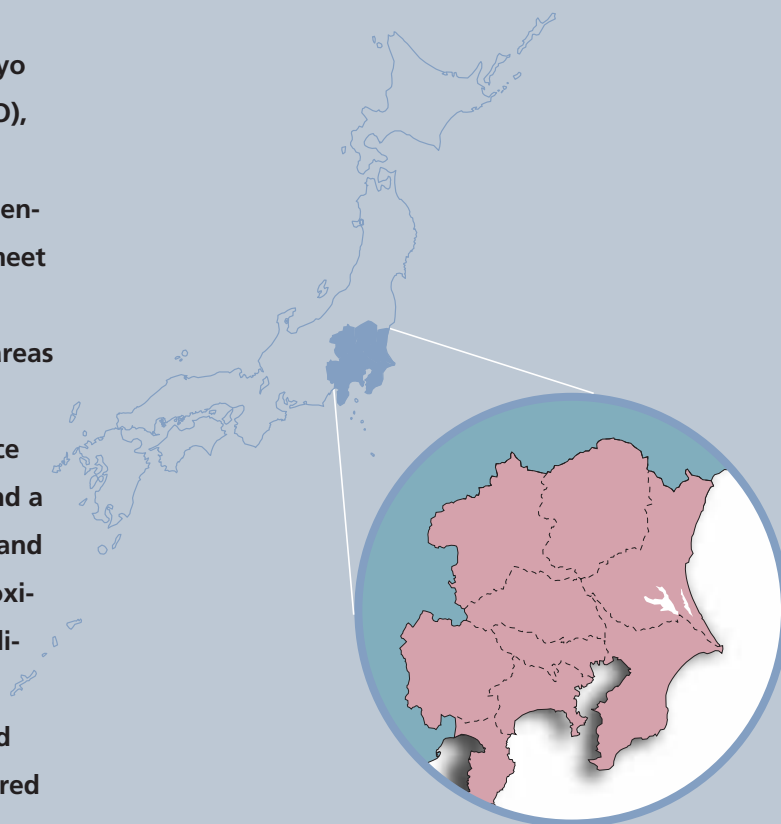


**Tokyo Electric Power Company**  
**Annual Report 2002**  
Year ended March 31, 2002



## Tokyo Electric Power Company in Outline

Since its establishment in May 1951, The Tokyo Electric Power Company, Incorporated (TEPCO), has provided high-quality, stable supplies of electricity and related services, from power generation to transmission and distribution, to meet the needs of the Greater Tokyo Metropolitan Area—which includes the city of Tokyo and areas under its administration—as well as areas in eight surrounding prefectures. TEPCO's service area covers a total land area of 39,496 km<sup>2</sup> and a population of 43 million and, as the political and economic center of Japan, accounts for approximately 40% of the Japanese economy. In addition, in fiscal 2002, TEPCO's customer base comprised 27.02 million users, who purchased 275.5 billion kWh of electric power and required 64.3 million kW of power at the peak load. TEPCO is Japan's largest electric power company, meeting demand for power exceeding the power consumption of the entire country of Italy.



## Contents

Consolidated Financial Highlights	1
Financial Review	2
Consolidated Five-Year Summary	5
Consolidated Financial Statements and Notes	6
Report of Certified Public Accountants	21
Non-Consolidated Financial Statements and Notes	22
Report of Certified Public Accountants	29
Board of Directors and Corporate Auditors	30
Organization Chart	31
Major Subsidiaries and Affiliated Companies	32
Corporate Information	33

# Consolidated Financial Highlights

The Tokyo Electric Power Company, Incorporated  
Years ended March 31

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
<b>For the year:</b>			
Operating revenues .....	¥ 5,220,578	¥ 5,258,014	\$ 39,179
Operating income .....	658,933	732,561	4,945
Net income .....	201,727	207,882	1,514
<b>Per share of common stock (Yen and U.S. dollars):</b>			
Net income (Basic) .....	¥ 149.11	¥ 153.66	\$ 1.12
Net income (Diluted).....	147.89	152.36	1.11
Cash dividends .....	60.00	60.00	0.45
<b>At year-end:</b>			
Total shareholders' equity .....	¥ 2,181,983	¥ 2,038,251	\$ 16,375
Total assets .....	14,578,579	14,562,299	109,408

Note: All dollar amounts herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at ¥133.25=US\$1.00.



# Financial Review

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## Consolidated Business Results

### Overview

For the fiscal year ended March 31, 2002, consolidated operating revenues decreased 0.7%, to ¥5,220.5 billion (\$39,179 million), compared with the previous fiscal year. Income before income taxes and minority interests decreased 5.1%, to ¥312.4 billion (\$2,345 million), and consolidated net income decreased 3.0%, to ¥201.7 billion (\$1,514 million), principally due to a loss on the devaluation of securities.

### Sales of Electricity

The overall volume of electric power sold by the Company decreased from the previous fiscal year, reflecting such weather conditions as lower temperatures in August and September 2001 and a mild winter as well as adjustments in production activities as a result of the ongoing recession in Japan.

By type of user, sales of electric power for residential use decreased 1.1%, to 85,080 million kWh, while those for commercial and industrial use were down 1.5%, to 115,354 million kWh. Sales of electric power for eligible customers\* use went down 3.2%, to 75,106 million kWh. Accordingly, the total volume of electric power sold decreased 1.8%, to 275,540 million kWh, making this the first fiscal year in 21 years (since 1981) for the Company to experience a decrease in the total volume of electric power sold.

\* Eligible customers are those in the deregulated sector of the retail market. They represent 2,000kW or more of demand and 20kV or more of the voltage supplied.

### Operating Revenues

Operating revenues from electricity sales\* declined 1.9%, to ¥4,988.9 billion (\$37,441 million), reflecting, among other factors, the lower sales of electricity as well as the impact of a reduction in electricity rates implemented in October 2000. As a result, consolidated operating revenues were down 0.7%, to ¥5,220.5 billion (\$39,179 million).

\* The sum of revenues from residential and commercial and industrial users. (Please refer to page 24.)

### Operating Expenses and Operating Income

Operating expenses edged up 0.8%, to ¥4,561.6 billion (\$34,234 million), due to a combination of factors. These included an increase in operating expenses for other businesses while operating expenses for the electricity business decreased, reflecting the decrease in fuel costs because of the lower sales of electricity as well as a decrease in depreciation and a drop in maintenance expenses because of overall cost reductions. As a result, consolidated operating income decreased 10.1%, to ¥658.9 billion (\$4,945 million).

### Other (Income) Expenses and Income before Income Taxes and Minority Interests

"Other (income) expenses" declined 13.9%, to ¥345.7 billion (\$2,595 million). The decline in "Other (income) expenses" can be mainly attributed to reduced interest expense because of the decline in interest rates. As a result, income before income taxes and minority interests decreased 5.1%, to ¥312.4 billion (\$2,345 million).

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**Business Segment Information****Electric Power Business**

The total volume of electric power sold fell 1.8%, to 275,540 million kWh, in comparison with the previous fiscal year.

*Revenues*—Operating revenues were ¥5,129.6 billion (\$38,496 million), down primarily because of lower sales of electricity and the impact of a reduction in electricity rates implemented in October 2000 as well as certain other factors.

*Expenses*—Operating expenses were ¥4,491.0 billion (\$33,704 million) due to several factors, including a decrease in fuel costs because of lower sales of electricity and a decrease in other costs in general reflecting the overall cost reduction efforts.

*Operating income*—Operating income of ¥638.5 billion (\$4,792 million) was recorded.

**Information and Telecommunications Business**

Operating revenues amounted to ¥73.7 billion (\$554 million), including sales from data processing and the CATV broadcasting business.

Operating expenses totaled ¥75.0 billion (\$563 million) due to fixed costs of telecommunications, which were incurred in excess of revenues.

As a result, an operating loss in the information and telecommunications business segment amounting to ¥1.2 billion (\$10 million) was posted.

