications R&D to improve our ability to handle the increasing volume and complexity of information.

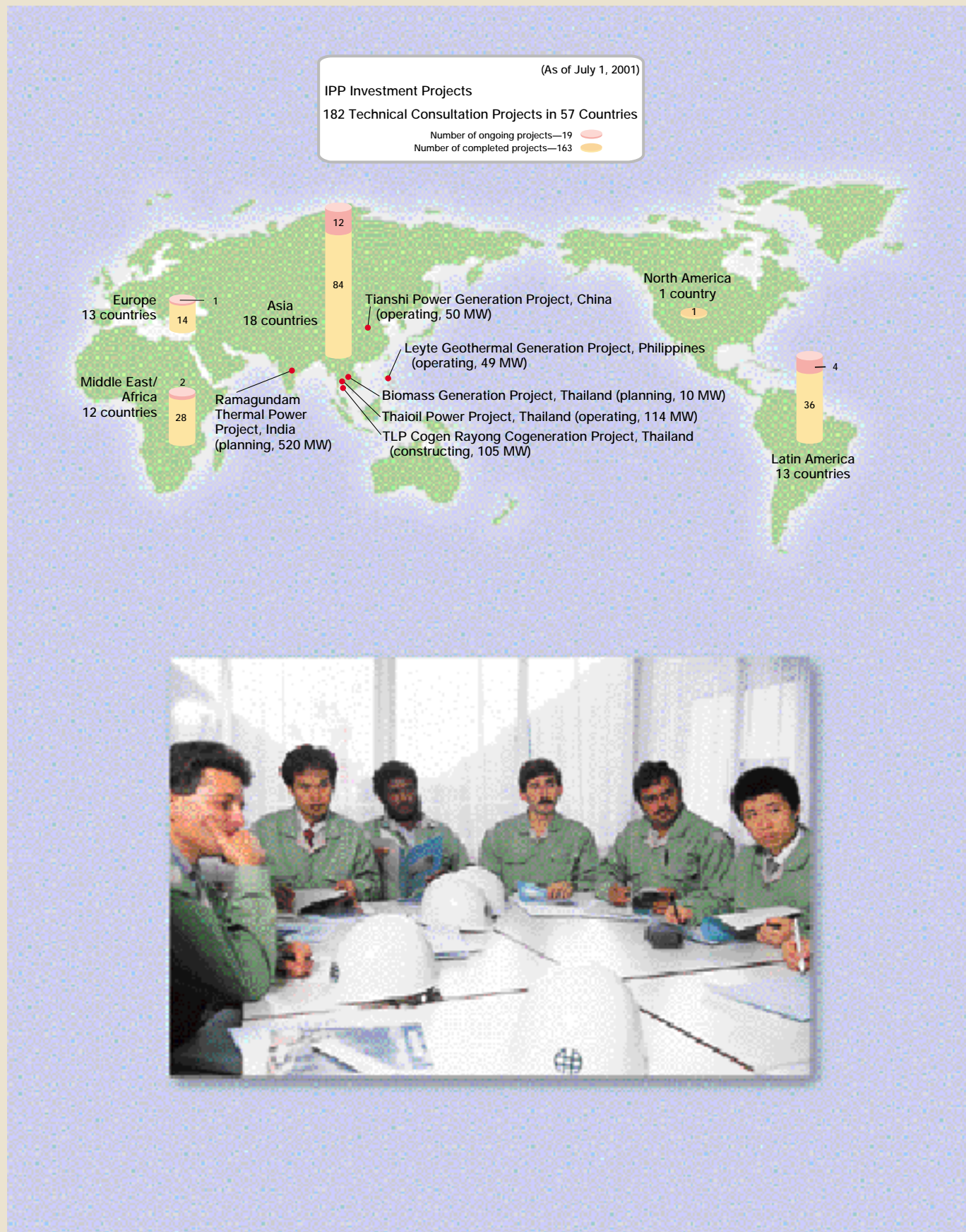


•Comprehensive Operations at Central Load Dispatching Center

EPDC's nationwide power stations are integrated with those of its 10 EPCO customers. The hub of our system is the Central Load Dispatching Center at our Tokyo Head Office. The center controls generation at all our power stations, manages reservoir usage schedules at our large dams and provides EPCOs with emergency electricity. Control centers in north, east, central and west Japan manage our hydroelectric power stations, substations, and frequency and AC/DC converting facilities.

International Activities

We Are Fully Launching IPP Operations and Other Investment Projects



The Company has provided consultation on technological assistance power development overseas for nearly 40 years. We have recently drawn on this expertise to build consultation businesses for IPP investment projects and conservation.

Operations

Our cumulative overseas technical consultation for electric power development, surveys, design and construction, supervision and management of transmission and substation facilities reached 182 projects in 57 countries (as of July 2001).

Our prime role in consultation is to provide technologies for designated hydroelectric and thermal power stations, transmission lines, substations and other electricity projects. In these areas, we receive commissions from Japanese organizations like the Japan International Cooperation Agency (JICA) to conduct basic surveys related to Japan's technological assistance plans, feasibility studies, and detailed designs for government-based contracts and for contracts between ourselves and foreign governments. In addition, we provide design, construction management and other services for private sector contracts.

The liberalization and privatization of the electric power business has accelerated around the world, leading to the swift spread of IPPs. In July 1997, we formed the IPP Business Office within the International Activities Department to spearhead our involvement in IPP projects. This move was in line with our goal of making the IPP business a core revenue source by taking advantage of our ample expertise from our consultation activities.

We recognize that it is our duty to help resolve global environmental issues in the energy field. Our participation in the international thermal power field thus includes environmental facilities. For example, we provide technical assistance to reduce nitrous and sulfur oxide emissions at coal-fueled power stations in the European Union. We are helping Eastern European countries beset by acid rain by recommending ways to optimize the desulfurization of emissions. In China, we have demonstrated desulfurization technologies for ash with high sulfur concentrations and have transferred key technologies. As part of joint efforts agreed to COP3 discussions in 1997, we are also involved in projects to enhance thermal efficiency at power stations in other Asian nations and in Russia.

EPDC employees are seconded to work as specialists for the Japanese government in technological transfers overseas. We have sent 199 employees to 35 countries. In addition, we

accept foreign trainees—1,908 to date—to help developing nations improve their technological standards and cultivate a human resources foundation to handle technical and capital assistance for those countries.

Future Development

The opposite page highlights our current IPP investment projects. Several have already been completed. They include a 49-megawatt geothermal power project in Leyte, the Philippines, a 50-megawatt waste coal-fired power project in Tianshi, China, and a 114-megawatt gas cogeneration project in Bangkok, Thailand. Projects under way include a 105-megawatt gas cogeneration project in Rayong, Thailand. We plan to invest in a 520-megawatt coal-fired thermal power project in Ramagundam, India, and in an approximately 10-megawatt biomass power project in Thailand. We aim to expand our investments to a total of around ¥50 billion by fiscal 2005.

To help reduce global environmental impact, it is increasingly important to develop dispersed power sources and utilize recyclable energy sources, such as solar heat, wind and small-sized hydroelectric power capabilities, in addition to conventional hydroelectric and thermal power sources. At the same time, it is crucial to upgrade pumped storage power generation and reinforce transmission line systems to boost operating efficiency, stabilize power systems and secure appropriate reserve margins. We have, therefore, built pumped storage power stations in Thailand and India and offer consulting on the interconnection project in the Philippines.

We will continue to forge ahead with IPP and consulting businesses to meet the needs of developing nations and help the environment.

•ISO Certification Achieved

In September 1998, our International Activities Department achieved ISO 9001 certification, exemplifying the measures we have taken to offer high-quality technology and services.



ISO 9001 Certification Achieved on September 11, 1998

Nuclear Power Generation

Safety—Our Top Priority in Developing Nuclear Energy



•Construction Plan of Oma Nuclear Power Station

| | |
|---------------------------|---|
| Location | Oma-machi, Shimokita-gun, Aomori Prefecture |
| Power Generating Capacity | 1,383 MW |
| Site Area | Approximately 1,320,000 m ² |
| Type of Reactor | Advanced Boiling Water Reactor (ABWR) |
| Type of Fuel | Low enriched uranium and mixed oxide (MOX) |

•Schedule

| | |
|---------------------------|--|
| Aug. 1998 | Compensation agreement for fishery concluded |
| Sept. 1998 | Dossier on environmental impact assessment survey report submitted to MITI General briefing held in Oma |
| Dec. 1998 | The first public hearing held by MITI in Oma |
| Aug. 1999 | Project approved by the 141st Electric Power Development Coordination Council |
| Sept. 1999 | Application for permission to install reactor submitted to MITI |
| Projected Schedule | |
| Mar. 2003 | Construction start up |
| July 2008 | Operation start up |

In fiscal 2000, nuclear power accounted for about 35% of all electricity generated in Japan. Nuclear power generation is expected to play an even more important role, because it offers several key advantages, notably stable supply and pricing. It is also free of carbon dioxide emissions, thereby lowering environmental impact.

Operations

We began to study nuclear power in 1954. Japanese basic nuclear power policy is to establish systems to recycle spent uranium and plutonium, as energy resources are scarce in Japan. Since 1969, we have worked closely with the Power Reactor and Nuclear Fuel Development Corp., currently called the Japan Nuclear Cycle Development Institute to design, build and operate the 165-megawatt Fugen Advanced Thermal Reactor and the 280-megawatt Monju Fast-Breeder Reactor, both in Fukui Prefecture. Based on our expertise accumulated through those projects, particularly in plutonium usage, we plan to build our first nuclear power station in Aomori Prefecture.

Oma Nuclear Power Station

Oma Nuclear Power Station, aimed to be a full MOX advanced boiling water reactor (full-MOX ABWR), is supported by the Japanese government and EPCOs. This facility's role is to expand the flexibility of plutonium usage plans for light-water reactors in Japan.

