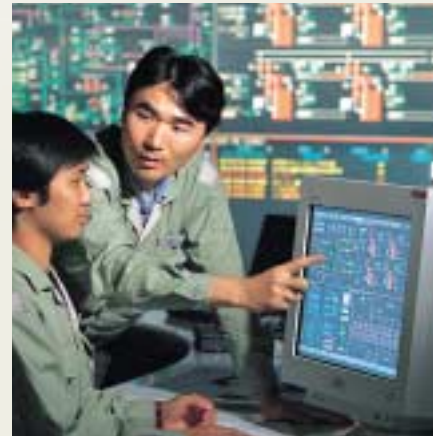


POWER



Profile

For half a century, since its establishment in 1952, the Electric Power Development Co., Ltd. (now with the trading name J-POWER), has been providing stable supplies of electricity, essential for lifestyles and economic activities. As a wholesale electric power company, we focus on developing power sources and building transmission lines. We sell electricity to Japan's 10 major electric power companies (EPCOs) through hydroelectric and coal-fired thermal power stations that we build and operate. We have stabilized supplies and enhanced efficiency by constructing a nationwide network of extra-high-voltage transmission lines for EPCOs. Since 1960, we have participated in power projects in 58 countries and have diversified our international operations through thermal and hydroelectric power development initiatives that encompass everything from surveys, designs, construction management and technical assistance on environmental issues to independent power producer (IPP) projects.

As we prepare for privatization, we are focusing on the concepts of the energy and the environment. We are drawing on our human, technological and other resources accumulated over 50 years of operation in Japan and 40 years abroad to enter new business domains, including domestic and overseas electric power and energy investments, environmental operations, resource-related businesses and engineering.

Corporate Philosophy

We aim to ensure constant supplies of energy to contribute to the sustainable development of Japan and the rest of the world.

- *Sincerity and pride underlie all our corporate activities.*
- *We build community trust by harmonizing our operations with the environment.*
- *Profits are a growth source, and we share the benefits with society.*
- *We continuously refine our knowledge and technologies to be a leader in these areas.*
- *We meet the challenges of tomorrow by harnessing our unique skills and enthusiasm.*

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FORWARD-LOOKING STATEMENTS

Statements in this annual report, other than those of historical fact, are forward-looking statements about the future performance of J-POWER that are based on management's assumptions and beliefs in light of information currently available, and involve both known and unknown risks and uncertainties. Actual events and results may differ materially from those anticipated in these statements.

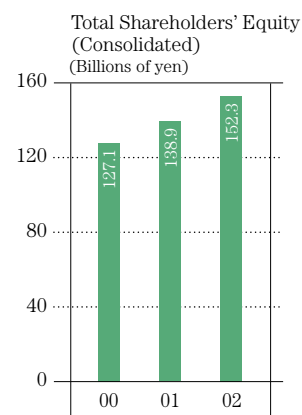
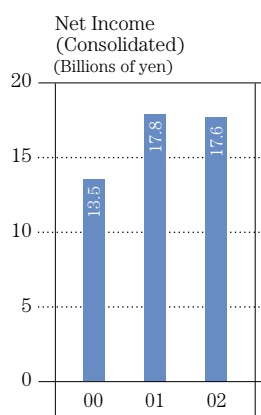
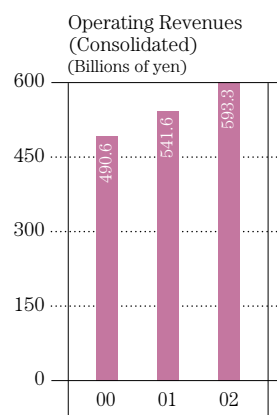
Financial Highlights

Years ended March 31

Consolidated Data	Millions of yen			Thousands of U.S. dollars
	2002	2001	2000	2002
Operating revenues	¥ 593,343	¥ 541,592	¥ 490,607	\$ 4,452,862
Operating income	119,590	117,313	107,319	897,489
Ordinary income	44,022	41,461	35,818	330,376
Net income	17,638	17,838	13,485	132,374
Total shareholders' equity	152,304	138,868	127,149	1,143,000
Total assets	2,314,720	2,420,661	2,351,886	17,371,258
Net cash provided by operating activities	200,704	145,835	127,857	1,506,223
Net cash used in investing activities	(77,248)	(166,942)	(211,920)	(579,723)
Free cash flow	123,456	(21,107)	(84,063)	926,500
Net cash provided by (used in) financing activities	(125,567)	22,127	85,055	(942,348)

Non-Consolidated Data	Millions of yen			Thousands of U.S. dollars
	2002	2001	2000	2002
Operating revenues	¥ 547,733	¥ 495,307	¥ 450,330	\$ 4,110,573
Income from electric power sales	477,849	425,184	385,719	3,586,109
Hydroelectric	137,901	144,100	144,114	1,034,910
Thermal	339,947	281,084	241,604	2,551,199
Income from wheeling	67,183	67,095	62,287	504,190
Other operating revenues	2,701	3,026	2,324	20,273
Operating income	113,492	110,369	105,837	851,724
Ordinary income	36,883	35,334	32,919	276,797
Net income	14,711	14,757	12,702	110,405
Total shareholders' equity	141,143	130,637	120,185	1,059,236
Total assets	2,260,233	2,356,878	2,282,881	16,962,353

Note: Amounts in U.S. dollars in this report are translated solely for convenience at the rate of ¥133.25=US\$1.00, the approximate rate of exchange on March 29, 2002.



Message from the President



Yoshihiko Nakagaki, President



We have started using the trading name J-POWER to convey our desire to empower people around the world through an array of international businesses centered on energy and the environment. These efforts take full advantage of the expertise and technologies that we have accumulated in Japan and abroad since our establishment.

Our new logo features the earth's contour. We call this arc "global edge," and it expresses our promising future and desire to operate on the cutting edge of technology around the world. The red lettering signifies our energy and humanity, while the gray lettering symbolizes our technological excellence and reliability.

OVERVIEW

The fiscal year ended March 31, 2002, was a remarkable year of progress toward privatization, a process that started with a Japanese government decision in June 1997. In May 2001, under our new management policies, which aim to drive us toward privatization and ensure progress thereafter, we launched two groupwide initiatives. The first was to bolster competitiveness in the wholesale electric power business under what we term the Third Phase of the Company Reform Plan, a five-year corporate plan. The second was to expand our international and new business activities. In November 2001, we decided to stop seeking further fiscal investment and loans from the government, in favor of independent funding. In the following month, the government announced the Reorganization and Rationalization Plan for Special Public Institutions, which clarifies the path toward the completion of privatization and the submission of related bills for consideration in the Diet in 2003.

In April 2002, we introduced the J-POWER trading name, which our employees selected, to symbolize our determination to grow further after privatization by transforming our operations and cultivating new businesses.

MOVING AHEAD AFTER PRIVATIZATION

Fiscal Year Performance

J-POWER generally performed as scheduled in the fiscal year ended March 31, 2002, which was the fifth year after the government formulated plans for its privatization.

Power sales increased, owing to the first full-term contribution of the Tachibanawan Thermal Power Station, which began operations in the previous term. This offset water shortages and declines in hydroelectric power and wheeling service rates. Consolidated operating revenues thus jumped 9.6%, to ¥593.3 billion, owing to reduced costs and an improved financial structure. Operating income rose 1.9%, to ¥119.6 billion. Ordinary income advanced 6.2%, to ¥44.0 billion. Net income slipped 1.1%, to ¥17.6 billion. This was because we posted extraordinary losses in securitizing our headquarters building to reinforce our financial position.

Free cash flow was positive, at ¥123.5 billion, compared with a negative ¥21.1 billion in the previous year, as the full-year operation of the Tachibanawan Thermal Power Station boosted net cash provided by operating activities, while we slashed capital investment.

Developments in Adverse Operating Environment

Although our satisfactory results for the year under review might suggest otherwise, conditions in the electric power business have remained adverse. Primarily, growth in electricity demand continued to slow down. Against the backdrop of Japan's chronic recession, total sales of the nation's EPCOs were down for the first time in 15 years. These companies postponed plans to construct new power plants and closed down existing thermal power stations operating at low capacity. J-POWER also decided to shelve some plant construction plans.

The second factor contributing to the adverse operating environment is structural reforms to the electric utilities business. Since the partial liberalization of the retail electricity market in March 2000, competition has intensified, partly through the entry of new companies into the industry. This has prompted companies to lower their rates, forcing us to follow suit.

The third aspect is that further progress must be made toward reducing the emission of greenhouse gases according to Kyoto Protocol mechanisms. We rely relatively heavily on coal, which emits more carbon dioxide than other sources of energy, so tackling global warming is a top management priority.

Establishing New Management Policies

The above changes in our operating environment have made it more difficult to keep expanding the scale of our core wholesale electric power operations to enhance revenues and earnings. Management is thus keenly aware of the need to further rationalize operations to build a low-cost structure.

On the positive side, many fields other than wholesale electric power offer growth potential. These include such sustainable areas as wind, waste and biomass power generation, where we will step up development in response to environmental concerns and benefit from government support.

We also envisage expanding the scope of our operations by working with IPPs, engaging in onsite generation through fuel cells and cogeneration, and selling wholesale power to power product suppliers.

Internationally, energy demand in developing nations is rising, yet in many cases environmental issues hinder the stability of supplies. With privatization proceeding around the world, there is a great need for companies that can help countries protect the environment while ensuring stable energy supplies.

These issues led us to formulate new management policies. In the wholesale electric power business, we focus on establishing a low-cost structure while ensuring power operations remain a stable source of revenues and earnings. These policies also concentrate on cultivating international operations and new businesses.



Our Third Phase of the Company Reform Plan calls for reinforcing our competitiveness in electric power wholesaling.

Solidifying Competitiveness in Wholesale Electric Power Business—Launch of the

Third Phase of the Company Reform Plan

In 1999, we instituted a corporate identity program to increase awareness of our operating environment. Initiatives focused on highlighting the need to bolster overall competitiveness and profitability. Our new corporate reform plan concentrates on enhancing organizational efficiency to cut

operating costs as well as reinforcing competitiveness to build profitability.

In the period under review, the first year of our new plan, we pushed ahead with specific systemic and organizational reforms to prepare for the introduction of a new business department system. We also cut 400 Group employees while lowering capital investment.

The fiscal year ending March 31, 2003, the second year of the Third Phase of the Company Reform Plan, will be a critical period. Our goals are to complete preparations for privatization by utilizing our groupwide capabilities and take specific steps to propel progress after privatization. We have already adopted a new personnel system to improve the effectiveness of the business department system launched in April 2002, by further trimming employee numbers and invigorating our organization.

THIRD PHASE OF THE COMPANY REFORM PLAN

BOLSTERING OUR COMPETITIVENESS IN THE WHOLESALE ELECTRIC POWER BUSINESS

Target attainment by the fiscal year ending March 31, 2006

(Interim evaluation in the fiscal year ending March 31, 2004)

Review of corporate organization

- Introduce business department system
- Streamline head office functions
- Reorganize group structure
- Integrate administrative tasks
- Reduce the number of directors and introduce an executive officer system

Major improvement in efficiency and cost reduction

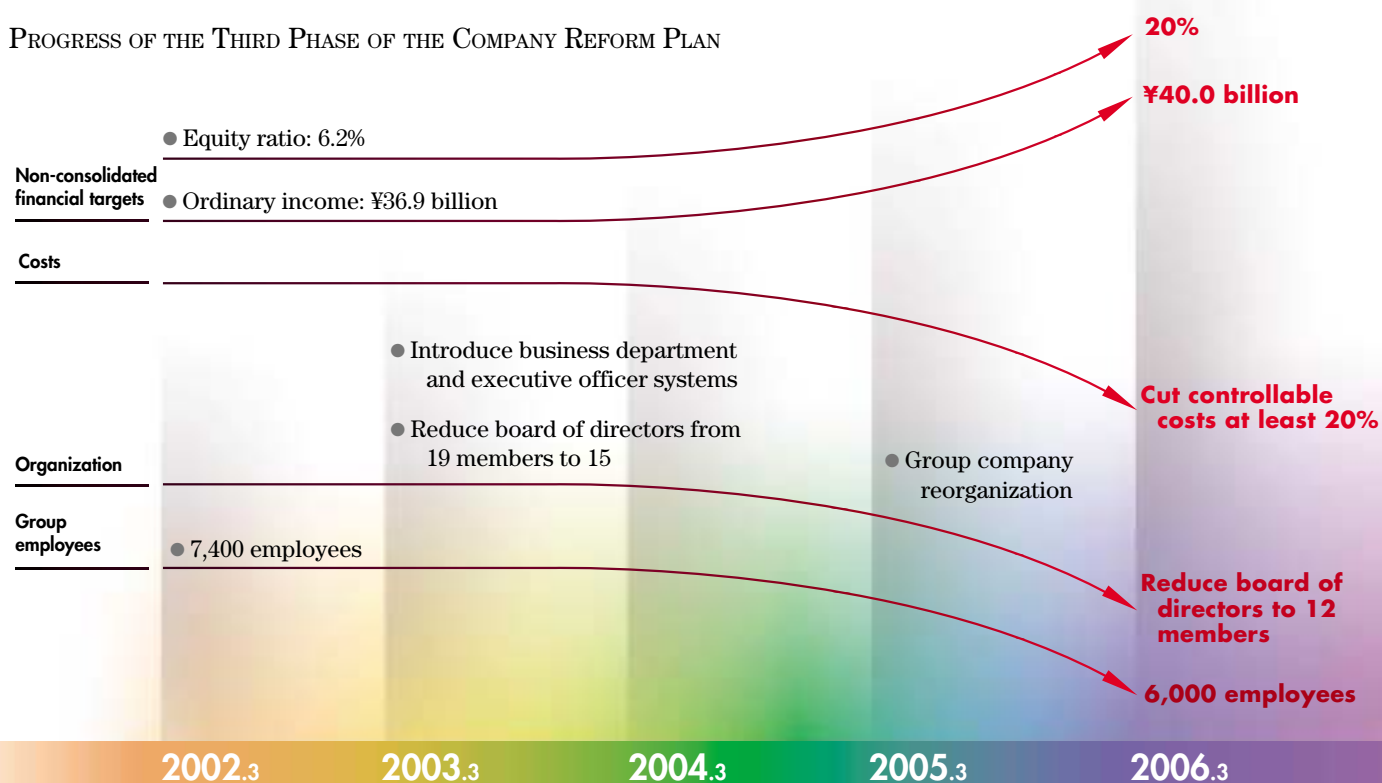
- 25% cutback in the number of group employees, from 8,000 to 6,000
- At least 20% reduction in controllable costs

Launch of Business Department System

In April 2002, we reorganized and instituted a business department system in keeping with our Third Phase of the Company Reform Plan. As part of that plan, we set up “business departments” that pursue profit maximization in their respective fields. We also established

“corporate departments” for the formulation of Group management strategies and the optimization of groupwide activities. The six business departments are the: Hydropower & Power Network, Thermal Power, Nuclear Power, Business Development, International Activities and Engineering departments. Executive officers

PROGRESS OF THE THIRD PHASE OF THE COMPANY REFORM PLAN



	2002.3	2003.3	2004.3	2005.3	2006.3
Wholesale electric power business	● Begin preliminary use of Computerized Maintenance Management System	Gradually deploy nationwide	● Completely separate operations and functions of parent and Group companies	Full deployment	
	● Begin preliminary use of Plant Maintenance Optimization System	Gradually deploy nationwide	▲ Start operations at No. 1 unit of Isogo Thermal Power Station	▲ Relaunch operations at upgraded Okutadami and Otori power stations	
New businesses	▲ Launch operations at Nikaho Kogen Wind Power Station	Launch operations at J-Wind Tokyo Wind Power Station (Tentative name)	▲ Launch operations at Green Power Kuzumaki Wind Power Station		
	● Begin leasing fiber-optic lines	▲ Begin operations at Omuta Waste-fueled Power Station	▲ Begin IPP project with Toa Oil Co., Ltd.		
International operations	● Invest in Gulf Electric, Thailand	▲ Start operations at gas cogeneration station in Rayong, Thailand	▲ Start operations at Roi-Et Biomass Generation Project, Thailand		
	● Invest in Thaioil Power Project, Thailand				

head each of these operations. We transferred considerable authority to these officers, clarifying their oversight and earnings responsibilities to accelerate decision making and operational progress. We have concentrated control of such areas as budget management, facilities siting, environmental measures and procurement in the hands of these executive officers.