**Other Businesses**

Operating revenues were ¥383.4 billion (\$2,878 million) and related expenses were ¥363.3 billion (\$2,727 million).

As a result, operating income of ¥20.0 billion (\$151 million) was recorded in this segment.

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**Cash Flows****Overview**

On a consolidated basis, cash and cash equivalents held by the Company and its consolidated subsidiaries (“the Companies”) at the end of the fiscal year rose 35.6%, or ¥29.8 billion, from the previous fiscal year, to ¥113.4 billion (\$852 million). Although the Companies employed cash to reduce interest-bearing liabilities and improve their financial position, at the same time interest expense fell with the decline in interest rates. The Companies were also able to reduce cash outlays by restraining capital investment, thus leading to the net increase in cash.

**Cash Flows from Operating Activities**

Net cash provided by operating activities edged up 0.5%, to ¥1,464.1 billion (\$10,988 million). This increase was principally the result of lower interest expense, despite the fact that lower revenues from sales of electricity than those of the previous fiscal year were posted.

**Cash Flows from Investing Activities**

Net cash used in investing activities declined 11.0%, to ¥905.4 billion (\$6,795 million). The decline was primarily due to efforts to restrain capital investment and, as an alternative, to improve efficiency in the construction and operation of the Companies’ facilities.

### **Cash Flows from Financing Activities**

Net cash used in financing activities rose 29.4%, to ¥558.1 billion (\$4,189 million). The Companies employed the cash which became available as a result of the reduction in capital investment to improve their financial position. This was achieved by concluding debt assumption agreements and repaying certain long-term borrowings prior to their maturity.

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### **Dividend Policy**

The Company has a fundamental policy of emphasizing the maintenance of stable dividends and maximization of shareholder benefits over the long-term, although dividend levels are determined based on due consideration of the Company's financial position and results of operations.

Year-end cash dividends of ¥30 per share were approved at a general meeting of the shareholders held on June 26, 2002, as an appropriation of earnings of the Company. The total annual cash dividends, including an interim dividend of ¥30 per share, amounted to ¥60 per share for the fiscal year. As a result, the dividend payout ratio for this year was 43.6%.

Internal funds available will be used for the Company's future business operations through such activities as capital investment and the enhancement of the financial structure.

## Consolidated Five-Year Summary

The Tokyo Electric Power Company, Incorporated  
Years ended March 31

	Millions of yen					Millions of U.S. dollars
	2002	2001	2000	1999	1998	2002
<b>For the year:</b>						
Operating revenues.....	¥ 5,220,578	¥ 5,258,014	¥ 5,091,620	¥ 5,088,403	¥ 5,278,019	\$ 39,179
Operating income .....	658,933	732,561	788,078	688,607	723,555	4,945
Income before income taxes and minority interests.....	312,414	329,120	146,236	209,177	225,986	2,345
Net income .....	201,727	207,882	87,437	97,425	135,322	1,514
Per share of common stock (Yen and U.S. dollars):						
Net income (Basic).....	¥ 149.11	¥ 153.66	¥ 64.63	¥ 72.01	¥ 100.03	\$ 1.12
Net income (Diluted) .....	147.89	152.36	—	—	99.47	1.11
Cash dividends .....	60.00	60.00	60.00	50.00	50.00	0.45
<b>At year-end:</b>						
Total shareholders' equity .....	¥ 2,181,983	¥ 2,038,251	¥ 1,849,692	¥ 1,591,562	¥ 1,562,110	\$ 16,375
Total shareholders' equity per share (Yen and U.S. dollars).....	1,612.97	1,506.62	1,367.25	1,176.44	1,154.67	12.10
Total assets .....	14,578,579	14,562,299	14,559,331	14,407,405	14,346,901	109,408

Note: All dollar amounts herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at ¥133.25=US\$1.00.

## Consolidated Balance Sheets

The Tokyo Electric Power Company, Incorporated  
March 31

ASSETS	Millions of yen		Millions of U.S. dollars (Note 2)
	2002	2001	2002
<b>Property:</b>			
Property, plant and equipment .....	<b>¥27,246,257</b>	¥26,347,520	<b>\$204,475</b>
Construction in progress.....	<b>1,130,406</b>	1,150,905	<b>8,483</b>
	<b>28,376,663</b>	27,498,426	<b>212,958</b>
Less:			
Contributions in aid of construction .....	<b>(275,530)</b>	(269,702)	<b>(2,068)</b>
Accumulated depreciation .....	<b>(16,347,307)</b>	(15,373,843)	<b>(122,681)</b>
	<b>(16,622,838)</b>	(15,643,546)	<b>(124,749)</b>
Property, plant and equipment, net (Note 3 and 6) .....	<b>11,753,825</b>	11,854,880	<b>88,209</b>
<b>Nuclear fuel:</b>			
Loaded nuclear fuel .....	<b>170,806</b>	179,333	<b>1,282</b>
Nuclear fuel in processing .....	<b>594,314</b>	533,248	<b>4,460</b>
	<b>765,120</b>	712,581	<b>5,742</b>
<b>Investments and other:</b>			
Long-term investments (Note 4).....	<b>603,969</b>	656,530	<b>4,533</b>
Deferred tax assets (Note 11).....	<b>346,208</b>	298,117	<b>2,598</b>
Other .....	<b>410,338</b>	436,716	<b>3,079</b>
	<b>1,360,516</b>	1,391,365	<b>10,210</b>
<b>Current assets:</b>			
Cash.....	<b>110,437</b>	79,003	<b>829</b>
Notes and accounts receivable—customers.....	<b>367,710</b>	351,232	<b>2,760</b>
Other .....	<b>220,968</b>	173,235	<b>1,658</b>
	<b>699,116</b>	603,472	<b>5,247</b>
<b>Total assets</b> .....	<b>¥14,578,579</b>	¥14,562,299	<b>\$109,408</b>



<b>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	Millions of yen		Millions of U.S. dollars (Note 2)
	2002	2001	2002
<b>Long-term liabilities and reserves:</b>			
Long-term debt (Notes 5 and 6).....	¥ 7,275,768	¥ 7,763,253	\$ 54,602
Other long-term liabilities .....	70,345	64,200	528
Reserve for reprocessing of irradiated nuclear fuel (Note 7).....	1,048,348	863,194	7,868
Accrued employees' retirement benefits (Note 10).....	549,280	487,229	4,122
Reserve for decommissioning costs of nuclear power units (Note 8) .....	334,240	317,898	2,508
	<b>9,277,983</b>	<b>9,495,776</b>	<b>69,628</b>
<b>Current liabilities:</b>			
Current portion of long-term debt and other (Note 5) .....	1,128,624	1,124,889	8,470
Short-term debt.....	610,910	672,280	4,585
Accrued income taxes and other.....	152,738	170,423	1,146
Other .....	1,207,074	1,050,617	9,059
	<b>3,099,346</b>	<b>3,018,210</b>	<b>23,260</b>
<b>Reserve for fluctuation in water levels (Note 9).....</b>	<b>6,009</b>	<b>5,277</b>	<b>45</b>
<b>Total liabilities .....</b>	<b>12,383,339</b>	<b>12,519,264</b>	<b>92,933</b>
<b>Minority interests.....</b>	<b>13,256</b>	<b>4,783</b>	<b>99</b>
<b>Shareholders' equity (Note 12):</b>			
Common stock, without par value .....	676,434	676,434	5,076
Capital surplus.....	19,014	19,014	143
Land revaluation surplus .....	1,089	—	8
Retained earnings .....	1,443,632	1,273,896	10,834
Unrealized gain on securities .....	39,621	68,927	297
Translation adjustments.....	2,449	—	18
	<b>2,182,242</b>	<b>2,038,272</b>	<b>16,377</b>
Treasury stock, at cost .....	(258)	(21)	(2)
<b>Total shareholders' equity .....</b>	<b>2,181,983</b>	<b>2,038,251</b>	<b>16,375</b>
<b>Contingent liabilities (Note 14)</b>			
<b>Total liabilities, minority interests and shareholders' equity .....</b>	<b>¥14,578,579</b>	<b>¥14,562,299</b>	<b>\$109,408</b>

See notes to consolidated financial statements.