The Nuclear Safety Commission's Special Committee on Safety Standards of Reactors issued a report in June 1999 on full reactor core loads for mixed oxide fuels at ABWRs. This report confirmed that the safe design and assessment methods established for a uranium-fueled regular boiling water reactor (BWR) are applicable to full-MOX ABWR.

•Type of Reactor

Advanced Boiling Water Reactor (ABWR)

The ABWR at Oma Nuclear Power Station is a leading-edge facility that builds on construction and operation expertise from nearly 100 BWR plants worldwide. This facility is backed by the Japanese government, domestic and overseas manufacturers, and EPCOs. ABWRs are already in commercial operation at units No. 6 and No. 7 of Tokyo Electric's Kashiwazaki-Kariwa Nuclear Plant, where their superior performance has been confirmed. Other EPCOs are also building ABWRs, which offer the following advantages:

- Enhanced safety and reliability
- Reduced occupational radiation exposure
- Reduced radioactive waste
- Enhanced operability and maneuverability
- Improved economy

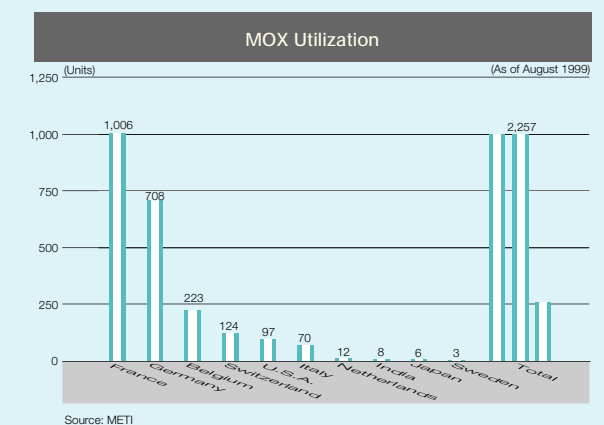
Uranium is the prime fuel for most ABWR systems, but the facility at our Oma Nuclear Power Station is designed to use MOX fuel for the whole reactor core. Our design efforts include developing large capacity main steam safety relief valves.

MOX Fuel Usage

MOX fuel is a mixture of oxidized uranium and plutonium.

In Japan, six units of light-water reactors run on this fuel. Its usage is also planned for Tokyo Electric's Fukushima Daiichi Nuclear Power Station and Kashiwazaki-Kariwa Nuclear Power Station. MOX fuel has long been used overseas, particularly in France, Germany, Belgium and other European countries. More than 2,000 MOX fuel units have been used over the past 30 years.

The Fugen Advanced Thermal Reactor has used more than 700 MOX fuel units.



Business Development

Responding to Social Changes and Diversifying Energy Demand



To expand and maintain its long-term profit foundations, EPDC is creating new businesses that can complement existing operations.

New Businesses Taking Advantage of Deregulation IPP Business

The introduction of an open-bidding system for thermal power development projects has intensified competition. But this transformation has also provided EPDC with many new opportunities. General companies with spare land can now form partnerships with us.

Decentralized Power Generation Business

As our first step in building our decentralized power generation business, affiliate KAIHATSUDENKI Co., Ltd., has invested in the Japanese operation of Capstone Turbine Corporation of the United States, and is participating in operations that use that company's microturbines. We assist that partnership with our Group expertise and provide and maintain products in line with local needs.

Businesses that Reflect Social Concern for the Environment

Waste-Fueled Power Generation

We are responding to growing social demand to tap energy from waste to reduce dioxin pollution and otherwise help the environment. We have received commissions from many local government bodies to assess ways to convert waste into electricity. We have also launched Japan's first RDF fuel generation project. In the years ahead, we will continue to expand our interim waste processing operations.

Wind Power Generation

We are involved in various technologies that use natural energy, as part of which we started commercial wind power generation in Hokkaido. We are constructing Japan's biggest wind farm, in the Tohoku region. We are evaluating wind conditions at other promising sites.

Public Infrastructure Projects Funded by the Private Sector

Private Finance Initiatives

The door is now open to the private sector to fund public infrastructure projects that were once government preserves. In this area, we offer a host of services for PFIs, including engineering, construction, machinery and electrical technologies, as well as project planning and management.

Together with Ishikawajima-Harima Heavy Industries Co., Ltd., and Shimizu Corp., we won our bid on a PFI-based power project for the Tokyo Metropolitan Waterworks Bureau's Kanamachi Filtration Plant. We installed cogeneration facilities at the site in October 2000, and will supply power and steam for the next 20 years.

Power Generation-Related Businesses Telecommunications Services

From April 2001, we are drawing on and extending our fiber-optic cable network, installed alongside transmission lines to provide dark fiber services to carriers in Japan and overseas, together with Nagoya Railroad Co., Ltd., and Kinki Nippon Railway Co., Ltd.

Energy Systems Support

EPDC provides a variety of services, typified by our APLAS21 plant operation management system, based on its power plant construction and management expertise.

Other Businesses

We were the first in our industry to start using computer-aided design technology. We have started selling our global information system, which incorporates our expertise. We plan to commercialize other systems in the years ahead, including environmental products.

•Wind Power Generation

Much attention is focused on wind power as a clean and renewable energy source. Europe, India, China and Japan have swiftly introduced wind power systems in recent years. By the end of March 2001, total installed capacity is approximately 134 megawatts in Japan. Drawing on our experience in electricity wholesaling, we are pushing ahead with plans of large-sized wind power businesses, paying particular attention to grid harmonization issues.

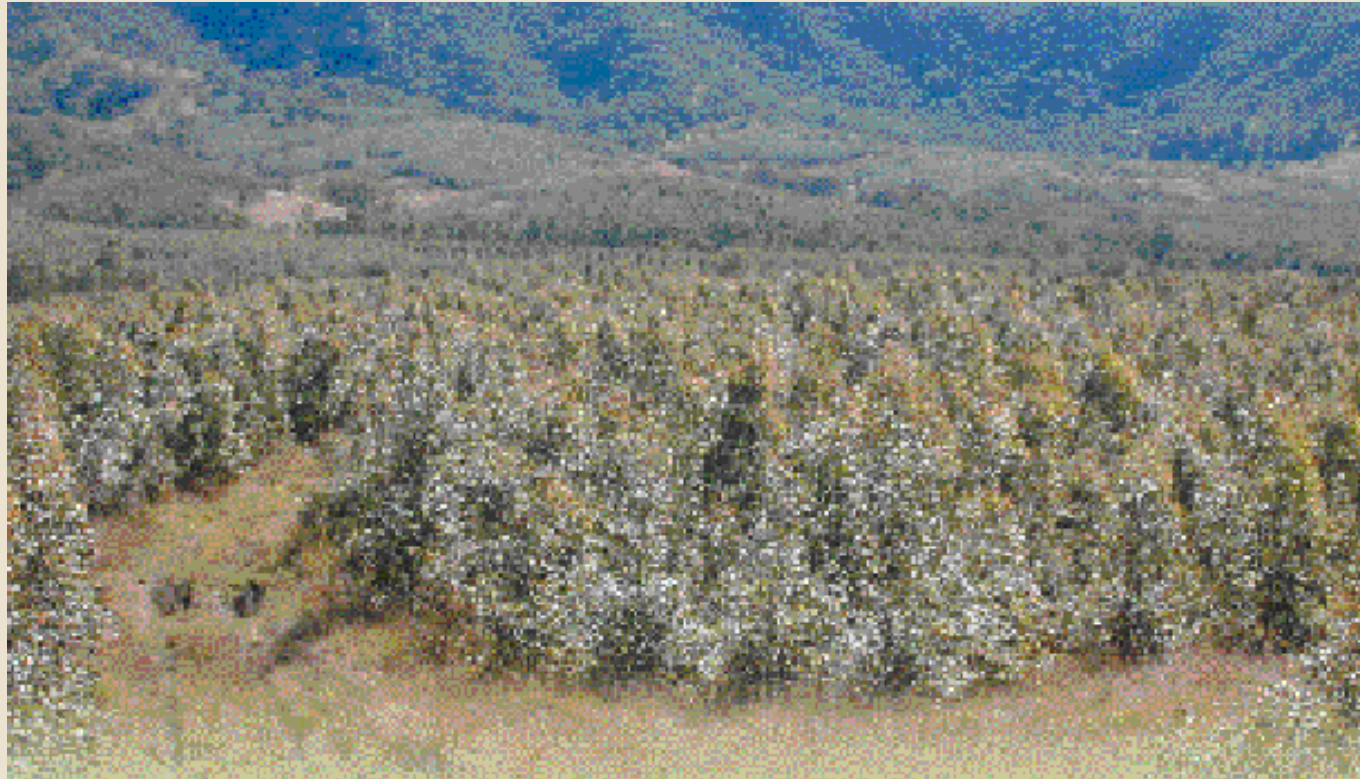
In April 1999, we established a subsidiary company in Tomamae-cho, Hokkaido, called Dream-Up Tomamae Co., Ltd. It started operations with a capacity of 30.6 megawatts in December 2000. In April 2000, we also established a subsidiary company in Nikaho-cho, Akita Prefecture, called Nikaho Kogen Wind Power Generation Co., Ltd. This 24.8-megawatt facility will come on line in December 2001.

•RDF Fuel Generation

RDF consists of compressed pellets made from municipal waste. The calorific value of RDF is far higher than that of ordinary waste. RDF also burns more stably, and storage and transportation is easier. The plant's flue gas system uses activated carbon to almost completely disintegrate dioxins. In January 1999, we joined with the Fukuoka Prefectural Government and the Omuta City Government to establish Omuta Recycle Power Co., Ltd., and began construction in March 2001. This joint venture, the nation's first RDF business, will go on line in 2002.

Conservation of the Environment

EPDC Tackles a Wide Range of Global and Local Environmental Issues



Afforestation in Australia

Conservation of the environment is a crucial management priority for EPDC. While ensuring stable supplies of electricity, we tackle global and local environment issues at all stages of planning, design, construction, and operation of our projects. We always conduct environmental impact assessments before implementation of power projects and minimize negative effects such as air pollution at thermal power stations.