We accordingly restructured regional operations responsible for facilities maintenance and operations. The Hydropower & Power Network Department now has four regional headquarters. The Thermal Power Department controls our seven thermal power stations. Each regional operation has its own profit goals and responsibilities in keeping with departmental targets.

We also instituted a new personnel system, under which we set specific goals for each employee in line with the overall targets of each business and provide performance-based remuneration. This new setup has reinforced the abilities of departments to tackle their objectives and enabled employees to contribute more actively to our results.

On the technical development front, we integrated functions previously allocated separately to the New Energy and Technology Development Department, the Chigasaki R&D Center and the Wakamatsu Coal Utilization Research Center into the Technology Development Center. This center strategically oversees and implements Group technical development. The Technology Development Center not only handles traditional electrical areas but also conducts technical development in an array of potential new businesses.

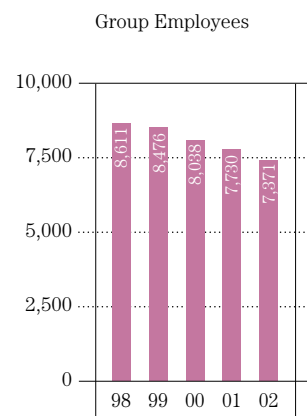
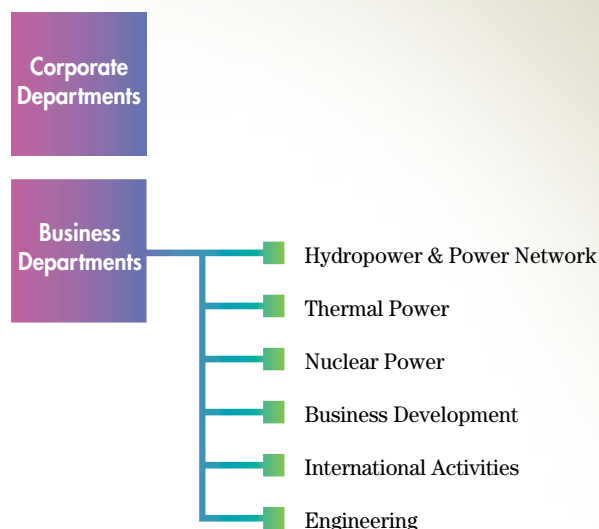
Cutting Costs and Reinforcing Price-Competitiveness

Under our current reform plan, we aim to reduce the number of Group employees from 8,000 in the fiscal year ended March 31, 2001, to 6,000 by the fiscal year ending March 31, 2006. We have reviewed all controllable costs, including labor, outsourcing and fuel expenses, so we can cut such expenditure at least 20% over the next five years.

Following this plan, the next step is to reorganize Group companies to completely separate all our operations and functions.

After such a reorganization, J-POWER

BUSINESS AND CORPORATE DEPARTMENTS



will handle the overall management of power stations and the operation of major equipment. Group companies will oversee maintenance. This approach will eliminate duplicated administration among Group members, reduce the number of maintenance engineers and optimize outsourcing costs. We will ensure that Group companies are clearly aware of their responsibilities, particularly the need to become more competitive and increase efficiency and expertise.

Solidifying Our Financial Position

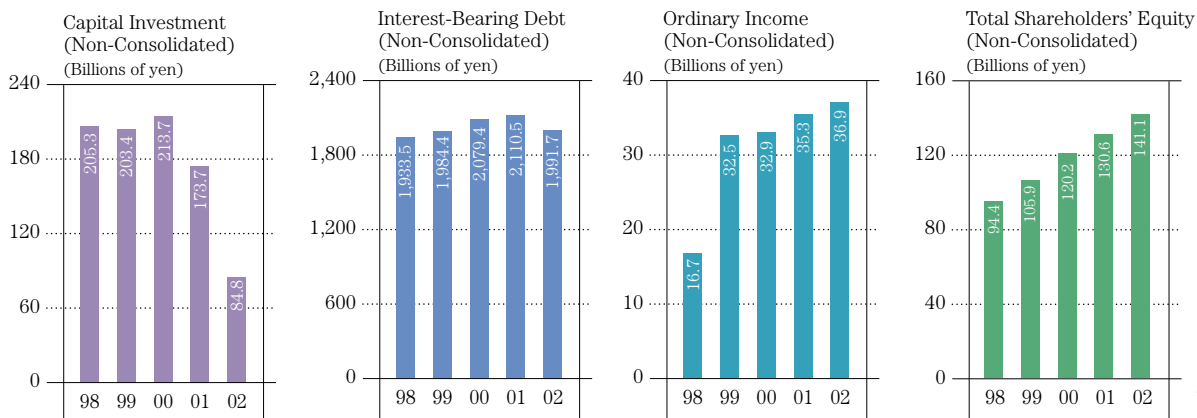
Over the years, we have not amassed sufficient retained earnings, because our mission has been to ensure that end users benefit from reduced wholesale power rates. We have funded most of our long-term investments to construct large hydroelectric and thermal power stations from government loans and government-guaranteed bonds instead of from increased capitalization. Our financials have thus relied far less on shareholders' equity than those of other EPCOs.

In the four years since the fiscal year ended March 31, 1998, when the government decided to privatize J-POWER, we have focused on strengthening our financial position and enhancing efficiency so we can build a profitable

business structure. We have also increased non-consolidated shareholders' equity about ¥45 billion, thereby increasing our equity ratio from 4.5% to 6.2%.

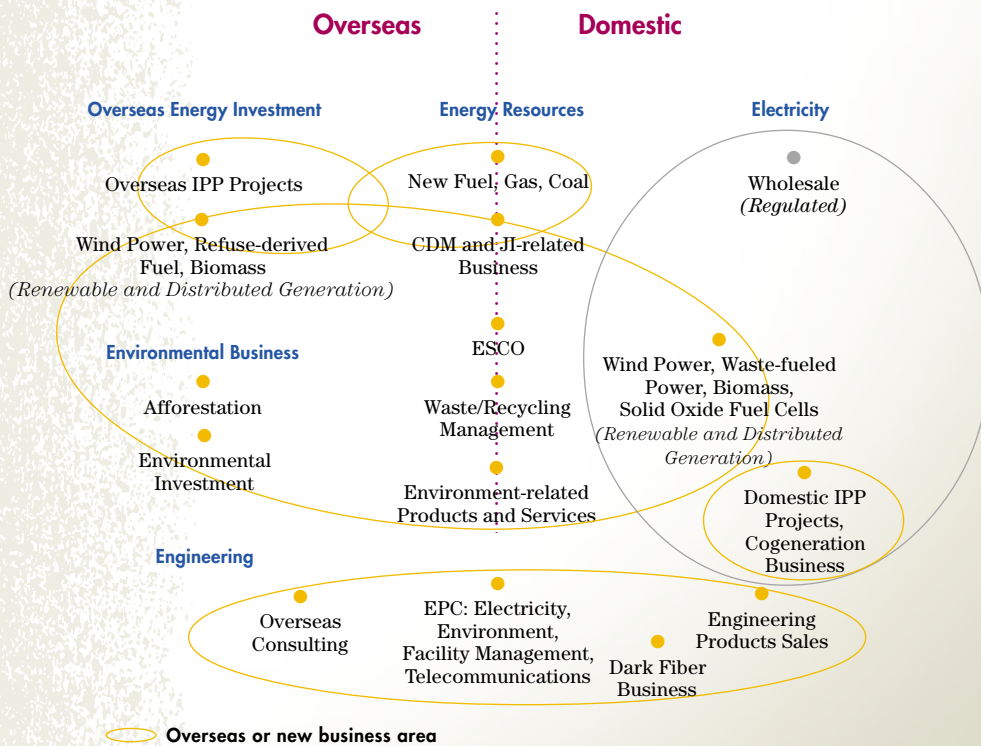
At the same time, we have constrained capital investment and have realized the off-balance sheet operation of our headquarters building to reduce overall assets and cut interest-bearing debt. In the fiscal year under review, we halted construction at, or transferred development rights for, several power station projects, thus slashing capital investment. At the same time, we securitized our headquarters building and further lowered interest-bearing debt. Consequently, we decreased non-consolidated interest-bearing debt for the first time since our establishment, while total assets were down for the first time in 18 years.

In the years ahead, we will continue endeavoring to compress assets and interest-bearing debt to boost profitability and thereby reinforce capital efficiency. By the end of the



FIVE BUSINESS DOMAINS

Recategorizing businesses and addressing new business areas



fiscal year ending March 31, 2006, when we will complete our current reform plan, we target an equity ratio of around 20%. In line with that goal, we seek at least ¥40 billion in ordinary income.

Expanding International and New Businesses Centered on Energy and the Environment

We have operated in Japan for half a century and abroad for about 40 years. Our core operational and technological competencies in providing electricity already focus on energy and the environment. In the years ahead, these issues will drive our five business domains: electricity, energy resources, overseas energy investment, environmental business and engineering. They will particularly support growth

in our International Activities, Business Development and Engineering departments.

We are concentrating our capital, human resources and other resources to accelerate progress. In the period, we allocated more people to the International Activities and Business Development departments. We set up the Office of Business Development Strategy to help explore and commercialize new ideas. We also established the Engineering Center to provide centralized engineering support for

all departments and secure external orders.

In April 2002, we revamped the Engineering Center as the Engineering Department in line with the introduction of a department system.

Tackling Environmental Issues

Management is keenly aware of environmental issues, particularly as J-POWER is a heavy user of coal. Coal emits more carbon dioxide than natural gas or oil, but is cheaper and more reliably available. Coal therefore remains a primary source of energy around the globe. The key to continued coal usage will be our ability to resolve concerns about carbon dioxide emissions.

Over the many years that we have used coal-fired thermal generation, we have accumu-

lated a host of high-efficiency technologies to take advantage of this energy source. We have developed innovative techniques to suppress carbon dioxide emissions. We are currently working on coal gasification generating technologies, as well as techniques to combine the combustion of coal with wood biomass in thermal power generation. In the years ahead, we will continue to create coal-based technologies that reduce pollution and improve efficiency, applying our innovations to our operations in Japan and abroad.

In keeping with the Joint Implementation and Clean Development mechanism targets for carbon dioxide reduction under the Kyoto Protocol, we have been exploring possible projects that can take advantage of the broad potential for our technologies. We have already started afforestation businesses in Australia and other countries.

REVIEW OF OPERATIONS

Hydropower & Power Network Department

Fiscal Year Performance

At the close of the period under review, J-POWER had 58 hydroelectric power stations in Japan, with a total capacity of 8,261 megawatts. We accounted for about 18% of Japan's hydroelectricity capacity, one of the largest shares in the nation. Owing to lower water levels as a result of drought, we marketed 8.9 billion kilowatt-hours of hydroelectric power, down 10.6% from a year earlier. Revenues from this power source declined 4.3%, to ¥137.9 billion.

We formed the Hydropower & Power Network Department in April 2002, when we adopted our business department system. This department oversees hydroelectric generation,

transmission and transformer substation operations.

Our nationwide power network comprises 2,400 kilometers of transmission lines linking us with Japan's main EPCOs. We also have eight substations, frequency converter stations and alternating current/direct current (AC/DC) converter stations. We maintain extrahigh-voltage



◀ Okukiyotsu Hydroelectric Power Station

transmission lines and AC/DC converter stations spanning Japan's four main islands. We operate Japan's first converter station to link the 50-hertz power system of east Japan with the 60-hertz setup of west Japan. Our power network facilities are linked to the networks of the nation's main EPCOs. In the year under review, income from wheeling was up 0.1%, to ¥67.2 billion.

Ensuring Ongoing Supplies of Clean Energy

Hydropower is a clean electricity source as it does not require fossil or other fuels. J-POWER maintains a nationwide network of hydroelectric facilities, which allows us to absorb the impact of droughts and other regional climactic variations. Many of our hydroelectric stations are served by reservoirs that allow us to ensure long-term adjustments to river flows, increasing capacity to raise operational efficiency based on annual operational plans to balance supply against demand.

Hydroelectric power will remain an important source of revenues and earnings in the years ahead. Accordingly, the Hydropower & Power Network Department is focusing on reducing the costs of maintaining existing facilities.

Hydroelectric facilities have long service lives, so it is important to properly maintain them in order to stabilize operations and keep power supplies reliable. It is also crucial to rigorously reduce the maintenance costs of facilities to remain a competitive provider of wholesale electric power. We are preparing to

change our maintenance system from one based on periodic maintenance to one that optimizes maintenance timing based on the condition of facilities. To this end, we introduced the Computerized Maintenance Management System, a first among Japanese EPCOs. This system comprises a database of facilities maintenance and operations and handles everything from issuing work instructions to administering maintenance histories. We plan to extend the use of this system to hydroelectric and thermal power facilities in the fiscal year ending March 31, 2005. We started partly using it at some facilities from the fiscal year under review. This system should greatly enhance the efficiency of maintenance engineers and lower costs.

We are developing technologies to raise power output capacities to boost facilities' efficiency in line with upgrade plans.

With long-term demand for electricity slowing, we have reviewed our power station construction plans. In September 2001, we decided to halt construction of the 1,800-megawatt Yunotani Pumped Storage Power Plant. Consequently, our plans for hydropower investment are now limited to upgrading existing facilities.