# Consolidated Statements of Income

The Tokyo Electric Power Company, Incorporated  
Years ended March 31

	Millions of yen		Millions of U.S. dollars (Note 2)
	2002	2001	2002
<b>Operating revenues:</b>			
Electricity .....	<b>¥5,129,618</b>	¥5,220,307	<b>\$38,496</b>
Other .....	<b>90,959</b>	37,707	<b>683</b>
	<b>5,220,578</b>	5,258,014	<b>39,179</b>
<b>Operating expenses (Note 13):</b>			
Electricity .....	<b>4,468,812</b>	4,488,504	<b>33,537</b>
Other .....	<b>92,832</b>	36,948	<b>697</b>
	<b>4,561,645</b>	4,525,453	<b>34,234</b>
<b>Operating income</b> .....	<b>658,933</b>	732,561	<b>4,945</b>
<b>Other (income) expenses:</b>			
Interest .....	<b>308,518</b>	380,394	<b>2,315</b>
Other, net .....	<b>37,267</b>	21,198	<b>280</b>
	<b>345,785</b>	401,592	<b>2,595</b>
<b>Income before special item, income taxes and minority interests</b> .....	<b>313,147</b>	330,968	<b>2,350</b>
<b>Special item:</b>			
Provision for reserve for fluctuation in water levels (Note 9) .....	<b>732</b>	1,848	<b>5</b>
<b>Income before income taxes and minority interests</b> .....	<b>312,414</b>	329,120	<b>2,345</b>
<b>Income taxes (Note 11):</b>			
Current .....	<b>143,336</b>	143,134	<b>1,076</b>
Deferred .....	<b>(27,465)</b>	(21,754)	<b>(206)</b>
<b>Minority interests</b> .....	<b>(5,184)</b>	(142)	<b>(39)</b>
<b>Net income</b> .....	<b>¥ 201,727</b>	¥ 207,882	<b>\$ 1,514</b>
<b>Per share of common stock:</b>			
Net income (Basic) .....	<b>¥ 149.11</b>	¥ 153.66	<b>\$ 1.12</b>
Net income (Diluted) .....	<b>147.89</b>	152.36	<b>1.11</b>
Cash dividends .....	<b>60.00</b>	60.00	<b>0.45</b>

See notes to consolidated financial statements.

## Consolidated Statements of Shareholders' Equity

The Tokyo Electric Power Company, Incorporated  
Years ended March 31

	Number of shares (Thousands)	Millions of yen						
		Common stock	Capital surplus	Land revaluation surplus	Retained earnings	Unrealized gain on securities	Translation adjustments	Treasury stock, at cost
<b>Balance at March 31, 2000</b> .....	1,352,867	¥676,433	¥19,013	¥ —	¥1,154,279	¥ —	¥ —	¥ (34)
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		13
<b>Balance at March 31, 2001</b> .....	1,352,867	¥676,434	¥19,014	¥ —	¥1,273,896	¥68,927	¥ —	¥ (21)
Net income for the year ended								
March 31, 2002 .....					201,727			
Increase resulting from consolidation of additional subsidiaries .....					50,114			
Cash dividends paid .....					(81,171)			
Bonuses to directors and auditors.....					(431)			
Decrease due to corporate split of affiliates.....					(502)			
Net change during the year.....				1,089		(29,306)	2,449	(237)
<b>Balance at March 31, 2002</b> .....	<b>1,352,867</b>	<b>¥676,434</b>	<b>¥19,014</b>	<b>¥1,089</b>	<b>¥1,443,632</b>	<b>¥39,621</b>	<b>¥2,449</b>	<b>¥(258)</b>

	Millions of U.S. dollars (Note 2)						
	Common stock	Capital surplus	Land revaluation surplus	Retained earnings	Unrealized gain on securities	Translation adjustments	Treasury stock, at cost
<b>Balance at March 31, 2001</b> .....	\$5,076	\$143	\$—	\$ 9,560	\$517	\$—	\$(0)
Net income for the year ended							
March 31, 2002.....				1,514			
Increase resulting from consolidation of additional subsidiaries.....				376			
Cash dividends paid.....				(609)			
Bonuses to directors and auditors .....				(3)			
Decrease due to corporate split of affiliates.....				(4)			
Net change during the year .....			8		(220)	18	(2)
<b>Balance at March 31, 2002</b> .....	<b>\$5,076</b>	<b>\$143</b>	<b>\$ 8</b>	<b>\$10,834</b>	<b>\$297</b>	<b>\$18</b>	<b>\$(2)</b>

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

The Tokyo Electric Power Company, Incorporated  
Years ended March 31

	Millions of yen		Millions of U.S. dollars (Note 2)
	2002	2001	2002
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests.....	¥ 312,414	¥ 329,120	\$ 2,345
Depreciation and amortization.....	953,437	964,625	7,155
Loss on nuclear fuel.....	71,054	77,698	533
Loss on disposal of property, plant and equipment.....	35,278	33,980	265
Provision for accrued employees' retirement benefits.....	51,495	42,041	386
Provision for reprocessing of irradiated nuclear fuel.....	185,154	71,964	1,390
Provision for decommissioning costs of nuclear power units.....	16,341	19,384	123
Interest revenue and dividends received.....	(9,733)	(9,916)	(73)
Interest expense.....	308,518	380,394	2,315
Decrease (increase) in notes and accounts receivable.....	(16,190)	(51,792)	(122)
Increase (decrease) in notes and accounts payable.....	(29,140)	45,912	(219)
Other.....	49,599	82,036	372
	<b>1,928,231</b>	<b>1,985,449</b>	<b>14,471</b>
Interest and cash dividends received.....	6,701	6,116	50
Interest paid.....	(321,243)	(389,035)	(2,411)
Income taxes paid.....	(149,507)	(146,050)	(1,122)
<b>Net cash provided by operating activities.....</b>	<b>1,464,181</b>	<b>1,456,478</b>	<b>10,988</b>
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment.....	(894,572)	(945,268)	(6,713)
Contributions in aid of construction received.....	13,368	10,498	100
Increase in investments.....	(23,159)	(58,480)	(174)
Proceeds from investments.....	20,062	1,165	151
Increase in cash and cash equivalents due to inclusion in consolidation.....	1,015	—	8
Other.....	(22,167)	(24,946)	(166)
<b>Net cash used in investing activities.....</b>	<b>(905,453)</b>	<b>(1,017,032)</b>	<b>(6,795)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of bonds.....	759,747	699,802	5,702
Redemption of bonds.....	(862,763)	(881,399)	(6,475)
Proceeds from long-term loans.....	250,241	190,465	1,878
Repayment of long-term loans.....	(701,460)	(538,803)	(5,264)
Proceeds from short-term loans.....	1,361,211	1,340,620	10,215
Repayment of short-term loans.....	(1,428,649)	(1,314,184)	(10,722)
Proceeds from issuance of commercial paper.....	2,232,000	1,515,000	16,750
Redemption of commercial paper.....	(2,090,000)	(1,355,000)	(15,685)
Dividends paid.....	(81,032)	(87,746)	(608)
Other.....	2,521	10	19
<b>Net cash used in financing activities.....</b>	<b>(558,182)</b>	<b>(431,235)</b>	<b>(4,189)</b>
<b>Effect of exchange rate changes on cash and cash equivalents.....</b>	<b>1,287</b>	<b>—</b>	<b>10</b>
<b>Net increase in cash and cash equivalents.....</b>	<b>1,832</b>	<b>8,211</b>	<b>14</b>
<b>Cash and cash equivalents at beginning of the year.....</b>	<b>83,660</b>	<b>75,449</b>	<b>628</b>
<b>Increase resulting from consolidation of additional subsidiaries.....</b>	<b>27,982</b>	<b>—</b>	<b>210</b>
<b>Cash and cash equivalents at end of the year.....</b>	<b>¥ 113,476</b>	<b>¥ 83,660</b>	<b>\$ 852</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

The Tokyo Electric Power Company, Incorporated

## 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 the application and disclosure requirements of International Accounting Standards.

