



September 4, 2001
Electric Power Development Co., Ltd.

Head Office Building To Be Securitized

Electric Power Development Co., Ltd. (EPDC) has recently decided to securitize its head office building located in Ginza, Chuo-ku, Tokyo (Denpatsu Building).

The form of securitization is to be the same as that employed in the securitization of ordinary real estate holdings. The premises will be placed in trust with the resulting trust beneficiary interest then sold to a special purpose corporation (SPC). The SPC will secure funding for the purchase through a combination of corporate bond issuance and bank loans. The tentative sale price is set at ¥21.5 billion. The SPC (Kobic Enterprise Co., Ltd.) will raise the funds by issuing ¥15.5 billion of corporate bonds and borrowing the remainder.

After finalization, EPDC will execute a 7-year lease agreement and continue to use the premises as its head office.

EPDC was established in 1952 as a special state-run company to first construct and operate hydroelectric and coal-fired power generation facilities as well as conduct the sale of electric power in the wholesale market. However, in June 1997, the government settled on a plan to privatize the company at the cabinet council level in an effort to shore up its asset base. As part of this process, the third phase of a corporate reform program is being implemented this year. This calls for placing emphasis on ways to improve EPDC's financial situation by reducing assets. Securitization of the head office building is one of the means to accomplish this objective. Proceeds will be used to reduce the amount of outstanding debt.

The issue of corporate bonds will be rated by the two rating agencies of Moody's and Standard & Poors (S&P). Moreover, the cost of borrowing is expected to be very low due to the building's excellent location and ability to withstand the threat of an earthquake.

Mizuho Securities is in charge of overall securitization arrangements and has entered the final stages for implementation during the month of September.

Reference Materials1. Outline of the Asset to Be Securitized

Name	Electric Power Development Company Head Office Building
Location	6-15-1 Ginza, Chuo-ku, Tokyo
Size	16 floors, 4 basement floors
Area	Size of Lot:3,775.11 m ² Lot Used for Construction:1,885.53.11 m ² Floor Space:34,326.21 m ²
Year Built	1952

2. Purpose of Securitization Scheme

Part of aggressive measures to improve the financial condition of EPDC in view of the privatization (reduction of interest-bearing liabilities).

3. Outline of Scheme

(1) The head office building is to be placed in trust with a trust bank. Trust bank will issue trust certificates that will then be transferred to a special purpose corporation (SPC).

Trustee Bank:Yasuda Trust and Banking

Transferee of Trust Beneficiary Interest:Kobic Enterprise Co., Ltd.

Proceeds from Assignment:¥21.5 billion

Date of Assignment:September 2001

(2) The SPC will finance the scheme through a combination of corporate bonds, bank loans and funds obtained through an anonymous association from EPDC.

Total Amount of Borrowing:¥21.7 billion

Breakdown:Corporate bonds, ¥15.5 billion; bank loans, ¥5.2 billion; funding from anonymous association, ¥1.0 billion

(3) The EPDC will execute a lease agreement with the trust bank for use of the premises as its head office.

Term of Lease Agreement:7 years

4. Other Related Organizations

Arranger	Mizuho Securities
Underwriting Company	Mizuho Securities
Custodian of Corporate Bonds	Industrial Bank of Japan
Rating Agencies	Moody's and S&P

Structure of SPC Financing Arrangements

Type of Financing	Amount of Financing	Source of Financing	Rating of Corporate Bonds and Amount
Bank Loans	¥5.2 billion	Bank	
Corporate Bonds	¥15.5 billion	Life insurance companies and other institutional investors	Aaa/AAA ¥8.7 billion Aa2/AA+ ¥1.9 billion A2/A ¥2.0 billion Baa1/BBB+ ¥1.4 billion Baa3/BBB ¥1.5 billion
Anonymous Association	¥1.0 billion	EPDC	
Time Frame			7 years