Thermal Power Department

Fiscal Year Performance

At the end of the fiscal year under review, we operated seven coal-fired power stations and one geothermal power station with a combined output of 7,825 megawatts. We are Japan's largest operator of coal-fueled power stations,

with a 25% share of nationwide output. In the period under review, the Tachibanawan Thermal Power Station, which we opened in the previous year, was operational for the full term. This helped raise electric power sales from thermal facilities 6.5%, to 41.5 billion kilowatt-hours. Income from thermal power sales jumped 20.9%, to ¥339.9 billion.

Using Technological Clout to Streamline Energy Supplies

Our thermal power operations are our largest source of revenues. While coal is highly economical, it will be crucial in the years ahead to maintain facilities' usage rates and procure high-quality supplies of this energy source at low prices to maintain the competitiveness of thermal power. As with our hydropower operations, we plan to employ our Computerized Maintenance Management System in our

thermal power business. In addition, in this fiscal year we started to deploy our Preventive Maintenance Optimization System at some facilities. We plan to use this system at all thermal power operations from the fiscal year ending March 31, 2005.

We were the first electric power company in Japan to mine and import coal. We source this energy from Australia and several other nations based on long-term and spot contracts as part of efforts to stabilize supplies and lower prices. To further diversify and streamline procurement, in May 2001 we became a member of globalCOAL, an online marketplace for coal. On the quality front, we have successfully developed technologies that allow us to efficiently burn our regular top-quality bituminous coal with a cheaper, sub-bituminous coal.

As with hydropower, demand growth is slowing for thermal power, prompting us to

review our facilities construction plans. In January 2002, we accordingly decided to halt the 20-megawatt Oguni Geothermal Power Project in view of delays to the acquisition of a project site. In March 2002, we transferred a joint project to build the 1,000-megawatt No. 2 unit at the Hitachinaka Thermal Power Station, to partner Tokyo Electric Power Co., Inc. As a result of these moves, construction plans



◀ Isogo Thermal Power Station

remaining in place are for a 600-megawatt No. 2 unit at the Isogo Thermal Power Station. The new facility should go into operation in 2009. The No. 1 unit, also with a 600-megawatt capacity, went on line in April 2002.

Nuclear Power Department

Operational Overview

We began studying nuclear power in 1954. In 1969, we started working closely with the Power Reactor and Nuclear Fuel Development Corp., now the Japan Nuclear Cycle Development Institute, to design, build and operate the Fugen Advanced Thermal Reactor. We are pushing ahead with plans to build the Oma Nuclear Power Station, a 1,383-megawatt facility that is scheduled to go on line in 2009 and which embodies our technological advances over the years.

Progress in Oma Nuclear Power Station Project

Nuclear power generates almost no carbon dioxide, making it an attractive tool in combating global warming. This power source also plays an important role in ensuring stable electricity supplies in Japan. The Oma Nuclear Power Station will employ an advanced boiling water reactor with a full mixture of oxidized uranium and plutonium. Spent fuel will be reprocessed into uranium and plutonium to create a nuclear fuel cycle in line with the Japanese government's nuclear policy.

The government is thus subsidizing technological development for the Oma project. We

have signed basic accords with nine of Japan's major EPCOs to supply them with all output from the Oma facility.

Our main challenges in the nuclear power business are to swiftly secure power station sites and build generating facilities. Our Nuclear Power Department focuses on rationalizing designs to reduce construction costs.

Business Development Department

Operational Overview

Alongside international operations, new businesses are critical to J-POWER's long-term growth. We are cultivating three key new business areas: wind power generation; recycling, for which waste-fueled power generation is the main focus; and energy supply, which includes on-site cogeneration.

Expanding Businesses in Growth Fields

Wind Power Generation Recent years have seen work stepped up on large wind farms offering improved performance and lower costs to take advantage of wind as a highly economical, natural energy source. We are an industry leader in wind power. In December 2000, a subsidiary started operating a 30.6-megawatt wind farm in Tomamae, Hokkaido. In December 2001, another subsidiary launched operations at a 24.8-megawatt facility in Nikaho, Akita Prefecture. In October 2001, we began construction at a 21.0-megawatt facility that should go on line in Iwate Prefecture in December 2003. Also, in March 2002, we participated in a pilot

NEW BUSINESS PROJECTS

Tomamae Winvilla Power Station
(30.6 MW, Operating)

Nikaho Kogen Wind Power Station
(24.8 MW, Operating)

Omuta Waste-fueled Power Station
(20.6 MW, Under construction)

Green Power Kuzumaki
Wind Power Station
(21.0 MW, Under
construction)

Cogeneration Facilities in
Kanamachi Filtration Plant
(1.7 MW, Operating)

J-Wind Tokyo Wind Power
Station (Tentative Name)
(1.7 MW, Planning)

IPP Project with Toa Oil Co., Ltd.
(274.19 MW, Under construction)

Leasing Fiber-Optic Lines
(Operating)

wind power project authorized by the Tokyo Metropolitan Government for a 1.7-megawatt facility that is scheduled to go into operation in March 2003. We are one of few large developers of wind power in Japan, and at March 31, 2002, were operating and constructing four wind power facilities, with a combined capacity of 78.1 megawatts. We are conducting feasibility surveys in several locations around the nation for future wind farms.

In May 2002, we established a subsidiary to maintain wind generators and aim to eventually offer our facilities maintenance services to other companies.

Recycling Operations Recent years have seen the emergence of many private finance initiatives (PFIs) and public private partnerships. We seek to use these frameworks as part of a recycling business that serves local governments

that have until now treated waste by themselves.

The treatment of municipal waste involves several risks, including those related to anti-pollution measures and obtaining citizens' consent on facilities. In treating waste on behalf of local governments, it is thus critical to identify and assess risks and determine risk-sharing with municipalities. We are able to harness our expertise from our electric power operations to

evaluate and manage overall risks and develop environmental and combustion technologies.

An excellent example of this approach was our 1999 launch, with the Fukuoka Prefectural Government and 28 municipalities, of a project to build a waste-fueled power facility in Omuta, Fukuoka Prefecture. This facility is scheduled to begin operations in December



◀ Tomamae Winvilla Power Station

2002, and will greatly lower the cost of waste treatment. We will continue to seek commercial opportunities as a pioneer in waste recycling partnerships between the public and private sectors.

Non-Wholesale Electric Power Businesses

We are participating in Japan's first PFI, a model power project for the Tokyo Metropolitan Waterworks Bureau's Kanamachi Filtration Plant. In October 2000, we installed cogeneration facilities at the site to supply power and steam.

As in our recycling operations, there is increasing interest in partnerships between the public and private sectors for public projects, and we intend to use our expertise to take advantage of opportunities that such a trend affords.

In July 2001, we decided to participate in an IPP project of Tokyo Electric Power in Kawasaki with Toa Oil Co., Ltd. A 274.2-megawatt facility constructed through this joint venture is scheduled to begin operations in June 2003. This project further expands our horizons by drawing on our ample experience in power generation and meeting the needs of IPPs.

Looking ahead, we are exploring various ways to expand beyond our core operations into such areas as the use of fuel cells for on-site cogeneration services, the development of compact generating equipment for power product suppliers and other new types of business.

We are involved in various other fields, such as leasing fiber-optic cable networks installed along our transmission lines, running afforestation projects in Australia and Ecuador and selling devices that constantly measure dioxin concentrations.

In targeting new business areas, we aim to hone our expertise as a company that can comprehensively handle everything from facilities construction to cash flow management after operations begin.

We have years of expertise in building and managing power stations, covering work from the design stages through to long-term maintenance and operations. We are also expert at controlling the cost of each aspect of operations, from construction through to maintenance, and at overseeing cash flow from electricity sales. We intend to use these skills to further cultivate new businesses. In line with the April 2002 creation of the Business Development Department, we will increase the number of employees working in new areas and will strive, through partnerships and other means, to swiftly expand our operations.

International Activities Department

Operational Overview

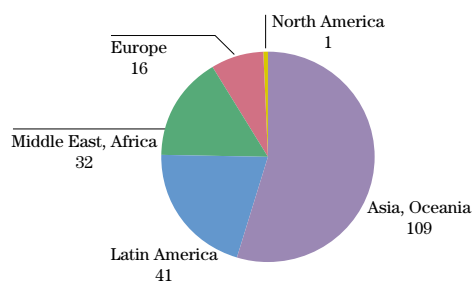
We have provided consultancy services on electric power development overseas for around 40 years. In recent years, we have drawn on this expertise to advise on environmental conservation and invest in IPP projects, particularly in Asia.

Using Consulting Know-how and Networks to Promote IPP Investments

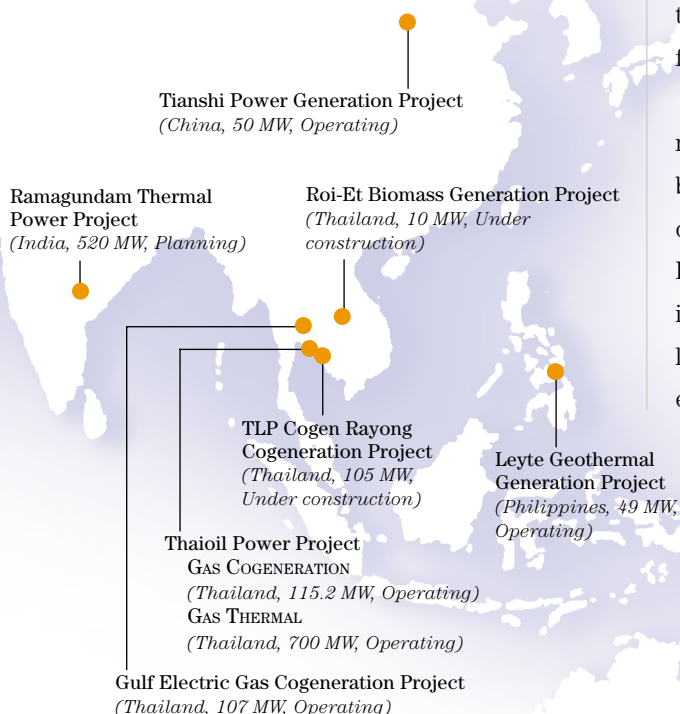
Over the years, we have provided technical consultation on 199 projects in 58 countries (as of March 31, 2002) for electric power

development, such as surveys, design and construction, supervision and management of transmission and substation facilities. We are well reputed for our broad technological capabilities, ranging from planning, design and supervision of construction, operations and maintenance. We have an impressive consulting record in developing countries, particularly in Asia and Latin America. We expect that our expertise and local networks will lead our IPP investment projects in the future.

CONSULTATION PROJECTS BY GEOGRAPHICAL AREA



IPP INVESTMENT PROJECTS



▲ Roi-Et Biomass Generation Project, Thailand

We have invested in seven IPP projects in four countries, for facilities generating a combined 1,656.2 megawatts. These include four projects in Thailand (a combined 1,037.2 megawatts), one in the Philippines (49 megawatts), one in China (50 megawatts) and one in India (520 megawatts). As of March 31, 2002, cumulative investments were about ¥9 billion.

Based on this track record, we plan to promote our investment in projects by utilizing our project management resources. We also seek to expand profits through dividends and other benefits, such as by providing maintenance services.

There are various risks in overseas investments, which we minimize by conducting careful risk assessments with responsible partners, while ensuring such projects are based on long-term power purchase contracts and use project finance schemes.

Asia will likely remain our central investment focus, although we are also keen to become involved in promising projects, especially in Europe and North America. In Eastern Europe, we are taking a leading role in consulting with local power stations to enable them to lower nitrous and sulfur oxide emissions and enhance efficiency. We are strengthening marketing to win consulting projects in these countries.

Engineering Department

Operational Overview

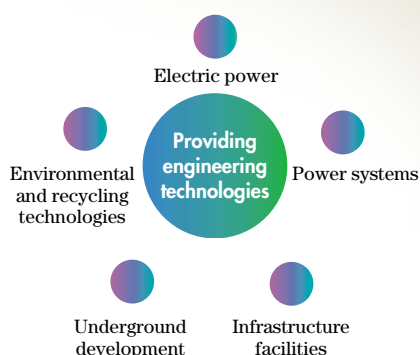
We established the Engineering Department to offer various services to corporate customers. This department draws on the broad technological expertise we have accumulated as part of our wholesale electric power operations. These capabilities include: project management technologies covering facility life cycles; construction, maintenance, management and power generation; substations; transmission; engineering and construction; the environment; and procurement.

Seeking External Customers

We have established five target areas for our engineering services: electric power and energy; electric power systems; the environment and recycling; underground facilities development and usage; and infrastructural facilities.

Although it has only been operating for a short time, the Engineering Department has already made significant progress. In the fiscal year under review, major orders included a ¥3 billion technological development commission, mainly from the Japanese government, and a ¥1 billion mandate for such projects as the design and construction of an underground liquefied petroleum gas (LPG) storage facility.

TARGET FIELDS AND MAIN TECHNOLOGIES



TOWARD NEW HORIZONS

Since the Japanese government decided to privatize the Company in 1997, we have been preparing for new beginnings by improving employee attitudes and strengthening our financial position. The fiscal year ending March 31, 2003, is our final stage of preparation.

From the period under review, we decided to stop seeking further government fiscal investment and loans and obtain our own finance. We have revamped management by transferring considerable authority to executive officers of our business departments. At the same time, we reduced the board of directors from 19 members to 15.

For the past three years, we have been working on a new corporate identity that reflects our upcoming admission to the private sector. As part of this process, our employees formulated the key concepts of "creation, proposal, decision and implementation." We are working groupwide toward our privatization and future growth. We seek to reinvigorate our organization through a new corporate culture that embraces tackling new challenges in all aspects of business, and to build growth through innovative businesses and products. I ask for your ongoing support and encouragement for these endeavors.

July 2002

Yoshihiko Nakagaki
President

WHAT IS THE GOVERNMENT'S STANCE ON J-POWER'S PRIVATIZATION?

In June 1997, the government decided to privatize the Company after a preparatory period of around five years, as part of administrative reforms that encompassed a review of special public institutions. In December 2001, the government finalized its full privatization policy under its Reorganization and Rationalization Plan for Special Public Institutions, based on which it plans to submit a related bill to an ordinary Diet session in 2003. The government has also confirmed that it will take our situation into account when reviewing the electrical utilities system and that it aims to further strengthen our financial position.

WHY DID YOU STOP SEEKING GOVERNMENT FISCAL INVESTMENT AND LOANS?

Over the years, we have constructed large hydroelectric and thermal power facilities and broad-area transmission lines, for which government funding has been crucial. From the fiscal year ending March 31, 2003, however, we have decided to stop seeking government guarantees on our bonds so we can raise capital independently. This is because we want to clearly demonstrate our commitment to autonomy in keeping with the government's efforts to reform special corporations, and with our upcoming

privatization and our decision to constrain capital expenditure by reviewing our new facilities siting plans. Our decision ends 50 years of government assistance and takes us a step toward a private-sector future in which all our funding will come from corporate bonds and loans.