The financial statements of the overseas consolidated subsidiaries are prepared on the basis of the accounting and relevant legal requirements of their countries of domicile.

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 sums 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

The accompanying consolidated financial statements include the accounts of the Company and all companies controlled directly or indirectly by the Company. Companies over which the Companies exercise significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant inter-company 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, not significant in amount, are carried at cost.

### 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 by the declining-balance method based on the estimated useful lives of the respective assets.

### d. 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.

### e. Investments

"Other securities" with a determinable market value are stated at fair value. Other securities without a determinable 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 gain and loss, is recognized in "Unrealized gain on securities."

### f. Fuel, Materials and Supplies

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

**g. Bond Issuance Expenses**

Bond issuance expenses are charged to income as incurred.

**h. 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, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

Actuarial gain or loss is being amortized by the straight-line method over a period of three years or less.

**i. 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.

**j. Foreign Currency Translation**

The revenue and expense accounts of foreign consolidated subsidiaries are translated into yen at the average exchange rates prevailing during the year, and, the balance sheet accounts of foreign consolidated subsidiaries, except for the components of shareholders' equity, are translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates. Translation differences arising from the translation of the financial statements of the foreign consolidated subsidiaries are presented as translation adjustments.

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

**k. Derivatives and Hedging Activities**

The Companies have entered into various derivatives transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates. Liabilities denominated in foreign currencies hedged by qualified derivatives are translated at the corresponding foreign exchange contract rates.

**l. Cash Equivalents**

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

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**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.

**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		Millions of U.S. dollars
	2002	2001	2002
Hydroelectric power production facilities .....	¥ 756,958	¥ 796,235	\$ 5,681
Thermal power production facilities.....	1,370,940	1,296,422	10,288
Nuclear power production facilities.....	1,143,603	1,257,273	8,582
Transmission facilities .....	3,103,549	3,246,467	23,291
Transformation facilities.....	1,250,690	1,285,641	9,386
Distribution facilities .....	2,364,281	2,369,563	17,743
General facilities .....	239,113	237,898	1,794
Other electricity-related property, plant and equipment .....	13,853	13,970	104
Other property, plant and equipment .....	380,597	215,930	2,856
	<b>¥10,623,589</b>	<b>¥10,719,403</b>	<b>\$79,727</b>

**4. Marketable Securities and Investment Securities**

At March 31, 2002 and 2001, held-to-maturity securities for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2002			2001			2002		
	Balance sheet amount	Market value	Unrealized gain	Balance sheet amount	Market value	Unrealized gain	Balance sheet amount	Market value	Unrealized gain
Unrealized gain:									
Bonds.....	¥747	¥767	¥20	¥745	¥790	¥45	\$6	\$6	\$0

At March 31, 2002 and 2001, "Other securities" for which market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2002			2001			2002		
	Balance sheet Cost	Unrealized amount	gain (loss)	Balance sheet Cost	Unrealized amount	gain (loss)	Balance sheet Cost	Unrealized amount	gain (loss)
Unrealized gain:									
Stocks and bonds.....	¥41,912	¥100,382	¥58,470	¥40,431	¥142,278	¥101,846	\$315	\$753	\$439
Unrealized loss:									
Stocks and bonds.....	5,293	4,444	(848)	3,102	2,893	(208)	40	33	(6)
Total.....	<b>¥47,205</b>	<b>¥104,827</b>	<b>¥57,621</b>	<b>¥43,534</b>	<b>¥145,171</b>	<b>¥101,637</b>	<b>\$354</b>	<b>\$787</b>	<b>\$432</b>

For the year ended March 31, 2002, gain and loss on sales of "Other securities" were as follows:

	Millions of yen			Millions of U.S. dollars		
	Sales amount	Aggregate gain	Aggregate loss	Sales amount	Aggregate gain	Aggregate loss
Other securities.....	¥18,794	¥8,710	¥12	\$141	\$65	\$0

At March 31, 2002 and 2001, non-marketable securities and investment securities stated at cost were as follows:

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
Other securities:			
Unlisted stocks.....	<b>¥82,956</b>	¥79,298	<b>\$623</b>
Other.....	<b>8,650</b>	20,153	<b>65</b>

The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity securities as of March 31, 2002 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.....	¥515	¥1,481	¥235	¥3

	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.....	\$4	\$11	\$2	\$0

## 5. Long-Term Debt

The annual interest rates applicable to the Company's domestic straight bonds at March 31, 2002 and 2001 ranged from 0.48% to 7.00%, and from 0.82% to 7.00%, respectively, and those applicable to the Company's foreign straight bonds at March 31, 2002 and 2001 ranged from 4.00% to 11.00%. The interest rates applicable to the long-term borrowings (except for the current portion) at March 31, 2002 and 2001 averaged approximately 2.66% and 2.87%, respectively.

At March 31, 2002 and 2001, long-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
Domestic bonds:			
Straight bonds due from 2001 through 2019.....	<b>¥4,357,510</b>	¥4,510,610	<b>\$32,702</b>
1.7% convertible bonds due 2004.....	<b>178,431</b>	178,431	<b>1,339</b>
Foreign straight bonds due from 2001 through 2009.....	<b>952,162</b>	898,655	<b>7,146</b>
Loans from banks, insurance companies and other sources.....	<b>2,908,900</b>	3,293,894	<b>21,830</b>
	<b>8,397,004</b>	8,881,591	<b>63,017</b>
Less: Current portion.....	<b>(1,121,236)</b>	(1,118,337)	<b>(8,415)</b>
	<b>¥7,275,768</b>	¥7,763,253	<b>\$54,602</b>

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, 2002. The current conversion price is ¥7,299 (\$54.78) per share. At March 31, 2002, 24,445 thousand shares were reserved for the conversion of these convertible bonds.



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

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2003 .....	¥1,121,236	\$ 8,415
2004 .....	806,804	6,055
2005 .....	509,769	3,826
2006 .....	669,910	5,027
2007 .....	1,001,481	7,516
2008 and thereafter .....	4,287,802	32,179

**6.  
Pledged Assets**

At March 31, 2002, 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 ¥915,194 million (\$6,868 million), and for bonds (including convertible bonds) of ¥7,106,023 million (\$53,329 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 of ¥16,907 million (\$127 million) and short-term debt of ¥158 million (\$1 million), at March 31, 2002, were as follows:

	Millions of yen	Millions of U.S. dollars
Hydroelectric power production facilities, at net book value .....	¥ 5,315	\$ 40
Construction in progress .....	7,052	53
Other current and non-current assets .....	23,162	174
	<u>¥35,531</u>	<u>\$267</u>

**7.  
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 Company's irradiated nuclear fuel.

**8.  
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 year.

**9. 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 Electricity Utilities Industry Law to record a reserve for fluctuation in water levels.

**10. Employees' Retirement Benefit Plans**

At March 31, 2002, 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 29 retirement benefit plans and 14 pension plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2002 and 2001 for the Companies' defined benefit plans:

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
Retirement benefit obligation .....	<b>¥(1,138,292)</b>	¥(953,781)	<b>\$(8,543)</b>
Plan assets at fair value .....	<b>472,965</b>	445,543	<b>3,549</b>
Accrued employees' retirement benefits.....	<b>549,280</b>	487,229	<b>4,122</b>
Prepaid pension expense.....	<b>(1,411)</b>	(7)	<b>(11)</b>
Unrecognized actuarial loss.....	<b>¥ (117,459)</b>	¥ (21,015)	<b>\$ (881)</b>

The components of retirement benefit expenses for the years ended March 31, 2002 and 2001 are outlined as follows:

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
Service cost.....	<b>¥ 37,418</b>	¥ 35,900	<b>\$281</b>
Interest cost.....	<b>28,859</b>	27,707	<b>217</b>
Expected return on plan assets.....	<b>(11,238)</b>	(10,547)	<b>(84)</b>
Amortization of net retirement benefit obligation at transition.....	—	57,606	—
Amortization of actuarial loss.....	<b>64,047</b>	10,723	<b>481</b>
	<b>¥119,085</b>	¥121,389	<b>\$894</b>

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

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

	2002	2001
Method of allocation of estimated retirement benefits.....	Equally over the period	Equally over the period
Discount rates .....	Mainly 2.0%	Mainly 3.0%
Expected rate of return on plan assets.....	Mainly 2.5%	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	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

**11.**  
**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 2002 and 2001. Other major consolidated subsidiaries are subject to corporation, enterprise and inhabitants' taxes, which, in the aggregate, resulted in a statutory tax rate of approximately 42% in 2002 and 2001.