In March 2000, we established the company Environmental Management Regulations to reinforce our initiatives for the environment. We have introduced an environment management system in accordance with ISO 14001, and formulated our Environmental Policy in June 2000.

•Environmental Policies Basic Policy

To minimize the environmental impact of the operations of our company, we maintain a definite environmental management system. We take hearty action for conservation of global and local environment and keep in close contact with the society to contribute to sustainable development of the world.

Global and Local Conservation of the Environment

- We improve energy efficiency and promote nuclear power, renewable and untapped energy, and the development of new technologies for conservation of local environments. We contribute to conservation of the global environment by transferring our advanced environmental technologies overseas.
- We reduce waste and reuse and recycle resources in all our activities.
- In constructing and operating power facilities, we adopt various measures to minimize environmental impact and to accommodate with the regional environment.

Strengthening Environmental Management

- We formulate and deploy efficient environmental management system.
- We identify the environmental impact of our activities and strive to meet goals to reduce that impact.

Communicating with Society

- We publicize our conservation efforts for conservation of environment to gain community understanding of the society for our activities.
- As a good corporate citizen, we keep in close touch with local communities through our initiatives for the environment.

Specific Measures against Global Warming Controlling Greenhouse Gas Emissions

In order to control carbon dioxide emissions from coal-fired thermal power stations, we improve efficiency while pursuing ways to conserve energy and conducting technological research and development in all areas of operations (for details, please see page 10).

As nuclear power is free of carbon dioxide emissions, it is virtually considered to be an efficient source of energy and an excellent way to prevent global warming. We are currently preparing to launch operations at the Oma Nuclear Power Station in 2008 (see page 18).

We are also promoting the use of untapped and renewable energy sources such as waste and wind power (see page 20).

With the experience and knowledge we have gained through constructing hydroelectric and geothermal power facilities, we operate existing facilities safely, while endeavoring to develop new sources of energy despite the limitation of new sites.

Carbon Sequestration, Fixation and Capture

We have started afforestation efforts overseas to economically sequester and capture carbon dioxide. We will continue R&D into carbon sequestration, fixation and capture techniques.

Preparation for Kyoto Mechanisms

We believe that incorporating the Kyoto Mechanisms in our operations will help control carbon dioxide emissions both in Japan and elsewhere. We are considering applying our experience of technological support and knowledge to the Kyoto Mechanisms such as Joint Implementation and Clean Development Mechanism provisions.

Specific Mitigation Measures for the Local Environment

Minimizing Environmental Impact from Thermal Power Stations

We minimize environmental impact from thermal power stations by installing equipment and reducing air pollution and water pollution through suitable operations (see page10).

Cutting Waste through Recycling and Reuse

To reduce waste such as coal ash from power generation, we recycle waste while promoting energy-saving and recycling initiatives throughout the Company and recycling products through affiliates.

We reuse coal ash in cement and fertilizers. We use driftwood from our reservoirs for charcoal production and wood vinegar production.

Controlling Harmful Chemicals

We manage specified chemical substances to keep in line with the Pollutant Release and Transfer Register Law and the Law Concerning Special Measures against Dioxins. We store polychlorinated biphenyl according to the controls specified by the Waste Management Law and are evaluating disposal plans for the future.

Environmental Impact Assessment

When planning and designing power stations, we conduct detailed surveys of sites and their surroundings to forecast and evaluate environmental impact. We also adopt effective mitigation measures in assessment to reduce the impact of the project on the environment.

Conservation of the Environment

During construction of new power stations, we implement environmental protection measures to harmonize with the environment.

We take efforts to minimize impact on surrounding ecosystems by mitigation measures such as creating biotopes* and to protect rare species to ensure biodiversity.

*Biotope is a word compounded of "bio: life" and "tope: space".

Transferring Environmental Technologies Overseas

We transfer environmental technologies for thermal power stations and hydroelectric power stations to foreign countries by providing consulting engineering services.

Promoting Environmental Management

To further promote environmental management to our power stations and branch offices, we are going to introduce companywide environmental management system based on ISO 14001 standards in fiscal 2001. We are operating this system effectively through education and training. We are also scheduling to introduce an environmental accounting system to strengthen environmental management.

In June 1999, the Matsuura Thermal Power Station obtained ISO 14001 certification. The Okutadami-Otori Hydro Project Construction Office obtained ISO 14001 certification in September 1999, as the first in Japan for a construction organization. In addition, the Engineering Department obtained ISO 14001 certification in February 2001 for its work in planning, designing and engineering electric power facilities.

Communicating with Society

We communicate with society through public relations efforts that highlight our environmental activities, such as publishing our annual environmental activity report. We also participate in local environmental activities, such as regional cleanup campaigns.

Summary of Business Results

During fiscal 2000, ended March 31, 2001, the Japanese economy showed signs of a recovery on the strength of higher corporate earnings and capital investment. Later in the term, however, the economy stopped improving, as consumer spending dwindled amid concerns about worsening unemployment and the U.S. economy decelerated.

Against this backdrop, residential power demand increased, mainly for air conditioning and heating, while industrial demand expanded slightly. We marketed 48.9 billion kilowatt-hours of electricity during the term, up 22.8% from a year earlier. Of this total, hydroelectric power increased 1.5%, to 9.9 billion kilowatt-hours, reflecting a 102.0% surge in water flow rates. Owing to higher capacity utilization rates and the bringing of new facilities on line, the portion of the total generated by thermal power stations soared 29.8%, to 39.0 billion kilowatt-hours.

Operating revenues advanced 10.0%, to ¥495,307 million, while ordinary revenues were ¥500,493 million, up 10.5%.

Operating expenses climbed 11.7%, to ¥384,937 million. This was despite cost-cutting endeavors and was due to increased depreciation on new facilities and a shift to new termination and retirement allowance accounting standards. Ordinary expenses rose 10.8%, to ¥465,158 million.

As a result of these factors, gross profit improved 7.3%, to ¥35,334 million. Net income jumped 16.2%, to ¥14,757 million.

During the term, we completed and started operations at units No. 1 and 2 at the Tachibanawan Thermal Power Station in Tokushima Prefecture, with a total capacity of 2,100 megawatts. We also began operating the Anan-Kihoku HVDC Link connecting Tokushima Prefecture and Wakayama Prefecture, and AC/DC converter stations. Replacement of Unit No. 1 at the Isogo Thermal Power Station in Kanagawa Prefecture and the extensions at the Okutadami and Otori power stations in Fukushima Prefecture proceeded smoothly. Electric power companies shelved some capital investment plans in light of lower long-range power demand forecasts, which caused postponements on some of our development projects.

Internationally, we participated in a 50-megawatt thermal power IPP project in Tianshi, China, and a 105-megawatt gas cogeneration project in Rayong, Thailand. We received nine consulting orders, including from two new countries. To date, we have participated in 182 projects in 57 countries as a technical adviser.

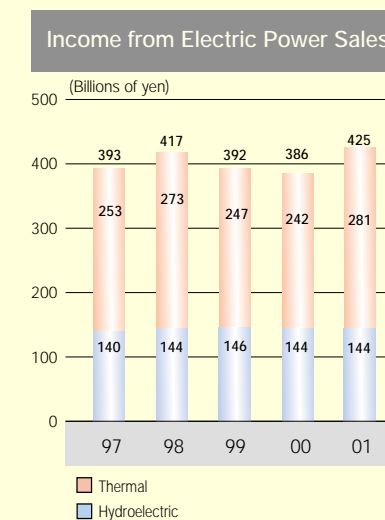
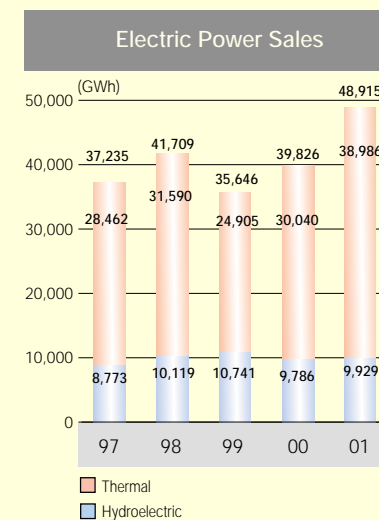
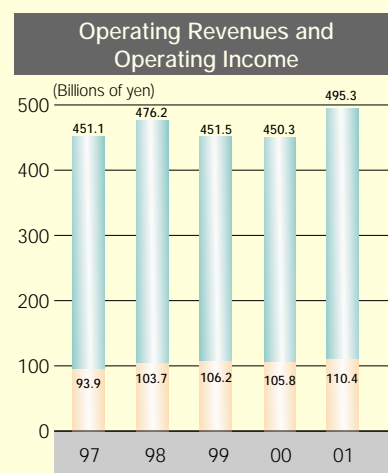
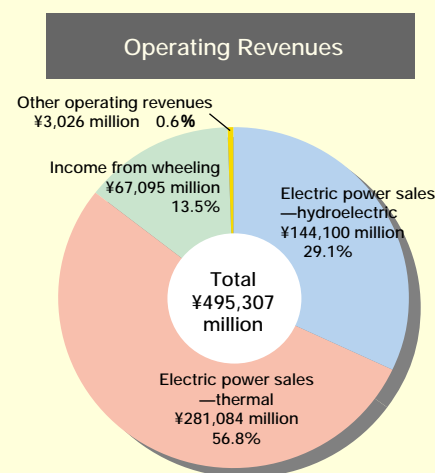
In new business fields, during the term we began operations at a wind farm in Tomamae-cho, Hokkaido, and a PFI power project at the Kanamachi Filtration Plant, in Katsushika Ward, Tokyo. We made steady progress in power generation using RDF in Omuta, Fukuoka Prefecture, as well as in new projects in wind power generation and RDF fuel generation.

