The Okinawa Electric Power Company,Incorporated (OEPC)

Annual Report 1999

Financial Highlights (Non-Consolidated)

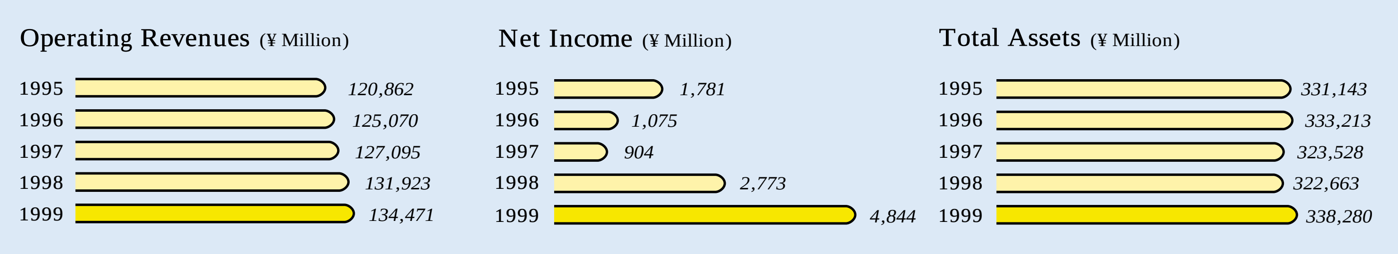
THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED
Years ended March 31, 1999 and 1998

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
For the year:			
Operating revenues	**¥134,471**	¥131,923	**$1,115,483**
Operating income	**19,794**	17,744	**164,201**
Net income	**4,844**	2,773	**40,179**
Per share of common stock (Yen and U.S. Dollars):			
Net income	**¥325.61**	¥186.42	**$2.70**
Cash dividends	**50.00**	50.00	**0.41**
At year-end:			
Total assets	**¥338,280**	¥322,664	**$2,806,139**
Total shareholders' equity	**59,158**	55,132	**490,732**

Note: The U.S. Dollar amounts represent translation of Japanese yen for convenience only at the approximate exchange rate on March 31, 1999, of ¥120.55 to $1.

Operating Highlights

Years ended March 31, 1999, 1998 and 1997	**1999**	1998	1997
For the year:			
Electric energy sales (Millions of kWh)			
Lighting	**2,592**	2,364	2,358
Power	**4,024**	3,762	3,648
Peak load (Thousands of kW)	**1,287**	1,317	1,329
At year-end:			
Number of customers:			
Lighting	**652,745**	640,949	625,697
Power	**64,847**	63,786	62,712
Generating capacity (Thousands of kW)	**1,445**	1,444	1,434
Route length of transmission lines (km):			
Overhead	**526**	514	498
Underground	**142**	137	125



Profile

Okinawa Electric Power Company, Incorporated (OEPC), is one of the 10 electric power companies that form part of the energy industry which supports Japanese society. The Company supplies electricity to all of Okinawa Prefecture, which lies in the extreme southern part of Japan and is comprised of 40 inhabited outlying islands stretching for 1,000 km east to west and 400 km north to south. The geographical characteristics of the prefecture pose difficulties to supplying electricity. In order to overcome these difficulties, OEPC has constructed a system that can supply round-the-clock stable electricity to all of the prefecture's inhabited islands.

While developing new power generation sources and continuing to build up its power supply network from a long-term perspective, the Company is making concerted efforts to preserve the environment and reduce supply cost, by, for example, depending less on oil while establishing coal as its main fuel source and introducing wind power generation and photovoltaic power generation, which make use of the Prefecture's climatic features. Furthermore, as an energy company that develops together with its region, we endeavor to contribute to a diverse range of activities within Okinawa, including promoting the economy, culture, arts, and sports of the region, in order to create a stronger bond of trust with the region and its people and gain their increased support.

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During the year beginning April 1, 1998 (“fiscal 1998”), OEPC was able to post growth in both revenues and profits for the second year in succession. We also made great strides in achieving some of our management objectives, such as obtaining ISO 14001 certification, the international standard for environmental management systems, for Ishikawa Thermal Power Station on Okinawa Island in February 1999, thus setting us on the right path for the 21st century.

Operating Environment and Results

The Japanese economy during the period under review was mired in a recession of unprecedented severity. In the economy of Okinawa Prefecture, despite continued vibrancy in the tourist industry, with a record number of visitors to the region, overall conditions remained stagnant, exemplified by a fall in housing investment and sluggish consumer spending.

Under these difficult conditions, OEPC recorded an 8.0% rise in electric power sales volume, the largest growth in the last decade, due mainly to an increase in power for residential use, thanks to a stretch of record high temperatures and the small number of typhoons that hit the region during the term. Combined lighting and power sales for the term totaled 6,616 million kWh. Consequently, notwithstanding the negative effects of a reduction in electricity rates in February 1998, operating revenues rose 1.9% to ¥134,471 million (US$1,115.5 million). In addition, partly as a result of measures to thoroughly reduce costs, we were able to achieve earnings that were substantially higher than in the previous term, income before income taxes increasing 51.3% to ¥8,670 million (US$71.9 million) and net income rising 74.7% to ¥4,844 million (US$40.2 million). Given the increased severity of the operating environment, these results are all the more satisfying.

In line with our fundamental policy of paying a stable dividend of ¥50 per share (par value ¥500), we declared a term-end dividend of ¥25 per share, the same as the interim dividend.

Principal Measures Enacted During the Term

Establishing the maintenance of earnings levels as a major management objective, we pushed ahead with thorough cost reduction, including a reassessment of our long-term management plan, and with raising operational efficiency. As a result of a further review of construction methods and practices, we were able to significantly reduce capital investment for the term from the projected ¥49.6 billion to ¥37.8 billion. In addition, we also continued promoting load leveling to eliminate the difference in electric power demand between seasons, and between daytime and night, and made efforts to further increase efficiency in operations on outlying islands, making steady progress in both areas.

