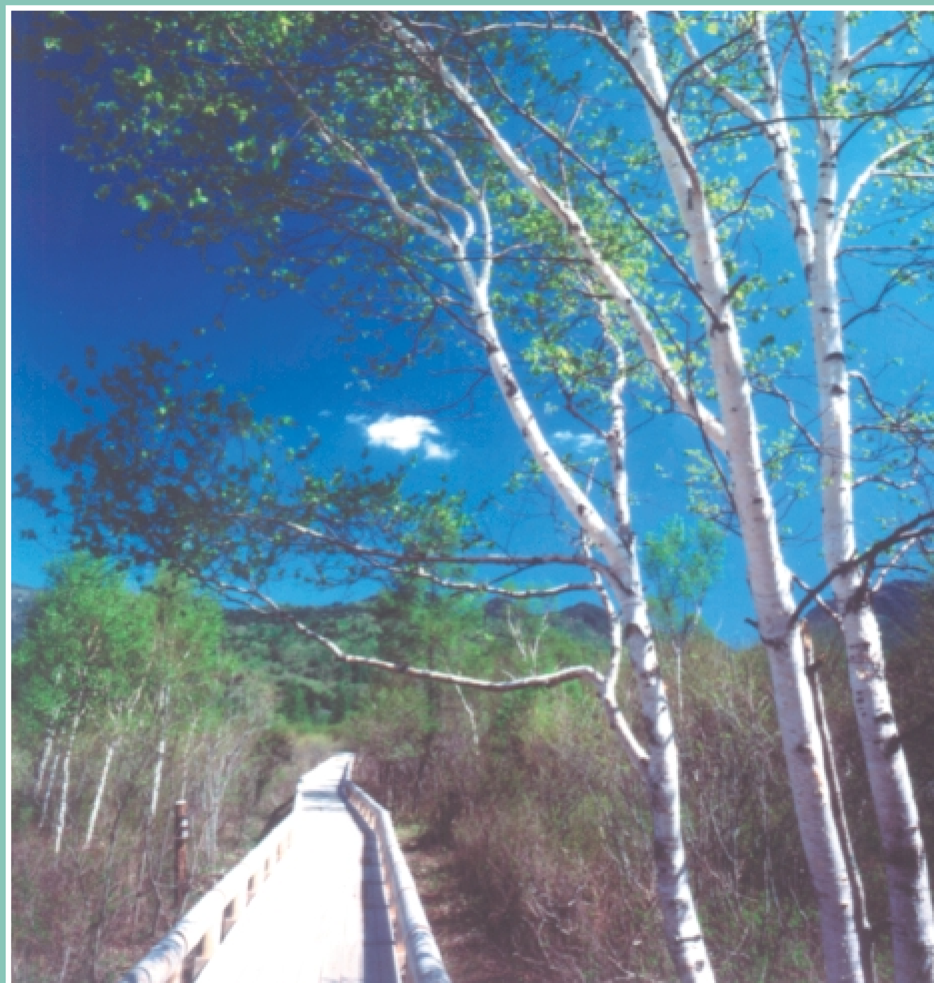

ANNUAL REPORT 2001

Year Ended March 31

TEPCO

THE TOKYO ELECTRIC POWER COMPANY, INCORPORATED

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ANNUAL REPORT 2001

Note: All amounts in this report, unless indicated otherwise, are stated on a consolidated basis.

This annual report is printed on recycled paper.

FINANCIAL HIGHLIGHTS

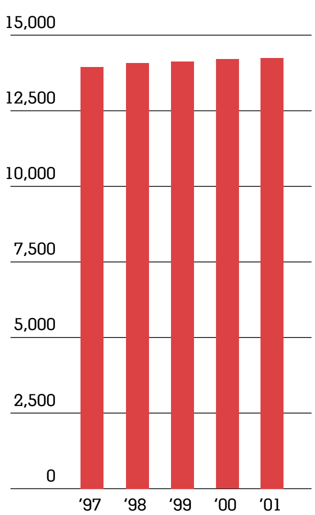
The Tokyo Electric Power Company, Incorporated
Years ended March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars
	2001	2000	**2001**
Capital Stock	**¥ 676,434**	¥ 676,433	**$ 5,460**
Property, Plant and Equipment, Net	**11,854,880**	12,071,946	**95,681**
Total Assets	**14,562,299**	14,559,331	**117,533**
Operating Revenues:			
Electricity	**¥ 5,220,307**	¥ 5,053,541	**$ 42,133**
Other	**37,707**	38,079	**304**
	¥ 5,258,014	¥ 5,091,620	**$ 42,438**
Net Income	**¥ 207,882**	¥ 87,437	**$ 1,678**
	Yen		**U.S. dollars**
Per Share of Common Stock:			
Net income:			
Basic	**¥ 153.66**	¥ 64.63	**$ 1.24**
Diluted	**152.36**	—	**1.23**
Cash dividends	**¥ 60.00**	¥ 60.00	**$ 0.48**

Note: All dollar amounts herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at ¥123.90 = US$1.00.

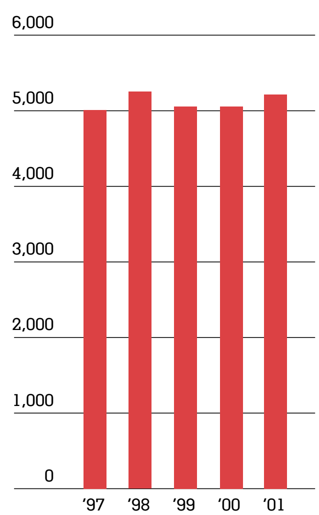
Total Assets

(Billions of yen)



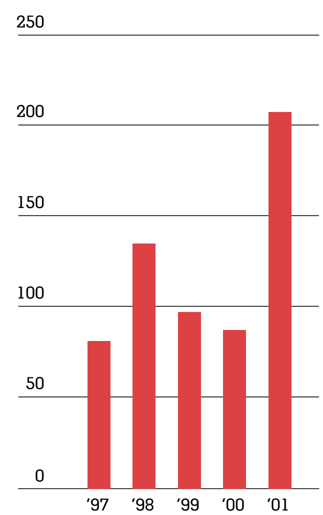
Operating Revenues

(Billions of yen)



Net Income

(Billions of yen)



As of March 31, 2001, The Tokyo Electric Power Group (the "Group") comprised The Tokyo Electric Power Company, Incorporated (the "Company"), 43 subsidiaries, and 34 affiliated companies — principally operating within the electric power industry. The Group operates in two business areas other than the electric power industry. In the first, subsidiaries and affiliates share functions with the Company to contribute to the efficiency of the Company's core electricity business. In the second, subsidiaries and affiliates utilize the Company's resources to diversify into new areas. Companies engaged in such businesses as the construction of facilities and in maintenance work as well as the supply of equipment and materials or resources, including electrical machinery and apparatus or fuel for power generation, would be examples of the first. Companies involved in energy and the environment as well as information and telecommunications would be examples of the second.

The function of each type of business is described below.

(1) Electric Power Business

In the electric power business, the Group supplies the electricity generated by a subsidiary and affiliates in addition to that supplied through the general electric utility business in which the Company is engaged.

The Company was established in 1951 as a result of a nationwide reorganization of the electric power industry intended to promote the efficient and stable supply of electric power in Japan. The Company is one of the 10 major electric utility companies in Japan engaged in the generation, transmission, and distribution of electricity. The Company's service area comprises the Tokyo metropolitan area and its surrounding prefectures, covering 39,496 square kilometers (11% of the total area of Japan) and with a population of approximately 43 million people (34% of the total population of Japan). The Company supplies electricity to approximately 27 million customers in the area, which is also the center of the nation's political, economic, and cultural activities.

In addition to selling electricity generated at the Group's facilities, the Company sells electric power purchased from other utilities and independent power producers.