The difference between the effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2002 and 2001 and the statutory tax rate was immaterial.

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

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
Deferred tax assets:			
Accrued employees' retirement benefits.....	<b>¥163,774</b>	¥138,942	<b>\$1,229</b>
Reserve for reprocessing of irradiated nuclear fuel.....	<b>63,144</b>	63,144	<b>474</b>
Deferred expenses for tax purposes.....	<b>44,949</b>	49,937	<b>337</b>
Depreciation and amortization .....	<b>34,442</b>	26,106	<b>258</b>
Reserve for decommissioning costs of nuclear power units .....	<b>32,791</b>	32,791	<b>246</b>
Other .....	<b>68,937</b>	50,060	<b>517</b>
	<b>408,040</b>	360,983	<b>3,062</b>
Valuation allowance.....	<b>(8,998)</b>	(1,387)	<b>(68)</b>
Total deferred tax assets .....	<b>399,042</b>	359,595	<b>2,995</b>
Deferred tax liabilities:			
Unrealized gain on securities.....	<b>(21,198)</b>	(36,910)	<b>(159)</b>
Other .....	<b>(1,933)</b>	(677)	<b>(15)</b>
Total deferred tax liabilities .....	<b>(23,132)</b>	(37,587)	<b>(174)</b>
Net deferred tax assets .....	<b>¥375,910</b>	¥322,007	<b>\$2,821</b>

**12.**  
**Shareholders' Equity**

Retained earnings include a legal reserve provided in accordance with the Commercial Code of Japan.

On October 1, 2001, an amendment (the "Amendment") to the Code became effective. The Amendment provides that if the total amount of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. In addition, the Amendment eliminates the stated par value of the Company's outstanding shares, which resulted in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that all share issuances after September 30, 2001 will be of shares with no par value. Prior to the date on which the Amendment came into effect, the Company's shares had a par value of ¥500.

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**13. Research and Development Costs** Research and development costs included in general and administrative expenses for the years ended March 31, 2002 and 2001 totaled ¥47,978 million (\$360 million) and ¥57,076 million, respectively.

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**14. Contingent Liabilities** At March 31, 2002, contingent liabilities totaled ¥2,280,653 million (\$17,116 million), of which ¥419,099 million (\$3,145 million) was in the form of co-guarantees or commitments to give co-guarantees if requested for the loans, bonds or lease obligations of other companies. However, ¥27,930 million (\$210 million) of this balance can be assigned to other co-guarantors based on the terms of the contracts between or among the co-guarantors.

In addition, ¥242,004 million (\$1,816 million) consisted of guarantees given in connection with housing loans made to employees of the Companies.

The remainder of ¥1,619,550 million (\$12,154 million) represents the debt assigned by the Company to certain banks under debt assumption agreements.

The Companies were contingently liable at March 31, 2002 for ¥289 million (\$2 million) in the aggregate of trade notes receivable endorsed to suppliers.

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**15. Derivatives** The Company and certain consolidated subsidiaries utilize forward foreign exchange contracts solely in order to hedge against the risk of fluctuations in foreign currency exchange rates and to stabilize their 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 payments on the principal and interest of 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 and certain consolidated subsidiaries also utilize interest-rate swap agreements for the purpose of hedging their exposure to adverse fluctuations in interest rates and to manage their future cash flows relating to principal and interest payments on bank loans.

The Company also utilizes weather derivatives for the purpose of hedging its electric power business risk which fluctuates according to summer temperature changes.

The Company and certain consolidated subsidiaries have entered into such derivatives transactions solely in order to hedge against certain risks in compliance with their internal policies. The Company and certain consolidated subsidiaries have not entered into derivatives transactions for trading or speculative purposes.

The Company and certain consolidated subsidiaries are also exposed to credit risk in the event of non-performance by the counterparties to these derivatives positions, but consider the risk of any such loss to be minimal because the Company and these consolidated subsidiaries enter into derivatives transactions only with companies which have high credit ratings.

**16.**  
**Segment Information**

The Companies operate principally in three industry segments: electric power, information and telecommunications, and other businesses. The information and telecommunications segment involves the provision of telecommunications and data processing services, software development and maintenance, and CATV broadcasting. Other businesses comprise repair work to the power generation facilities, the repair and maintenance of transmission and transformation facilities, and the real estate and property management business.

Industry segment information for the Companies for the year ended March 31, 2002 is summarized as follows:

	Millions of yen					
	Electric power business	Information and telecommunications business	Other businesses	Total	Eliminations	Consolidated
I. Operating revenues and operating income:						
Operating revenues						
Sales to third parties .....	¥ 5,129,618	¥ 10,833	¥ 80,126	¥ 5,220,578	¥ —	¥ 5,220,578
Inter-segment sales and transfers.....	—	62,934	303,356	366,290	(366,290)	—
	5,129,618	73,767	383,482	5,586,868	(366,290)	5,220,578
Operating expenses.....	4,491,092	75,046	363,386	4,929,525	(367,880)	4,561,645
Operating income (loss).....	¥ 638,526	¥ (1,279)	¥ 20,095	¥ 657,343	¥ 1,589	¥ 658,933
II. Assets, depreciation and capital expenditures:						
Total assets .....	¥13,930,356	¥131,857	¥687,702	¥14,749,916	¥(171,337)	¥14,578,579
Depreciation and amortization .....	919,105	12,913	26,709	958,728	(5,291)	953,437
Capital expenditures.....	928,166	17,652	53,834	999,652	(3,810)	995,842

	Millions of U.S. dollars					
	Electric power business	Information and telecommunications business	Other businesses	Total	Eliminations	Consolidated
I. Operating revenues and operating income:						
Operating revenues						
Sales to third parties .....	\$ 38,496	\$ 81	\$ 601	\$ 39,179	\$ —	\$ 39,179
Inter-segment sales and transfers.....	—	472	2,277	2,749	(2,749)	—
	38,496	554	2,878	41,928	(2,749)	39,179
Operating expenses.....	33,704	563	2,727	36,995	(2,761)	34,234
Operating income (loss).....	\$ 4,792	\$ (10)	\$ 151	\$ 4,933	\$ 12	\$ 4,945
II. Assets, depreciation and capital expenditures:						
Total assets .....	\$104,543	\$990	\$5,161	\$110,694	\$(1,286)	\$109,408
Depreciation and amortization .....	6,898	97	200	7,195	(40)	7,155
Capital expenditures .....	6,966	132	404	7,502	(29)	7,473

In order to supplement the information disclosed in the consolidated financial statements, the Company has initially prepared and presented its business segment information for the year ended March 31, 2002, reflecting the increased importance of the information and telecommunications business segment with the commencement of its FTTH ("fiber to the home") business in March 2002.

However, since less than 10% of the Companies' revenues are generated overseas, disclosure of financial results by geographical segment has been omitted.

**17.**  
**Subsequent Events**

a. 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 a general meeting of the shareholders held on June 26, 2002:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends (¥30 = \$0.23 per share) .....	¥40,583	\$305
Bonuses to directors and auditors .....	150	1

b. On May 20, 2002, Tokyo Telecommunication Network Company, Incorporated ("TTNet"), which is one of the Company's affiliates accounted for by the equity method, executed an agreement with Magic Mail, Inc. relating to a corporate split to transfer its PHS ("personal handyphone system") business.