To raise operational efficiency, in pursuit of our goal of “maintaining a staff level of 1,500,” we continued to work to increase productivity from a variety of perspectives, by, for example, launching a drive for improved daytime operations, switching to a new personnel system based on performance evaluations, and introducing an advanced computer information system. As a result of these efforts, as of the end of March 1999, we had reduced employee numbers by 60 from the 1976 level, when the unified transmission system was established, despite the growth in the scale of the business, as exemplified by the construction of new power stations, while raising energy sales per employee 2.9 times in the same period.

On the supply side, in addition to conducting appropriate and efficient operations at existing facilities, we commenced operation of Unit 8 (250kW) at Hateruma Power Station, thus maintaining a stable supply of electricity on outlying islands.

At Kin Thermal Power Station, a facility currently under construction which will absorb increases in electricity demand on Okinawa Island from 2001 onward, we obtained a license to conduct reclamation work in a government-owned offshore area, and began full-scale construction of the land and sea portions of the project.

OEPC has positioned the Year 2000 (Y2K) problem as a major management issue, and has established a Y2K Countermeasures Committee, as well as pushing ahead with failsafe countermeasures for all systems. In addition to the ¥155 million used in fiscal 1998, we estimate that an additional ¥420 million will be necessary to deal with this issue in fiscal 1999.

Future Prospects

Amid continuing turmoil in the Japanese economy, there is no letup in the demands from society for a reduction in electricity supply costs, and the year 2000 is expected to see the liberalization of electricity retailing to large customers. Furthermore, with concrete targets for reductions in greenhouse gases in developed countries stipulated at the Kyoto Protocol to the United Nations Framework Convention on Climate Change (COP3), there are increasing calls for electricity companies to do more on this issue.

Chairman Masaharu Minei President Hirokazu Nakaima

Under these conditions, reflecting the company-wide management issues that came to the fore during the term under review, we have revised our long-term management plan, which incorporates measures to respond to the price competition that has resulted from increased liberalization, to ensure an appropriate level of profits, and to respond to environmental issues. While maintaining our fundamental stance on guaranteeing a stable electricity supply and promoting efficient operations, we have identified fiscal 1999 as marking a completely new start in our efforts to respond to the demands of the new era, and we will devote ourselves to the resolution of all management issues.

Turning to the economy of Okinawa Prefecture, in addition to another expected increase in the number of tourists visiting the region, the economy is experiencing a boost from preparations for the Okinawa/Kyushu G8 Summit, which is to be held in 2000. Against this background, demand for electric power is forecast to grow in line with a rise in, for example, public works projects, although power for residential use is expected to fall as we cannot expect a repeat of the extremely high temperatures experienced during the term under review.

Consequently, an increase in revenue in fiscal 1999 will be difficult to achieve, and the whole Company will devote itself to further raising efficiency and rationalizing operations. In addition, we will also work toward obtaining ISO 14001 certification for all facilities, promote the introduction of new energy sources, strengthen Group capabilities through consolidated management, and make increased contributions to regional society.

We ask for your continued understanding and support.

Masaharu Minei, *Chairman*

Hirokazu Nakaima, *President*

In a rapidly changing operating environment, OEPC worked to raise management efficiency across the board in response to the cut in electricity rates implemented in February 1998. In addition, we conducted an examination and evaluation of business and management issues with an eye to the 21st century, aiming to make the next leap forward.

Power Generation Facilities

Under the fundamental policy of maintaining a long-term supply of electricity, we endeavor to increase power sources while creating a power generation mix that meets the requirements of both economy and reliability of fuel supply.

During the term under review, as well as beginning full-scale construction at Kin Thermal Power Station, which is due to come on stream in 2002, we commenced operation of Unit 8 (250kW) at Hateruma Power Station.

Artist's impression of Kin Thermal Power Station

In order to optimize the power generation mix, OEPC has shifted more towards coal-fired generation, and during the term 58% of electricity generated came from coal, and 42% from oil. We import approximately 700,000 tons of coal annually from Australia and Indonesia, and in October 1998 received the first 30,000 ton shipment of Nantun Coal from Shandong Province in China. Chinese coal has lower transportation costs because of the comparatively short distance it has to travel to Okinawa, and we will consider increasing the size of future orders after we have evaluated the results of combustion tests.

Coal carrier

With a view to promoting the conservation of resources, in March 1999 we constructed a Manufacturing Plant, a reprocessing facility for turning coal ash into a civil engineering material, at Gushikawa Thermal Power Station.

Gushikawa Thermal Power Station

Power transmission route

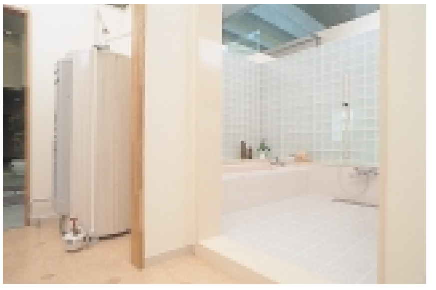
Transmission Facilities

Our aim is to construct efficient transmission facilities through which we can ensure a stable supply of electricity and lower costs. To that end, as well as making more effective use of existing facilities, by, for example, increasing the capacity of main transmission lines and constructing multiple main transmission lines in line with our plan for power sources, we are pushing ahead with other initiatives, including using thicker cables that are capable of withstanding strong winds, expanding the automated distribution system, increasing 22 kV distribution, and expanding the use of construction methods that ensure zero power outages.

During the term, we commenced construction of the New Nakagami Trunk Line (4.8 km) linking Gushikawa Thermal Power Station and the main Nakagami Trunk Line on Okinawa Island, began laying an extension of the Toguchi Trunk Line (10.4 km) on Okinawa Island, and started expansion work on the switching station at Gushikawa Thermal Power Station, and we plan to finish these three projects during fiscal 2000. When drawing up plans for capital investment, we make great efforts to reduce the amount of investment by reviewing design and specifications and reassessing construction and procurement methods. During fiscal 1998, we procured ¥335 million worth of equipment and materials from overseas, accounting for 4% of total procurement.