Major Subsidiary and Affiliates

Power Generation Business

- The Tokyo Electric Generation Company, Incorporated*
- Kimitsu Cooperative Thermal Power Company, Inc.**
- Kashima Kyodo Electric Power Co., Ltd.**
- Soma Kyodo Power Company, Ltd.**
- Joban Joint Power Co., Ltd. **
- The Japan Atomic Power Company**

(2) Other Businesses

Subsidiaries and affiliates are engaged in various types of business including property management, the supply of resources, equipment and materials, the supply of fuel for power generation, and the construction and maintenance of facilities — all of which complement the electric power business. Other companies are involved in energy and the environment, in information and telecommunications, and in living environment and life-related businesses, which serve to diversify the Group's operations.

Major Subsidiaries and Affiliates

(A) Related Businesses

Facilities Construction and Maintenance:
- Toden Kogyo Co., Ltd.*
- Tokyo Electric Power Environmental Engineering Company, Incorporated*
- Tokyo Electric Power Services Company, Limited*
- Tokyo Densetsu Services Co., Ltd.*
- Tokyo Electric Power Home Service Company, Limited*
- KANDENKO CO., LTD.**

Fuel Supply:
- Japan COM Company, Limited*
- Japan Nuclear Fuel Limited**

Supply of Resources, Equipment and Materials:
- Toko Electric Corporation **
- Takaoka Electric Mfg. Co., Ltd. **

Transportation and Services:
- Toden Kokoku Co., Ltd.
- JAPAN NUCLEAR SECURITY SYSTEM CO., LTD.
- Nuclear Fuel Transport Company, Ltd.

Property Management:
- The Tokyo Electric Power Real Estate Maintenance Co., Inc.*
- TOSHIN BUILDING CO., LTD.

(B) Diversified Businesses

Energy and Environment:
- Tokyo Toshi Service Co., Ltd.
- My Energy Corporation
- Fuchu D.H.C. Co., Ltd.

Information and Telecommunications:
- Tokyo Telecommunication Network Company, Incorporated**
- TODEN COMPUTER SERVICE CO., LTD.
- AT TOKYO Corporation

Living Environment and Life-Related Businesses:
- CareerRise Corporation
- Houseplus Housing Guarantee Corporation Limited
- ALFA PRIME JAPAN CO., LTD.

* *Consolidated Subsidiaries*

** *Affiliates Accounted for by the Equity Method*

1. Electricity Sales, Income, and Expenditures

In fiscal 2000 ended March 31, 2001, the Japanese economy showed a gradual recovery trend supported by rising private capital investment, but in the latter half of the fiscal year the deceleration in the U.S. economy halted further improvement in the Japanese economy.

Amid this economic environment, the overall volume of electric power sold by the Company increased over the previous fiscal year at a higher rate than forecast. This was supported by the demand from industrial users, reflecting firmness in production activities, and an increase in residential customer demand owing to higher requirements for electric power for air-conditioning and heating. By type of user, sales of electric power for residential use rose 2.4%, to 85,990 million kWh, while those for commercial and industrial use were up 2.3%, to 194,661 million kWh. Accordingly, the total volume of electric power sold increased 2.3%, to 280,651 million kWh.

Revenues from electricity sales climbed 2.9%, to ¥5,086,101 million ($41,050 million), as the impact of a rate reduction implemented in October 2000 was more than offset by a rise in the volume of electric power sold and an increase in revenues under the "Fuel Cost Adjustment System." As a consequence, consolidated operating revenues were up 3.3%, to ¥5,258,014 million ($42,438 million), while ordinary revenues also rose 3.2%, to ¥5,275,869 million ($42,582 million).

Ordinary expenses rose 3.8%, to ¥4,944,901 million ($39,910 million), due to a combination of factors. These included an increase in fuel costs because of higher crude oil prices and higher personnel expenses owing to the application of accounting standards for employees' retirement benefits beginning with the fiscal year under review. Restraining the rise in expenses were such factors as reduced interest expense because of the decline in interest rates in addition to the Group's efforts to lower interest-bearing liabilities; a decline in depreciation, as the Group reduced capital investment; and the favorable impact of thoroughgoing measures to cut costs at the parent company and its consolidated subsidiaries and affiliates.

Reflecting these factors, consolidated income before extraordinary loss, special item, income taxes and minority interests declined 5.5%, to ¥330,968 million ($2,671 million). Consolidated net income rose 137.7%, to ¥207,882 million ($1,678 million), from the previous fiscal year when the Group reported an extraordinary loss because of additions to the reserve for employees' retirement allowances.

Sales of Electricity

For the years ended March 31	Millions of kWh 2001	2000	Percentage increase
Residential	**85,990**	83,974	2.4%
Commercial and Industrial	**194,661**	190,252	2.3
Total	**280,651**	274,226	2.3%

Revenues from Sales

For the years ended March 31	Millions of yen 2001	2000	Percentage increase
Residential	**¥2,024,165**	¥1,965,166	3.0%
Commercial and Industrial	**3,061,935**	2,977,403	2.8
Total	**¥5,086,101**	¥4,942,570	2.9%

2. Cash Flows

On a consolidated basis, cash and cash equivalents held by the Group at the end of the fiscal year rose 10.9%, or ¥8,211 million ($66 million), from the previous fiscal year, to ¥83,660 million ($675 million). Although the Group employed cash to reduce interest-bearing liabilities and improve its financial position by redeeming corporate bonds and repaying loans, at the same time interest expense fell with the decline in interest rates and the Group reduced cash outlays by restraining capital investment, thus leading to this net increase in cash.

(1) Cash flows from operating activities

Net cash provided by operating activities during the fiscal year rose 1.5%, to ¥1,456,478 million ($11,755 million). This increase was principally due to higher revenues from electricity sales in comparison with the previous fiscal year, as mentioned previously, and lower interest expense accompanying the decline in interest rates as well as the reduction in interest-bearing liabilities.

(2) Cash flows from investing activities

Net cash used in investing activities declined 5.0%, to ¥1,017,032 million ($8,208 million). Although investments in new businesses increased, the decline in cash flows from investing activities was primarily due to efforts to restrain capital investment by improving efficiency in the construction and operation of the facilities.

(3) Cash flows from financing activities

Net cash used in financing activities rose 15.8%, to ¥431,235 million ($3,481 million). The Group employed the cash available as a result of the reduction in capital investment to improve its financial position by reducing interest-bearing liabilities through concluding debt assumption agreements and repaying long-term borrowings prior to their maturity.

3. Expansion and Strengthening of Facilities

This section is presented on a non-consolidated basis. Among the consolidated companies, only the Company has significant plans for construction.

(1) With regard to its power facilities, the Company has commenced commercial operations at certain new units and is continuing with other construction activities as described below.

(A) Hydroelectric:

The Company is presently constructing the Kazunogawa Pumped Storage Hydroelectric Power Station (1,600,000 kilowatts) and the Kannagawa Pumped Storage Hydroelectric Power Station (2,700,000 kilowatts).

The Company has commenced commercial operations at the completed portions of the Kazunogawa Pumped Storage Hydroelectric Power Station (800,000 kilowatts).

(B) Fossil fuel:

The Company is constructing the Shinagawa Thermal Power Station Group No. 1 (1,140,000 kilowatts), the Futtsu Thermal Power Station Group No. 3 and No. 4 (1,520,000 kilowatts each) and the Hitachinaka Thermal Power Station Group No. 1 (1,000,000 kilowatts).

The Company has commenced commercial operations at the completed portions of the Chiba Thermal Power Station Group No. 1 and No. 2 (1,440,000 kilowatts each).

(2) With reference to its transmission, transformation and distribution facilities, the Company has taken into account recent trends in demand and is proceeding with the necessary construction projects, placing emphasis on expanding and strengthening its large-capacity transmission facilities and substations to ensure the delivery of a stable supply of electricity.

Generating Capacity

	Thousands of kW		
	As of March 31, 2001	As of March 31, 2000	**Increase**
Hydroelectric	**8,509**	8,103	406
Fossil fuel	**33,026**	32,434	592
Nuclear	**17,308**	17,308	—
Total	**58,843**	57,846	998

* *Non-consolidated basis*

4. Basic Management Policies

The environment for the Group's operations in the electric power generating business is characterized by growing competition as the opening of the retail power market which began in March 2000 has been followed by certain new entrants. In addition, the growth in demand for electric power is slowing due to such factors as the slower economic growth, changes in the structure of the demand arising from the wider use of energy-saving equipment, and an increase in customer-owned generating facilities. Because of these factors accompanied by the Company's efforts to flatten the load curve, peak demand has remained below the previous record level for four consecutive years since 1996. These trends are expected to continue in the years ahead.