In connection with the corporate split to be made on August 1, 2002, a loss of approximately ¥27 billion (\$203 million) is expected to be incurred at TTNet. As a result, the Company's projection is that its investment in TTNet will be impaired to a certain extent for the next fiscal year.

## Report of Certified Public Accountants



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, 2002 and 2001, 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, 2002 and 2001, 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.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 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 2.

June 26, 2002

*Shin Nihon & Co.*

See Note 1 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.

## Non-Consolidated Balance Sheets

The Tokyo Electric Power Company, Incorporated  
March 31

ASSETS	Millions of yen		Millions of U.S. dollars (Note 2)
	2002	2001	2002
<b>Property:</b>			
Property, plant and equipment .....	<b>¥26,708,214</b>	¥26,125,586	<b>\$200,437</b>
Construction in progress.....	<b>1,123,193</b>	1,154,530	<b>8,429</b>
	<b>27,831,408</b>	27,280,116	<b>208,866</b>
Less:			
Contributions in aid of construction .....	<b>(273,296)</b>	(267,837)	<b>(2,051)</b>
Accumulated depreciation .....	<b>(16,047,465)</b>	(15,254,575)	<b>(120,431)</b>
	<b>(16,320,762)</b>	(15,522,413)	<b>(122,482)</b>
Property, plant and equipment, net (Note 3).....	<b>11,510,645</b>	11,757,703	<b>86,384</b>
<b>Nuclear fuel:</b>			
Loaded nuclear fuel .....	<b>171,386</b>	179,706	<b>1,286</b>
Nuclear fuel in processing .....	<b>595,400</b>	534,224	<b>4,468</b>
	<b>766,787</b>	713,930	<b>5,755</b>
<b>Investments and other:</b>			
Long-term investments .....	<b>572,305</b>	644,645	<b>4,295</b>
Investments in subsidiaries and affiliates .....	<b>351,871</b>	310,523	<b>2,641</b>
Deferred tax assets .....	<b>310,378</b>	268,650	<b>2,329</b>
Other .....	<b>47,319</b>	41,971	<b>355</b>
	<b>1,281,873</b>	1,265,791	<b>9,620</b>
<b>Current assets:</b>			
Cash.....	<b>62,238</b>	55,187	<b>467</b>
Accounts receivable—customers.....	<b>358,082</b>	347,395	<b>2,687</b>
Fuel—exclusive of nuclear fuel—materials and supplies.....	<b>95,719</b>	73,904	<b>718</b>
Other .....	<b>99,487</b>	83,714	<b>747</b>
	<b>615,526</b>	560,201	<b>4,619</b>
<b>Total assets .....</b>	<b>¥14,174,834</b>	¥14,297,626	<b>\$106,378</b>



<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	Millions of yen		Millions of U.S. dollars (Note 2)
	2002	2001	2002
<b>Long-term liabilities and reserves:</b>			
Long-term debt .....	¥ 7,164,695	¥ 7,674,646	\$ 53,769
Other long-term liabilities .....	47,792	51,113	359
Reserve for reprocessing of irradiated nuclear fuel .....	1,048,348	863,194	7,868
Accrued employees' retirement benefits .....	512,174	463,098	3,844
Reserve for decommissioning costs of nuclear power units.....	334,240	317,898	2,508
	<b>9,107,252</b>	<b>9,369,952</b>	<b>68,347</b>
<b>Current liabilities:</b>			
Current portion of long-term debt.....	1,087,794	1,102,696	8,164
Current portion of other long-term liabilities.....	5,753	6,551	43
Short-term debt.....	610,000	669,000	4,578
Commercial paper .....	557,000	415,000	4,180
Accrued income taxes.....	64,919	69,466	487
Deposits from employees and others .....	2,879	2,948	22
Other—principally accounts payable .....	727,979	728,276	5,463
	<b>3,056,326</b>	<b>2,993,939</b>	<b>22,937</b>
<b>Reserve for fluctuation in water levels .....</b>	<b>5,994</b>	<b>5,262</b>	<b>45</b>
<b>Total liabilities .....</b>	<b>12,169,573</b>	<b>12,369,153</b>	<b>91,329</b>
<b>Shareholders' equity:</b>			
Common stock, without par value .....	676,434	676,434	5,076
Capital surplus.....	19,014	19,014	143
Legal reserve .....	169,108	169,108	1,269
Retained earnings .....	1,104,697	999,760	8,290
Unrealized gain on securities .....	36,265	64,155	272
Treasury stock, at cost .....	(258)	—	(2)
<b>Total shareholders' equity .....</b>	<b>2,005,261</b>	<b>1,928,473</b>	<b>15,049</b>
<b>Contingent liabilities (Note 4)</b>			
<b>Total liabilities and shareholders' equity .....</b>	<b>¥14,174,834</b>	<b>¥14,297,626</b>	<b>\$106,378</b>

See notes to non-consolidated financial statements.

## Non-Consolidated Statements of Income

The Tokyo Electric Power Company, Incorporated  
Years ended March 31

	Millions of yen		Millions of U.S. dollars (Note 2)
	2002	2001	2002
<b>Operating revenues:</b>			
Residential .....	<b>¥1,987,436</b>	¥2,024,165	<b>\$14,915</b>
Commercial and industrial .....	<b>3,001,520</b>	3,061,935	<b>22,525</b>
Other .....	<b>140,648</b>	139,010	<b>1,056</b>
	<b>5,129,605</b>	5,225,112	<b>38,496</b>
<b>Operating expenses:</b>			
Depreciation .....	<b>916,964</b>	946,724	<b>6,882</b>
Fuel .....	<b>662,178</b>	696,605	<b>4,969</b>
Purchased power .....	<b>607,654</b>	631,059	<b>4,560</b>
Personnel .....	<b>526,827</b>	525,632	<b>3,954</b>
Maintenance .....	<b>503,996</b>	548,535	<b>3,782</b>
Taxes other than income taxes .....	<b>333,747</b>	337,118	<b>2,505</b>
Other .....	<b>940,264</b>	824,979	<b>7,056</b>
	<b>4,491,632</b>	4,510,655	<b>33,708</b>
<b>Operating income</b> .....	<b>637,972</b>	714,456	<b>4,788</b>
<b>Other (income) expenses:</b>			
Interest .....	<b>304,635</b>	377,326	<b>2,286</b>
Other, net .....	<b>41,232</b>	17,062	<b>309</b>
	<b>345,868</b>	394,389	<b>2,596</b>
<b>Income before special item and income taxes</b> .....	<b>292,104</b>	320,067	<b>2,192</b>
<b>Special item:</b>			
Provision for reserve for fluctuation in water levels .....	<b>732</b>	1,841	<b>5</b>
<b>Income before income taxes</b> .....	<b>291,372</b>	318,225	<b>2,187</b>
<b>Income taxes:</b>			
Current .....	<b>131,998</b>	134,049	<b>991</b>
Deferred .....	<b>(26,886)</b>	(19,218)	<b>(202)</b>
<b>Net income</b> .....	<b>¥ 186,259</b>	¥ 203,395	<b>\$ 1,398</b>
<b>Per share of common stock:</b>			
Net income (Basic) .....	<b>¥ 137.68</b>	¥ 150.34	<b>\$ 1.03</b>
Net income (Diluted) .....	<b>136.66</b>	149.10	<b>1.03</b>
Cash dividends .....	<b>60.00</b>	60.00	<b>0.45</b>

See notes to non-consolidated financial statements.