Marketing Activities

In addition to enhancing services to customers, the promotion of load leveling, to eliminate the difference in electric power demand between seasons and between daytime and nighttime, is becoming an important issue. Consequently, as well as carrying out extensive PR activities to foster a proper understanding of the importance of load leveling among customers, we also encourage the use of equipment which contributes to load leveling, including electric water heaters for household use, which use nighttime electricity, and Ice-Storage Air Conditioning and “Peak Cut” vending machines for commercial use. In particular, we are working to spread the use of electric water heaters to all households through application of a rental system, and during the term we were able to increase usage of the heaters by 19.4% over the previous term.



Electric water heater

As part of a wave of deregulation, electricity retailing is expected to be partially liberalized in 2000, marking a turning point for the industry. In order to emerge victorious in this era of intense competition, OEPC has established an electricity rates menu which reflects customers’ varied usage patterns and thereby offers cheaper electricity, working toward its aim of being “Okinawa Electric Power, the company of choice.”

In May 1998, OEPC established an Internet website offering a profile of the Company’s activities, recruitment information, data on domestic and overseas procurement, and a range of other information, thus expanding the ways in which it exchanges information with customers.

Wind power and photo-voltaic generators on Miyako Island

Environmental Preservation and Introduction of New Energy Sources

Based on its Environmental Preservation Action Plan, the whole company works hard to implement a range of environmental measures. During the term under review, we endeavored to turn the Ishikawa Thermal Power Station into a model plant, and obtained ISO 14001 certification, the international standard for environmental management systems, in February 1999. We will step up our efforts to obtain certification for all our facilities. For greenhouse gases, while keeping a close eye on the developments in international negotiations on this issue, our Global Environmental Countermeasure Committee debates the most appropriate countermeasures.

We are redoubling our efforts toward the creation of the Okinawa New Energy Generation System, which utilizes environmentally friendly energy, including photovoltaic power, wind power, and a new type of battery. During the term we finished installation of a total of 12 new wind turbines on Okinawa and Miyako islands, a project begun in April 1998, and are conducting tests with a view to determining the most suitable type of machine for introduction to Okinawa.

In photovoltaic power generation, we continued our studies into amorphous silicon batteries, which could make possible low-cost power generation, and announced the findings of these studies at the Global Photovoltaic Power Generation Conference held in Vienna, Austria.

The Ginoza Wind Power Reserach Facility

Promoting Internationalization

In addition to its exchange activities with power companies in Taiwan, Hawaii, and South Korea, OEPC promotes internationalization from a wide range of perspectives, including procuring materials and equipment from overseas and conducting tours of overseas facilities as part of its cost-cutting efforts, and sending its employees for overseas study and training in order to foster the development of its personnel.

Items procured from overseas recently include lead batteries, coal ash processing equipment, insulated cables, and wind power generation equipment. In order to expand the range of equipment procured from overseas, the Company is reassessing equipment designs and specifications, while at the same time investigating the diversification of sources of procurement. During the term under review, we once again participated in the Electric Power Equipment and Materials Trade Seminar held in South Korea and in the US-Japan Coal Conference.

Moreover, OEPC executives attended the World Energy Conference, held in Houston, USA, and we conducted a study of EC/EDI (Electronic Commerce/Electronic Data Interchange) in the US with a view to raising management efficiency and improving services to customers.

Tour of power station

Regional Contributions and the Okinawa Electric Power Company Group

In order to assist in building a prosperous Okinawa for the 21st century, OEPC aims to contribute to the region from a wide variety of perspectives, including economic, cultural, and sporting. In addition to cooperating with local economic groups, such as the Nansei (South-West) Regional Industries Promotion Center, in April 1999 we assisted in the establishment of “FROM (Frontier Region of Multimedia),” an organization comprised of local corporations, academic institutions, local government bodies, and citizens groups to promote the construction of a “multimedia island structure” in Okinawa Prefecture, and OEPC President Hirokazu Nakaima was appointed chairman of this organization.

As part of our continuing community activities, we hold the company-wide “Okiden (OEPC) 10-day Dialogue.” In 1998, the 21st year of this annual event, under the slogan “Okiden, always by your side,” we held a variety of sports and cultural events and conducted activities that contribute to the region in each part of the prefecture.

Aiming to discover and develop young classical musicians, we sponsor the Okiden Sugar Hall Newcomers’ Performance Audition, and to broaden interest in science among elementary school, and junior and senior high school students, also sponsor the Exhibition of Science Works by Students. Moreover, through volunteer activities at sports events, and participation in various festivals and events held in various parts of the prefecture throughout the year, OEPC deepens exchange with the regional community.

Okiden Sugar Hall Newcomers’ Performance Audition

Another important issue is expanding the collective power of the Momosoe-kai, the liaison organization of the Okinawa Electric Power Company Group, which has OEPC at its core and is comprised of 10 affiliated companies. With a view to strengthening consolidated management, as well as forming closer ties between companies in the Group, we are devoting ourselves to improving the earning power of the whole Group.