Given these circumstances, the Company is taking initiatives to implement reforms which will enable an effective response to changes in the operating environment. The Company would like to encourage its customers as well as its shareholders and investors to continue to offer their support. Its most important management objectives will be to strengthen competitiveness in terms of prices and services as well as to enhance profitability by a substantial increase in efficiency.

To achieve these objectives, the Company is taking steps to fine-tune its marketing activities by expanding its menu of electric power rates to meet the broad range of customer needs, and by proposing the introduction of efficient electrical equipment and systems which will enable customers to reduce their energy-related expenses. Moreover, the Company is actively providing consulting services related to electrical safety, the efficient use of energy, and other matters as part of its drive to enhance customer services. In addition, along with the slowing of demand, the Company is endeavoring to develop and operate facilities in a flexible and efficient manner by reassessing its new plant development plan. In parallel with this, the Company is diversifying its methods for placing orders, to this end seeking lower procurement prices of materials and equipment, and cutting maintenance costs.

In addition, in order to become more competitive and efficient, the Company is making active use of IT and is moving forward with a review of its organization and operating system with the aim of promoting autonomous management in its field offices and reorganizing customer service interface points, which are the key to its interaction with customers.

Along with these activities, in an effort to increase profitability the Company is working to expand into new businesses, focusing especially on the three areas of energy and the environment, information and telecommunications, and living environment and life-related businesses, utilizing the collective strength of the Group as a whole and the management resources which the Company has nurtured over the years.

On the other hand, it is the Company's fundamental responsibility as an electric power utility to act in the public interest by ensuring the stable supply of electricity while preserving the environment. In particular, it has been forecasted that, during the current century, energy resources will be exhausted and that global environmental issues will become increasingly serious. To fulfill our mission in society, it is indispensable that we gain the trust of our customers and society while pursuing further development.

To discharge these responsibilities, the Company is pursuing greater efficiencies under its vertically integrated operating system which links power generation, transmission, and distribution. The Company remains unstinting in striving for an optimal mix of energy sources, making the best use of the special characteristics of hydroelectric, thermal, and nuclear power. The Company also plans to improve the efficiency of its thermal power generation facilities and will be active in supporting and spreading the utilization of new energy sources such as the "Green Power Program" established in the previous fiscal year.

Although public opinion concerning nuclear power continues to be critical, nuclear power generation makes long-term and stable fuel procurement possible and is an effective solution to environmental problems due to its minimal CO_2 emissions. The Company will continue to promote nuclear power generation at a steady pace while ensuring safety. In particular, one key issue for the Company is to promote the plutonium thermal-use project. Accordingly, the Company will work to gain the understanding and cooperation of the general public and of local residents through the active disclosure of information and by ongoing communication on this issue.

FIVE-YEAR SUMMARY

The Tokyo Electric Power Company, Incorporated
For the five years ended March 31

	Millions of yen				
	2001	2000	1999	1998	1997
CONSOLIDATED STATEMENTS OF INCOME DATA					
Operating Revenues:	**¥5,258,014**	¥5,091,620	¥5,088,403	¥5,278,019	¥5,038,797
Electricity	**5,220,307**	5,053,541	5,052,550	5,244,093	5,003,804
Other	**37,707**	38,079	35,852	33,926	34,993
Operating Expenses:	**4,525,453**	4,303,541	4,399,795	4,554,464	4,410,368
Electricity	**4,488,504**	4,263,166	4,362,839	4,517,533	4,375,876
Other	**36,948**	40,375	36,956	36,931	34,491
Operating Income	**732,561**	788,078	688,607	723,555	628,429
Other (Income) Expenses:					
Interest	**380,394**	438,513	473,747	503,420	475,482
Other, net	**21,198**	(522)	(4,423)	(5,851)	2,385
Income before Extraordinary Loss, Special Item, Income Taxes and Minority Interests	**330,968**	350,087	219,283	225,985	150,561
Extraordinary Loss	**—**	203,929	6,600	—	—
Special Item	**1,848**	(79)	3,506	(0)	(4,311)
Income before Income Taxes and Minority Interests	**329,120**	146,236	209,177	225,986	154,872
Income Taxes — Current	**143,134**	135,003	112,534	91,632	73,632
— Deferred	**(21,754)**	(76,144)	(245)	(578)	(322)
Minority Interests	**(142)**	(59)	(537)	(390)	(38)
Net Income	**¥ 207,882**	¥ 87,437	¥ 97,425	¥ 135,322	¥ 81,602

Per Share of Common Stock:	Yen				
Net income:					
Basic	**¥ 153.66**	¥ 64.63	¥ 72.01	¥ 100.03	¥ 60.32
Diluted	**152.36**	—	—	99.47	—
Cash dividends	**60.00**	60.00	50.00	50.00	50.00

	Millions of yen				
	2001	2000	1999	1998	1997
NON-CONSOLIDATED STATEMENTS OF INCOME DATA					
Operating Revenues:	**¥5,225,112**	¥5,059,655	¥5,060,166	¥5,252,252	¥5,012,638
Residential	**2,024,165**	1,965,166	1,920,491	1,952,756	1,863,087
Commercial and industrial	**3,061,935**	2,977,403	2,999,576	3,160,844	3,019,740
Other	**139,010**	117,085	140,098	138,651	129,810
Operating Expenses:	**4,510,655**	4,290,649	4,386,361	4,539,357	4,394,158
Depreciation	**946,724**	996,143	979,455	1,022,613	995,534
Fuel	**696,605**	557,545	522,214	662,324	655,804
Purchased power	**631,059**	596,964	600,144	626,076	624,446
Maintenance	**548,535**	558,100	573,592	617,594	580,700
Personnel	**525,632**	478,371	554,244	498,078	492,065
Taxes other than income taxes	**337,118**	331,502	336,356	336,254	322,627
Other	**824,979**	772,022	820,354	776,415	722,979
Operating Income	**714,456**	769,006	673,804	712,894	618,480
Other (Income) Expenses:					
Interest	**377,326**	434,999	469,829	498,829	470,185
Other, net	**17,062**	(11,941)	(3,990)	(3,288)	5,740
Income before Extraordinary Loss, Special Item and Income Taxes	**320,067**	345,948	207,966	217,354	142,554
Extraordinary Loss	**—**	200,776	6,600	—	—
Special Item	**1,841**	(83)	3,504	—	(4,314)
Income before Income Taxes	**318,225**	145,255	197,862	217,354	146,868
Income Taxes — Current	**134,049**	127,263	104,456	86,346	69,477
— Deferred	**(19,218)**	(74,645)	—	—	—
Net Income	**¥ 203,395**	¥ 92,637	¥ 93,405	¥ 131,007	¥ 77,390

	Yen				
Per Share of Common Stock:					
Net income:					
Basic	**¥ 150.34**	¥ 68.47	¥ 69.04	¥ 96.84	¥ 57.20
Diluted	**149.10**	—	—	96.34	—
Cash dividends	**60.00**	60.00	50.00	50.00	50.00
Stock Price Range:					
High	**2,945**	3,110	3,000	2,550	2,880
Low	**2,255**	2,020	2,350	2,080	2,120

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

CENTURY OTA SHOWA & CO.
ERNST & YOUNG INTERNATIONAL

The Board of Directors and Shareholders
The Tokyo Electric Power Company, Incorporated

We have audited the consolidated balance sheets of The Tokyo Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, 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 such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of The Tokyo Electric Power Company, Incorporated and consolidated subsidiaries at March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in 2000 in the method of accounting for retirement allowances as described in Note 2 to the consolidated financial statements.

As described in Note 1 to the consolidated financial statements, The Tokyo Electric Power Company, Incorporated and consolidated subsidiaries have adopted new accounting standards for employees' retirement benefits, financial instruments, and foreign currency translations in the preparation of their consolidated financial statements for the year ended March 31, 2001.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Tokyo, Japan
June 27, 2001

Century Ota Showa & Co.