## Non-Consolidated Statements of Shareholders' Equity

The Tokyo Electric Power Company, Incorporated  
Years ended March 31

	Number of shares (Thousands)	Millions of yen				Unrealized gain on securities	Treasury stock, at cost
		Common stock	Capital surplus	Legal reserve	Retained earnings		
<b>Balance at March 31, 2000</b> .....	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	¥ —
<b>Balance at March 31, 2001</b> .....	1,352,867	¥676,434	¥19,014	¥169,108	¥ 999,760	¥64,155	¥ —
Net income for the year ended							
March 31, 2002 .....					<b>186,259</b>		
Cash dividends paid .....					<b>(81,171)</b>		
Bonuses to directors and auditors.....					<b>(150)</b>		
Net change during the year .....						<b>(27,890)</b>	<b>(258)</b>
<b>Balance at March 31, 2002</b> .....	<b>1,352,867</b>	<b>¥676,434</b>	<b>¥19,014</b>	<b>¥169,108</b>	<b>¥1,104,697</b>	<b>¥36,265</b>	<b>¥(258)</b>

	Millions of U.S. dollars (Note 2)					
	Common stock	Capital surplus	Legal reserve	Retained earnings	Unrealized gain on securities	Treasury stock, at cost
<b>Balance at March 31, 2001</b> .....	\$5,076	\$143	\$1,269	\$7,503	\$481	\$—
Net income for the year ended						
March 31, 2002.....				<b>1,398</b>		
Cash dividends paid.....				<b>(609)</b>		
Bonuses to directors and auditors .....				<b>(1)</b>		
Net change during the year .....					<b>(209)</b>	<b>(2)</b>
<b>Balance at March 31, 2002</b> .....	<b>\$5,076</b>	<b>\$143</b>	<b>\$1,269</b>	<b>\$8,290</b>	<b>\$272</b>	<b>\$(2)</b>

See notes to non-consolidated financial statements.

# Notes to Non-Consolidated Financial Statements

The Tokyo Electric Power Company, Incorporated

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**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 on the basis of accounting principles and practices generally accepted and applied in Japan, which are different in certain respects as to the 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 and applied in Japan but is presented herein as additional information.

The non-consolidated financial statements are prepared on the same basis as the accounting policies discussed in Note 1 to the consolidated financial statements except that the accompanying 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. Treasury Stock**

Effective the year ended March 31, 2002, in accordance with a change in the Electric Utility Accounting Regulations, shares of treasury stock previously included in current assets have been presented as a component of shareholders' equity.

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**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.

**3.  
Property, Plant  
and Equipment**

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

	Millions of yen			
	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
<b>As of March 31, 2002</b>				
Hydroelectric power production facilities....	¥ 1,468,031	¥ 7,063	¥ 710,552	¥ 750,416
Thermal power production facilities .....	4,831,048	17,113	3,437,738	1,376,196
Nuclear power production facilities .....	5,002,924	456	3,855,662	1,146,805
Internal combustion engine power production facilities.....	36,460	156	23,981	12,322
Transmission facilities.....	6,848,046	152,397	3,573,696	3,121,952
Transformation facilities.....	3,222,560	36,422	1,921,268	1,264,870
Distribution facilities.....	4,662,344	38,672	2,198,893	2,424,779
Incidental business facilities.....	67,871	1	26,293	41,577
General facilities .....	568,926	21,013	299,210	248,701
Construction in progress.....	1,123,193	—	170	1,123,023
	<b>¥27,831,408</b>	<b>¥273,296</b>	<b>¥16,047,465</b>	<b>¥11,510,645</b>
<b>As of March 31, 2001</b>				
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	0	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
	<b>¥27,280,116</b>	<b>¥267,837</b>	<b>¥15,254,575</b>	<b>¥11,757,703</b>
	Millions of U.S. dollars			
	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
<b>As of March 31, 2002</b>				
Hydroelectric power production facilities....	\$ 11,017	\$ 53	\$ 5,332	\$ 5,632
Thermal power production facilities .....	36,256	128	25,799	10,328
Nuclear power production facilities .....	37,545	3	28,936	8,606
Internal combustion engine power production facilities.....	274	1	180	92
Transmission facilities.....	51,392	1,144	26,819	23,429
Transformation facilities.....	24,184	273	14,419	9,492
Distribution facilities.....	34,989	290	16,502	18,197
Incidental business facilities.....	509	0	197	312
General facilities .....	4,270	158	2,245	1,866
Construction in progress.....	8,429	—	1	8,428
	<b>\$208,866</b>	<b>\$2,051</b>	<b>\$120,431</b>	<b>\$86,384</b>

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**4.**  
**Contingent Liabilities**

At March 31, 2002, contingent liabilities totaled ¥2,280,926 million (\$17,118 million), of which ¥423,998 million (\$3,182 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, ¥28,247 million (\$212 million) of this balance can be assigned to other co-guarantors based on the terms of the contracts between or among the co-guarantors.

In addition, ¥236,927 million (\$1,778 million) consisted of guarantees given in connection with housing loans made to employees of the Company.

The remainder of ¥1,620,000 million (\$12,158 million) represents the debt assigned by the Company to certain banks under debt assumption agreements.

## Report of Certified Public Accountants



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, 2002 and 2001, 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, 2002 and 2001, 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.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2002 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 2.

June 26, 2002

*Shinnihon & Co.*

See Note 1 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.