Masaharu Minei
Chairman

Hirokazu Nakaima
President

Tsutomu Yonamine
Executive Vice President

Chairman:
Masaharu Minei

President:
Hirokazu Nakaima

Executive Vice President:
Tsutomu Yonamine

Managing Directors:
Eiichi Taira
Sojin Toyama
Morishige Kishaba
Hiroshi Heianna

Directors:
Eizaburo Ono
Yoshimasa Kojya
Teruo Shimabukuro
Hajime Miyagi
Kazuhiro Nakada
Tsugiyoshi Toma

Non-Executive Directors:
Yukiyasu Kinjo
Kunio Oroku

Standing Auditor:
Osamu Kawasaki

Auditor:
Choko Takamine

External Auditors:
Kenji Kudeken
Honshin Aharen

(As of July 1, 1999)

Five-Year Summary

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED
Years ended March 31

Financial Statistics	Millions of Yen 1999	1998	1997	1996	1995
For the year:					
Operating revenues	**¥134,471**	¥131,923	¥127,095	¥125,070	¥120,862
Operating expenses	**114,677**	114,179	111,851	110,098	106,245
Operating income	**19,794**	17,744	15,244	14,972	14,617
Net income	**4,844**	2,773	904	1,075	1,781
At year-end:					
Total assets	**¥338,280**	¥322,664	¥323,528	¥333,213	¥331,143
Shareholders' equity	**59,158**	55,132	53,179	53,090	52,823

Operating Statistics	1999	1998	1997	1996	1995
For the year:					
Electric energy sales (Millions of kWh)	**6,616**	6,126	6,006	5,854	5,606
Peak load (Thousands of kW)	**1,287**	1,317	1,329	1,310	1,263
At year-end:					
Generating capacity (Thousands of kW)	**1,445**	1,444	1,434	1,461	1,452
Transmission lines (km)	**668**	651	623	589	538
Distribution lines (km)	**9,772**	9,577	9,446	9,252	9,038

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Business Results

Japan's prolonged recession persisted in fiscal 1998. The overall situation was extremely severe, with fear of unemployment worsening and disposable income declining, leading to falls in consumer spending and housing investment, while companies were very reluctant to implement capital investment. Amid these difficult economic conditions, although the Okinawa tourist sector enjoyed the largest number of visitors ever, the prefecture's economy as a whole remained stagnant, with housing investment in a slump and consumer spending slack.

During the term under review, the volume of sales of electric power to industrial users declined owing to a fall-off in demand from the cement, petroleum refining, and steel industries, among others. Meanwhile, demand from households and offices increased thanks to record high temperatures and a relatively small number of typhoons. As a result, total power sales volume, including for housing, offices, and industry, came to 6,616 million kWh, up 8.0% over the previous business term. Sales of low-voltage power for use in housing and offices surged 9.6% year-on-year to 2,592 million kWh, while high-voltage power sales to industrial users were up 7.0% at 4,024 million kWh. The peak load in fiscal 1998 increased by 96,000 kW over the previous year, or 7.7%, to 1,337,000 kW.

Operation of existing power generation facilities proceeded efficiently, and we maintained a steady supply of power to remote islands by, for example, starting operation of the No. 8 Generator (250kW) on Hateruma Island.

Turning to business results for fiscal 1998, despite the electricity rate cut implemented in February 1998 and adoption of the Fuel Cost Adjustment System, operating revenues for the Company's power supply business rose 1.9% over the previous term to ¥134,471 million (US$1,115,483 thousand), thanks to a large increase in power sales volume. Equipment repair and maintenance costs increased, but depreciation expense and interest cost declined. We also made efforts to raise management efficiency across the board and reduce costs. As a results, operating expenses rose 0.4% from the year before to ¥114,677 million (US$951,282 thousand). Consequently, income before income taxes increased 51.3% year-on-year to ¥8,670 million (US$71,915 thousand), and net income came to ¥4,844 million (US$40,179 thousand).

Capital Investment

With the reduction in electricity rates in February 1998, OEPC established a new efficiency target of cutting total capital investment for the next ten years by a further ¥50 billion to under ¥400 billion. We also worked to pull down equipment spending even more to the region of ¥350 billion as part of our plans for still further improvements in efficiency. As a result, capital investment in fiscal 1998 came to ¥37.8 billion, down ¥11.8 billion from the initially planned figure.

The Company's principal power generation project during the term was the start-up of operation of the 250kW No. 8 Generator on Hateruma Island as part of its efforts to bolster the power supply system to remote islands in the prefecture so as to assure its customers of a steady supply of electricity.

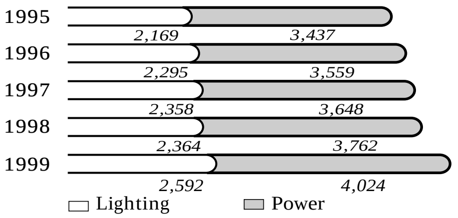
In the field of power transmission facilities, a new transformer station was constructed at Urasoe on Okinawa Island. With a view to holding down capital investment, in addition to existing efficiency improvement measures and know-how, OEPC will combine improvements and new ideas in all operational areas to achieve a permanent cost reduction structure.

Response to the Year 2000 Problem

Okinawa Electric Power regards the Year 2000 (Y2K) Problem as one of its most important management issues, and the Company has been steadily dealing with this matter in a systematic manner. In October 1998, in order to handle the problem from an overall perspective, we established a Y2K Countermeasures Committee chaired by one of our managing directors. The committee is responsible for promoting countermeasures against the Y2K problem by all of the Company's departments and for monitoring and supervising progress in these efforts. Regular reports on the status of progress are submitted to the Company's top management.

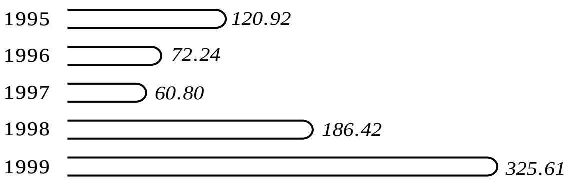
Comprehensive Y2K compliance test have been conducted on power control computer systems and systems involved in administrative work, and all necessary program upgradings and modifications, equipment replacements, and simulation tests have been carried out. As of the end of October 1999, all the Company's computer systems were Y2K compliant. From here on, on the basis of our Contingency Plan, we will be concentrating our efforts on effective countermeasures against unforeseeable events likely to arise as a result of the Y2K problem.