HOW IS THE LIBERALIZATION OF YOUR INDUSTRY PROGRESSING?

The March 2000 revision of the Electric Utility Law partially liberalized retailing to large-load consumers.

Since March 2000, the Electric Utility Law authorized new entrants with total output capacities of approximately 1.35 million kilowatts, or just 0.45% of the deregulated component of electricity sales as of February 2002.

The 10 EPCOs responded to partial liberalization by lowering their rates in October 2000. Tokyo Electric Power cut its rates by an average of more than 7% in April 2002. Other EPCOs aim to further reduce their rates during the fiscal year ending March 31, 2003.

So, while liberalization has not attracted large-scale players, it has prompted rate reductions.

In November 2001, the Electricity Industry Committee of the Advisory Committee for Natural Resources and Energy started deliberating on the future of the nation's power business system.

A key focus of talks has been the scope for further liberalization. Most subcommittee members have said that phased deregulation would be practical in view of the time needed to resolve various issues. Almost nobody has voiced opposition to complete liberalization. The members are also discussing ways to neutrally position the power transmission and systems operations businesses and create a power wholesaling market to secure an open market and maintain steady supplies. It is still unclear exactly what industry setup will emerge in the years ahead. Nevertheless, we believe we are heading for full-fledged competition in our industry.

WHAT IS YOUR BASIC POLICY ON DEREGULATION?

While the specifics of the future electrical utilities system have yet to be decided, we are convinced that competition will underlie reforms.

We sell wholesale electricity to the 10 EPCOs around the nation through long-term contracts. As power retailing is further liberalized, the EPCOs will face intensifying competition with retail electric companies. This will prompt utilities to demand even greater price reductions from us. Our basic policy, therefore, is to keep striving to remain a “preferred” supplier by slashing costs under all regulatory and market conditions.

PLEASE DESCRIBE YOUR RATES FRAMEWORK.

Our rates setup differs from the comprehensive costing systems of EPCOs. We compute the maintenance and operating costs and remuneration required for individual facilities, such as power stations, transmission facilities and substation sites. The comprehensive costing approach sets rates using total costing in EPCO demand areas—excluding liberalized areas—to include fair remuneration. In contrast, we base our charges on individual contracts with EPCOs for electricity generated by specific facilities, divided by area or river system. Under these separate agreements, the costs for constructing and operating individual contracts become the standard for determining price. Hydroelectric, transmission and transformation facilities carry heavier capital costs, although their annual cost fluctuations are smaller. We make rates low from the start of these operations and ensure long-term price stability. In contrast, the cost structures of thermal generating facilities are more variable, as are annual running costs. We therefore review rates for thermal facilities biennially.

WHAT ARE YOUR POWER STATION CONSTRUCTION PLANS?

We submitted our electricity supply plans for the decade through fiscal year ending March

31, 2012, to the Ministry of Economy, Trade and Industry after discussions with EPCOs. We expect our output to increase from 16,000 megawatts at the end of the fiscal year under review, to about 19,000 megawatts by the fiscal year ending March 31, 2012. The main power plants commencing operations will be the 1,383-megawatt Oma Nuclear Power Station, which will go on line in July 2009, and the No. 2 unit at the 600-megawatt Isogo Thermal Power Station.

PLEASE DESCRIBE YOUR TECHNOLOGICAL DEVELOPMENT STRATEGY.

●
Technological development is essential to improve the efficiency and quality of our generating facilities and to create innovative new products and services. We are stepping up our development activities.

In April 2002, we integrated functions previously allocated separately to the New Energy and Technology Development Department, the Chigasaki R&D Center and the Wakamatsu Coal Utilization Research Center, into the new Technology Development Center in Chigasaki.

At this center, as well as strategically overseeing and implementing Group technological development of our existing electrical power operations, we work on technologies that can help us seize new business opportunities in an array of fields related to energy and the environment.

One key focus at the Technology Development Center is on exploring ways to fully harness the energy potential of coal, such as by developing power systems that combine fuel cells, gas and steam turbines utilizing coal gasification technology. Another priority is to cultivate

POWER DEVELOPMENT PLANS

<i>Years ended March 31</i>	Power generating capacity (10 MW)				Power generation (100 GWh)			
	2002 (Actual)	2003	2007	2012	2002 (Actual)	2003	2007	2012
Hydroelectric power stations	826	826	855	894	113	132	139	143
Conventional	327	327	356	355	86	96	97	97
Pumped storage	499	499	499	539	27	37	42	46
Thermal power stations	782	782	782	842	445	385	405	422
Coal-fired	781	781	781	841	444	384	404	421
Geothermal	1	1	1	1	1	1	1	1
Nuclear power station	—	—	—	138	—	—	—	101
Total	1,609	1,609	1,638	1,874	559	518	544	665

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

decentralized generation technologies, such as solid oxide fuel cells, which can be used in co-generation systems that harness electricity and heat to deliver high efficiency.

We have introduced a new technological development evaluation system that aligns projects directly to our business goals and broader social needs.

To innovate our technological development processes, in new fields we are forging ties with external research institutions and experts and outsourcing studies of market needs and basic technologies.

We have allocated more resources to our technological development programs. For example, we have increased groupwide R&D staff to 300, and are giving researchers long-term assignments and otherwise fostering them strategically. We are also hiring R&D people from outside the Group. On top of that, we are working on a new career development program and personnel management system.

HOW ARE YOU IMPROVING CORPORATE GOVERNANCE?

●
As we head toward privatization, it is important for us to operate more transparently and accountably, so it is increasingly critical for us to build a better corporate governance system.

We are concentrating on the following areas:

1. SEPARATING OPERATIONAL RESPONSIBILITIES AND EXECUTIVE MANAGEMENT

(1) A smaller, stronger board

In April 2002, we removed operational responsibilities from the board of directors. We reduced the board from 19 directors to 15, and plan to shrink it to 12 members by the fiscal year ending March 31, 2006. We have also strengthened the board so it can better plan Group strategy and supervise operations.

(2) Executive officer system

Also in April 2002, we launched an executive officer system to clarify responsibility for running operations and generating profits at each business department. The board appoints executive officers for a year and can decide to extend or terminate their contracts. These officers receive annual salaries determined by the president.

2. ESTABLISHING DISCLOSURE COMMITTEE

To reinforce disclosure, in November 2001 we established a Disclosure Committee, which the president chairs. We act accountably toward investors by proactively and fairly disclosing information. At the same time, we strive to reflect investors' opinions in our management approach.

Conserving the Environment

J-POWER's main focus is ensuring stable supplies of electricity by constructing and operating large hydroelectric power stations and coal-fired thermal power stations. We acknowledge the environmental impacts of these operations and view conservation as a key obligation to society. Accordingly, our corporate philosophy champions harmonizing with the environment and earning local trust through our business activities. As part of our environmental commitment, we conduct environmental assessments before building power stations and implement antipollution measures at our thermal power facilities. We strive at all stages of operations, from planning and design to construction and operation, to protect the environment both on global and local levels.

In June 2000, we formulated our Environmental Policy, which guides our medium-term endeavors to address environmental issues. Based on this policy, every fiscal year we formulate an action agenda of specific plans through which we push ahead with conservation efforts in light of new social developments and changes in our operations.

ENVIRONMENTAL POLICIES

Basic Policy

To minimize the environmental impact of the operations of our company, we maintain rigorous environmental management systems. We also take action at the global and local level to conserve the environment and engage with communities to contribute to sustainable development.

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 to contribute to establishing a recycling-based society.
- We continue to adopt various measures to minimize the environmental impact of our activities, including the construction and operation of power facilities.

Strengthening Environmental Management

- We formulate and implement efficient environmental management systems.
- We identify the environmental impact of our activities and strive to meet goals to reduce it.

Communicating with the Community

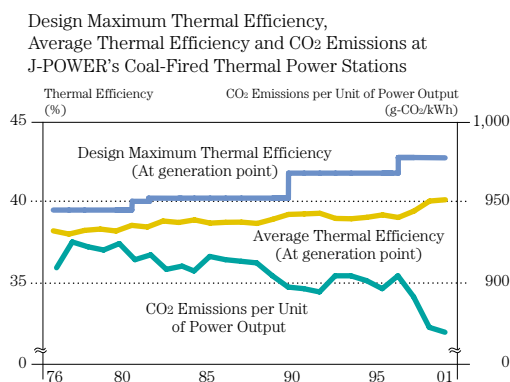
- We communicate our environmental conservation efforts to promote community understanding of our activities.
- As a good corporate citizen, we keep in close touch with local communities through our environmental initiatives.

Specific Measures Against Global Warming

Preventing global warming is a top management priority, which is why J-POWER is so proactive in establishing and implementing policies to address this issue.

Reducing Greenhouse Gas Emissions We and other electric power companies in Japan are committed to a process of cutting carbon dioxide emissions from our facilities by 20% of levels as of March 31, 1990, by the year ending March 31, 2010. We are working with our counterparts to reach this objective. As part of our endeavors, we are maintaining and improving the already high operating efficiencies of our coal-fired thermal power stations; developing technologies that can allow us to use coal even more efficiently; and constructing nuclear power stations, whose operations do not emit carbon dioxide. Furthermore, we tap energy by generating power from RDF while harnessing wind, biomass and other renewable energy sources.

Sequestering and Fixing Carbon To economically sequester and fix carbon dioxide, we maintain afforestation projects in Australia and Ecuador that covered 1,200 hectares during the year under review. We will continue to research and develop new ways to sequester and fix carbon.



Preparation for Kyoto Protocol Mechanisms

We started our afforestation projects in Australia and Ecuador in the fiscal year under review in keeping with our belief that these initiatives, combined with our domestic programs, will help us act more flexibly in meeting our carbon dioxide emission reduction targets under the Kyoto Protocol mechanisms. Also during the term, we began surveys in preparation for the full use of those mechanisms. We have already been considering ways to apply the results of our technological collaboration efforts overseas to our activities under the Kyoto Protocol's Joint Implementation and Clean Development mechanisms. We are also conducting surveys to help us reduce our carbon dioxide emissions through carbon credits trading.

Specific Mitigation Measures for the Local Environment

While adhering to national laws and ordinances and regional accords, we have endeavored to lower environmental loads by introducing leading-edge technologies and properly managing our facilities.

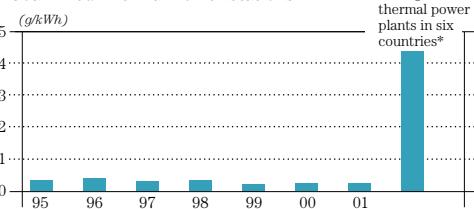
We ensure that our power stations harmonize with their surroundings while endeavoring to recycle and reuse resources, cut waste and otherwise contribute to a recycling-oriented society.

We also conserve the environment by transferring the technologies we have accumulated domestically to other countries.

Lowering the Environmental Impact of Emissions

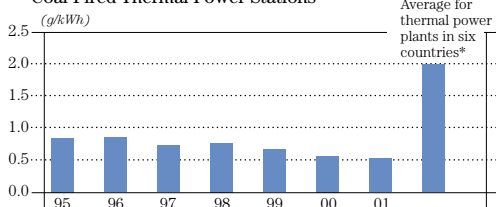
We have installed various systems at our coal-fired thermal power stations to prevent air and water pollution. These include electrical dust catchers and flue gas desulfurization and denitration units. As a result, our emissions of sulfur and nitrous

SOx Emissions per Unit Output at J-POWER's Coal-Fired Thermal Power Stations



Source: SOx and NOx levels for the six countries were calculated on information in *Environmental Data Compendium 1999*.
* Canada, France, Italy, Germany, the United Kingdom and the United States

NOx Emissions per Unit Output at J-POWER's Coal-Fired Thermal Power Stations



Source: SOx and NOx levels for the six countries were calculated on information in *Environmental Data Compendium 1999*.
* Canada, France, Italy, Germany, the United Kingdom and the United States

oxides are much lower than those of counterparts in Europe and the United States.

Cutting Waste by Recycling and Reusing Resources

We actively reuse and recycle by-products from our operations, including ash and gypsum from our coal-fired thermal facilities, driftwood from our hydroelectric dam reservoirs and concrete and rock from facilities' upgrades and repairs. Our offices use recycled paper and other green products and endeavor to reduce general waste. In the fiscal year under review, we pursued the following goals:

Activity	Target	Actual
Coal ash reuse	At least 65%	62%
Gypsum reuse	100%	100%
Driftwood reuse	At least 4,500 cubic meters	5,000 cubic meters
Recycled paper purchase ratio	100%	93%
Paper and other general waste reduction	Cut 10%	Cut 9%

Transferring Environmental Technologies Overseas

For over 40 years, we have transferred our technologies to countries around the world. These technologies benefit the environment by improving the generating efficiency of coal-fired thermal power plants and preventing air pollution. We accept foreign trainees (cumulatively 1,961 as of March 31, 2002), helping them better understand the importance of safeguarding the environment and disseminating information on specific environmental programs in their countries.

Promoting Environmental Management

In the fiscal year under review, all our operations adopted an environmental management system (EMS) that conforms with the ISO 14001 environmental management standard, as part of our efforts to methodically and efficiently improve environmental protection. Our system provides employees with planned education, seminars and training to enhance their awareness of the issues and bolster groupwide environmental management quality.

Furthermore, we have strengthened and accelerated management decision making on environmental protection measures, and are currently considering the introduction of an environmental accounting system, through which we would demonstrate the results of our environmental initiatives to investors, regional companies and other stakeholders. As a first step in such a setup, in the fiscal year ended March 31, 2001, we began disclosing environmental reports that present the costs of our environmental activities.

Communicating with the Community

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

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This discussion of results for the fiscal year ended March 31, 2002, categorizes the operations of J-POWER and its 11 consolidated subsidiaries into electric power and others business segments.

In the year under review, the J-POWER Group's electric power business segment accounted for 92.2% of consolidated operating revenues. The others business segment covers the 11 consolidated subsidiaries' operations, and encompasses the design, construction and maintenance of electrical facilities, fuel supply and other related activities.

Fiscal Year Performance

In the year under review, the Japanese recession continued amid drastically lower corporate earnings and capital expenditure. The terrorist attacks in the United States on September 11, 2001, exacerbated the situation by causing the global economy to decelerate. In addition, personal consumption remained lackluster and unemployment rose.