Five-Year Review of Operations

| Years ended March 31 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|------------|------------|------------|------------|-------------------|
| Power generating capacity (kW) | | | | | |
| Hydroelectric | 8,252,800 | 8,260,800 | 8,260,800 | 8,260,800 | 8,260,800 |
| Thermal | 4,654,500 | 5,654,500 | 5,654,500 | 5,654,500 | 7,754,500 |
| Total | 12,907,300 | 13,915,300 | 13,915,300 | 13,915,300 | 16,015,300 |
| Power generation (GWh) | | | | | |
| Hydroelectric | 12,218 | 13,729 | 14,415 | 12,596 | 12,550 |
| Thermal | 30,769 | 34,024 | 26,991 | 32,406 | 41,945 |
| Total | 42,987 | 47,753 | 41,406 | 45,002 | 54,495 |
| Electric power sales (GWh) | | | | | |
| Hydroelectric | 8,773 | 10,119 | 10,741 | 9,786 | 9,929 |
| Thermal | 28,462 | 31,590 | 24,905 | 30,040 | 38,986 |
| Total | 37,235 | 41,709 | 35,646 | 39,826 | 48,915 |
| Income from electric power sales (Millions of yen) | | | | | |
| Hydroelectric | ¥139,834 | ¥143,997 | ¥145,643 | ¥144,114 | ¥144,100 |
| Thermal | 252,731 | 272,851 | 246,830 | 241,604 | 281,084 |
| Total | ¥392,565 | ¥416,849 | ¥392,474 | ¥385,719 | ¥425,184 |

Trends of Projected Fund-Raising for Capital Investment

| | Billions of yen | | | | |
|-----------------------------------|-----------------|------|------|------|-------------|
| Capital investment | ¥189 | ¥205 | ¥203 | ¥214 | ¥174 |
| Redemption of debt | 81 | 105 | 355 | 114 | 151 |
| Total funds needed | ¥270 | ¥310 | ¥558 | ¥328 | ¥324 |
| Total funds raised from inside | 90 | 89 | 153 | 119 | 113 |
| Depreciation and amortization | 80 | 94 | 95 | 99 | 127 |
| Total funds raised from outside | 180 | 222 | 405 | 209 | 211 |
| Bonds (funds raised) | 74 | 99 | 151 | 169 | 158 |
| Loans | 106 | 123 | 255 | 40 | 54 |
| Japanese government special funds | 106 | 100 | 0 | 0 | 0 |
| Private loans and others | 0 | 23 | 255 | 40 | 54 |
| Total funds raised | ¥270 | ¥310 | ¥558 | ¥328 | ¥324 |



Financial Statements

Non-Consolidated Balance Sheets

As of March 31, 2001 and 2000

| ASSETS | Millions of yen | | Millions of U.S. dollars (Note 8) |
|---|--------------------|-------------|--------------------------------------|
| | 2001 | 2000 | 2001 |
| Utility plant (Notes 1 and 2): | ¥ 2,215,372 | ¥ 2,161,108 | \$ 17,737 |
| Electric utility plant, less contribution-in-aid | 3,478,184 | 2,909,565 | 27,847 |
| Accumulated depreciation (Note 1) | (1,625,357) | (1,509,334) | (13,013) |
| | 1,852,826 | 1,400,231 | 14,834 |
| Construction in progress | 362,545 | 760,877 | 2,902 |
| Investments and other assets: | 40,930 | 43,546 | 327 |
| Investments in securities (Notes 1 and 3) | 17,812 | 17,571 | 142 |
| Investments in and loans to subsidiaries and affiliates | 2,516 | 1,785 | 20 |
| Long-term loans receivable and others | 3,445 | 12,540 | 27 |
| Deferred tax assets | 15,695 | 9,747 | 125 |
| Others | 1,460 | 1,901 | 11 |
| Current assets: | 100,576 | 78,226 | 805 |
| Cash and cash equivalents | 2,539 | 3,524 | 20 |
| Marketable securities (Notes 1 and 3) | 4,499 | 5,299 | 36 |
| Accounts receivable | 67,716 | 49,295 | 542 |
| Production fuel, material and supplies (Note 1) | 11,059 | 6,626 | 88 |
| Prepaid expenses and others | 12,107 | 11,565 | 96 |
| Deferred tax assets | 2,517 | 1,787 | 20 |
| Accounts receivable—overseas technical service | 137 | 127 | 1 |
| Total Assets | ¥ 2,356,878 | ¥ 2,282,881 | \$ 18,870 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Millions of yen | | Millions of U.S. dollars (Note 8) |
|--|-------------------|------------|--------------------------------------|
| | 2001 | 2000 | 2001 |
| Long-term liabilities: | ¥1,924,154 | ¥1,927,106 | \$15,405 |
| Long-term debt, less current portion (Note 4) | 1,894,751 | 1,898,138 | 15,170 |
| Reserve for termination and retirement allowance (Note 1) | 29,403 | 28,967 | 235 |
| Current liabilities: | 301,738 | 235,241 | 2,415 |
| Current portion of long-term debt (Note 4) | 157,411 | 141,560 | 1,260 |
| Short-term debt | 62,500 | 41,790 | 500 |
| Accounts payable and accrued expenses | 69,160 | 43,251 | 553 |
| Income and other taxes payable (Note 1) | 12,665 | 8,620 | 101 |
| Accounts payable—overseas technical service | — | 18 | — |
| Reserve for drought (Note 1): | 349 | 349 | 2 |
| Contingent liabilities (Note 5) | — | — | — |
| Total Liabilities | 2,226,241 | 2,162,696 | 17,824 |
| Common stock, par value ¥1,000 per share; Authorized: 100,000,000 shares Issued and outstanding: 70,600,000 shares | 70,600 | 70,600 | 565 |
| Legal reserve | 4,707 | 4,276 | 37 |
| Voluntary reserve | 26,965 | 17,882 | 215 |
| Unappropriated retained earnings | 28,364 | 27,426 | 227 |
| Total Shareholders' Equity (Notes 6 and 7) | 130,637 | 120,185 | 1,045 |
| Total Liabilities and Shareholders' Equity | ¥2,356,878 | ¥2,282,881 | \$18,870 |

The accompanying notes to non-consolidated financial statements are an integral part of these statements.

Non-Consolidated Statements of Income and Retained Earnings

For the years ended March 31, 2001, 2000 and 1999

| | Millions of yen | | | Millions of U.S. dollars (Note 8) |
|--|-----------------|----------|----------|-----------------------------------|
| | 2001 | 2000 | 1999 | 2001 |
| Operating revenues | ¥495,307 | ¥450,330 | ¥451,543 | \$3,965 |
| Operating expenses: | 384,937 | 344,493 | 345,367 | 3,081 |
| Fuel for production | 81,497 | 80,926 | 83,444 | 652 |
| Maintenance | 34,730 | 32,494 | 35,152 | 278 |
| Depreciation (Note 1) | 126,756 | 98,918 | 94,451 | 1,014 |
| Taxes other than income taxes (Note 1) | 20,718 | 20,367 | 22,111 | 165 |
| Others | 121,235 | 111,786 | 110,206 | 970 |
| Operating income | 110,369 | 105,837 | 106,176 | 883 |
| Other income and deductions: | (75,035) | (72,918) | (73,716) | (600) |
| Interest expenses | (75,207) | (71,096) | (70,938) | (602) |
| Expenses on overseas technical service | (1,221) | (1,362) | (1,149) | (9) |
| Income from overseas technical service | 1,534 | 1,651 | 1,353 | 12 |
| Other, net | (139) | (2,109) | (2,982) | (1) |
| Gross profit | 35,334 | 32,919 | 32,459 | 282 |
| Reserve for drought | — | (131) | 403 | — |
| Extraordinary loss | (11,670) | (12,645) | — | (93) |
| Income before income taxes | 23,664 | 20,405 | 32,056 | 189 |
| Income taxes (Note 1): | (15,583) | (13,326) | (16,195) | (124) |
| Deferred income taxes | 6,677 | 5,622 | — | 53 |
| Net income | 14,757 | 12,702 | 15,860 | 118 |
| Retained earnings: | 27,426 | 23,554 | 12,430 | 219 |
| Transfer from voluntary reserve | 5,920 | — | — | 47 |
| Deferred income taxes for previous years | — | 5,913 | — | — |
| Appropriations: | (19,739) | (14,743) | (4,736) | (158) |
| Transfer to legal reserve | (431) | (431) | (431) | (3) |
| Cash dividends | (4,236) | (4,236) | (4,236) | (33) |
| Bonus to directors and statutory auditors | (70) | (72) | (69) | 0 |
| Reserve for losses on overseas investments | (2) | (3) | — | 0 |
| Voluntary reserve | (15,000) | (10,000) | — | (120) |
| Unappropriated retained earnings (Note 7) | 28,364 | 27,426 | 23,554 | 227 |
| | | Yen | | U.S. dollars |
| Per share: | | | | |
| Net income | ¥ 209.04 | ¥ 179.92 | ¥ 224.65 | \$ 1.67 |
| Cash dividends applicable to the year (Note 6) | 60.00 | 60.00 | 60.00 | 0.48 |

The accompanying notes to non-consolidated financial statements are an integral part of these statements.

Notes to Non-Consolidated Financial Statements

1. Significant Accounting Reporting Policies

a) Basis of Presenting Financial Statements

The accompanying financial statements have been prepared from the accounts of Electric Power Development Co., Ltd. ("the Company") which are maintained in accordance with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting those generally accepted in countries and jurisdictions other than Japan, as well as conforming to the accounting principle for electric utility provided by the Ministry of Economy, Trade and Industry (Former "the Ministry of International Trade and Industry"). However, certain adjustments have been made in order to present the financial statements in a form more familiar to readers outside Japan.

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

The Company is not regulated by the Securities and Exchange Law of Japan. Consolidated financial statements are not prepared.

b) Utility Plant

Utility Plant is stated at the original cost of construction including interest on borrowed funds during the construction period of new plant facilities, less contributions-in-aid received for the construction.

The deduction of contributions-in-aid aggregated ¥103,962 million (US\$832million) and ¥104,180 million as of March 31, 2001 and 2000.

c) Depreciation

Depreciation of utility plant is generally calculated over the useful lives prescribed by Japanese tax law. The declining-balance method has been applied to the buildings, structures and machinery and equipment of all facilities, and straight-line method has been applied to the whole facilities, except environmental protection equipment, of Matsuura and Tachibanawan Thermal Power Station.

