

June 11, 2003

J-POWER

Toward the complete privatization of J-POWER (Abolition of the Electric Power Development Promotion Law)

Today's Plenary Session of the House of Councilors approved the "Bill for the Amendment of the Electric Utility Law and of the Gas Utility Law." With the passing of this Bill, the "Electric Power Development Promotion Law" (established on July 31, 1952), the legislation that provided the basis for the establishment of J-POWER, has been totally abolished and the total privatization of this company has been legally settled.

Since the foundation of J-POWER in September 1952, the company has made a major contribution to the nation for over half a century. It has acted as an implementing organization for government policies on electricity and energy and served the nation through its wholesale supply of electric power. Over these long years, J-POWER has been active in the development of the large-scale hydroelectric power stations that played such a crucial role in supporting Japan's postwar economic recovery, in the development of exclusively coal-fired thermal power stations under the government's policy measures for the domestic coal industry, in the development of interregional system transmission lines and frequency converter stations as part of the large-area power operation system, and in the development of imported coal fired thermal power in the aftermath of the Oil Crises. We take great pride in always having met the challenges and changing needs of the times through our innovative thrust with the introduction of new technologies and the offer of technical cooperation to overseas countries. In this sense we have played an important role as a solid pillar of the Japanese electric power industry and extend the warmest gratitude to all concerned for the understanding and support of J-POWER.

Since the Cabinet Decision on the privatization of J-POWER was taken in June 1997, we have worked diligently for a whole six years in preparation for our privatization. We have embraced a company-wide effort to ready us for privatization through a far-reaching package of measures designed to upgrade our management efficiency based on a three-tier corporate innovation plan, programs to consolidate our financial position by increasing our own equity capital and reducing our liabilities, and a positive commitment to the aggressive development of new business and international business activities. While persisting in these efforts we are confident about our future development potential as a privatized company accepting responsibility for its own action and making its own judgments. In accordance with the unmistakable directives of the Amended Law, our immediate step toward this goal will be to increase our equity capital in order to cement our financial position and to offer the company's shares to public subscription at the earliest possible time.

The severe economic climate affecting the nation as a whole calls for greater efforts to achieve more efficient management through sweeping system reform for the electric power sector. While we are aware that the road ahead will not always be smooth the post-privatization vision we have is that we as the J-POWER Company will be able to make a powerful contribution to sustainable development both for Japan and for the world as a whole by making use of our long-acquired commercial equipment, technology and manpower mainly in two areas of energy and environment. We will bring the full thrust of our corporate strength to bear and persist in our untiring effort to overcome the problems and challenges ahead. To help us on our arduous way ahead we look forward to the privilege of your support.

When the Law Bill was passed, both Houses of Parliament attached the following Supplementary Provisions. In response to the supplements quoted below we will make every effort to strengthen our management base as a private company.

[preliminary translation]

Supplementary Provision Attached by the House of Representatives

The Electric Power Development Company shall make efforts to put into effect without fail the measures established by designated companies to consolidate its financial basis in order that it will establish within a short time its management basis as a private company and make effective and active use of the company. In view of the final objective of total privatization, it shall also strive to establish a more independent and responsible management system with regard to capital and personnel aspects.

[preliminary translation]

Supplementary Provision Attached by the House of Councilors

The Electric Power Development Company shall make efforts to put into effect without fail the measures established by designated companies to consolidate its financial basis in order that it will establish within a short time an independent management basis as a private company and make effective and active use of the company. In view of the final objective of total privatization, it shall also strive to establish a more independent and responsible management system with regard to capital and personnel aspects.

End of announcement