Electric Power Sales (Millions of kWh)

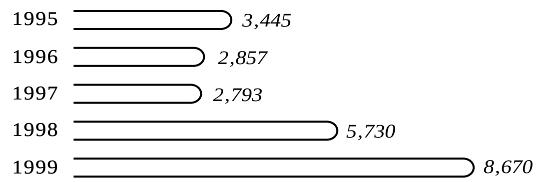


Operating Income (¥ Million)

Net Income per Share (¥)



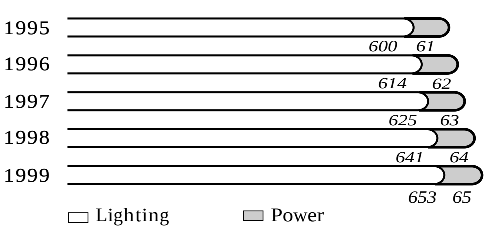
Income before Income Taxes (¥ Million)



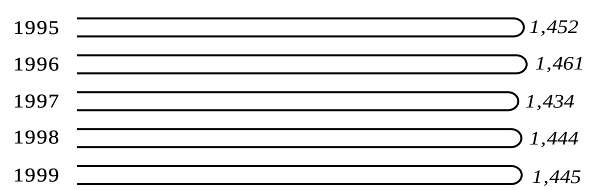
Shareholders' Equity (¥ Million)

Shareholders' Equity Ratio (%)

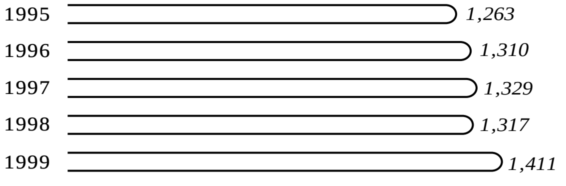
Number of Customers (Thousands)



Authorized Maximum Power Generation Capacity (Thousands of kW)



Peak Load (Thousands of kW)



Non-Consolidated Balance Sheets

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED
March 31, 1999 and 1998

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1999	1998	**1999**
ASSETS			
Utility plants (Note 3)**:**			
Plants and equipment	**¥572,193**	¥555,543	**$4,746,520**
Construction in progress (Note 10)	**39,993**	21,808	**331,753**
	612,186	577,351	**5,078,273**
Less:			
Contributions in aid of construction	**(21,356)**	(21,224)	**(177,152)**
Accumulated depreciation	**(279,779)**	(256,172)	**(2,320,858)**
	(301,135)	(277,396)	**(2,498,010)**
Net utility plants	**311,051**	299,955	**2,580,263**
Investments and other assets:			
Investment securities (Note 4)	**1,420**	1,367	**11,778**
Investments in and advances to subsidiaries and affiliates	**4,099**	989	**34,003**
Less allowance for doubtful accounts	**(78)**		**(645)**
Other assets	**984**	1,021	**8,161**
Total investments and other assets	**6,425**	3,377	**53,297**
Current assets:			
Cash and time deposits	**14,177**	11,395	**117,607**
Short-term investments		999	
Accounts receivable	**3,881**	3,194	**32,198**
Less allowance for doubtful accounts	**(76)**	(95)	**(627)**
Fuel and supplies inventories	**2,782**	3,779	**23,078**
Other current assets	**40**	60	**323**
Total current assets	**20,804**	19,332	**172,579**
Total	**¥338,280**	¥322,664	**$2,806,139**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Long-term liabilities:			
Long-term debt — less current maturities (Notes 5 and 8)	**¥212,906**	¥211,384	**$1,766,121**
Liabilities for severance payments	**7,858**	7,965	**65,188**
Other long-term liabilities	**1,100**	619	**9,125**
Total long-term liabilities	**221,864**	219,968	**1,840,434**
Current liabilities:			
Current maturities of long-term debt (Note 5)	**23,499**	22,453	**194,928**
Accounts payable (Note 10)	**18,529**	11,292	**153,709**
Accrued income taxes (Note 6)	**2,388**	2,205	**19,811**
Accrued expenses (Note 10)	**9,978**	9,730	**82,767**
Other current liabilities	**2,864**	1,884	**23,758**
Total current liabilities	**57,258**	47,564	**474,973**
Commitment and contingent liabilities (Notes 7 and 8)			
Shareholders' equity (Notes 9 and 11)**:**			
Common stock, ¥500 par value;			
Authorized — 30,000,000 shares			
Issued and outstanding — 14,875,413 shares	**7,438**	7,438	**61,698**
Additional paid-in capital	**7,290**	7,290	**60,476**
Legal reserve	**738**	656	**6,123**
Retained earnings	**43,692**	39,748	**362,435**
Total shareholders' equity	**59,158**	55,132	**490,732**
Total	**¥338,280**	¥322,664	**$2,806,139**

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED
Years ended March 31, 1999 and 1998

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1999	1998	**1999**
Operating revenues	**¥134,471**	¥131,923	**$1,115,483**
Operating expenses (Notes 7 and 10)**:**			
Fuel	**18,989**	19,248	**157,519**
Purchased power	**14,381**	14,964	**119,292**
Depreciation	**25,275**	26,584	**209,668**
Repair and maintenance	**16,920**	15,119	**140,359**
Taxes other than income taxes	**6,172**	5,680	**51,200**
Other	**32,940**	32,584	**273,244**
Total operating expenses	**114,677**	114,179	**951,282**
Operating income	**19,794**	17,744	**164,201**
Other (income) expenses:			
Interest expense (Notes 3 and 5)	**10,435**	11,291	**86,567**
Other — net	**689**	723	**5,719**
Net other expenses	**11,124**	12,014	**92,286**
Income before income taxes	**8,670**	5,730	**71,915**
Income taxes	**3,826**	2,957	**31,736**
Net income	**¥ 4,844**	¥ 2,773	**$ 40,179**

	Yen		U.S. Dollars
Per share of common stock: (Note 2 i)			
Net income	**¥325.61**	¥186.42	**$2.70**
Cash dividends applicable to the year	**¥ 50.00**	¥ 50.00	**$0.41**