Among the above, the Company changed its method of depreciation for buildings acquired on or after April 1, 1998 from the straight-line method to the declining balance method from the year ended March 31, 2000.

d) Investments in Securities and Marketable Securities

Investments in securities and marketable securities are stated at cost determined by the moving average cost method.

Accounting standards for financial instruments has been applied from the year ended on March 31, 2001. As a result of this change, investments in securities were decreased by ¥593 million (US\$4million) and net income was decreased by the same amount.

e) Production Fuel, Material and Supplies

Production fuel, material and supplies are stated at cost determined by the monthly average cost method.

f) Translation of Assets and Liabilities in Foreign Currencies

Assets and liabilities in foreign currencies have been translated at the exchange rates at the balance sheet dates.

Because of the amendment of accounting standards for transaction in foreign currencies, assets and liabilities in foreign currencies have been translated into yen at the exchange rates at the balance sheet dates, other than in effect at the time such assets were acquired or liabilities incurred, from the year ended March 31, 2001. As a result of this change, assets and liabilities in foreign currencies, except for those in current portion, were decreased by ¥130 million (US\$1million) and the same amount of net income was also decreased.

g) Reserve for Termination and Retirement Allowances

The Company has a plan for lump-sum termination and retirement allowances for employees. Upon termination of employment or retirement, a lump-sum payment is determined by reference to the employees' current basic rate of pay, length of service and conditions under which the service occurs.

From the year ended March 31, 2000, the Company changed its method of calculating such reserve to the discounted present value of the projected benefit obligations. Formerly, the Company had reserved 40% of the amount which would become payable if all employees were to leave voluntarily as of the balance sheets date.

Accounting standard for retirement benefits ("Public comments concerning accounting standards for post-employment benefits" by the Business Accounting Deliberation Council on June 16, 1998) was adopted from the year ended March 31, 2001. The unrecognized differences arising from accounting changes, ¥10,413 million (US\$83million), incurred by the change of accounting standards have been depreciated in two years by straight-line method. The past service obligations have been depreciated in the same manner. Unrecognized actuarial differences have been depreciated in two years by declined-balance method. As a result of this change, gross profit and income before income taxes were decreased by ¥2,064 million (US\$16 million) and ¥10,106 million (US\$80 million), respectively, compared with amounts computed by the former method.

Retirement benefits to members of the Board of Directors and Statutory Auditors are charged to income when authorized by resolution of the general meeting of shareholders.

h) Income Taxes, Enterprise Tax and Taxes Payable

The Company is subject to the corporation income tax and the inhabitant taxes based on income which in the aggregate constituted tax rates of approximately 36%, 36% and 42% on taxable income for the year ended March 31, 2001, 2000 and 1999, respectively. The taxable income under the Japanese tax law is determined with certain adjustment. The Company adopted the tax effect accounting from the year ended March 31, 2000.

The enterprise tax included in 'Taxes other than income taxes' on the statements of income and retained earnings is levied mainly on electric operating revenues.

'Income and other taxes payable' on the balance sheets consist of the total annual amount of income, enterprise, consumption and other taxes less payment made during the year.

i) Reserve for Drought

To stabilize fluctuations in income position caused by variations of water level, the Company is required to set up reserve for drought by the Electric Utility Law, which is provided in wet years and reversed in dry years.

j) Reclassifications

Certain reclassifications have been made to the accompanying 2000 and 1999 financial statements to conform to the 2001 presentation.

2. Utility Plant

Utility plant consists of the following:

| As of March 31 | Millions of yen | | Millions of U.S. dollars (Note 8) |
|---|-------------------|-------------------|-----------------------------------|
| | 2001 | 2000 | 2001 |
| Hydroelectric power generating facilities | ¥1,165,578 | ¥1,162,048 | \$ 9,332 |
| Thermal power generating facilities (coal-fired and geothermal) | 1,566,179 | 1,063,311 | 12,539 |
| Transmission systems, substations and others | 746,426 | 684,205 | 5,976 |
| Total | ¥3,478,184 | ¥2,909,565 | \$27,847 |

3. Investments in Securities and Marketable Securities

Investments in securities consist primarily of marketable securities held for long-term investment and securities issued by institutions with which the Company has close business relationships.

Marketable securities consist of interest-bearing bonds issued by the Japanese government and commercial papers.

4. Long-Term Debt

Long-term debt consists of the following:

| As of March 31 | Millions of yen | | Millions of U.S. dollars (Note 8) |
|---|-----------------|------------|-----------------------------------|
| | 2001 | 2000 | 2001 |
| Loans from the Japanese Government's special funds, due on varying dates through 2027 | ¥ 893,006 | ¥ 949,984 | \$ 7,149 |
| Loans from Japanese banks due on varying dates through 2018 | 232,540 | 210,040 | 1,861 |
| Loans from foreign banks due on varying dates through 2008 | 26,160 | 26,160 | 209 |
| Domestic bonds guaranteed by the Japanese Government, due on varying dates through 2010 | 521,170 | 431,240 | 4,172 |
| Domestic bonds underwritten by the Japanese Government, due on varying dates through 2008 | 254,780 | 287,920 | 2,039 |
| Foreign bonds in Canadian Dollars guaranteed by the Japanese Government, due on 2001 | 17,954* | 17,954* | 143 |
| Foreign bonds in French Francs guaranteed by the Japanese Government, due on 2000 | — | 20,119* | — |
| Foreign bonds in Deutsche Marks guaranteed by the Japanese Government, due on 2000 | — | 29,831* | — |
| Foreign bonds in French Francs guaranteed by the Japanese Government, due on 2007 | 35,474* | 35,474* | 284 |
| Foreign bonds in Euros guaranteed by the Japanese Government, due on 2006 | 28,917* | 28,917* | 231 |
| Foreign bonds in Japanese Yen guaranteed by the Japanese Government, due on 2010 | 38,000 | — | 304 |
| Other debts, principally retention money for construction works | 4,161 | 2,060 | 33 |
| Total | 2,052,163 | 2,039,698 | 16,430 |
| Less: Current portion | (157,411) | (141,560) | (1,260) |
| | ¥1,894,751 | ¥1,898,138 | \$15,170 |

Note: Asterisks indicate debts in foreign currencies. The repayments and interest payments on these bonds were converted into fixed-rate Japanese yen obligations through the currency-swap agreement.

The bonds are direct and unconditional obligations of the Company and rank pari passu and ratably without any preference among themselves. Under the Electric Power Development Promotion Law, the holders of bonds issued by the Company have the benefit of a preferential right to be repaid prior to other unsecured obligations (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions).

The aggregate annual maturities of long-term debt subsequent to March 31, 2001, are summarized as follows:

| Fiscal years ending March 31 | Millions of yen | Millions of U.S. dollars (Note 8) |
|------------------------------|-----------------|-----------------------------------|
| 2002 | ¥ 157,411 | \$ 1,260 |
| 2003 | 114,498 | 916 |
| 2004 | 147,722 | 1,182 |
| 2005 | 122,911 | 984 |
| 2006 | 195,026 | 1,561 |
| 2007 and thereafter | 1,314,595 | 10,525 |
| Total | ¥2,052,163 | \$16,430 |

5. Contingent Liability

The Company was contingently liable under several guarantees amounting to ¥46,530 million (US\$372 million) and ¥17,099 million as of March 31, 2001 and 2000 respectively.

6. Shareholders' Equity

a) Legal Reserve

The Commercial Code of Japan ("the Code") provides that an amount equivalent to at least 10% of cash dividends and bonuses to directors and statutory auditors paid with respect to each fiscal year be appropriated to a legal reserve until such reserve equals 25% of the stated capital. The Code also provides that the legal reserve is not available for dividends, but may be used to reduce a capital deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors.

b) Dividends

A year-ended dividend may be approved by the shareholders' meeting after the end of each fiscal year. In accordance with the Code, these dividends and the related appropriations of retained earnings are not reflected in the financial statements at the end of the fiscal year but are recorded at the time they are approved. However, dividends per share shown in the accompanying statements of income and retained earnings are included in the years to which they are applicable.

7. Subsequent Event

Appropriation of Retained Earnings

The general meeting of shareholders held on June 29, 2001 approved the following appropriation of retained earnings as of March 31, 2001.

| Fiscal years ending March 31 | Millions of yen | Millions of U.S. dollars (Note 8) |
|---|-----------------|-----------------------------------|
| Unappropriated retained earnings | ¥28,364 | \$227 |
| Appropriation | 14,745 | 118 |
| Transfer to legal reserve | 431 | 3 |
| Cash dividends | 4,236 | 33 |
| Bonuses to directors and statutory auditors | 71 | 0 |
| Voluntary reserve | 10,000 | 80 |
| Other reserve | 6 | 0 |
| Unappropriated retained earnings carried forwards | ¥13,619 | \$109 |

8. U.S. Dollar Amount

The yen amounts are converted to U.S. dollars solely for convenience. Unless otherwise indicated, all the U.S. dollar amounts are computed at the exchange rate of ¥124.90 against US\$1.00, which was the T.T.S. rate of the Bank of Tokyo-Mitsubishi, Ltd. as of March 30, 2001.

Independent Auditor's Report

To the Board of Directors and Shareholders of Electric Power Development Co., Ltd.

We have audited the accompanying balance sheets of Electric Power Development Co., Ltd. (Dengen Kaihatsu Kabushiki Kaisha) as of March 31, 2001 and 2000, and related statements of income and retained earnings for the years then ended.

Our audits were made in accordance with **generally accepted auditing standards, procedures and practices in Japan** and relevant auditing procedures as are normally required were carried out.

Based on our audit, we express the opinion that the above-mentioned financial statements present fairly the financial position of Electric Power Development Co., Ltd. as of March 31, 2001 and 2000 and the results of its operations for the years then ended in conformity with **generally accepted accounting principles in Japan** applied on a consistent basis except for the following with which we concur.