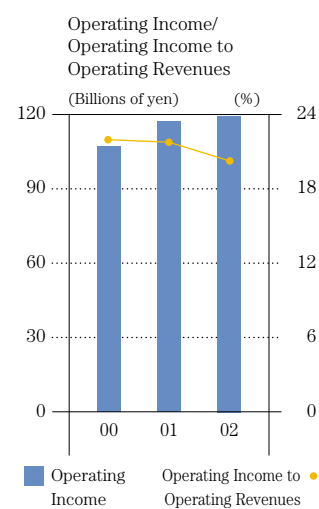
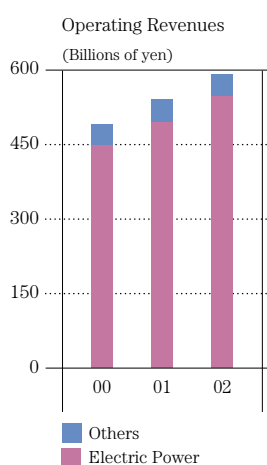
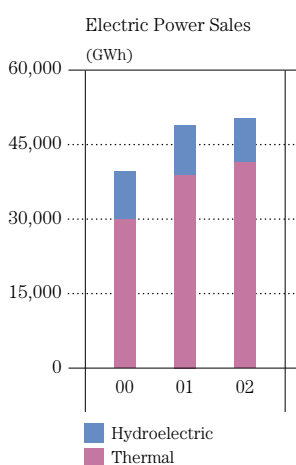
Residential sector power demand remained almost unchanged during the term, but demand from large industrial users continued to slide. As a result, EPCOs' combined power sales to the residential and industrial sectors fell for the first time in 15 years.

The J-POWER Group's hydroelectric power sales dropped 10.6%, to 8.9 billion kilowatt-

hours. This reflected a drought throughout the term in west Japan that caused water levels to fall to 92% of the average water level, in contrast to 102% the previous fiscal year. On the positive side, thermal power sales advanced 6.5%, to 41.5 billion kilowatt-hours. This stemmed partly from the first full-year contribution of the Tachibanawan Thermal Power Station, whose No. 1 unit came on line in July 2000, followed by the No. 2 unit in December that year. Thus, total power sales gained 3.0%, to 50.4 billion kilowatt-hours.

During the term, hydroelectric operation sales suffered from the drought. In April 2001, the Company lowered hydroelectric power and wheeling rates an average 3.4%. Electricity sales from thermal power rose through the contributions of the Tachibanawan facility, which also helped boost wheeling income from its transmission and substation facilities. As a result, consolidated operating revenues jumped ¥51.8 billion, or 9.6%, to ¥593.3 billion.

At the same time, operating expenses climbed ¥49.5 billion, or 11.7%, to ¥473.8 billion. We cut repair, upgrade and outsourcing expenses under the Third Phase of the Company Reform Plan, but depreciation on facilities that began operating in the previous term and increases in fuel and other running costs led to the increase in operating expenses.



As a result of these factors, operating income rose ¥2.3 billion, or 1.9%, to ¥119.6 billion.

Other Income and Expenses

Other income plunged ¥2.5 billion, or 54%, to ¥2.1 billion, owing to the Company registering gains in the previous term on the market value of contributions to its retirement benefits trust.

Other expenses decreased ¥2.8 billion, or 3.5%, to ¥77.7 billion. This was because interest payments dropped owing to lower interest rates, which offset the posting of losses on holdings in Japan Com in line with accounting standards for financial instruments.

Ordinary Income

As a result of the above factors, ordinary income climbed ¥2.6 billion, or 6.2%, to ¥44.0 billion.

Reserve for Drought

We allocated ¥0.3 billion to the reserve for drought in the year under review, in light of the drought.

Extraordinary Loss

During the term, we took several steps to reinforce our financial position. For example, we posted a valuation loss on securitizing our headquarters building and wrote off our investment in the Japan Nuclear Cycle Development

Institute in keeping with financial instrument accounting standards. Also during the term, we set up a trust to cover our pension reserves shortfall based on a shift to new termination and retirement allowance accounting standards in the previous fiscal year. As a result of these factors, extraordinary loss increased ¥2.2 billion, or 18.6%, to ¥13.8 billion.

Income before Income Taxes and Net Income

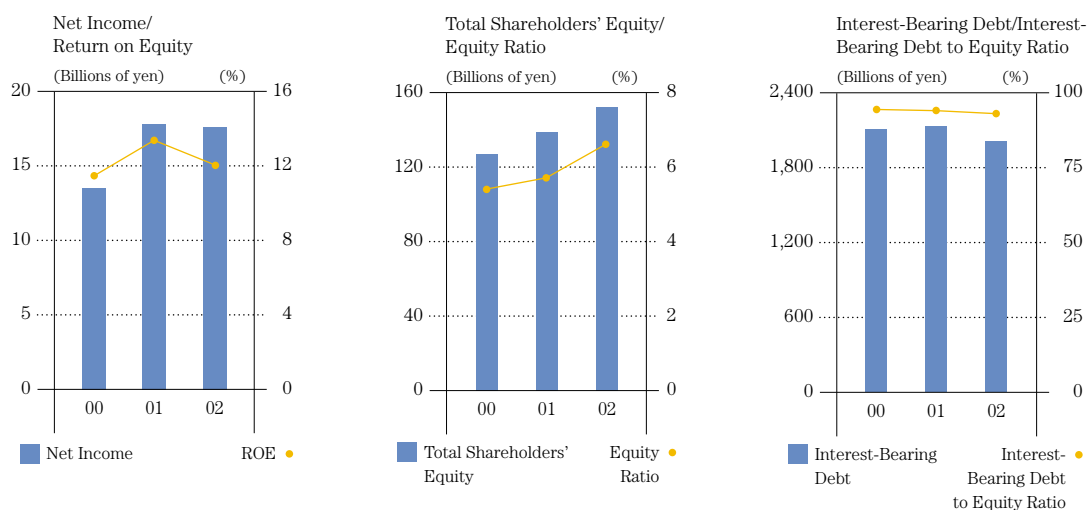
Owing to the aforementioned factors, income before income taxes and minority interests edged up ¥0.7 billion, or 2.5%, to ¥30.5 billion.

Income taxes totaled ¥16.4 billion. After tax effect adjustments, net income decreased ¥0.2 billion, or 1.1%, to ¥17.6 billion.

Assets, Liabilities and Shareholders' Equity

At year-end, total assets were down ¥105.9 billion, or 4.4%, from a year earlier, to ¥2,314.7 billion. This was despite an upgrade to the No. 1 unit of the Isogo Thermal Power Station, and stemmed from higher depreciation and the securitization of the headquarters building, which realized less than the original investment in that facility.

Total liabilities decreased ¥119.8 billion, or 5.3%, to ¥2,161.5 billion, as a result of repayments of debt. Interest-bearing debt declined



¥121.2 billion, or 5.7%, to ¥2,007.5 billion, which lowered the debt ratio from 93.9% in the previous period, to 92.9%.

At the close of the term, total shareholders' equity was up ¥13.4 billion, or 9.7%, at ¥152.3 billion, following the establishment of a separate reserve to fund initiatives to strengthen our management foundations after privatization. The equity ratio thus improved to 6.6%, from 5.7%.

Capital Investment and Funding

In the year under review, capital investment plunged ¥88.9 billion, or 51.2%, to ¥84.8 billion. This was primarily because of reduced spending on the construction of the No. 1 and 2 units at the 2,100-megawatt Tachibanawan Thermal Power Station and on related transmission and substation facilities. The main projects during the term were the replacement of the 600-megawatt No. 1 unit at the Isogo Thermal Power Station and capacity extensions totaling 287 megawatts at the Okutadami and Otori power stations.

EPCOs postponed new power station plans during the year in response to slower growth in power demand. This situation prompted us to halt plans to construct the 1,800-megawatt Yunotani Pumped Storage Power Station, the 1,000-megawatt No. 2 unit at the Hitachinaka

Thermal Power Station and the 20-megawatt Oguni Geothermal Power Development Project.

Most of the funding for our capital investment is from government fiscal investment and loans and government-guaranteed bonds. In the period under review, we issued ¥35.0 billion in government-guaranteed bonds. In November 2001, management decided not to seek government funding from the fiscal year ending March 31, 2003, in keeping with plans for privatization and constraints on capital spending in line with reviews of development programs. The Company has instead opted to obtain finance from the private sector.

Cash Flows

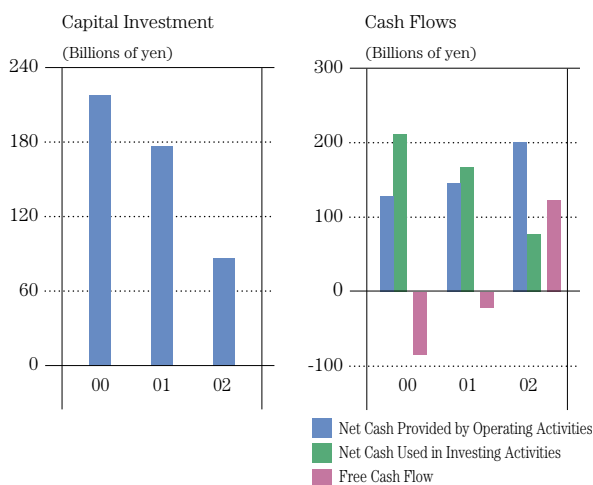
During the term under review, net cash provided by operating activities amounted to ¥200.7 billion, ¥54.9 billion higher than in the previous term. This mainly stemmed from the full-term operation of the Tachibanawan Thermal Power Station, lower interest expenses owing to reduced interest rates, and an increase in loss on disposal of property, plant and equipment through the securitization of headquarters.

Net cash used in investing activities was ¥77.2 billion, from ¥166.9 billion in the previous term. This was primarily because investments declined in the Tachibanawan Thermal Power Station and other large facilities, while proceeds from sales of property, plant and equipment rose significantly following the headquarters securitization.

Consequently, free cash flow was ¥123.5 billion, compared with a negative ¥21.1 billion in the previous term.

We used this free cash flow to cut long-term debt. As a result, net cash used in financing activities amounted to ¥125.6 billion, compared with ¥22.1 billion in net cash provided by financing activities in the previous year.

As a result of these factors, cash and cash equivalents at end of year were ¥2.1 billion lower than a year earlier, at ¥21.1 billion.



Consolidated Financial Summary

Years ended March 31

	Millions of yen		
	2002	2001	2000
Operating revenues	¥ 593,343	¥ 541,592	¥ 490,607
Electric power	547,333	494,907	449,902
Others	46,010	46,684	40,705
Operating expenses	473,753	424,279	383,288
Electric power	421,816	371,683	331,268
Others	51,937	52,595	52,020
Operating income	119,590	117,313	107,319
Other income and expenses	(75,567)	(75,852)	(71,500)
Ordinary income	44,022	41,461	35,818
Reserve for drought	(349)	—	(131)
Extraordinary loss	13,845	11,670	12,645
Income before income taxes and minority interests	30,526	29,790	23,305
Income taxes	16,386	21,645	18,109
Deferred income taxes	(3,899)	(9,876)	(8,427)
Minority interests	400	182	137
Net income	17,638	17,838	13,485
Total shareholders' equity	152,304	138,868	127,149
Total assets	2,314,720	2,420,661	2,351,886
Net cash provided by operating activities	200,704	145,835	127,857
Net cash used in investing activities	(77,248)	(166,942)	(211,920)
Free cash flow	123,456	(21,107)	(84,063)
Net cash provided by (used in) financing activities	(125,567)	22,127	85,055
Net income per share (yen)	249.84	252.67	191.02
Cash dividends per share (yen)	60.00	60.00	60.00
Shareholders' equity per share (yen)	2,157.29	1,966.98	1,800.99
Return on equity (%)	12.1	13.4	11.5
Equity ratio (%)	6.6	5.7	5.4
Number of shares outstanding (thousands)	70,600	70,600	70,600

Consolidated Balance Sheets

As of March 31, 2002 and 2001

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2002	2001	2002
Property, plant and equipment (Notes 1, 3, 6)	¥1,999,364	¥2,209,196	\$15,004,611
Electric utility plant, less contributions-in-aid	3,487,482	3,438,410	26,172,473
Other property, plant and equipment	58,981	58,781	442,636
Construction in progress	185,493	354,818	1,392,071
Accumulated depreciation	(1,732,592)	(1,642,813)	(13,002,568)
Investments and other assets	81,399	68,965	610,875
Long-term investments (Notes 1, 4)	38,690	30,731	290,359
Deferred tax assets (Note 8)	40,507	36,779	303,998
Others (Note 1)	2,201	1,454	16,517
Current assets	233,956	142,499	1,755,770
Cash and time deposits (Note 1)	21,939	15,068	164,651
Notes and accounts receivable (Note 1)	52,560	51,763	394,449
Others (Notes 1, 8)	159,456	75,667	1,196,669
Total assets	¥2,314,720	¥2,420,661	\$17,371,258

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 2)
	2002	2001	2002
Long-term liabilities	¥1,844,535	¥1,944,925	\$13,842,671
Long-term debt, less current portion (Notes 5, 6)	1,794,228	1,900,141	13,465,128
Accrued employees' retirement benefits (Notes 1, 7)	47,091	41,036	353,404
Others	3,216	3,747	24,138
Current liabilities	316,930	336,004	2,378,462
Current portion of long-term debt (Notes 5, 6)	116,340	159,961	873,097
Short-term debt (Note 6)	96,919	69,289	727,350
Income and other taxes payable	22,624	18,094	169,790
Others	81,045	88,658	608,225
Reserve for drought (Note 1)	—	349	—
Contingent liabilities (Note 10)			
Total liabilities	2,161,466	2,281,279	16,221,134
Minority interests	949	513	7,123
Common stock:			
Authorized; 100,000,000 shares			
Issued and outstanding; 70,600,000 shares	70,600	70,600	529,831
Retained earnings	83,127	69,929	623,849
Unrealized gains on securities (Note 1)	296	223	2,225
Foreign currency translation adjustments	(1,719)	(1,884)	(12,905)
Total shareholders' equity	152,304	138,868	1,143,000
Total liabilities, minority interests and Shareholders' equity	¥2,314,720	¥2,420,661	\$17,371,258

Consolidated Statements of Shareholders' Equity

For the years ended March 31, 2002, 2001 and 2000

	Millions of yen				
	Numbers of issued and outstanding common stock (in thousands)	Common stock	Retained earnings	Unrealized gains on securities	Foreign currency translation adjustments
Balance at March 31, 1999	¥70,600	¥70,600	¥37,842		
Cumulative effect of adoption of tax-effect accounting			9,130		
Increase in retained earnings by merger			596		
Net income			13,485		
Dividends			(4,236)		
Bonuses to directors and statutory auditors			(269)		
Balance at March 31, 2000	70,600	70,600	56,549		
Net income			17,838		
Dividends			(4,236)		
Bonuses to directors and statutory auditors			(222)		
Net change during the year				223	(1,884)
Balance at March 31, 2001	70,600	70,600	69,929	223	(1,884)
Net income			17,638		
Dividends			(4,236)		
Bonuses to directors and statutory auditors			(204)		
Net change during the year				73	164
Balance at March 31, 2002	¥70,600	¥70,600	¥83,127	¥296	¥(1,719)