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Shareholders' Equity

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED
Years ended March 31, 1999 and 1998

		Millions of Yen			
	Number of shares (Thousands)	Common stock	Additional paid-in capital	Legal reserve	Retained earnings
Balance, April 1, 1997	14,875	¥7,438	¥7,290	¥574	¥37,877
Net income					2,773
Appropriations:					
Cash dividends					(744)
Transfer to legal reserve				82	(82)
Bonuses to directors and corporate auditors					(76)
Balance, March 31, 1998	14,875	7,438	7,290	656	39,748
Net income					**4,844**
Appropriations:					
Cash dividends					**(744)**
Transfer to legal reserve				**82**	**(82)**
Bonuses to directors and corporate auditors					**(74)**
Balance, March 31, 1999	**14,875**	**¥7,438**	**¥7,290**	**¥738**	**¥43,692**

	Thousands of U.S. Dollars (Note 1)			
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings
Balance, March 31, 1998	$61,698	$60,476	$5,441	$329,723
Net income				**40,179**
Appropriations:				
Cash dividends				**(6,168)**
Transfer to legal reserve			**682**	**(682)**
Bonuses to directors and corporate auditors				**(617)**
Balance, March 31, 1999	**$61,698**	**$60,476**	**$6,123**	**$362,435**

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Cash Flows

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED
Years ended March 31, 1999 and 1998

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1999	1998	**1999**
Operating activities:			
Net income	**¥ 4,844**	¥ 2,773	**$ 40,179**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**25,328**	26,584	**210,105**
Loss on disposal of property	**709**	598	**5,882**
Loss on redemption of bond	**243**	257	**2,018**
Devaluation loss on investment securities	**5**	413	**41**
Loss (gain) on sales of investment securities	**3**	(8)	**20**
Reversal of provision for severance payment reserve	**(107)**	(134)	**(887)**
Provision for doubtful accounts	**58**	2	**485**
Bonuses to directors and corporate auditors	**(74)**	(76)	**(617)**
Changes in operating assets and liabilities:			
Decrease (increase) in receivables	**(688)**	191	**(5,705)**
Decrease (increase) in inventories	**997**	(497)	**8,267**
Increase in payables and accrued expenses	**7,486**	1,818	**62,098**
Increase in accrued income taxes	**183**	1,540	**1,521**
Other	**1,518**	1,130	**12,600**
Total adjustments	**35,661**	31,818	**295,828**
Net cash provided by operating activities	**40,505**	34,591	**336,007**
Investing activities:			
Purchase of utility plants	**(37,565)**	(24,680)	**(311,616)**
Proceeds from sale of utility plants	**433**	394	**3,590**
Payment for purchase of investment securities	**(60)**	(454)	**(497)**
Proceeds from sale of investment securities		8	
Increase in investments in and advances to subsidiaries and affiliates	**(3,110)**	(97)	**(25,794)**
Net cash used in investing activities	**(40,302)**	(24,829)	**(334,317)**
Financing activities:			
Proceeds from long-term borrowings	**26,020**	17,500	**215,844**
Repayments of long-term borrowings	**(22,453)**	(23,642)	**(186,256)**
Payment for redemption of debentures	**(1,243)**	(1,257)	**(10,314)**
Cash dividends paid	**(744)**	(744)	**(6,170)**
Net cash provided by (used in) financing activities	**1,580**	(8,143)	**13,104**
Net increase in cash and cash equivalents	**1,783**	1,619	**14,794**
Cash and cash equivalents, beginning of year	**12,394**	10,775	**102,813**
Cash and cash equivalents, end of year	**¥14,177**	¥12,394	**$117,607**
Additional cash flow information:			
Interest paid	**¥10,682**	¥11,516	**$ 88,614**
Income taxes paid	**¥ 3,642**	¥ 1,417	**$ 30,213**

Supplemental schedule of noncash investing and financing activities:

The Company sold certain equipment for ¥220 million in exchange for long-term notes receivable in 1998.

See notes to non-consolidated financial statements.

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED
Years ended March 31, 1999 and 1998

1. Basis of presenting non-consolidated financial statements

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by The Okinawa Electric Power Company, Incorporated (the "Company") in accordance with the provisions set forth in the Japanese Commercial Code (the "Code"), the Securities and Exchange Law, the Electric Utility Law and related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The non-consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's financial statements issued domestically in order to present them in a form, which is more familiar to readers outside Japan. The non-consolidated statements of cash flows are not required as a part of the basic financial statements in Japan, but are presented herein as additional information.

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.55 to $1, the approximate rate of exchange at March 31, 1999. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of significant accounting policies

(a) Non-consolidation

The non-consolidated financial statements do not include the accounts of subsidiaries. Investments in subsidiaries and affiliates (20% — 50% ownership) are stated at cost.

(b) Utility plants

Utility plants are stated at the cost of construction, which includes the interest costs incurred on borrowed funds during the construction period. Contributions in aid of constructions are deducted from the cost of the related assets. Such accounting treatments are required by the regulations described in Note 1. Depreciation of utility plants is provided on the declining-balance method over the estimated useful lives of the assets.

(c) Investment securities

Investment securities are stated at cost determined by the moving-average method. Investment securities are written down to appropriate values if the investments have been significantly impaired in value of a permanent nature.

(d) Cash and cash equivalents

For the purpose of the non-consolidated statements of cash flows, the Company considers all time deposits and short-term investments to be cash equivalents. Time deposit and short-term investments, which are securities purchased under resale agreements, have original maturities of one year or less and can be withdrawn on demand with no diminution of principal.

(e) Fuel and supplies inventories

Fuel and supplies inventories are stated at cost, based on principally average method.

(f) Severance payments and pension plan

The Company has an unfunded retirement plan for all employees and provides a liability for employees' severance payments at 40% of the amount required if all employees voluntarily terminated their employment at each balance sheet date.