# Board of Directors and Corporate Auditors

As of June 26, 2002

## **CHAIRMAN**

Hiroshi Araki

## **PRESIDENT**

Nobuya Minami

## **EXECUTIVE VICE PRESIDENTS**

Shigemi Tamura

Tsunehisa Katsumata

Ryoichi Shirato

Teruaki Masumoto

Toshiaki Enomoto

## **MANAGING DIRECTORS**

Tsuneo Futami

Muneyuki Tsukiyama

Yukinori Ichida

Yukitaka Ozaki

Takashi Murata

Katsutoshi Chikudate

Hisao Naito

Yoshihisa Morimoto

## **DIRECTORS**

Masaru Matsumura

Susumu Shirakawa

Takuya Hattori

Kazuo Takasaka

Sueharu Iwashina

Takashi Hayashi

Kenji Fushimi

Hiroshi Yoshikoshi

Yuichi Hayase

Masataka Shimizu

Ichiro Takekuro

Katsumi Mizutani

Makoto Satake

Toshikazu Funo

Isami Kojima

Shinichi Nishio

Seigou Nakajima

## **STANDING AUDITORS**

Shoji Hanawa

Nobumasa Momose

Takao Sato

Norimitsu Muramatsu

Tamio Kojima

## **AUDITORS**

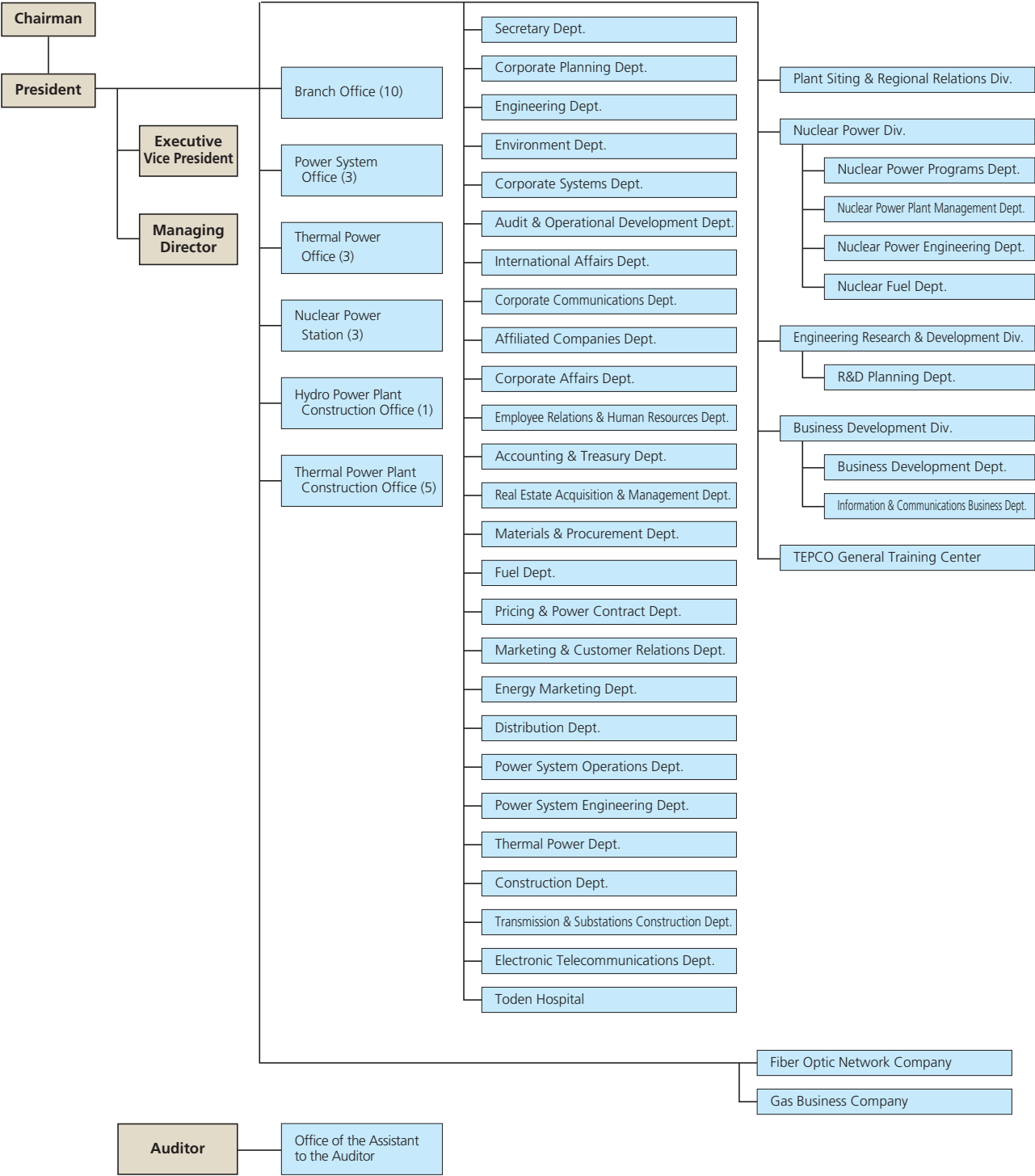
Sugiiichiro Watari

Shu Watanabe



# Organization Chart

As of July 1, 2002



## Major Subsidiaries and Affiliated Companies

As of March 31, 2002

### Major Consolidated Subsidiaries

Company Name	Capital (¥ million)	TEPCO Ownership (%)	Principal Business
<b>Electric Power Business</b>			
The Tokyo Electric Generation Company, Incorporated	2,200	100.0	Power Generation
<b>Information and Telecommunications Business</b>			
AT TOKYO Corporation	10,000	45.0	Information Software and Services
TEPCO CABLE TELEVISION Inc.	8,375	85.7	Cable Television
SpeedNet Inc.	7,487	77.1	Telecommunications
TEPCO SYSTEMS CORPORATION	350	100.0	Information Software and Services
<b>Other Businesses</b>			
Japan COM Company, Limited	16,800	64.6	Fuel Supply
The Tokyo Electric Power Real Estate Maintenance Co., Inc.	2,000	100.0	Property Management
TOSHIN BUILDING CO., LTD.	1,100	100.0	Property Management
Toden Kogyo Co., Ltd.	300	100.0	Facilities Construction and Maintenance
Tokyo Electric Power Environmental Engineering Company, Incorporated	300	100.0	Facilities Construction and Maintenance
Tokyo Electric Power Home Service Company, Limited	200	100.0	Facilities Construction and Maintenance
Tokyo Toshi Service Co., Ltd.	200	100.0	Energy and Environment
Tokyo Electricity Meter Industry Inc.	100	100.0	Supply of Resources, Equipment and Materials
Oze Ringyo Inc.	80	100.0	Property Management
Tokyo Densetsu Services Co., Ltd.	50	100.0	Facilities Construction and Maintenance
Tokyo Living Service Inc.	50	100.0	Transportation and Services
TEPCO PUBLIC RELATIONS CO., LTD.	50	100.0	Transportation and Services
TEPCO LOGISTICS CO., LTD.	50	80.0	Transportation and Services
Tokyo Electric Power Services Company, Limited	40	100.0	Facilities Construction and Maintenance
NANMEI KOSAN CO., LTD.	40	100.0	Fuel Supply
TEPCO-U CO., LTD.	20	100.0	Fuel Supply
TEPSTAR CO., LTD.	20	100.0	Fuel Supply
Toden Kokoku Co., Ltd.	20	81.8	Transportation and Services

### Affiliated Companies Accounted for under the Equity Method

Company Name	Capital (¥ million)	TEPCO Ownership (%)	Principal Business
<b>Electric Power Businesses</b>			
Soma Kyodo Power Company Ltd.	120,000	50.0	Power Generation
The Japan Atomic Power Company	120,000	28.3	Power Generation
Joban Joint Power Co., Ltd.	56,000	49.1	Power Generation
Kashima Kyodo Electric Power Co., Ltd.	22,000	50.0	Power Generation
Kimitsu Cooperative Thermal Power Company, Inc.	8,500	50.0	Power Generation
<b>Information and Telecommunications Business</b>			
POWEREDCOM, Inc.	44,958	32.5	Telecommunications
Tokyo Telecommunication Network Company, Incorporated	42,061	38.7	Telecommunications
<b>Other Businesses</b>			
Japan Nuclear Fuel Limited	170,000	20.2	Fuel Supply
KANDENKO CO., LTD.	10,264	48.1	Facilities Construction and Maintenance
Takaoka Electric Mfg. Co., Ltd.	5,906	28.3	Supply of Resources, Equipment and Materials
Toko Electric Corporation	1,452	46.1	Supply of Resources, Equipment and Materials

# Corporate Information

As of March 31, 2002

## Head Office:

1-3, Uchisaiwai-cho 1-chome, Chiyoda-ku,  
Tokyo 100-0011, Japan  
Phone: +81-3-4216-1111  
<http://www.tepco.co.jp/>

## Established:

May 1, 1951

## Fiscal Year-End:

March 31

## Paid-in Capital:

¥676,434,197,050

## Number of Employees:

40,725

## Overseas Offices:

### Washington Office

1901 L Street, N.W., Suite 720,  
Washington, D.C. 20036, U.S.A.  
Phone: +1-202-457-0790

### London Office

Berkeley Square House,  
Berkeley Square London W1J 6BR, U.K.  
Phone: +44-20-7629-5271

## Number of Shares of Common Stock

### Issued and Outstanding:

1,352,867,531

## Number of Shareholders:

828,253

## Shareholders' Meeting:

June

## Stock Listings:

Tokyo Stock Exchange, Osaka Securities Exchange,  
Nagoya Stock Exchange

## Certified Public Accountants:

Shin Nihon & Co.

## Transfer Agent:

UFJ Trust Bank Limited  
4-3, Marunouchi 1-chome, Chiyoda-ku,  
Tokyo 100-0005, Japan

## Major Shareholders:

Name	Number of Shares Held (Thousands)
The Dai-Ichi Mutual Life Insurance Company	47,002
The Mitsubishi Trust and Banking Corporation (Trust Account)	46,013
Nippon Life Insurance Company	44,890
Sumitomo Mitsui Banking Corporation	43,627
Tokyo Metropolitan Government	42,676
Japan Trustee Services Bank Ltd. (Trust Account)	36,105
The Industrial Bank of Japan, Limited	27,062
The Dai-Ichi Kangyo Bank, Limited	20,702
UFJ Trust Bank Limited (Trust Account A)	18,031
Euroclear Bank S.A./N.V.	17,436

## Publications:

- "TEPCO Corporate Brochure"
- "TEPCO ILLUSTRATED"
- "TEPCO Environmental Action Report"

### For more detailed informations, please contact:

Tokyo Electric Power Company

- Shareholder & Investor Relations Group, Corporate Affairs Department
  - Research and Planning Group, Accounting & Treasury Department
- 1-3, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo 100-0011, Japan  
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TOKYO ELECTRIC POWER COMPANY