	Thousands of U.S. dollars			
	Common stock	Retained earnings	Unrealized gains on securities	Foreign currency translation adjustments
Balance at March 31, 2001	\$529,831	\$524,797	\$1,675	\$(14,139)
Net income		\$132,374		
Dividends		(31,789)		
Bonuses to directors and statutory auditors		(1,533)		
Net change during the year			549	1,234
Balance at March 31, 2002	\$529,831	\$623,849	\$2,225	\$(12,905)

Consolidated Statements of Cash Flows

For the years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2002	2001	2000	2002
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 30,526	¥ 29,790	¥ 23,305	\$ 229,090
Depreciation	149,145	127,322	100,440	1,119,288
Loss on disposal of property, plant and equipment	8,117	3,294	4,881	60,915
Loss on sale of property, plant and equipment	7,911	35	—	59,371
Increase in accrued employees' retirement benefits	6,054	988	13,589	45,437
Interest and dividends	(917)	(397)	(563)	(6,887)
Interest expenses	68,160	76,667	72,913	511,525
(Increase) decrease in notes and accounts receivable	663	(6,931)	(4,054)	4,981
(Increase) decrease in inventories	468	(4,445)	4,229	3,513
Increase (decrease) in notes and accounts payable	(194)	(3,002)	1,050	(1,460)
Others	21,087	16,144	4,970	158,257
Subtotal	291,022	239,468	220,762	2,184,033
Interest and dividends received	917	281	559	6,887
Interest paid	(69,279)	(76,140)	(72,384)	(519,923)
Income taxes paid	(21,956)	(17,774)	(21,080)	(164,773)
Net cash provided by operating activities	200,704	145,835	127,857	1,506,223
Cash flows from investing activities:				
Payments for purchase of property, plant and equipment	(97,150)	(176,934)	(227,590)	(729,083)
Proceeds from contributions in aid of construction	11,883	12,328	13,122	89,180
Proceeds from sales of property, plant and equipment	21,887	2,667	3,338	164,259
Payments for investments and advances	(15,403)	(5,016)	(13,254)	(115,600)
Proceeds from collections of investments and advances	2,350	512	13,907	17,643
Others	(815)	(499)	(1,444)	(6,122)
Net cash used in investing activities	(77,248)	(166,942)	(211,920)	(579,723)
Cash flows from financing activities:				
Proceeds from issuance of bonds	35,000	157,461	168,867	262,664
Redemption of bonds	(68,034)	(113,159)	(61,435)	(510,574)
Proceeds from long-term loans	791	25,748	33,738	5,942
Repayment of long-term loans	(116,718)	(60,967)	(51,387)	(875,935)
Proceeds from short-term loans	252,221	178,181	198,954	1,892,844
Repayment of short-term loans	(224,591)	(160,900)	(199,445)	(1,685,490)
Dividends paid	(4,237)	(4,236)	(4,236)	(31,798)
Net cash provided by (used in) financing activities	(125,567)	22,127	85,055	(942,348)
Foreign currency translation adjustments on cash and cash equivalents				
	54	(76)	2	406
Net increase (decrease) in cash and cash equivalents	(2,057)	943	995	(15,441)
Cash and cash equivalents at beginning of year	23,186	22,242	20,421	174,006
Net increase in cash and cash equivalents by merger	—	—	825	—
Cash and cash equivalents at end of year (Note 1)	¥ 21,128	¥ 23,186	¥ 22,242	\$ 158,564

Notes to Consolidated Financial Statements

For the years ended March 31, 2002, 2001 and 2000

1. Summary of significant accounting policies

a. Basis of preparation

The accompanying consolidated financial statements of Electric Power Development Co., Ltd. (the "Company"), and its consolidated subsidiaries have been compiled from the consolidated financial statements prepared by the Company on the basis of accounting principles and practices generally accepted and applied in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

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

Amounts of less than one million yen and one thousand U.S. dollars have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Certain amounts in the prior years' consolidated financial statements have been reclassified to conform to the current year's presentation.

b. Basis of consolidation

In accordance with the accounting standards for consolidation, the accompanying consolidated financial statements include the accounts of the Company and its significant 11 companies controlled directly or indirectly by the Company.

Investments in unconsolidated subsidiaries and affiliates are stated at cost as such accounts don't have significant effects on the consolidated financial position or operating results taken as a whole. All intercompany balances and transactions have been eliminated in consolidation.

c. Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost. Contributions in aid of construction are deducted from the cost of the related assets. Depreciation of tangible assets is computed based on the estimated useful lives of the respective assets. The declining-balance method has been applied to buildings, structures and machinery and the straight-line method has been applied to the other equipment and the whole facilities, except for their environmental protection equipment, of Matsuura and Tachibanawan thermal power stations.

d. Investments

Securities with market value are stated at value on the date of the balance sheet. The difference between the acquisition cost and the carrying value of securities is recognized in unrealized gains on securities. Unrealized gains on securities, net of applicable income taxes, were charged to shareholders' equity from the fiscal year ended March 31, 2001. Other securities without market value are stated at cost determined by the moving average method.

e. Fuel, materials and supplies

Fuel, materials and supplies are stated at cost determined by the average method.

f. Allowance for doubtful accounts

Allowance for doubtful accounts of the Company and its domestic consolidated subsidiaries are provided on the estimated historical deterioration rate for normal loans.

g. Accrued employees' retirement benefits

Accrued employees' retirement benefits have been provided principally at an amount calculated based on the retirement benefit obligation

and the fair value of the pension plan assets.

The transition difference of ¥11,740 million arising from the adoption of the new accounting standard has been charged to expenses from the fiscal year ended March 31, 2001.

Actuarial gain or loss and prior service cost are mainly being amortized over a period of 2 years or less by the declining-balance method and the straight-line method, respectively.

h. Reserve for drought

To offset fluctuations in income caused by high water levels or by drought conditions in connection with hydroelectric power generation, the Company is required under the Electric Utility Industry Law to provide a reserve for drought.

i. Leases

Finance leases other than those deemed to transfer ownership of the leased property to the lessee are accounted for on a basis similar to ordinary rental transactions.

l. Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The following list describes the relationship between cash and cash equivalents at the end of fiscal year and the amounts prevailing on the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash and time deposits on the consolidated balance sheet	¥21,939	¥15,068	\$164,651
Time deposits with a maturity of more than three months	(811)	(581)	(6,086)
Marketable securities with a maturity of three months or less	—	8,698	—
Cash and cash equivalents on the statement of cash flows	¥21,128	¥23,186	\$158,564

2. U.S. dollar amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥133.25 = US\$1.00, the approximate rate of exchange on March 29, 2002, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

j. Hedge accounting

Method of accounting: Deferred method. Hedge for fluctuation of exchange rates and interest rates adopts certain methods with conditions satisfied with transactions.

Transaction and instrument: *Foreign exchange, currency swap*; principal and interest expenses of foreign bonds and loans

Interest swap; principal and interest expenses of bonds

Policy: The Company has utilized derivative transactions solely for the purpose of hedging its exposure to foreign currencies and fluctuations in interest rates, not for speculation on the internal regulation.

Valuation: The Company has evaluated effects of derivative transactions by comparing fluctuations of instruments with the transactions.

k. Interest expenses of debts utilized for purchase of electric utility plants

Interest expenses of debts utilized for purchase of electric utility plants have been recognized as a part of cost, based on the accounting principle for electric utilities provided by the Ministry of Economy, Trade and Industry.

3. Property, plant and equipment

The major classifications of property, plant and equipment, net at March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Hydroelectric power production facilities	¥ 495,273	¥ 516,822	\$ 3,716,874
Thermal power production facilities	871,781	838,388	6,542,451
Transmission facilities	326,315	347,378	2,448,895
Transformation facilities	50,168	54,347	376,501
Communication facilities	11,289	9,243	84,721
General facilities	28,297	55,733	212,366
Others	30,744	32,464	230,729
Total	¥1,813,871	¥1,854,378	\$13,612,540

4. Marketable securities and investment securities

a) Held-to-maturity securities for which market prices were available were as follows:

Bonds; Market value more than balance sheet amount

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Balance sheet amount	¥306	¥346	\$2,303
Market value	337	385	2,529
Unrealized gains	¥ 30	¥ 38	\$ 226

b) Other securities for which market prices were available were as follows:

Stock; Balance sheet amount more than cost

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cost	¥ 6	¥ 9	\$ 52
Balance sheet amount	345	410	2,592
Unrealized gains	¥338	¥401	\$2,540

Stock; Balance sheet amount less than cost

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cost	¥ 83	¥145	\$ 629
Balance sheet amount	36	67	274
Unrealized losses	¥(47)	¥(77)	\$(355)

Total

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cost	¥ 90	¥154	\$ 682
Balance sheet amount	381	478	2,866
Unrealized gains	¥291	¥323	\$2,184

c) Non-marketable securities and investment securities stated at cost were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Other securities			
Unlisted stock	¥ 7,212	¥ 9,624	\$54,130
Unlisted foreign stock	1,118	491	8,396
Capital contribution	1,849	7,955	13,883
Foreign capital contribution	129	210	973
Others	1,129	676	8,479
Total	¥11,441	¥18,959	\$85,863

d) The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity securities are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Bonds			
Due in one year or less	¥ 50	¥ 40	\$375
Due after one year through five years	127	177	953
Due after five year through ten years	30	30	225
Due after ten years	99	99	749

5. Long-term debt

Long-term debt at the end of fiscal year consists of following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Loans from the Japanese government's special funds, due on various dates through 2027	¥ 788,668	¥ 893,006	\$ 5,918,709
Loans from Japanese banks, due on various dates through 2018	232,478	243,967	1,744,681
Loans from foreign banks, due on various dates through 2008	26,160	26,160	196,322
Domestic bonds guaranteed by the Japanese government, due on various dates through 2011	536,120	521,170	4,023,414
Domestic bonds underwritten by the Japanese government, due on various dates through 2008	224,750	254,780	1,686,679
Foreign bonds in Canadian dollars guaranteed by the Japanese government, due 2001	—	17,954	—
Foreign bonds in French francs guaranteed by the Japanese government, due 2007	35,474	35,474	266,221
Foreign bonds in euros guaranteed by the Japanese government, due 2006	28,917	28,917	217,014
Foreign bonds in Japanese yen guaranteed by the Japanese government, due 2010	38,000	38,000	285,178
Total	1,910,567	2,059,429	14,338,221
Less: Current portion	(116,339)	(159,288)	(873,092)
	¥1,794,228	¥1,900,141	\$13,465,128

The annual maturities of long-term debt subsequent to March 31, 2002, are summarized as follows:

Years ended March 31	Millions of yen	Thousands of U.S. dollars
2003	¥ 116,339	\$ 873,092
2004	148,121	1,111,605
2005	124,296	932,810
2006	175,680	1,318,424
2007	203,199	1,524,949
2008 and thereafter	1,142,930	8,577,338
Total	¥1,910,567	\$14,338,221

6. Pledged assets

The Company's entire property was subject to certain statutory preferential rights as security for bonds, which amounted to ¥863,260 million (\$6,478,508 thousand) and ¥896,295 million at March 31, 2002 and 2001, respectively.

The assets pledged as collateral for certain consolidated subsidiaries' debt, which amounted to ¥4,477 million (\$33,600 thousand) and ¥5,728 million at March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Other property, plant and equipment	¥4,852	¥5,200	\$36,414

7. Employees' retirement benefit plans

The Company and certain of its domestic consolidated subsidiaries had defined benefit plans, including tax-qualified retirement pension plans and lump sum retirement benefit plans. Severance payment, in addition to the amount actuarially calculated under lump sum retirement benefit plans, would be paid upon retirement of an employee as the case may be.

Retirement benefit obligation at March 31, 2002 and 2001:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Retirement benefit obligation	¥(123,033)	¥(118,228)	\$(923,330)
Plan assets at fair value	71,254	71,540	534,744
Unfunded retirement benefit obligation	(51,779)	(46,687)	(388,586)
Transition difference at the adoption of the new accounting standard	—	5,926	—
Unrecognized actuarial loss	5,548	2,306	41,640
Unrecognized prior service cost	(860)	(2,581)	(6,458)
Balance sheet balance	(47,091)	(41,036)	(353,404)
Accrued employees' retirement benefits	(47,091)	(41,036)	(353,404)

Retirement benefit expenses for the years ended March 31, 2002 and 2001:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Service cost	¥ 4,164	¥ 4,481	\$ 31,254
Interest cost	3,224	3,329	24,197
Expected return on plan assets	(1,776)	(2,231)	(13,333)
Amortization of net retirement benefit obligation at transition	5,926	17,483	44,479
Amortization of actuarial loss	9,135	4,540	68,560
Amortization of prior service cost	(1,721)	(860)	(12,916)
Others	783	599	5,880
Total	¥19,737	¥27,342	\$148,122

The principal assumptions used in determining the retirement benefit obligation and other components of the Companies' plans for the years ended March 31, 2002 and 2001:

	2002	2001
Method of allocation of estimated retirement benefits	Equally over the period	Equally over the period
Discount rate	Mainly 2.6%	Mainly 3.0%
Expected rate of return on plan assets	Mainly 3.0%	Mainly 4.0%
Period for recognition of actuarial gain or loss	Mainly amortized by the declining-balance method over a period of 2 years or less	Mainly amortized by the declining-balance method over a period of 2 years or less
Period for recognition of prior service cost	Mainly amortized by the straight-line method over a period of 2 years or less	Mainly amortized by the straight-line method over a period of 2 years or less
Period for amortization of net retirement benefit obligation at transition	Mainly 2 years	Mainly 2 years

8. Income taxes

Income taxes applicable to the Company and its consolidated subsidiaries comprise corporation, enterprise and inhabitants' taxes, which, in the aggregate, resulted in an efficient tax rate of approximately 36% and 42%, for the Company and its consolidated subsidiaries, respectively.

The significant components of deferred tax assets and liabilities as of March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deferred tax assets:			
Accrued employees' retirement benefits	¥16,126	¥14,291	\$121,021
Prepaid income taxes for fixed assets	2,832	3,002	21,255
Deferred expenses for tax purposes	2,455	1,957	18,425
Unrealized gain on fixed assets	15,539	16,207	116,622
Other	7,795	5,330	58,499
Total deferred tax assets	¥44,748	¥40,788	\$335,823
Deferred tax liabilities:			
Other	(614)	(512)	(4,613)
Total deferred tax liabilities	(614)	(512)	(4,613)
Net deferred tax assets	¥44,133	¥40,275	\$331,210

Difference between effective and statutory tax rates at March 31, 2002, 2001 and 2000, were as follows:

	2002	2001	2000
Statutory tax rate:	36.00%	36.00%	36.00%
Non-deductible expenses	1.66%	1.93%	2.99%
Non-taxable incomes	(1.07%)	(1.13%)	(3.86%)
Difference, by the methods of enterprise tax imposed, between the Company and its subsidiaries	1.50%	4.20%	4.35%
Other	2.82%	(1.49%)	2.06%
Effective tax rate	40.91%	39.51%	41.54%

9. Research and development costs

Research and development costs were as follows:

	Millions of yen			Thousands of U.S. dollars
	2002	2001	2000	2002
Research and development costs	¥5,805	¥5,309	¥5,108	\$43,565
Total	¥5,805	¥5,309	¥5,108	\$43,565

10. Contingent liabilities

Contingent liabilities consist of as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Guarantees given for loans of other companies	¥ 8,142	¥ 7,787	\$ 61,108
Guarantees given in connection with housing loans to employees of the Company	6,854	8,526	51,443
Debts assigned by the Company to certain banks under debt assumption agreements	50,120	30,070	376,135
Total	¥65,117	¥46,384	\$488,687

11. Amounts per share

Net income per share is calculated based on the average number of issued and outstanding stock.