The Company also has a non-contributory funded pension plan covering substantially all of its employees. The amounts contributed to the fund, including prior service costs which were amortized at 30% of the beginning balance of the year, were charged to income when paid up to the year ended March 31, 1997. Effective April 1, 1997, the Company has changed the method of accounting for the prior service cost to charge current income at 100% of the amount of prior service cost as of the most recent date of available actuarial information. This change was made due to the depressed financial market condition for pension funds, continued increase of past service costs of the pension, and to more accurately reflect results of operations and financial condition. This change had been applied prospectively from 1998 financial statements. As a result of this accounting change, income before income taxes for the year ended March 31, 1998 was approximately ¥619 million less than it would have been on the prior method of accounting.

Total provisions for liabilities for severance payments and pension costs charged to income were ¥3,295 million ($27,330 thousand) and ¥3,033 million for the years ended March 31, 1999 and 1998, respectively.

(g) Income taxes

The Company provides for income taxes at the amount currently payable. Deferred income taxes are not provided for temporary differences in recognizing certain income and expense items for financial and tax reporting purposes.

(h) Stock and bond issue costs and bond discount charges

Stock and bond issue costs and bond discount charges are charged to income when paid or incurred.

(i) Net income per share

Net income per share is computed based upon the weighted average number of shares of common stock outstanding during each year.

(j) Lease

All leases are accounted for as operating leases. Under the Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

3. Utility plants

The major classes of utility plants are as follows:

	Millions of Yen			
At March 31, 1999	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
Thermal power generating facilities	**¥262,748**	**¥(17,121)**	**¥(148,548)**	**¥ 97,079**
Transmission facilities	**95,874**	**(2,046)**	**(39,544)**	**54,284**
Transformation facilities	**75,582**	**(303)**	**(36,296)**	**38,983**
Distribution facilities	**113,882**	**(1,873)**	**(46,884)**	**65,125**
General facilities	**24,107**	**(13)**	**(8,507)**	**15,587**
Construction in progress	**39,993**	**—**	**—**	**39,993**
Total	**¥612,186**	**¥(21,356)**	**¥(279,779)**	**¥311,051**

	Millions of Yen			
At March 31, 1998	Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
Thermal power generating facilities	¥256,682	¥(17,113)	¥(135,702)	¥103,867
Transmission facilities	94,076	(2,033)	(35,610)	56,433
Transformation facilities	73,836	(240)	(33,313)	40,283
Distribution facilities	109,377	(1,824)	(44,128)	63,425
General facilities	21,572	(14)	(7,419)	14,139
Construction in progress	21,808	—	—	21,808
Total	¥577,351	¥(21,224)	¥(256,172)	¥299,955

At March 31, 1999	Thousands of U.S. Dollars Original cost	Contributions in aid of construction	Accumulated depreciation	Carrying value
Thermal power generating facilities	**$2,179,571**	**$(142,015)**	**$(1,232,270)**	**$ 805,286**
Transmission facilities	**795,308**	**(16,976)**	**(328,027)**	**450,305**
Transformation facilities	**626,974**	**(2,511)**	**(301,083)**	**323,380**
Distribution facilities	**944,690**	**(15,540)**	**(388,914)**	**540,236**
General facilities	**199,977**	**(110)**	**(70,564)**	**129,303**
Construction in progress	**331,753**	**—**	**—**	**331,753**
Total	**$5,078,273**	**$(177,152)**	**$(2,320,858)**	**$2,580,263**

Interest costs capitalized for the year ended March 31, 1999 and 1998 was ¥73 million ($607 thousand) and ¥13 million, respectively.

4. Investment securities

The excess of market value over the carrying amount of quoted securities was ¥158 million ($1,308 thousand) and ¥105 million at March 31, 1999 and 1998, respectively.

5. Long-term debt

Long-term debt at March 31, 1999 and 1998 consisted of the following:

	Millions of Yen 1999	1998	Thousands of U.S. Dollars 1999
6.10% secured debentures, due 2004	**¥**	¥ 1,000	**$**
Secured loans from Okinawa Development Finance Public Corporation, 1.10% to 6.30% in 1999 and 2.20% to 6.35% in 1998, due on various dates through 2013	**230,850**	226,437	**1,914,971**
Unsecured loans from banks, 2.50% to 7.50% in 1999 and 2.60% to 8.40% in 1998, due 1999 through 2009	**5,555**	6,400	**46,078**
Total	**236,405**	233,837	**1,961,049**
Less current maturity	**23,499**	22,453	**194,928**
Long-term debt, less current maturity	**¥212,906**	¥ 211,384	**$1,766,121**

In 1992, the Company issued ¥5,000 million of 6.10% secured debentures maturing on February 25, 2004. The Company liquidated ¥3,000 million debentures in 1997. The Company also redeemed ¥1,000 million of each debenture with warrants transferred to a third party under debt assumption agreements with banks on February 25, 1999 and 1998, respectively. An excess of the redemption price over the net carrying amount of ¥243 million ($2,018 thousand) and ¥257 million was included in the interest expense for the years ended March 31, 1999 and 1998, respectively. The holder has a security interest in all assets senior to that of general creditors by the Electric Utility Law.

At March 31, 1999, debentures and long-term debt with the Okinawa Development Finance Public Corporation were collateralized by all of the Company's available assets.

Maturity of long-term debt outstanding at March 31, 1999 were as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2000	¥ 23,499	$ 194,928
2001	24,388	202,302
2002	26,300	218,169
2003	26,595	220,615
2004	25,887	214,742
2005 and thereafter	109,736	910,293
Total	¥236,405	$1,961,049

6. Income taxes

The Company is subject to national corporate tax and local inhabitant taxes based on income with aggregate normal statutory tax rates of approximately 41% and 44% for the year ended March 31, 1999 and 1998, respectively.