Century Ota Showa & Co.

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of The Tokyo Electric Power Company, Incorporated and consolidated subsidiaries under Japanese accounting principles and practices.

CONSOLIDATED BALANCE SHEETS

The Tokyo Electric Power Company, Incorporated
March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars (Note 3)
	2001	2000	**2001**
ASSETS			
Property, Plant and Equipment	**¥26,347,520**	¥25,719,678	**$212,651**
Construction in Progress	**1,150,905**	1,177,486	**9,289**
	27,498,426	26,897,165	**221,940**
Less:			
Contributions in aid of construction	**(269,702)**	(263,545)	**(2,177)**
Accumulated depreciation	**(15,373,843)**	(14,561,673)	**(124,083)**
	(15,643,546)	(14,825,218)	**(126,259)**
Property, Plant and Equipment, Net (Notes 4 and 7)	**11,854,880**	12,071,946	**95,681**
Nuclear Fuel:			
Loaded nuclear fuel	**179,333**	181,526	**1,447**
Nuclear fuel in processing	**533,248**	500,544	**4,304**
	712,581	682,071	**5,751**
Investments and Other:			
Long-term investments	**656,530**	531,079	**5,299**
Deferred tax assets (Note 12)	**298,117**	296,610	**2,406**
Other	**436,716**	411,083	**3,525**
	1,391,365	1,238,773	**11,230**
Current Assets:			
Cash	**79,003**	73,229	**638**
Notes and accounts receivable — customers	**351,232**	305,680	**2,835**
Other	**173,235**	187,630	**1,398**
	603,472	566,540	**4,871**
Total Assets	**¥14,562,299**	¥14,559,331	**$117,533**

	Millions of yen		Millions of U.S. dollars (Note 3)
	2001	2000	**2001**
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY			
Long-Term Liabilities and Reserves:			
Long-term debt (Notes 6 and 7)	**¥ 7,763,253**	¥ 8,540,871	**$ 62,657**
Other long-term liabilities	**64,200**	70,720	**518**
Reserve for reprocessing of irradiated nuclear fuel (Note 8)	**863,194**	791,229	**6,967**
Accrued employees' retirement benefits (Notes 1 and 11)	**487,229**	445,457	**3,932**
Reserve for decommissioning costs of nuclear power units (Note 9)	**317,898**	298,514	**2,566**
	9,495,776	10,146,794	**76,641**
Current Liabilities:			
Current portion of long-term debt and other	**1,124,889**	874,623	**9,079**
Short-term debt	**672,280**	645,844	**5,426**
Accrued income taxes and other	**170,423**	151,114	**1,375**
Other	**1,050,617**	882,908	**8,480**
	3,018,210	2,554,490	**24,360**
Reserve for Fluctuation in Water Levels (Note 10)	**5,277**	3,428	**43**
Total Liabilities	**12,519,264**	12,704,713	**101,043**
Minority Interests	**4,783**	4,925	**39**
Shareholders' Equity (Note 13):			
Common stock	**676,434**	676,433	**5,460**
Capital surplus	**19,014**	19,013	**153**
Retained earnings	**1,273,896**	1,154,279	**10,282**
Unrealized gains on securities	**68,927**	—	**556**
	2,038,272	1,849,727	**16,451**
Treasury stock, at cost	**(21)**	(34)	**(0)**
Total Shareholders' Equity	**2,038,251**	1,849,692	**16,451**
Contingent Liabilities (Note 15)			
Total Liabilities, Minority Interests and Shareholders' Equity	**¥14,562,299**	¥14,559,331	**$117,533**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

The Tokyo Electric Power Company, Incorporated
For the years ended March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars (Note 3)
	2001	2000	**2001**
Operating Revenues:			
Electricity	**¥5,220,307**	¥5,053,541	**$42,133**
Other	**37,707**	38,079	**304**
	5,258,014	5,091,620	**42,438**
Operating Expenses (Note 14):			
Electricity	**4,488,504**	4,263,166	**36,227**
Other	**36,948**	40,375	**298**
	4,525,453	4,303,541	**36,525**
Operating Income	**732,561**	788,078	**5,913**
Other (Income) Expenses:			
Interest	**380,394**	438,513	**3,070**
Other, net	**21,198**	(522)	**171**
	401,592	437,990	**3,241**
Income before Extraordinary Loss, Special Item, Income Taxes and Minority Interests	**330,968**	350,087	**2,671**
Extraordinary Loss:			
Cumulative effect of change in accounting policy (Note 2)	**—**	203,929	**—**
Special Item:			
Provision for (reversal of) reserve for fluctuation in water levels (Note 10)	**1,848**	(79)	**15**
Income before Income Taxes and Minority Interests	**329,120**	146,236	**2,656**
Income Taxes (Note 12):			
Current	**143,134**	135,003	**1,155**
Deferred	**(21,754)**	(76,144)	**(176)**
Minority Interests	**(142)**	(59)	**(1)**
Net Income	**¥ 207,882**	¥ 87,437	**$ 1,678**

Per Share of Common Stock:	Yen		U.S. dollars (Note 3)
Net income:			
Basic	**¥ 153.66**	¥ 64.63	**$ 1.24**
Diluted	**152.36**	—	**1.23**
Cash dividends	**¥ 60.00**	¥ 60.00	**$ 0.48**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

The Tokyo Electric Power Company, Incorporated
For the years ended March 31, 2001 and 2000

	Number of shares (Thousands)	Million s of yen			
		Common stock	Capital surplus	Retained earnings	Unrealized gains on securities
Balance at March 31, 1999	1,352,867	¥676,433	¥19,013	¥ 896,137	¥ —
Cumulative effect of adoption of tax-effect accounting				263,044	
Adjustments to retained earnings for inclusion in or exclusion from equity method of accounting for affiliates, and certain other adjustments				(24,363)	
Net income for the year ended March 31, 2000				87,437	
Cash dividends paid				(67,642)	
Bonuses to directors and auditors				(334)	
Balance at March 31, 2000	1,352,867	¥676,433	¥19,013	¥1,154,279	¥ —
Net income for the year ended March 31, 2001				207,882	
Cash dividends paid				(87,935)	
Bonuses to directors and auditors				(330)	
Conversion of convertible bonds		0	0		
Net change during the year					68,927
Balance at March 31, 2001	1,352,867	¥676,434	¥19,014	¥1,273,896	¥68,927

	Millions of U.S. dollars (Note 3)			
	Common stock	Capital surplus	Retained earnings	Unrealized gains on securities
Balance at March 31, 2000	$5,460	$153	$ 9,316	$ —
Net income for the year ended March 31, 2001			1,678	
Cash dividends paid			(710)	
Bonuses to directors and auditors			(3)	
Conversion of convertible bonds	0	0		
Net change during the year				556
Balance at March 31, 2001	$5,460	$153	$10,282	$556