12. Derivatives

1. Transactions

(1) **Transaction:** The Company utilizes forward foreign exchange contracts, currency swap and interest swap agreements.

(2) **Purpose and policy:** The Company utilizes derivative transactions solely for the purpose of hedging its exposure to foreign currencies and fluctuations in interest rates, not for speculation.

The hedge accounting in the financial statements expresses derivative transactions, and the instruments used are bonds and loans.

(3) **Risk:** The purpose of all derivatives of the Company is hedging. Transactions, therefore, are not affected by the fluctuations in foreign exchange and the interest swap market.

The Company minimizes credit risk through transactions with financial institutions highly credited.

(4) **Administration:** In the Company, the accounting and finance department executes and administers derivative transactions based on internal regulation.

(5) **Value at balance sheet dates:** Value at balance sheet dates indicates nominal amounts of contracts and estimated principals in calculation. The amounts never show the total risk of transactions.

2. Value at balance sheet dates

There are no transactions except for the adoption of hedge accounting, at March 31, 2002 and 2001.

13. Subsequent events

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2002, were approved at the general meeting of the shareholders held on June 28, 2002.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥60 = \$0.45 per share)	¥4,236	\$31,789
Bonuses to directors and auditors	67	506

Par value of common stock has been changed from ¥1,000 par share to no par value, due to a change to the Commercial Code in the year ended March 31, 2002.

14. Related party transactions

There are no significant transactions to be mentioned.

15. Leases

Finance leases other than deemed to transfer ownership of the leased property to the lessee:

AS A LESSEE

Acquisition cost, accumulated depreciation and net leased property at March 31, 2002 and 2001, were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2002			2001			2002		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Electric utility plant	¥ 9,737	¥3,203	¥6,534	¥3,769	¥2,578	¥1,191	\$73,080	\$24,042	\$49,037
Others	3,334	2,029	1,304	3,555	2,248	1,307	25,024	15,233	9,790
Total	¥13,072	¥5,233	¥7,838	¥7,325	¥4,827	¥2,498	\$98,104	\$39,276	\$58,828

Acquisition cost includes the imputed interest expense portion.

Future lease payment under finance leases at March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Due within one year	¥2,318	¥1,062	\$17,399
Due after one year	5,520	1,435	41,429
Total	¥7,838	¥2,498	\$58,828

Future lease payment under finance leases include the imputed interest expense portion.

Lease payment and accumulated depreciation under finance leases were ¥2,088 (\$15,670 thousand) and ¥1,295 million, at March 31, 2002 and 2001, respectively. Depreciation expense is computed by the straight-line method over the respective lease periods.

AS A LESSOR

Acquisition cost, accumulated depreciation and net leased property at March 31, 2002 and 2001, were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2002			2001			2002		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Others	¥127	¥81	¥45	¥106	¥68	¥37	\$955	\$611	\$344
Total	¥127	¥81	¥45	¥106	¥68	¥37	\$955	\$611	\$344

Future lease revenue under finance leases at March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Due within one year	¥12	¥19	\$ 96
Due after one year	32	32	247
Total	¥45	¥51	\$344

Future lease revenue under finance leases includes the imputed interest income portion.

Revenue under finance leases was ¥27 million (\$208 thousand) and ¥27 million, at March 31, 2002 and 2001, respectively.

Depreciation under finance leases was ¥18 million (\$137 thousand) and ¥13 million, at March 31, 2002 and 2001, respectively.

16. Segment information

Information about business segments of the Company and its consolidated subsidiaries for the years ended March 31, 2001 and 2000, were as follows:

i. Business segments

	Millions of yen			
	2002			
	Electric power	Others	Elimination	Consolidated
Sales to customers	¥ 547,333	¥ 46,010	¥ —	¥ 593,343
Intersegment sales	399	142,169	(142,569)	—
Total sales	¥ 547,733	¥188,179	¥(142,569)	¥ 593,343
Operating expenses	¥ 434,241	¥180,549	¥(141,037)	¥ 473,753
Operating income	113,492	7,629	(1,531)	119,590
Assets	2,260,233	107,792	(53,305)	2,314,720
Depreciation	149,175	3,468	(3,499)	149,145
Capital expenditures	78,787	1,802	(3,947)	76,641

	Thousands of U.S. dollars			
	2002			
	Electric power	Others	Elimination	Consolidated
Sales to customers	\$ 4,107,571	\$ 345,290	\$ —	\$ 4,452,862
Intersegment sales	3,001	1,066,936	(1,069,938)	—
Total sales	\$ 4,110,573	\$1,412,227	\$(1,069,938)	\$ 4,452,862
Operating expenses	\$ 3,258,848	\$1,354,969	\$(1,058,445)	\$ 3,555,372
Operating income	851,724	57,258	(11,493)	897,489
Assets	16,962,353	808,949	(400,044)	17,371,258
Depreciation	1,119,519	26,030	(26,261)	1,119,288
Capital expenditures	591,272	13,525	(29,626)	575,171

	Millions of yen			
	2001			
	Electric power	Others	Elimination	Consolidated
Sales to customers	¥ 494,907	¥ 46,684	¥ —	¥ 541,592
Intersegment sales	400	170,330	(170,730)	—
Total sales	¥ 495,307	¥217,015	¥(170,730)	¥ 541,592
Operating expenses	¥ 384,937	¥203,551	¥(164,209)	¥ 424,279
Operating income	110,369	13,464	(6,520)	117,313
Assets	2,356,878	119,913	(56,130)	2,420,661
Depreciation	126,756	3,843	(3,277)	127,322
Capital expenditures	196,896	3,818	(9,241)	191,473

Main products within each segment are as follows:

Electric power: Wholesale electricity

Others: Electricity and construction works, fuel transportation, computing, lease of computers, etc.

ii. Geographical segments

Geographical segment information is omitted, because revenues and assets in Japan are more than 90% of total operating revenues.

iii. Overseas revenues

Overseas revenues are omitted, because revenues in foreign countries are less than 10% of total operating revenues.

17. Change in accounting policy

From the fiscal year ended March 31, 2000, the Company changed its method of accounting for employees' retirement benefits to provide the discounted present value of the benefit obligations, less the fair value of the plan assets, calculated by the projected benefit cost method instead of providing an accrual principally 40% of the amount which would be required to be paid if all employees voluntarily terminated their employment at the balance sheet date.

The effect of this change was to decrease income before income taxes and minority interests by ¥12,645 million yen for the year ended March 31, 2000.

Independent Auditors' Report

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

We have audited the consolidated balance sheets of Electric Power Development Co., Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2002, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above, expressed in yen, present fairly the financial position of Electric Power Development Co., Ltd. and consolidated subsidiaries at March 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2002, in conformity with accounting principles and practices generally accepted in Japan, applied on a consistent basis except for the change, with which we concur, in 2000 in the method of accounting for retirement allowances as described in Note 17 to the consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 are presented solely for the convenience of the reader. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Shin Nihon & Co.



Tokyo, Japan
June 28, 2002

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

Non-Consolidated Financial Summary

Years ended March 31

	Millions of yen					
	2002	2001	2000	1999	1998	1997
Operating revenues						
(Electric power)	¥ 547,733	¥ 495,307	¥ 450,330	¥ 451,543	¥ 476,217	¥ 451,096
Operating expenses						
(Electric power)	434,241	384,937	344,493	345,367	372,563	357,210
Operating income	113,492	110,369	105,837	106,176	103,654	93,886
Other income and deductions	(76,609)	(75,035)	(72,918)	(73,716)	(86,992)	(83,229)
Ordinary income	36,883	35,334	32,919	32,459	16,662	10,656
Reserve for drought	(349)	—	(131)	403	77	—
Extraordinary loss	13,845	11,670	12,645	—	—	—
Income before income taxes	23,386	23,664	20,405	32,056	16,584	10,656
Income taxes	13,819	15,583	13,326	16,195	9,339	5,118
Deferred income	(5,144)	(6,677)	(5,622)	—	—	—
Net income	14,711	14,757	12,702	15,860	7,245	5,538
Total shareholders' equity	141,143	130,637	120,185	105,908	94,354	91,424
Total assets	2,260,233	2,356,878	2,282,881	2,174,729	2,100,181	1,975,394
Power generating capacity (kW)						
Hydroelectric	8,260,800	8,260,800	8,260,800	8,260,800	8,260,800	8,252,800
Thermal	7,824,500	7,754,500	5,654,500	5,654,500	5,654,500	4,654,500
Total	16,085,300	16,015,300	13,915,300	13,915,300	13,915,300	12,907,300
Power generation (GWh)						
Hydroelectric	11,333	12,550	12,596	14,415	13,729	12,218
Thermal	44,544	41,945	32,406	26,991	34,024	30,769
Total	55,877	54,495	45,002	41,406	47,753	42,987
Electric power sales (GWh)						
Hydroelectric	8,874	9,929	9,786	10,741	10,119	8,773
Thermal	41,529	38,986	30,040	24,905	31,590	28,462
Total	50,403	48,915	39,826	35,646	41,709	37,235

Non-Consolidated Balance Sheets

As of March 31, 2002 and 2001

ASSETS	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Property, plant and equipment	¥2,005,944	¥2,215,372	\$15,053,995
Electric utility plant, less contributions-in-aid	3,532,410	3,478,184	26,509,646
Accumulated depreciation	(1,716,715)	(1,625,357)	(12,883,418)
Electric property, plant and equipment	1,815,694	1,852,826	13,626,228
Construction in progress	190,249	362,545	1,427,766
Investments and other assets	55,317	40,930	415,140
Investments in securities	9,953	17,812	74,700
Investments in and loans to subsidiaries and affiliates	17,561	2,516	131,792
Long-term loans receivable and others	5,313	3,445	39,872
Deferred tax assets	20,324	15,695	152,526
Others	2,165	1,460	16,247
Current assets	198,971	100,576	1,493,218
Cash and cash equivalents	9,389	2,539	70,468
Marketable securities	—	4,499	—
Accounts receivable	164,042	67,716	1,231,090
Production fuel, material and supplies	11,040	11,059	82,851
Prepaid expenses and others	11,409	12,107	85,627
Deferred tax assets	2,974	2,517	22,323
Account receivables—overseas technical services	114	137	857
Total assets	¥2,260,233	¥2,356,878	\$16,962,353

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Long-term liabilities	¥1,825,121	¥1,924,154	\$13,696,974
Long-term debt, less current portion	1,789,770	1,894,751	13,431,673
Accrued employees' retirement benefits	35,351	29,403	265,301
Current liabilities	293,968	301,738	2,206,141
Current portion of long-term debt	114,000	157,411	855,537
Short-term debt	90,900	62,500	682,176
Accounts payable and accrued expenses	68,013	69,160	510,417
Income and other taxes payable	21,024	12,665	157,782
Accounts payable—overseas technical services	30	—	227
Reserve for drought	—	349	—
Total liabilities	2,119,090	2,226,241	15,903,116
Common stock:			
Authorized; 100,000,000 shares			
Issued and outstanding; 70,600,000 shares	70,600	70,600	529,831
Legal reserve	5,138	4,707	38,561
Voluntary reserve	36,971	26,965	277,462
Unappropriated retained earnings	28,330	28,364	212,612
Adjustments	102	—	769
Total shareholders' equity	141,143	130,637	1,059,236
Total liabilities and shareholders' equity	¥2,260,233	¥2,356,878	\$16,962,353