As described in Note 1c), 1d), 1f), 1g), and 1h) respectively, Electric Power Development Co., Ltd. changed to its method of accounting for depreciation, reserve for termination and retirement allowances and income taxes from the year ended March 31, 2000, and also adopted the revised accounting standard for translation of assets and liabilities in foreign currencies and new accounting standards for financial instruments and employees' retirement benefits from the year ended March 31, 2001.

Century Ota Showa & Co.

June 29, 2001

Century Ota Showa & Co.

In July 1, 2001, Century Ota Showa & Co. was renamed Shin Nihon & Co.

See Note 1 to the financial statements which explains the basis of preparing the financial statements of Electric Power Development Co., Ltd. under Japanese accounting principles and practices.

Facilities (As of March 31, 2001)

•Power Generation Facilities

| | |
|------------------------------|---------------|
| Hydroelectric Power Stations | |
| Number | 58 |
| Capacity | 8,260,800 kW |
| Thermal Power Stations | |
| Number | 8 |
| Capacity | 7,754,500 kW |
| Total Number | 66 |
| Total Capacity | 16,015,300 kW |

•Transmission Lines

| | |
|--|------------|
| Total Lines | 2,404.4 km |
| Extrahigh-voltage power transmission lines | 1,970.2 km |
| DC power transmission lines | 267.2 km |

•Substations

| | |
|----------|-----------|
| Number | 3 |
| Capacity | 4,292 MVA |

•Frequency Converter Station

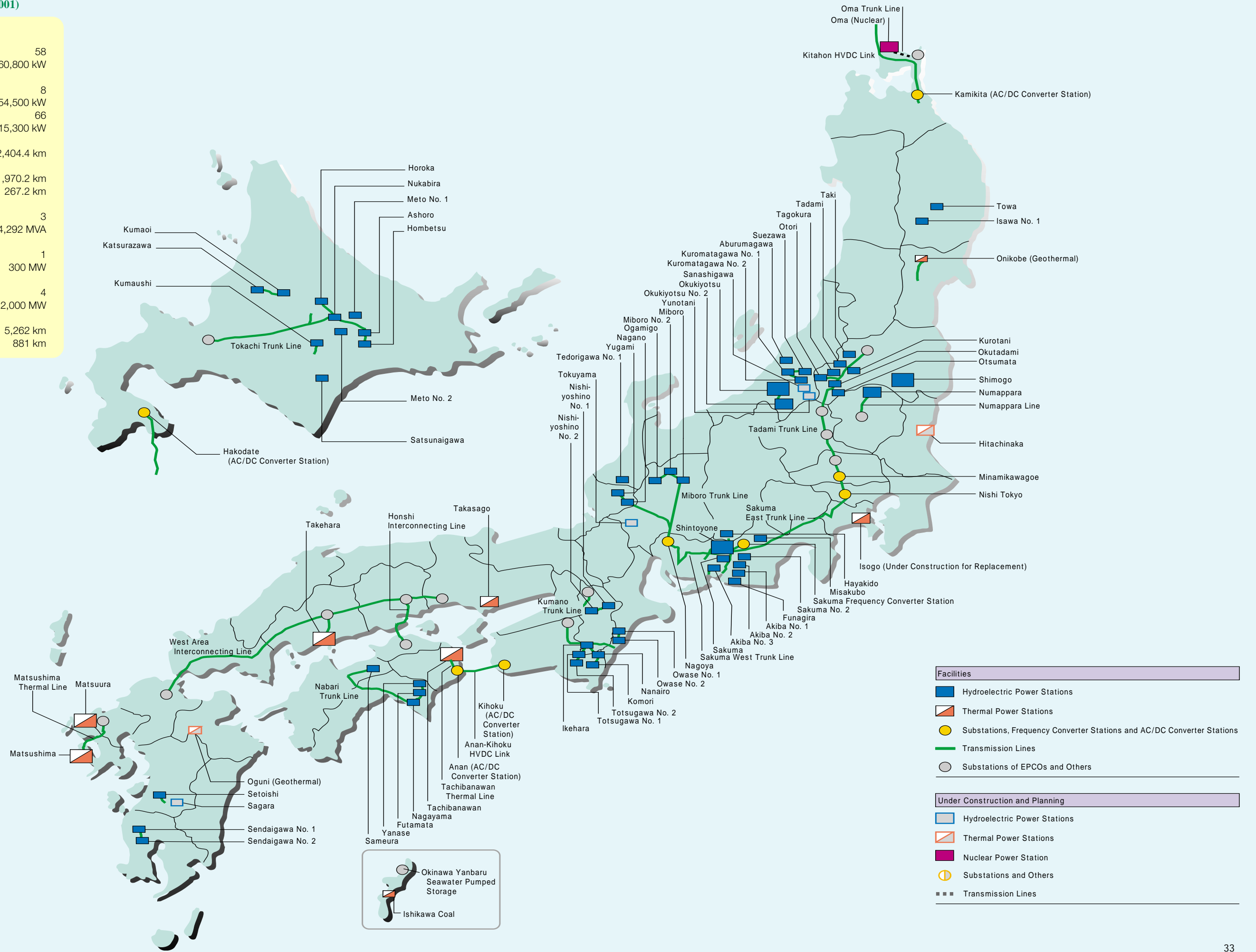
| | |
|----------|--------|
| Number | 1 |
| Capacity | 300 MW |

•AC/DC Converter Stations

| | |
|----------|----------|
| Number | 4 |
| Capacity | 2,000 MW |

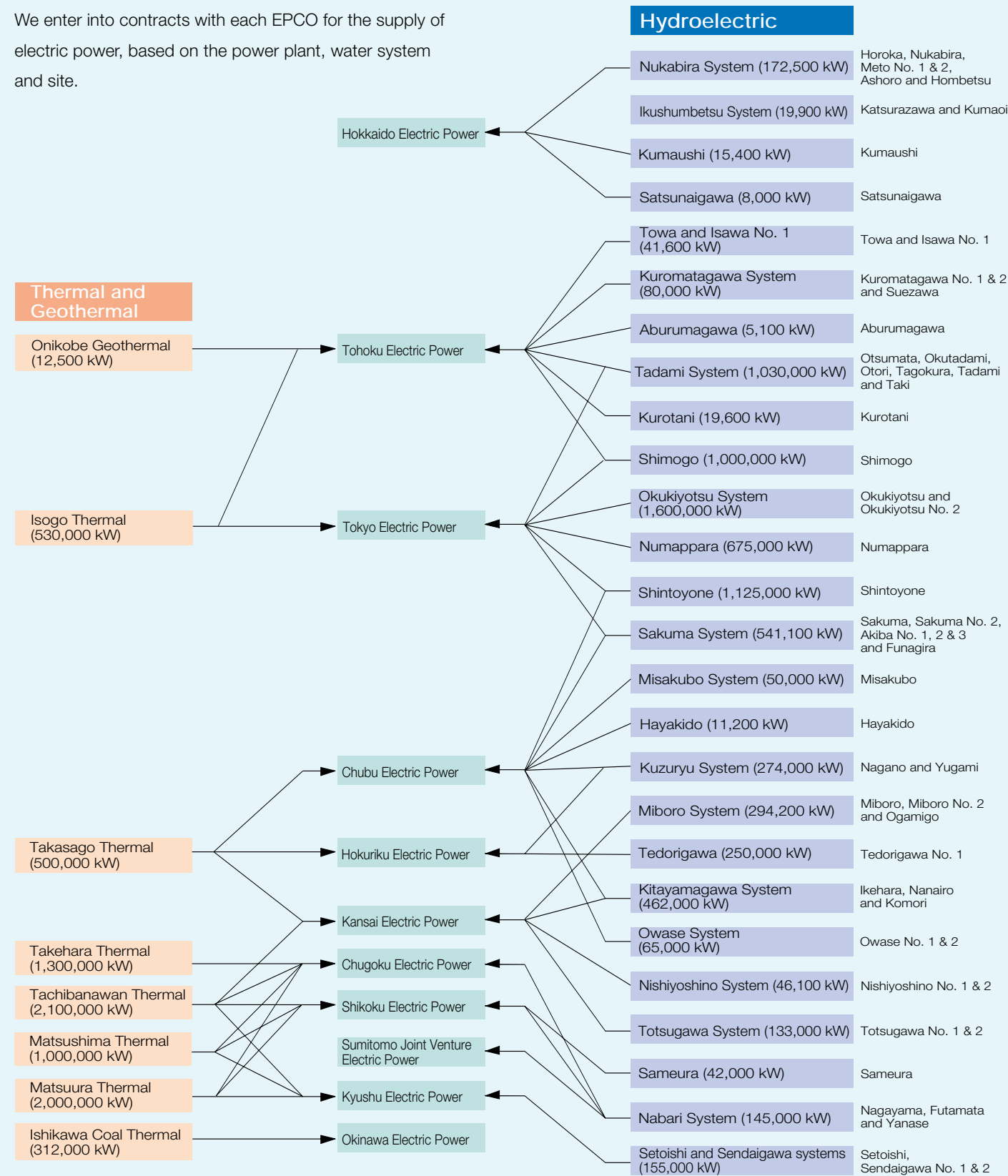
•Telecommunications Network

| | |
|--------------------------|----------|
| Microwave radio circuits | 5,262 km |
| Fiber-optic cables | 881 km |



Customers by Facilities

We enter into contracts with each EPCO for the supply of electric power, based on the power plant, water system and site.