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

The Tokyo Electric Power Company, Incorporated
For the years ended March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars (Note 3)
	2001	2000	**2001**
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	**¥ 329,120**	¥ 146,236	**$ 2,656**
Depreciation and amortization	**964,625**	1,012,755	**7,786**
Loss on nuclear fuel	**77,698**	88,922	**627**
Loss on disposal of property, plant and equipment	**33,980**	52,337	**274**
Provision for accrued employees' retirement benefits	**42,041**	172,490	**339**
Provision for reprocessing of irradiated nuclear fuel	**71,964**	56,287	**581**
Provision for decommissioning costs of nuclear power units	**19,384**	21,383	**156**
Interest revenue and dividends received	**(9,916)**	(9,359)	**(80)**
Interest expense	**380,394**	438,513	**3,070**
Increase in notes and accounts receivable	**(51,792)**	(12,308)	**(418)**
Increase in notes and accounts payable	**45,912**	26,822	**371**
Other	**82,036**	3,765	**662**
	1,985,449	1,997,847	**16,025**
Receipt of interest and cash dividends	**6,116**	5,832	**49**
Interest paid	**(389,035)**	(446,656)	**(3,140)**
Income taxes paid	**(146,050)**	(122,125)	**(1,179)**
Net cash provided by operating activities	**1,456,478**	1,434,897	**11,755**
Cash Flows from Investing Activities:			
Purchases of property, plant and equipment	**(945,268)**	(1,030,177)	**(7,629)**
Receipt of contributions in aid of construction	**10,498**	9,986	**85**
Increase in investments	**(58,480)**	(9,183)	**(472)**
Proceeds from investments	**1,165**	2,297	**9**
Other	**(24,946)**	(43,409)	**(201)**
Net cash used in investing activities	**(1,017,032)**	(1,070,487)	**(8,208)**
Cash Flows from Financing Activities:			
Proceeds from issuance of bonds	**699,802**	593,157	**5,648**
Redemption of bonds	**(881,399)**	(889,248)	**(7,114)**
Proceeds from long-term loans	**190,465**	300,272	**1,537**
Repayment of long-term loans	**(538,803)**	(414,411)	**(4,349)**
Proceeds from short-term loans	**1,340,620**	866,656	**10,820**
Repayment of short-term loans	**(1,314,184)**	(846,071)	**(10,607)**
Proceeds from issuance of commercial paper	**1,515,000**	1,270,000	**12,228**
Redemption of commercial paper	**(1,355,000)**	(1,185,000)	**(10,936)**
Dividends paid	**(87,746)**	(67,663)	**(708)**
Other	**10**	(46)	**0**
Net cash used in financing activities	**(431,235)**	(372,356)	**(3,481)**
Net increase (decrease) in cash and cash equivalents	**8,211**	(7,946)	**66**
Cash and cash equivalents at beginning of the year	**75,449**	83,396	**609**
Cash and cash equivalents at end of the year	**¥ 83,660**	¥ 75,449	**$ 675**

See notes to consolidated financial statements.

1. Summary of significant accounting policies

a. Basis of preparation

The accompanying consolidated financial statements of The Tokyo Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries (together, the "Companies") have been compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan and are prepared on the basis of accounting principles 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.

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

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

b. Basis of consolidation

In accordance with the revised accounting standards for consolidation, the accompanying consolidated financial statements for the year ended March 31, 2001 include the accounts of the Company and its significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The differences arising from the cost of the Companies' investments in subsidiaries and affiliates over the equity in their net assets at fair value are amortized over a period of five years.

Investments in other affiliates and unconsolidated subsidiaries, not significant in amount, are carried at cost.

c. New accounting standards

Employees' retirement benefits

Effective the year ended March 31, 2001, the Companies adopted "Accounting Standard for Retirement Benefits" issued by the Business Accounting Deliberation Council (the "BADC") on June 16, 1998. In accordance with this standard, the accrued retirement benefits for employees are provided based on the projected retirement benefit obligation and the pension plan assets. As a result of the adoption of this standard in the current year, retirement benefit costs increased by ¥79,534 million ($642 million) and income before income taxes and minority interests decreased by ¥79,534 million ($642 million).

Financial instruments

Effective the year ended March 31, 2001, the Companies adopted "Accounting Standard for Financial Instruments" issued by the BADC on January 22, 1999. As of April 1, 2000, the Companies assessed their intent in holding their investments in securities, classified their most of investments as "Other securities" and accounted for the securities at March 31, 2001 in accordance with the new standard referred to above. However, the adoption of this standard had no material effect on the consolidated statement of income for the year ended March 31, 2001.

Foreign currency translation

Effective the year ended March 31, 2001, the Companies adopted the revised "Accounting Standard for Foreign Currency Translations" issued by the BADC on October 22, 1999. However, the adoption of this standard had no material effect on the consolidated statement of income for the year ended March 31, 2001.

d. Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost. Contributions in aid of construction are deducted from the cost of the related assets. Depreciation of tangible assets is computed by the declining-balance method based on the estimated useful lives of the respective assets.

e. Nuclear fuel and amortization

Nuclear fuel is stated at cost less amortization. The amortization of loaded nuclear fuel is computed based on the quantity of energy produced for the generation of electricity.

f. Investments

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

g. Cash equivalents

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

h. Accrued employees' retirement benefits

Accrued employees' retirement benefits at March 31, 2001 have been provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of March 31, 2001, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

The transition difference of ¥57,606 million ($465 million) arising from the adoption of the new accounting standard has been charged to expenses in the year ended March 31, 2001, and the amortization cost has been included in other income and expenses.

Effective this year, actuarial gain or loss is being amortized by the straight-line method over a period of 3 years or less.

i. Fuel, materials and supplies

Fuel — exclusive of nuclear fuel — materials and supplies are stated at cost determined principally by the average method.

j. Bond issuance expenses

Bond issuance expenses are charged to income as incurred.

k. Foreign currency translation

Current and non-current foreign curency accounts are translated into yen at the exchange rates prevailing as of the fiscal year ended, and the resulting gain and loss is credited or charged to income currently.

l. Derivatives and hedging activities

The Company has entered into various derivatives transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates.

Liabilities denominated in foreign currencies hedged by qualified derivatives are translated at the corresponding contracted foreign exchange rates.

m. Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

2. Change in accounting policy

Effective April 1, 1999, the Company and certain consolidated subsidiaries changed their method of accounting for retirement allowances to provide an accrual principally at 100% of the amount which would be required to be paid if all employees voluntarily terminated their employment at the balance sheet date instead of providing an accrual principally at 40% of such amount. This change was made in order to revise retirement allowances given the projected increasing retirement costs of the Companies. The cumulative effect of this change amounted to ¥203,929 million at April 1, 1999 and was recorded as an extraordinary loss for the year ended March 31, 2000. The effect of this change was to increase income before extraordinary loss, special item, income taxes and minority interests by ¥1,119 million and to decrease income before income taxes and minority interests by ¥202,810 million for the year ended March 31, 2000.

3. U.S. dollar amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥123.90 = U.S.$1.00, the approximate rate of exchange on March 30, 2001, 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.

4. Property, plant and equipment

The major classifications of property, plant and equipment, net at March 31, 2001 and 2000 were as follows:

	Millions of yen		Millions of U.S. dollars
	2001	2000	**2001**
Hydroelectric power production facilities	**¥ 796,235**	¥ 822,231	**$ 6,426**
Thermal power production facilities	**1,296,422**	1,368,161	**10,463**
Nuclear power production facilities	**1,257,273**	1,382,693	**10,147**
Transmission facilities	**3,246,467**	3,292,765	**26,202**
Transformation facilities	**1,285,641**	1,215,739	**10,376**
Distribution facilities	**2,369,563**	2,340,100	**19,125**
General facilities	**237,898**	249,804	**1,920**
Other electricity-related property, plant and equipment	**13,970**	18,770	**113**
Other property, plant and equipment	**215,930**	216,973	**1,743**
	¥10,719,403	¥10,907,240	**$86,517**

5. Marketable securities and investment securities

At March 31, 2001, held-to-maturity securities for which market prices were available were as follows:

	Millions of yen			Millions of U.S. dollars		
	Balance sheet amount	Market value	Unrealized gains	Balance sheet amount	Market value	Unrealized gains
Unrealized gains:						
Bonds	¥ 745	¥ 790	¥ 45	$ 6	$ 6	$ 0

At March 31, 2001, "Other securities" for which market prices were available were as follows:

	Millions of yen			Millions of U.S. dollars		
	Cost	Balance sheet amount	Unrealized gains (losses)	Cost	Balance sheet amount	Unrealized gains (losses)
Unrealized gains:						
Stock and bonds	¥40,431	¥142,278	¥101,846	$326	$1,148	$822
Unrealized losses:						
Stock and bonds	3,102	2,893	(208)	25	23	(2)
Total	¥43,534	¥145,171	¥101,637	$351	$1,172	$820

At March 31, 2001, non-marketable securities and investment securities stated at cost were as follows:

	Millions of yen	Millions of U.S. dollars
Other securities:		
Unlisted stock	¥79,298	$640
Other	20,153	163

The redemption schedule for securities with maturity dates classified as Other securities and held-to-maturity securities as of March 31, 2001 is summarized as follows:

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Bonds	¥8	¥1,474	¥19	¥7

	Millions of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Bonds	$0	$12	$0	$0

6. Long-term debt

The annual interest rates applicable to the Company's domestic straight bonds at March 31, 2001 and 2000 ranged from 0.82% to 7.00% and from 0.85% to 7.00% respectively, and to the Company's foreign straight bonds at March 31, 2001 and 2000 ranged from 4.00% to 11.00%. The interest rates applicable to the long-term borrowings (except for the current portion) at March 31, 2001 and 2000 averaged approximately 2.87% and 3.03%, respectively.