Non-Consolidated Statements of Income

For the years ended March 31, 2002, 2001 and 2000

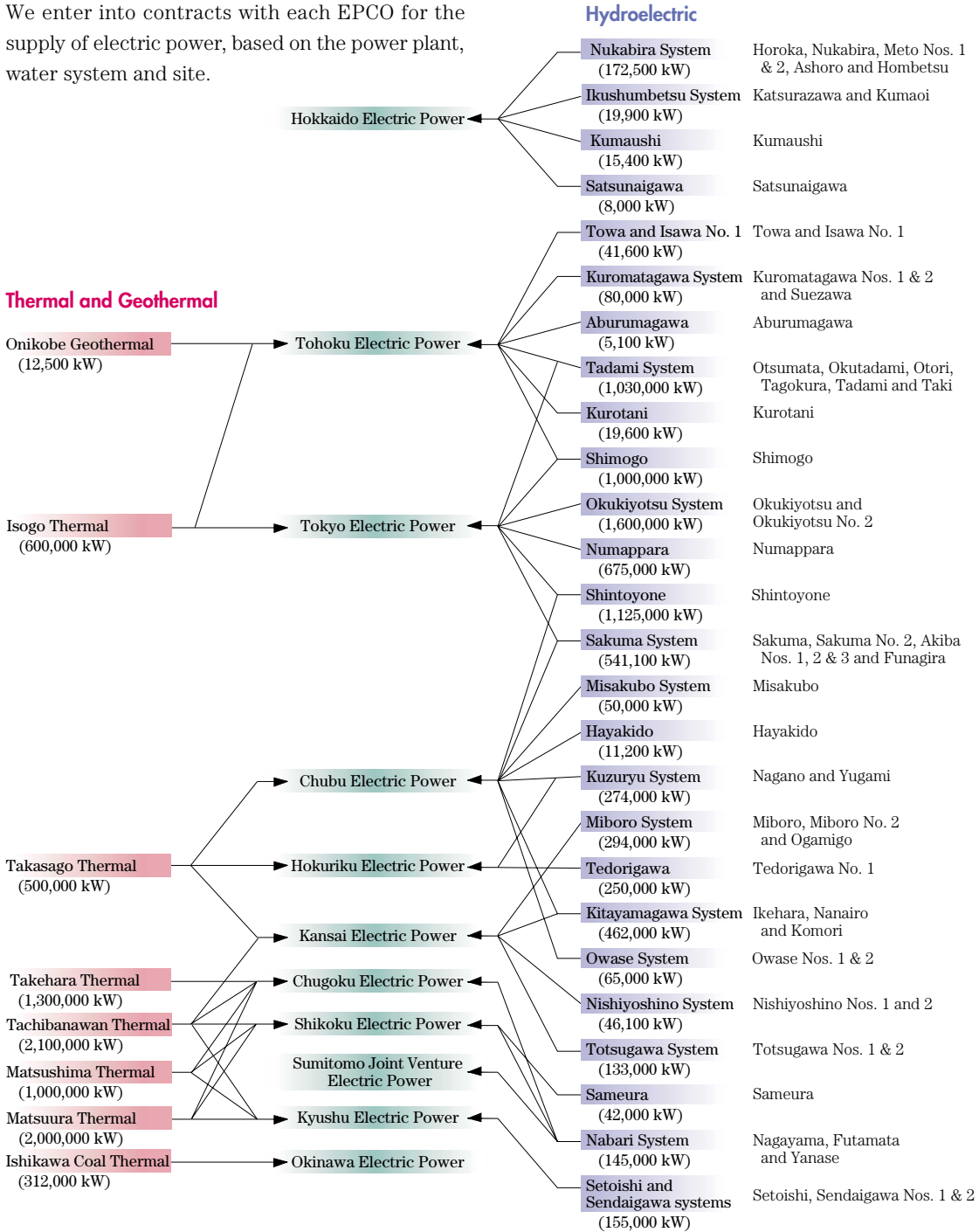
	Millions of yen			Thousands of U.S. dollars
	2002	2001	2000	2002
Operating revenues (Electric power)	¥547,733	¥495,307	¥450,330	\$4,110,573
Income from electric power sales	477,849	425,184	385,719	3,586,109
Hydroelectric	137,901	144,100	144,114	1,034,910
Thermal	339,947	281,084	241,604	2,551,199
Income from wheeling	67,183	67,095	62,287	504,190
Other operating revenues	2,701	3,026	2,324	20,273
Operating expenses (Electric power)	434,241	384,937	344,493	3,258,848
Fuel for production	94,753	81,497	80,926	711,098
Maintenance	32,718	34,730	32,494	245,542
Depreciation	149,175	126,756	98,918	1,119,519
Taxes other than income taxes	23,754	20,718	20,367	178,272
Others	133,838	121,235	111,786	1,004,415
Operating income	113,492	110,369	105,837	851,724
Other income and deductions	(76,609)	(75,035)	(72,918)	(574,926)
Interest expenses	(67,778)	(75,207)	(71,096)	(508,658)
Expenses on overseas technical services	(1,306)	(1,221)	(1,362)	(9,804)
Income from overseas technical services	1,592	1,534	1,651	11,952
Other—net	(9,116)	(139)	(2,109)	(68,416)
Ordinary income	36,883	35,334	32,919	276,797
Reserve for drought	(349)	—	(131)	(2,619)
Extraordinary loss	13,845	11,670	12,645	103,905
Income before income taxes	23,386	23,664	20,405	175,511
Income taxes	13,819	15,583	13,326	103,712
Deferred income taxes	(5,144)	(6,677)	(5,622)	(38,605)
Net income	¥ 14,711	¥ 14,757	¥ 12,702	\$ 110,405
		Yen		U.S. dollars
Per share:				
Net income	¥208.38	¥209.04	¥179.92	\$1.56
Cash dividends applicable to the year	60.00	60.00	60.00	0.45

Customers by Facilities

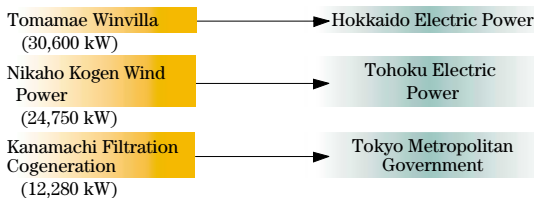
Wholesale Electric Power Businesses

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

Thermal and Geothermal

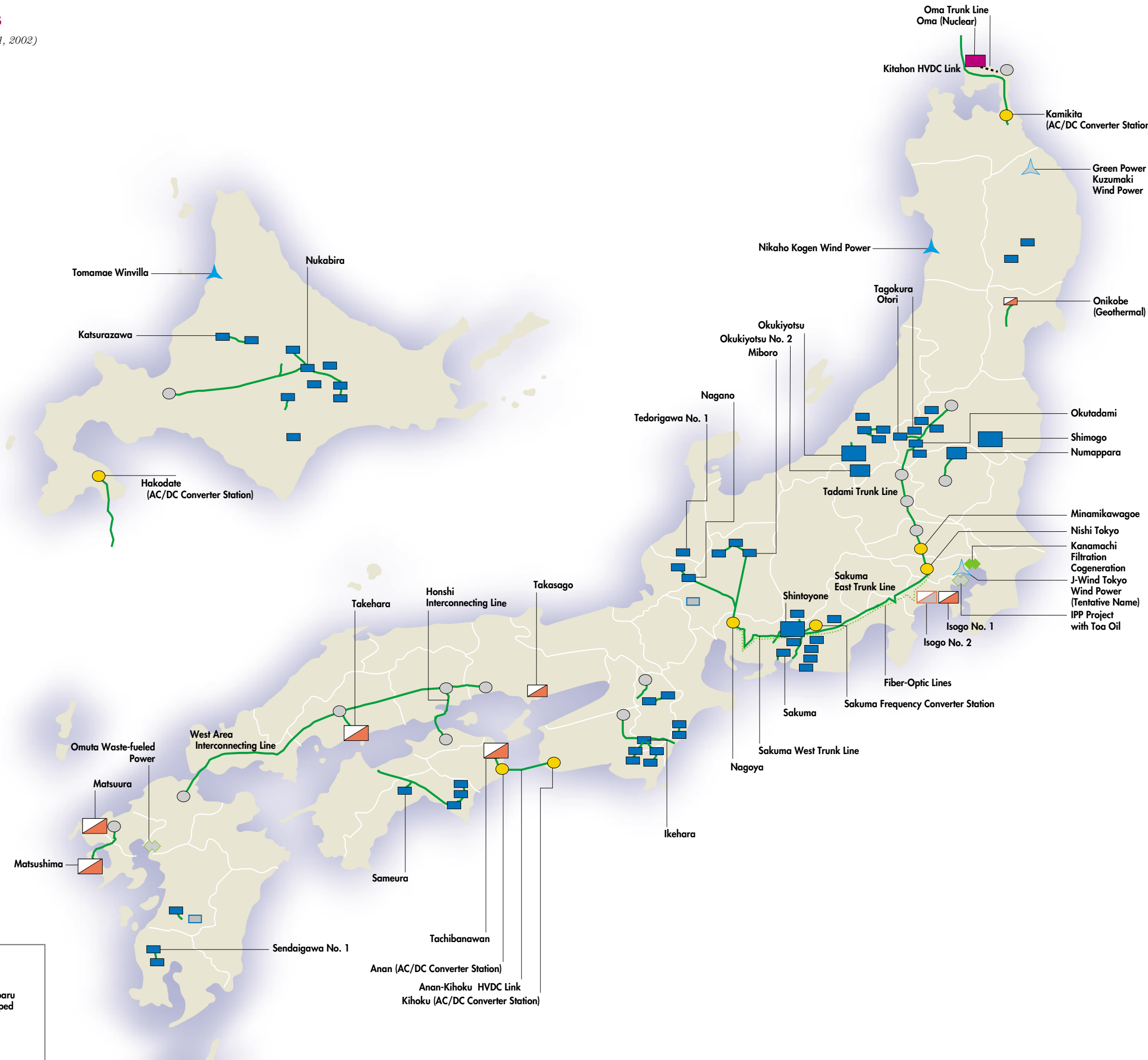


New Businesses



Facilities

(As of March 31, 2002)



Wholesale Electric Power Businesses — Facilities

- Hydroelectric power stations
- ▢ Thermal power stations
- Substations, frequency converter stations and AC/DC converter stations
- Transmission lines
- Substations of EPCOs and others

Wholesale Electric Power Businesses — Under Construction and Planning

- Hydroelectric power stations
- Thermal power stations
- Nuclear power station
- Substations and others
- ⋯ Transmission lines

New Businesses — Facilities

- ▲ Wind power station
- ◆ Waste-fueled power station, cogeneration, IPP

New Businesses — Under Construction

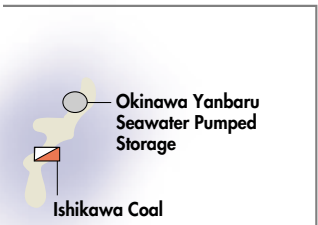
- ▲ Wind power station
- ◆ Waste-fueled power station, cogeneration, IPP

Wholesale Electric Power Business

POWER GENERATION FACILITIES	
Hydroelectric power stations	
Number	58
Capacity	8,260,800 kW
Thermal power stations	
Number	8
Capacity	7,824,500 kW
Total number	66
Total capacity	16,085,300 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
WIRELESS COMMUNICATION FACILITIES	
Circuit length	765,697 ch-km km

New Businesses

Wind power stations	
Number	2
Capacity	55,350 kW
Cogeneration	
Number	1
Capacity	12,280 kW
Total number	3
Total capacity	67,630 kW



Consolidated Subsidiaries

(As of July 2002)

Company	Address	J-POWER'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, Koto-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
EPDC Australia Pty. Ltd.	Level 25 Waterfront Place, 1 Eagle Street, Brisbane, Queensland 4000, Australia	(Millions of Australian dollars) 10	0 100*	Investment in coal mining in Australia

*Including indirect holdings

Directors and Statutory Auditors

(As of July 2002)

President	Yoshihiko Nakagaki*
Executive Vice Presidents	Yoshihide Yamasaki* Youki Kawata*
Executive Managing Directors	Hisao Nakagami Kazuo Fuse Masamichi Ohno Tooru Namiki Osamu Iwashita Masaaki Tanaka Katsuhiko Miyashita
Executive Directors	Akinobu Yasumoto Takeharu Okitsu Kiyoshi Sawabe Masayuki Hori Masayoshi Kitamura
Auditors	Tetsuya Kameoka Koichi Fujino Yasuo Matsushita

* Representative Directors

Corporate Network

(As of September 2002)

Head Office

15-1, Ginza 6-chome, Chuo-ku,
Tokyo 104-8165, Japan
TEL: 81-3-3546-2211
URL: www.jpower.co.jp
E-mail: webmaster@jpower.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 OFFICE

6-1, Ichibancho 4-chome,
Aoba-ku, Sendai City,
Miyagi 980-0811, Japan
TEL: 81-22-267-2551

EAST REGIONAL HEADQUARTERS

151, Minami-Otsuka, Kawagoe City,
Saitama 350-1162, Japan
TEL: 81-49-246-9711

CHUBU REGIONAL HEADQUARTERS

3030-68-1, Jyusanduka,
Jyusanduka-cho, Kasugai City,
Aichi 486-0815, Japan
TEL: 81-568-81-2300

HOKURIKU OFFICE

5-13, Sakurabashi-dori, Toyama City,
Toyama 930-0004, Japan
TEL: 81-76-442-1151

WEST REGIONAL HEADQUARTERS

2-27, Nakanoshima 6-chome,
Kita-ku, Osaka City,
Osaka 530-0005, Japan
TEL: 81-6-6448-5921

CHUGOKU OFFICE

15-10, Hacchobori, Naka-ku,
Hiroshima City,
Hiroshima 730-0013, Japan
TEL: 81-82-221-0423

SHIKOKU OFFICE

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

KYUSHU OFFICE

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

ISHIKAWA COAL THERMAL POWER STATION

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

Overseas Offices

EPDC BEIJING OFFICE

8008 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: epdckawa@loxinfo.co.th

YUNCAN HYDROPOWER PROJECT OFFICE

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

EPDC LIMA OFFICE

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

EPDC WASHINGTON OFFICE

1101 17th Street, N.W., Suite 1205,
Washington D.C. 20036, U.S.A.
TEL: 1-202-429-0670
FAX: 1-202-429-1660

EPDC BANGKOK OFFICE

10th Floor, Nantawan Building,
161 Rajdamri Road, Bangkok
10330 THAILAND
TEL: 66-2-252-5496/5497
FAX: 66-2-252-5498

PARAGUAY METROPOLITAN POWER NETWORK PROJECT OFFICE

De la Residenta 1251, 1r. Piso,
Asuncion, PARAGUAY
TEL: 595-21-2172617
FAX: 595-21-200329

EPDC AUSTRALIA PTY., LTD.

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

Corporate Data

(As of March 31, 2002)

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

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

Power Generation (Year ended March 31, 2002)

Hydroelectric	11,332,910 MWh
Thermal	44,544,223 MWh
Total	55,877,133 MWh

Electric Power Sales (Year ended March 31, 2002)

50,402,927 MWh

Income from Electric Power Sales (Year ended March 31, 2002)

¥477,849 million

	Power Sales (GWh)	Percentage of total
Hokkaido Electric Power Co., Inc.	987	2.0
Tohoku Electric Power Co., Inc.	1,493	3.0
Tokyo Electric Power Co., Inc.	3,488	6.9
Chubu Electric Power Co., Inc.	2,679	5.3
Hokuriku Electric Power Co., Inc.	727	1.4
Kansai Electric Power Co., Inc.	9,801	19.4
Chugoku Electric Power Co., Inc.	16,639	33.0
Shikoku Electric Power Co., Inc.	6,535	13.0
Kyushu Electric Power Co., Inc.	6,147	12.2
Okinawa Electric Power Co., Inc.	1,880	3.7
Other	27	0.1
Total	50,403	100.0

Wholesale Electric Power Facilities

HYDROELECTRIC POWER STATIONS

Number	58
Capacity	8,261 MW

THERMAL POWER STATIONS

Number	8
Capacity	7,825 MW
Total number	66
Total capacity	16,085 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

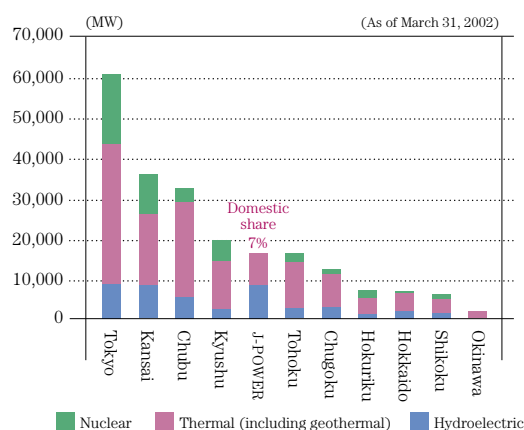
AC/DC CONVERTER STATIONS

Number	4
Capacity	2,000 MW

WIRELESS COMMUNICATION FACILITIES

Circuit length	765,697 ch-km
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Power Generation Capacity of J-POWER and Japan's 10 Electric Power Companies



New Businesses

WIND POWER STATIONS

Number	2
Capacity	55,350 kW

COGENERATION

Number	1
Capacity	12,280 kW
Total number	3
Total capacity	67,630 kW

Number of Group Employees

7,371



Electric Power Development Co., Ltd.

15-1, Ginza 6-chome, Chuo-ku, Tokyo 104-8165, Japan

Tel: 81-3-3546-2211

URL: www.jpowers.co.jp

E-mail: webmaster@jpowers.co.jp