Power Development Plans

We have formulated our next 10-year plan through talks with EPCOs. The plan will cover from fiscal year 2001 to 2011. Through this initiative, we will add at least 3,000 megawatts of capacity to our existing 16,000 megawatts and by March 2011, the total capacity of our power facilities will be 20% higher than March 2001. These increases will essentially follow

on from the April 2002 startup of the 600-megawatt Unit No. 1 at Isogo Thermal Power Station (replacement), July 2008 startup of the 1,380-megawatt Unit at Oma Nuclear Power Station, and July 2009 startup of the 600-megawatt Unit No. 2 at Isogo (replacement).

| Years ended March 31 | Power generating capacity (MW) | | | | Power generation (100 GWh) | | | |
|------------------------------|--------------------------------|---------------|---------------|---------------|----------------------------|------------|------------|------------|
| | 2001 (Actual) | 2002 | 2006 | 2011 | 2001 (Actual) | 2002 | 2006 | 2011 |
| Hydroelectric power stations | 8,261 | 8,261 | 8,548 | 8,952 | 126 | 133 | 144 | 147 |
| Conventional | 3,274 | 3,274 | 3,561 | 3,565 | 97 | 96 | 97 | 97 |
| Pumped storage | 4,987 | 4,987 | 4,987 | 5,387 | 29 | 38 | 46 | 50 |
| Thermal power stations | 7,755 | 7,225 | 7,845 | 9,445 | 419 | 425 | 434 | 422 |
| Coal-fired | 7,742 | 7,212 | 7,812 | 9,412 | 418 | 424 | 432 | 420 |
| Geothermal | 13 | 13 | 33 | 33 | 1 | 1 | 3 | 3 |
| Nuclear power station | — | — | — | 1,383 | — | — | — | 101 |
| Total | 16,015 | 15,485 | 16,395 | 19,780 | 545 | 559 | 577 | 670 |

Note: Totals may not agree with column sums due to rounding.



Isogo Thermal Power Station (Under Construction for Replacement)

Historical Overview of Operations

| | 1952-1969 | 1970-1979 | 1980-1989 | 1990-1999 | 2000- |
|---|---|---|---|---|---|
| | <ul style="list-style-type: none"> •Establishment of EPDC (Sept. 1952) •The era of large-scale hydropower projects •Moves to build thermal power stations fueled with domestic coal and a network for broad-area power management | <ul style="list-style-type: none"> •The era of large-capacity pumped storage facility projects | <ul style="list-style-type: none"> •Construction of Japan's first thermal power stations fueled by imported coal | <ul style="list-style-type: none"> •Moves to integrate and increase the efficiency of facility maintenance and operation •Intensified efforts to apply new technologies and implement environmental protection policies | <ul style="list-style-type: none"> •Preparation for privatization |
| Hydropower | <p>Apr. 1956 Sakuma Power Station begins operating</p> <p>May 1959 Tagokura Power Station begins operating</p> <p>Dec. 1960 Okutadami Power Station begins operating</p> <p>Jan. 1961 Miboro Power Station begins operating</p> <p>Sept. 1964 Ikehara Pumped Storage Power Station begins operating</p> | <p>Nov. 1972 Shintoyone Pumped Storage Power Station begins operating</p> <p>June 1973 Numappara Pumped Storage Power Station begins operating</p> <p>July 1978 Okukiyotsu Pumped Storage Power Station begins operating</p> <p>Aug. 1979 Tedorigawa Power Station No. 1 begins operating</p> | <p>July 1982 Sakuma Power Station No. 2 begins operating</p> <p>Apr. 1988 Shimogo Pumped Storage Power Station begins operating</p> | <p>Apr. 1994 Kurotani Power Station (rubberized fabric dam) begins operating</p> <p>June 1996 Okukiyotsu Pumped Storage Power Station No. 2 begins operating</p> <p>July 1997 Satsunaigawa Power Station begins operating</p> <p>Mar. 1999 Okinawa Yanbaru Seawater Pumped Storage Power Plant begins pilot operation</p> | |
| Coal-Fired Power and Geothermal Power | <p>Jan. 1963 Wakamatsu Power Station begins operating</p> <p>May 1967 Isogo Power Station begins operating</p> <p>July 1967 Takehara Power Station No. 1 begins operating</p> <p>July 1968 Takasago Power Station begins operating</p> | <p>June 1974 Takehara Power Station No. 2 (heavy oil boiler) begins operating</p> <p>Mar. 1975 Onikobe Power Station begins operating</p> | <p>Jan. 1981 Matsushima Power Station begins operating</p> <p>Mar. 1983 Takehara Power Station No. 3 begins operating</p> <p>Nov. 1986 Ishikawa Coal Power Station begins operating</p> <p>Mar. 1989 Wakamatsu Power Station ceases operating</p> | <p>June 1990 Matsuura Power Station No. 1 begins operating</p> <p>June 1995 Takehara Power Station No. 2 (AFBC) begins operating</p> <p>July 1997 Matsuura Power Station No. 2 begins operating</p> | <p>July 2000 Tachibanawan Power Station No. 1 begins operating</p> <p>Dec. 2000 Tachibanawan Power Station No. 2 begins operating</p> |
| Nuclear Power | | <p>May 1970 Begin cooperation with PNC in designing and construction of the prototype ATR "Fugen"</p> <p>Mar. 1979 Start operation of ATR "Fugen" Continue cooperation with PNC in operation and maintenance of ATR "Fugen"</p> | <p>June 1982 Receive order for construction of a pilot ATR plant</p> <p>June 1982 Surveys begin regarding the site for the proposed Oma Nuclear Power Station</p> <p>July 1983 Oma Nuclear Power Survey Office established</p> | <p>Aug. 1995 Revision of the construction project of Oma Nuclear Power Station (Demonstration ATR to Full-MOX ABWR)</p> <p>Aug. 1999 Oma Nuclear Power Station Project approved by the 141st Electric Power Development Coordination Council</p> <p>Sep. 1999 Reactor installation application submitted to MITI</p> | |
| Transmission Lines, Substations and Communications | <p>July 1955 Telecommunications services using trunk microwave radio circuits begin</p> <p>May 1959 Minamikawagoe Substation begins operating</p> <p>Oct. 1962 Chushi Trunk Line and Iyo Substation begin operating</p> <p>Oct. 1965 Sakuma Frequency Converter Station begins operating</p> <p>Sept. 1969 Hanna Line begins operating</p> | <p>Dec. 1979 Kitahon HVDC Link and Hakodate and Kamikita AC/DC converter stations begin operating</p> | <p>May 1980 Western Area Interconnecting Line begins operating</p> <p>Dec. 1985 Telecommunications services using fiber optic cables for Sakuma Frequency Converter Station begin</p> | <p>Apr. 1992 Main route of microwave radio circuits converted to digital cellular system</p> <p>Mar. 1993 Kitahon HVDC Link reinforced</p> <p>July 1994 Honshi Interconnecting Line begins operating</p> | <p>Feb. 2000 Honshi Interconnecting Line reinforced</p> <p>June 2000 Anan-Kihoku HVDC Link and Anan and Kihoku AC/DC converter stations begin operating (jointly owned with Kansai Electric Power Co., Inc. and Shikoku Electric Power Co., Inc.)</p> |
| International Activities | <p>Nov. 1962 Begin planning the Takena Hydroelectric Power Project in Peru</p> <p>Mar. 1967 Begin planning the Kuwaya No. 1 Hydroelectric Power Project in Thailand</p> | <p>Oct. 1976 Begin planning the Altinkaya Hydroelectric Power Project in Turkey</p> | <p>Jan. 1984 Begin planning the transfer of NOx reduction technology to Austria</p> <p>Oct. 1989 Organize the EPDC conference on the Future of Electricity in the Developing Countries</p> | <p>Feb. 1990 Begin planning the Lam Ta Khong Pumped Storage Project in Thailand</p> <p>Apr. 1990 Begin planning the Masinloc Coal-Fired Thermal Power Project in the Philippines</p> <p>July 1992 Sign agreement to construct pilot desulfurization facility in China</p> <p>June 1994 Begin planning the Ham Thuan Hydropower Project in Vietnam</p> | |
| Business Development | | | | <p>Nov. 1998 Begin afforestation business in Australia</p> <p>Jan. 1999 Establish Omuta Recycling Power Co., Ltd.</p> | <p>Jan. 2000 Begin afforestation business in Ecuador</p> <p>Oct. 2000 PFI power project at the Kanamachi Purification Plant begins operating</p> <p>Dec. 2000 Wind farm in Tomamae-cho, Hokkaido begins operating</p> <p>Apr. 2001 Dark fiber services begins operating</p> |

Group Overview

(As of March 31, 2001)

Subsidiaries and Affiliates

| Company | Address | EPDC's capital (Millions of yen) | Ownership (%) | Business lines |
|--|---|----------------------------------|---------------|--|
| EPDC Holding Co., Ltd. | 14-10, Ginza 5-chome, Chuo-ku, Tokyo | ¥ 120 | 100% | Management of affiliates and subsidiaries |
| EPDC Industrial Co., Ltd. | 6-5, Shinjuku 1-chome, Shinjuku-ku, Tokyo | 310 | 0 100* | Management of welfare facilities and buildings Representative agency for insurance |
| EPDC Environmental Engineering Service Co., Ltd. | 2-5, Kudan-kita 4-chome, Chiyoda-ku, Tokyo | 60 | 0 100* | Research, construction and maintenance for environmental engineering Survey and compensation of construction sites Research and planning of environmental conservation |
| EPDC Coal Tech and Marine Co., Ltd. | 19-1, Shinjuku 2-chome, Shinjuku-ku, Tokyo | 20 | 0 100* | Unloading and transporting of coal to thermal power stations Disposition of ash Sales of fried ash Shipping of coal for thermal power stations |
| KAIHATSUKOJI Co., Ltd. | 6-5, Shinjuku 1-chome, Shinjuku-ku, Tokyo | 300 | 0 100* | Boring, grouting, survey and other civil engineering and construction services |
| The Kaihatsu Computing Service Center Ltd. | 2-18, Fukagawa 2-chome, Kouto-ku, Tokyo | 120 | 0 100* | Development of computer software |
| KAIHATSUDENKI Co., Ltd. | 2-5, Kudan-kita 4-chome, Chiyoda-ku, Tokyo | 500 | 0 100* | Technical development, design, consulting, construction, maintenance and research for power stations, substations and transmission lines |
| KEC Corporation | 37-6, Hakusan 1-chome, Bunkyo-ku, Tokyo | 110 | 0 100* | Construction and maintenance of electronic and communications facilities |
| KDC Engineering Co., Ltd. | 58-4, Yayoicho 1-chome, Nakano-ku, Tokyo | 20 | 0 100* | Design and construction management of electric power facilities Engineering and construction |
| EPDC Overseas Coal Co., Ltd. | 1-5, Nihonbashi-Muromachi 4-chome, Chuo-ku, Tokyo | 1,000 | 0 80* | Research, investigation and development of coal mines Investment in coal mining |

Note: *Including indirect holdings.