As of March 31, 2001 and 2000, long-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	**2001**
Domestic Bonds:			
Straight bonds due from 2000 through 2019	**¥ 4,510,610**	¥4,689,510	**$36,405**
1.7% convertible bonds due 2004	**178,431**	178,432	**1,440**
Foreign Bonds due from 2001 through 2009	**898,655**	898,655	**7,253**
Loans from banks, insurance companies and other sources	**3,293,894**	3,642,231	**26,585**
Total	**8,881,591**	9,408,829	**71,684**
Less: Current portion	**(1,118,337)**	(867,957)	**(9,026)**
	¥ 7,763,253	¥8,540,871	**$62,657**

The 1.7% convertible bonds may be redeemed in whole or in part at the option of the Company at prices ranging from 103% to 100% of the principal amount on or subsequent to April 1, 2001. The current conversion price is ¥7,299 ($58.91) per share. At March 31, 2001, 24,445 thousand shares were reserved for conversion of these convertible bonds.

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

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2002	¥1,118,337	$9,026
2003	1,128,646	9,109
2004	827,301	6,677
2005	353,542	2,853
2006	669,239	5,401

7. Pledged assets

At March 31, 2001, the Company's entire property was subject to certain statutory preferential rights as security for loans from the Development Bank of Japan, which amounted to ¥994,944 million ($8,030 million) and for bonds (including convertible bonds) of ¥6,984,747 million ($56,374 million).

Certain of the Company's long-term loan agreements give the lenders the right, upon request, to have any proposed appropriation of retained earnings submitted to them for prior approval before submission to the shareholders. None of the lenders has ever exercised this right.

The assets pledged as collateral for certain consolidated subsidiaries' long-term debt, which amounted to ¥8,861 million ($72 million) at March 31, 2001 were as follows:

	Millions of yen	Millions of U.S. dollars
Hydroelectric power production facilities, at net book value	¥ 5,572	$ 45
Other property, plant and equipment, at net book value	16,541	134
	¥22,113	$178

8. Reserve for reprocessing of irradiated nuclear fuel

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

9. Reserve for decommissioning costs of nuclear power units

The reserve for the anticipated costs required for the decommissioning of nuclear power units in the future is provided on the basis of the actual amount of nuclear power generated during the period.

10. Reserve for fluctuation in water levels

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

11. Employees' retirement benefit plans

At March 31, 2001, the Company and certain of its consolidated subsidiaries had defined benefit plans, including funded non-contributory tax-qualified retirement pension plans and lump-sum retirement benefit plans. Within the Companies, there are 8 retirement benefit plans and 6 pension plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet at March 31, 2001 for the Companies' defined benefit plans:

	Millions of yen	Millions of U.S. dollars
Retirement benefit obligation	¥(953,781)	$(7,698)
Plan assets at fair value	445,543	3,596
Accrued employees' retirement benefits	487,229	3,932
Prepaid pension expense	(7)	(0)
Unrecognized actuarial loss	¥ (21,015)	$ (170)

The components of retirement benefit expenses for the year ended March 31, 2001 are outlined as follows:

	Millions of yen	Millions of U.S. dollars
Service cost	¥ 35,900	$290
Interest cost	27,707	224
Expected return on plan assets	(10,547)	(85)
Amortization of net retirement benefit obligation at transition	57,606	465
Amortization of actuarial loss	10,723	87
	¥121,389	$980

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

Method of allocation of estimated retirement benefits	Equally over the period
Discount rate	Mainly 3.0%
Expected rate of return on plan assets	Mainly 2.5%
Period for recognition of actuarial gain or loss	Mainly amortized by the straight-line method over a period of 3 years or less
Period of amortization of net retirement benefit obligation at transition	1 year

12. Income taxes

Income taxes applicable to the Company and a consolidated subsidiary in the electricity business comprise corporation and inhabitants' taxes, which, in the aggregate, resulted in a statutory tax rate of approximately 36% in 2001 and 2000. Other consolidated subsidiaries are subject to corporation, enterprise and inhabitants' taxes, which, in the aggregate, resulted in a statutory tax rate of approximately 42% in 2001 and 2000.

The difference between the effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2001 and the statutory tax rate was immaterial.

The significant components of deferred tax assets and liabilities as of March 31, 2001 and 2000 were as follows:

	Millions of yen		Millions of U.S. dollars
	2001	2000	**2001**
Deferred tax assets:			
Accrued employees' retirement benefits	**¥138,942**	¥120,056	**$1,121**
Reserve for reprocessing of irradiated nuclear fuel	**63,144**	63,144	**510**
Deferred expenses for tax purposes	**49,937**	66,897	**403**
Reserve for decommissioning costs of nuclear power units	**32,791**	32,035	**265**
Other	**76,166**	59,101	**615**
	360,983	341,235	**2,914**
Valuation allowance	**(1,387)**	(1,204)	**(11)**
Total deferred tax assets	**359,595**	340,031	**2,902**
Deferred tax liabilities:			
Unrealized gains on securities	**(36,910)**	—	**(298)**
Reserve for depreciation of nuclear power facilities	**—**	(2,232)	**—**
Other	**(677)**	(698)	**(5)**
Total deferred tax liabilities	**(37,587)**	(2,930)	**(303)**
Net deferred tax assets	**¥322,007**	¥337,100	**$2,599**

13. Shareholders' equity

Retained earnings include a legal reserve provided in accordance with the Commercial Code of Japan. The Code provides that neither capital surplus nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors.

14. Research and development costs

Research and development costs included in general and administrative expenses for the years ended March 31, 2001 and 2000 totaled ¥57,076 million ($461 million) and ¥71,514 million, respectively.

15. Contingent liabilities

At March 31, 2001, contingent liabilities totaled ¥2,069,955 million ($16,707 million), of which ¥437,240 million ($3,529 million) was in the form of co-guarantees, or commitments to give co-guarantees if requested, for the loans or bonds of other companies. However, ¥38,706 million ($312 million) of this balance can be assigned to other co-guarantors based on the contracts between the co-guarantors.

In addition, ¥233,165 million ($1,882 million) consisted of guarantees given in connection with housing loans to employees of the Companies.

The remainder of ¥1,399,550 million ($11,296 million) represents the debt assigned by the Company to certain banks under debt assumption agreements.

16. Amounts per share

No presentation has been made for fully diluted net income per share for the year ended March 31, 2000 as an adjustment for the dilutive potential of the outstanding convertible bonds would not have resulted in a material decline in basic net income per share.

17. Derivatives

The Company utilizes forward foreign exchange contracts solely in order to hedge against the risk of fluctuations in foreign currency exchange rates and to stabilize its future cash flows relating to payables denominated in foreign currencies.

The Company also utilizes currency swap agreements for the purpose of hedging its exposure to adverse fluctuations in foreign exchange rates and to manage its future cash flows relating to principal and interest payments on foreign bonds denominated in foreign currencies.

Liabilities denominated in foreign currencies hedged by qualified derivatives are translated at the corresponding contracted foreign exchange rates.

The Company has entered into such derivatives transactions solely in order to hedge against certain risks in compliance with its internal policies. The Company has not entered into derivatives for trading or speculative purposes.

The Company is also exposed to credit risk in the event of non-performance by the counterparties to these derivatives positions, but considers the risk of any such loss to be minimal because the Company enters into derivatives transactions only with financial institutions which have high credit ratings.

The consolidated subsidiaries of the Company do not utilize financial derivatives for hedging purposes.

18. Segment information

The Companies are primarily engaged in the electric utility business in Japan. As more than 90% of their revenues, operating income and assets arises from the electric utility business, disclosure of business segment information has been omitted.

Furthermore, as less than 10% of their revenues is generated overseas, disclosure of geographical information has been omitted.