Directors and Statutory Auditors

(As of July 1, 2001)

| | | | | | |
|-------------------------------------|---|----------------------------|--|-----------------|---|
| President | Yoshihiko Nakagaki* | Executive Directors | Kazuo Fuse Masamichi Ono Toru Namiki Osamu Iwashita Masaaki Tanaka Katsuhiko Miyashita Akinobu Yasumoto Takeharu Okitsu Kiyoshi Sawabe Masayuki Horii Masayoshi Kitamura | Auditors | Tetsuya Kameoka Kouichi Fujino Yasuo Matsushita |
| Executive Vice Presidents | Shigeo Mita* Yoshihide Yamasaki* Youki Kawata* | | | | |
| Executive Managing Directors | Takao Toyooka Akihiko Tamura Sakaru Ono Hisao Nakagami | | | | |

*Representative Directors

Network

(As of July 1, 2001)

Electric Power Development Co., Ltd.

15-1, Ginza 6-chome, Chuo-ku, Tokyo 104-8165, Japan
TEL: 81-3-3456-2211
URL: <http://www.epdc.co.jp>
E-mail: webmaster@epdc.co.jp

Regional Headquarters and Others

•**Hokkaido Regional Headquarters**
Kitasanjonishi 3-chome, Chuo-ku, Sapporo City, Hokkaido 060-0003, Japan
TEL: 81-11-221-8445

•**Tohoku Regional Headquarters**
6-1, Ichibancho 4-chome, Aoba-ku, Sendai City, Miyagi Prefecture 980-0811, Japan
TEL: 81-22-267-2551

•**Kanto Regional Headquarters**
2-5, Kudan-kita 4-chome, Chiyoda-ku, Tokyo 102-0073, Japan
TEL: 81-3-3234-2411

•**Chubu Regional Headquarters**
1-1, Shinsakae-machi, Naka-ku, Nagoya City, Aichi Prefecture 460-0004, Japan
TEL: 81-52-971-2551

•**Hokuriku Regional Headquarters**
5-13, Sakurabashidoori, Toyama City, Toyama Prefecture 930-0004, Japan
TEL: 81-764-42-1151

•**Kansai Regional Headquarters**
2-27, Nakanoshima 6-chome, Kita-ku, Osaka City, Osaka Prefecture 530-0005, Japan
TEL: 81-6-6448-5921

•**Chugoku Regional Headquarters**
15-10, Hacchobori, Naka-ku, Hiroshima City, Hiroshima Prefecture 730-0013, Japan
TEL: 81-82-221-0423

•Shikoku Regional Headquarters

4-3, Kotobuki-cho 1-chome, Takamatsu City, Kagawa Prefecture 760-0023, Japan
TEL: 81-87-822-0821

•Kysuyu Regional Headquarters

2-1, Hakataekimae 3-chome, Hakata-ku, Fukuoka City, Fukuoka Prefecture 812-0011, Japan
TEL: 81-92-472-3736

•Ishikawa Coal Thermal Power Station

4-1, Akazaki 3-chome, Ishikawa City, Okinawa Prefecture 904-1103, Japan
TEL: 81-98-964-3711

Overseas Offices

•EPDC Beijing Office

302 Chang Fu Gong Office Bldg., Jia-26, Jian Guo Men Wai Da Jie, Beijing 100022, PRC
TEL: 86-10-6513-7091/7092
FAX: 86-10-6513-3371
E-mail: epdcpek@163bj.com

•EPDC Lam Ta Khong Pumped Storage Project Office

c/o EGAT Lam Ta Khong Office, P.O. Box 3, Klongpai, Sikiu District, Nakhon Ratchasima, 30340, THAILAND
TEL: 66-44-21-4261
FAX: 66-44-21-4261
E-mail: RGD01542@nifty.ne.jp

•EPDC Ham Thuan Hydropower Project Office

No. 80 Tran Phu St., Loc Son Ward, Bao Loc Town, Lam Dong Province, VIETNAM
TEL: 84-63-860580
FAX: 84-63-860582
(Dam Site Office)
TEL: 84-63-869896
FAX: 84-63-869869

•Yuncan Hydropower Project Office

Paucartambo, Pasco, PERU
(also contact via EPDC Lima Office)

•EPDC Manila Office

4th Floor, VICTORIA 1 Building, 1670 Quezon Avenue, Quezon City, Metro Manila, PHILIPPINES
TEL: 63-2-926-7760/7986
FAX: 63-2-920-7654

•Ecuador Subtransmission Project Office

c/o DISCOM INCEL Av. 6 de Diciembre 2427 y Av. Orellana Edif. TRANSELECTRIC S. A. 8vo piso EPDC-CONPROTEC Quito, ECUADOR
TEL: 593-2-235097
FAX: 593-2-503115

•EPDC Washington Office

1825 K Street, N.W., Suite 1205, Washington D.C. 20006, U.S.A.
TEL: 1-202-429-0670
FAX: 1-202-429-1660

•EPDC Brisbane Office

Level 25 Waterfront Place, 1 Eagle Street, Brisbane, Queensland 4000, AUSTRALIA
TEL: 61-7-3211-7055
FAX: 61-7-3211-7044

•EPDC New Delhi Office

K-43, Jangpuro Extension 2nd Floor, New Delhi, 110014, INDIA
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•EPDC Bangkok Office

c/o Hydro Power Construction Division (Room No. 711/4) Electricity Generating Authority of Thailand, Charansanitwong Road, Bangkokkai, Nonthaburi 11130, THAILAND
TEL: 66-2-436-4197/66-2-433-6385
FAX: 66-2-433-7673

•EPDC Lima Office

Morelli No. 109, 3er. Piso, San Borja, Lima 41, PERU
TEL: 51-1-476-9757
FAX: 51-1-476-9758

Corporate Data

(As of March 31, 2001)

| | |
|-----------------------|---|
| Category of Business | Electric Utility |
| Date of Incorporation | September 16, 1952 |
| Law of Foundation | Electric Power Development Promotion Law |
| Authorized Capital | ¥100,000 million |
| Paid-in Capital | ¥70,600 million |

Major Shareholders

| Shareholders | Number of Shares Held | Percentage of Total |
|---|-----------------------|---------------------|
| Government of Japan (Ministry of Finance) | 47,083,000 | 66.69% |
| Hokkaido Electric Power Co., Inc. | 947,000 | 1.34 |
| Tohoku Electric Power Co., Inc. | 1,417,000 | 2.01 |
| Tokyo Electric Power Co., Inc. | 7,037,000 | 9.97 |
| Chubu Electric Power Co., Inc. | 4,460,000 | 6.32 |
| Hokuriku Electric Power Co., Inc. | 947,000 | 1.34 |
| Kansai Electric Power Co., Inc. | 5,164,000 | 7.31 |
| Chugoku Electric Power Co., Inc. | 1,415,000 | 2.00 |
| Shikoku Electric Power Co., Inc. | 713,000 | 1.01 |
| Kyushu Electric Power Co., Inc. | 1,417,000 | 2.01 |
| Total | 70,600,000 | 100.00% |

Power Generation Facilities

•Hydroelectric Power Stations

| | |
|----------|----------|
| Number | 58 |
| Capacity | 8,261 MW |

•Thermal Power Stations

| | |
|----------------|-----------|
| Number | 8 |
| Capacity | 7,755 MW |
| Total number | 66 |
| Total capacity | 16,015 MW |

•Transmission Lines

| | |
|--|------------|
| Total lines | 2,404.4 km |
| Extrahigh-voltage power transmission lines | 1,970.2 km |
| DC power transmission lines | 267.2 km |

•Substations

| | |
|----------|-----------|
| Number | 3 |
| Capacity | 4,292 MVA |

•Frequency Converter Station

| | |
|----------|--------|
| Number | 1 |
| Capacity | 300 MW |

•AC/DC Converter Stations

| | |
|----------|----------|
| Number | 4 |
| Capacity | 2,000 MW |

•Telecommunications Network

| | |
|--------------------------|----------|
| Microwave radio circuits | 5,262 km |
| Fiber-optic cables | 881 km |

Power Generation (Year ended March 31, 2001)

| | |
|----------------|----------------|
| •Hydroelectric | 12,550,270 MWh |
| •Thermal | 41,944,590 MWh |
| Total | 54,494,860 MWh |

Electric Power Sales

(Year ended March 31, 2001)

48,915,411 MWh

Income from Electric Power Sales

(Year ended March 31, 2001)

¥425,184 million

| EPCO | Power Sales (GWh) | (%) |
|-----------------------------------|-------------------|--------|
| Hokkaido Electric Power Co., Inc. | 1,010 | 2.1% |
| Tohoku Electric Power Co., Inc. | 1,668 | 3.4 |
| Tokyo Electric Power Co., Inc. | 3,720 | 7.6 |
| Chubu Electric Power Co., Inc. | 2,791 | 5.7 |
| Hokuriku Electric Power Co., Inc. | 719 | 1.5 |
| Kansai Electric Power Co., Inc. | 8,857 | 18.1 |
| Chugoku Electric Power Co., Inc. | 17,452 | 35.7 |
| Shikoku Electric Power Co., Inc. | 5,074 | 10.4 |
| Kyushu Electric Power Co., Inc. | 5,636 | 11.5 |
| Okinawa Electric Power Co., Inc. | 1,964 | 4.0 |
| Other | 24 | 0.0 |
| Total | 48,915 | 100.0% |

Number of Employees

3,379