19. Subsequent event

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2001, were approved at a general meeting of the shareholders held on June 27, 2001:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends (¥30 = $0.24 per share)	¥40,585	$328
Bonuses to directors and auditors	150	1

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

CENTURY OTA SHOWA & CO.
ERNST & YOUNG INTERNATIONAL

The Board of Directors and Shareholders
The Tokyo Electric Power Company, Incorporated

We have audited the non-consolidated balance sheets of The Tokyo Electric Power Company, Incorporated as of March 31, 2001 and 2000, and the related non-consolidated statements of income and shareholders' equity for the years then ended, 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 such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying non-consolidated financial statements, expressed in yen, present fairly the financial position of The Tokyo Electric Power Company, Incorporated at March 31, 2001 and 2000, and the results of its operations for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in 2000 in the method of accounting for retirement allowances as described in Note 2 to the non-consolidated financial statements.

As described in Note 1 to the non-consolidated financial statements, The Tokyo Electric Power Company, Incorporated has adopted new accounting standards for employees' retirement benefits, financial instruments, and foreign currency translations in the preparation of its non-consolidated financial statements for the year ended March 31, 2001.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the non-consolidated financial statements.

Tokyo, Japan
June 27, 2001

Century Ota Showa & Co.

Century Ota Showa & Co.

See Note 1 to the non-consolidated financial statements which explains the basis of preparation of the non-consolidated financial statements of The Tokyo Electric Power Company, Incorporated under Japanese accounting principles and practices.

NON-CONSOLIDATED BALANCE SHEETS

The Tokyo Electric Power Company, Incorporated
March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars (Note 3)
	2001	2000	**2001**
ASSETS			
Property, Plant and Equipment	**¥26,125,586**	¥25,500,343	**$210,860**
Construction in Progress	**1,154,530**	1,171,853	**9,318**
	27,280,116	26,672,196	**220,179**
Less:			
Contributions in aid of construction	**(267,837)**	(261,685)	**(2,162)**
Accumulated depreciation	**(15,254,575)**	(14,445,114)	**(123,120)**
	(15,522,413)	(14,706,800)	**(125,282)**
Property, Plant and Equipment, Net (Note 4)	**11,757,703**	11,965,396	**94,897**
Nuclear Fuel:			
Loaded nuclear fuel	**179,706**	181,789	**1,450**
Nuclear fuel in processing	**534,224**	501,348	**4,312**
	713,930	683,137	**5,762**
Investments and Other:			
Long-term investments	**644,645**	519,951	**5,203**
Investments in subsidiaries and affiliates	**310,523**	287,467	**2,506**
Deferred tax assets	**268,650**	268,523	**2,168**
Other	**41,971**	42,379	**339**
	1,265,791	1,118,322	**10,216**
Current Assets:			
Cash	**55,187**	52,097	**445**
Accounts receivable — customers	**347,395**	302,030	**2,804**
Fuel — exclusive of nuclear fuel — materials and supplies	**73,904**	84,233	**596**
Other	**83,714**	89,594	**676**
	560,201	527,955	**4,521**
Total Assets	**¥14,297,626**	¥14,294,811	**$115,397**

	Millions of yen		Millions of U.S. dollars (Note 3)
	2001	2000	**2001**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Long-Term Liabilities and Reserves:			
Long-term debt	**¥ 7,674,646**	¥ 8,439,694	**$ 61,942**
Other long-term liabilities	**51,113**	57,905	**413**
Reserve for reprocessing of irradiated nuclear fuel	**863,194**	791,229	**6,967**
Accrued employees' retirement benefits (Note 1)	**463,098**	425,813	**3,738**
Reserve for decommissioning costs of nuclear power units	**317,898**	298,514	**2,566**
	9,369,952	10,013,158	**75,625**
Current Liabilities:			
Current portion of long-term debt	**1,102,696**	851,157	**8,900**
Current portion of other long-term liabilities	**6,551**	6,665	**53**
Short-term debt	**669,000**	640,000	**5,400**
Commercial paper	**415,000**	255,000	**3,349**
Accrued income taxes	**69,466**	74,869	**561**
Deposits from employees and others	**2,948**	10,186	**24**
Other — principally accounts payable	**728,276**	691,347	**5,878**
	2,993,939	2,529,226	**24,164**
Reserve for Fluctuation in Water Levels	**5,262**	3,420	**42**
Total Liabilities	**12,369,153**	12,545,804	**99,832**
Shareholders' Equity:			
Common stock, ¥500 par value:			
Authorized — 1,800,000,000 shares			
Issued — 1,352,867,531 shares in 2001	**676,434**	—	**5,460**
— 1,352,867,394 shares in 2000	**—**	676,433	**—**
Capital surplus	**19,014**	19,013	**153**
Legal reserve (Note 5)	**169,108**	169,108	**1,365**
Retained earnings	**999,760**	884,450	**8,069**
Unrealized gains on securities	**64,155**	—	**518**
Total Shareholders' Equity	**1,928,473**	1,749,006	**15,565**
Contingent Liabilities (Note 7)			
Total Liabilities and Shareholders' Equity	**¥14,297,626**	¥14,294,811	**$115,397**

See notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF INCOME

The Tokyo Electric Power Company, Incorporated
For the years ended March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars (Note 3)
	2001	2000	**2001**
Operating Revenues:			
Residential	**¥2,024,165**	¥1,965,166	**$16,337**
Commercial and industrial	**3,061,935**	2,977,403	**24,713**
Other	**139,010**	117,085	**1,122**
	5,225,112	5,059,655	**42,172**
Operating Expenses (Note 6):			
Depreciation	**946,724**	996,143	**7,641**
Fuel	**696,605**	557,545	**5,622**
Purchased power	**631,059**	596,964	**5,093**
Maintenance	**548,535**	558,100	**4,427**
Personnel	**525,632**	478,371	**4,242**
Taxes other than income taxes	**337,118**	331,502	**2,721**
Other	**824,979**	772,022	**6,658**
	4,510,655	4,290,649	**36,406**
Operating Income	**714,456**	769,006	**5,766**
Other (Income) Expenses:			
Interest	**377,326**	434,999	**3,045**
Other, net	**17,062**	(11,941)	**138**
	394,389	423,057	**3,183**
Income before Extraordinary Loss, Special Item and Income Taxes	**320,067**	345,948	**2,583**
Extraordinary Loss:			
Cumulative effect of change in accounting policy (Note 2)	**—**	200,776	**—**
Special Item:			
Provision for (reversal of) reserve for fluctuation in water levels	**1,841**	(83)	**15**
Income before Income Taxes	**318,225**	145,255	**2,568**
Income Taxes:			
Current	**134,049**	127,263	**1,082**
Deferred	**(19,218)**	(74,645)	**(155)**
Net Income	**¥ 203,395**	¥ 92,637	**$ 1,642**

Per Share of Common Stock:	Yen		U.S. dollars (Note 3)
Net income			
Basic	**¥ 150.34**	¥ 68.47	**$ 1.21**
Diluted	**149.10**	—	**1.20**
Cash dividends	**¥ 60.00**	¥ 60.00	**$ 0.48**

See notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

The Tokyo Electric Power Company, Incorporated
For the years ended March 31, 2001 and 2000

	Number of shares (Thousands)	Millions of yen				
		Common stock	Capital surplus	Legal reserve	Retained earnings	Unrealized gains on securities
Balance at March 31, 1999	1,352,867	¥676,433	¥19,013	¥163,243	¥632,887	¥ —
Cumulative effect of adoption of tax-effect accounting					232,584	
Net income for the year ended March 31, 2000					92,637	
Cash dividends paid					(67,642)	
Bonuses to directors and auditors					(150)	
Transfer to legal reserve				5,865	(5,865)	
Balance at March 31, 2000	1,352,867	¥676,433	¥19,013	¥169,108	¥884,450	¥ —
Net income for the year ended March 31, 2001					203,395	
Cash dividends paid					(87,935)	
Bonuses to directors and auditors					(150)	
Transfer to legal reserve				0	(0)	
Conversion of convertible bonds		0	0			
Net change during the year						64,155
Balance at March 31, 2001	1,352,867	¥676,434	¥19,014	¥169,108	¥999,760	¥64,155

	Millions of U.S. dollars (Note 3)				
	Common stock	Capital surplus	Legal reserve	Retained earnings	Unrealized gains on securities
Balance at March 31, 2000	$5,460	$153	$1,365	$7,138	$ —
Net income for the year ended March 31, 2001				1,642	
Cash dividends paid				(710)	
Bonuses to directors and auditors				(1)	
Transfer to legal reserve			0	(0)	
Conversion of convertible bonds	0	0			
Net change during the year					518
Balance at March 31, 2001	$5,460	$153	$1,365	$8,069	$518

See notes to non-consolidated financial statements.

1. Summary of significant accounting policies

a. Basis of preparation

The accompanying non-consolidated financial statements of The Tokyo Electric Power Company, Incorporated (the "Company") have been prepared from the accounts and records maintained by the Company in accordance with the provisions of the Commercial Code of Japan and with 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 non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The accompanying non-consolidated financial statements have been prepared on the same basis as the accounting policies discussed in Note 1 to the consolidated financial statements except that these financial statements relate to the Company only, with investments in subsidiaries and affiliates being substantially stated at cost.

Certain amounts previously reported have been reclassified to conform to the current year's presentation.

b. New accounting standards

Employees' retirement benefits

Effective the year ended March 31, 2001, the Company adopted "Accounting Standard for Retirement Benefits" issued by the Business Accounting Deliberation Council (the "BADC") on June 16, 1998. In accordance with this standard, the accrued retirement benefits for employees are provided based on the projected retirement benefit obligation and the pension plan assets. As a result of the adoption of this standard in the current year, retirement benefit costs increased by ¥77,097 million ($622 million) and income before income taxes decreased by ¥77,097 million ($622 million).

Financial instruments

Effective the year ended March 31, 2001, the Company adopted "Accounting Standard for Financial Instruments" issued by the BADC on January 22, 1999. As of April 1, 2000, the Company assessed its intent in holding its investments in securities, classified its investments as "Other securities" and accounted for the securities at March 31, 2001 in accordance with the new standard referred to above. However, the adoption of this standard had no material effect on the non-consolidated statement of income for the year ended March 31, 2001.

Foreign currency translation

Effective the year ended March 31, 2001, the Company adopted the revised "Accounting Standard for Foreign Currency Translations" issued by the BADC on October 22, 1999. However, the adoption of this standard had no material effect on the non-consolidated statement of income for the year ended March 31, 2001.

2. Change in accounting policy

Effective April 1, 1999, the Company changed its method of accounting for retirement allowances to provide an accrual at 100% of the amount which would be required to be paid if all employees voluntarily terminated their employment at the balance sheet date instead of providing an accrual at 40% of such amount in order to revise retirement allowances given the projected increasing retirement costs of the Company. The cumulative effect of this change amounted to ¥200,776 million at April 1, 1999 and was recorded as an extraordinary loss for the year ended March 31, 2000. The effect of this change was to increase income before extraordinary loss, special item and income taxes by ¥1,326 million and to decrease income before income taxes by ¥199,450 million for the year ended March 31, 2000.

3. U.S. dollar amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥123.90 = U.S.$1.00, the approximate rate of exchange on March 30, 2001, 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.

4. Property, plant and equipment

The major classifications of property, plant and equipment as of March 31, 2001 and 2000 were as follows:

	Millions of yen			
	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying amount
As of March 31, 2001				
Hydroelectric power production facilities	¥ 1,461,127	¥ 5,856	¥ 666,129	¥ 789,141
Thermal power production facilities	4,569,930	16,861	3,251,307	1,301,761
Nuclear power production facilities	4,974,584	456	3,713,794	1,260,332
Internal combustion engine power production facilities	35,237	156	22,756	12,324
Transmission facilities	6,785,223	150,272	3,370,796	3,264,154
Transformation facilities	3,153,800	36,261	1,817,378	1,300,160
Distribution facilities	4,557,010	36,876	2,090,486	2,429,647
Incidental business facilities	36,643	—	22,693	13,949
General facilities	552,029	21,096	283,729	247,203
Construction in progress	1,154,530	—	15,502	1,139,028
	¥27,280,116	¥267,837	¥15,254,575	¥11,757,703
As of March 31, 2000				
Hydroelectric power production facilities	¥ 1,439,911	¥ 5,847	¥ 619,083	¥ 814,980
Thermal power production facilities	4,479,918	16,861	3,089,907	1,373,149
Nuclear power production facilities	4,937,036	456	3,550,932	1,385,647
Internal combustion engine power production facilities	49,593	156	32,241	17,195
Transmission facilities	6,625,528	147,658	3,166,855	3,311,014
Transformation facilities	2,980,146	34,811	1,715,269	1,230,066
Distribution facilities	4,404,418	34,905	1,964,295	2,405,217
Incidental business facilities	30,676	—	20,951	9,723
General facilities	553,113	20,987	272,795	259,330
Construction in progress	1,171,853	—	12,781	1,159,071
	¥26,672,196	¥261,685	¥14,445,114	¥11,965,396

	Millions of U.S. dollars			
As of March 31, 2001				
Hydroelectric power production facilities	$ 11,793	$ 47	$ 5,376	$ 6,369
Thermal power production facilities	36,884	136	26,241	10,507
Nuclear power production facilities	40,150	4	29,974	10,172
Internal combustion engine power production facilities	284	1	184	99
Transmission facilities	54,764	1,213	27,206	26,345
Transformation facilities	25,454	293	14,668	10,494
Distribution facilities	36,780	298	16,872	19,610
Incidental business facilities	296	—	183	113
General facilities	4,455	170	2,290	1,995
Construction in progress	9,318	—	125	9,193
	$220,179	$2,162	$123,120	$94,897

5. Legal reserve

The Commercial Code provides that an amount equivalent to at least 10% of cash dividends paid and bonuses to directors and auditors be appropriated to the legal reserve until such reserve equals 25% of stated capital.

The legal reserve may be used to reduce a deficit or may be transferred to stated capital through suitable action by the Board of Directors or shareholders but is not available for the payment of dividends.

6. Research and development costs

Research and development costs included in general and administrative expenses for the years ended March 31, 2001 and 2000 totaled ¥56,928 million ($459 million) and ¥71,430 million, respectively.

7. Contingent liabilities

At March 31, 2001, contingent liabilities totaled ¥2,069,020 million ($16,699 million), of which ¥438,304 million ($3,538 million) was in the form of co-guarantees, or commitments to give co-guarantees if requested, for the loans or bonds of other companies. However, ¥38,961 million ($314 million) of this balance can be assigned to other co-guarantors based on the contracts between the co-guarantors.

In addition, ¥230,716 million ($1,862 million) consisted of guarantees given in connection with housing loans to employees of the Company.

The remainder of ¥1,400,000 million ($11,299 million) represents the debt assigned by the Company to certain banks under debt assumption agreements.

DIRECTORS AND AUDITORS

As of June 27, 2001

Chairman
Hiroshi Araki

President
Nobuya Minami

Executive Vice Presidents
Shigemi Tamura
Masaru Yamamoto
Tsunehisa Katsumata
Ryoichi Shirato
Hidehiko Haru
Teruaki Masumoto

Managing Directors
Toshiaki Enomoto
Masakatsu Ikawa
Tsuneo Futami
Muneyuki Tsukiyama
Yukinori Ichida
Yukitaka Ozaki
Takashi Murata

Directors
Katsutoshi Chikudate
Hisao Naito
Masaru Matsumura
Susumu Shirakawa
Takuya Hattori
Kazuo Takasaka
Sueharu Iwashina
Yoshihisa Morimoto
Takashi Hayashi
Kenji Fushimi
Hiroshi Yoshikoshi
Yuichi Hayase
Masataka Shimizu
Ichiro Takekuro
Isami Kojima
Shinichi Nishio
Seigou Nakajima

Standing Auditors
Shoji Hanawa
Nobumasa Momose
Takao Sato
Norimitsu Muramatsu
Tamio Kojima

Auditors
Sugiichiro Watari
Shu Watanabe

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