The actual effective tax rates in the non-consolidated statements of income differed from the normal statutory tax rates due to such items as permanently non-deductible expenses and temporary differences in recognizing certain income and expense items for tax and financial statement purposes.

7. Lease

The Company leases certain automobiles and office equipment. Total lease payments under above leases for the years ended March 31, 1999 and 1998 were ¥384 million ($3,186 thousand) and ¥384 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense of finance leases that do not transfer ownership of the leased property to the lessee on a "as if capitalized" basis for the years ended March 31, 1999 and 1998 were as follows:

As of March 31, 1999	Millions of Yen General facilities	Other	Total
Acquisition cost	**¥1,603**	**¥217**	**¥1,820**
Accumulated depreciation	**(892)**	**(108)**	**(1,000)**
Net leased property	**¥ 711**	**¥109**	**¥ 820**

As of March 31, 1998	Millions of Yen General facilities	Other	Total
Acquisition cost	¥1,675	¥244	¥1,919
Accumulated depreciation	(704)	(151)	(855)
Net leased property	¥ 971	¥ 93	¥1,064

As of March 31, 1999	Thousands of U.S. Dollars General facilities	Other	Total
Acquisition cost	**$13,297**	**$1,804**	**$15,101**
Accumulated depreciation	**(7,398)**	**(896)**	**(8,294)**
Net leased property	**$ 5,899**	**$ 908**	**$ 6,807**

Obligations under finance leases as of March 31, 1999 and 1998:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
Due within one year	**¥375**	¥ 357	**$3,116**
Due after one year	**445**	706	**3,690**
Total	**¥820**	¥1,063	**$6,806**

The imputed interest expense portion is immaterial and therefore not excluded from the above obligations under finance leases.

Depreciation expense, which is not reflected in the accompanying non-consolidated statement of income, computed by the straight-line method over the remaining lease term was ¥384 million ($3,186 thousand) and ¥384 million for the year ended March 31, 1999 and 1998, respectively.

8. Contingent liabilities

At March 31, 1999, the Company was contingently liable as a guarantor for loans of affiliate companies in the amount of ¥3,064 million ($25,417 thousand).

Under the debt assumption agreements, the Company was contingently liable for the redemption of debentures transferred to banks in the amount of ¥2,000 million ($16,591 thousand) as of March 31, 1999.

9. Shareholders' equity

The Code requires at least 50% of the issue price of new shares, with a minimum of the par value, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to additional paid-in capital.

The Code also requires companies to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments which are made as an appropriation of retained earnings until such reserve equals 25% of stated capital. This reserve is not available for dividends but may be used to reduce a deficit by resolution of the shareholders.

The Company may transfer portions of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Company may also transfer portions of unappropriated retained earnings, which are available for dividends, to stated capital by resolution of shareholders.

Under the Code, the Company may issue new common shares to existing shareholders without consideration as a stock split pursuant to resolution of the Board of Directors. The Company may make such a stock split to the extent the aggregate par value of the shares outstanding after the stock split does not exceed the stated capital. However, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split shall not be less than ¥500.

The Company may repurchase outstanding shares to cancel them with the resolution at the Board of Directors subject to, among the things; the maximum number of shares is within 10% of the outstanding shares. In a repurchase of shares for cancellation, the aggregate purchase price of the shares may not exceed the distributable retained earnings.

Under the amended Article of Incorporation of the Company, the Company may repurchase its outstanding shares up to 1,500,000 shares to cancel them by resolution of the Board of Directors.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semi-annual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

10. Related party transactions

The following is a summary of transactions and balances with subsidiaries and affiliates for the years ended March 31, 1999 and 1998:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
Transactions:			
Construction cost and facilities	**¥17,672**	¥ 15,498	**$146,596**
Repair and other operating expenses	**14,986**	18,355	**124,314**
Balance of accounts:			
Accounts payable	**¥ 3,717**	¥ 3,278	**$ 30,833**
Accrued expenses	**4,319**	4,539	**35,829**

11. Subsequent events

The following appropriations of retained earnings at March 31, 1999 were approved at the shareholders' meeting held on June 29, 1999:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥25 (21¢) per share	¥372	$3,085
Bonuses to directors and corporate auditors	72	596
Transfer to legal reserve	45	373

On May 25, 1999, the Company made a stock split by way of a free share distribution at the rate of 0.02 shares for each outstanding share and 297,508 shares were issued to shareholders of record on March 31, 1999. The aggregate par value of the shares issued was transferred from additional paid-in capital to stated capital.

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Independent Auditors' Report

To the Board of Directors and Shareholders of
The Okinawa Electric Power Company, Incorporated:

We have examined the non-consolidated balance sheets of The Okinawa Electric Power Company, Incorporated as of March 31, 1999 and 1998, and the related non-consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations 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 non-consolidated financial statements referred to above present fairly the financial position of The Okinawa Electric Power Company, Incorporated as of March 31, 1999 and 1998, and the results of its operations and its 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 the accounting for pension plan, as discussed in Note 2.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1 to the non-consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 29, 1999

Consolidated Balance Sheets

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED AND CONSOLIDATED SUBSIDIARIES
March 31, 1999 and 1998

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1999	1998	**1999**
ASSETS			
Property, plants and equipment:			
Utility plants (Note 3)	**¥565,895**	¥549,451	**$4,694,277**
Other plant and equipment	**5,937**	5,681	**49,252**
Construction in progress (Note 10)	**39,968**	21,763	**331,545**
	611,800	576,895	**5,075,074**
Less:			
Contributions in aid of construction	**(21,356)**	(21,224)	**(177,152)**
Accumulated depreciation	**(280,270)**	(256,804)	**(2,324,928)**
	(301,626)	(278,028)	**(2,502,080)**
Net property, plant and equipment	**310,174**	298,867	**2,572,994**
Investments and other assets:			
Investment securities (Note 4)	**1,520**	1,469	**12,613**
Investments in and advances to non-consolidated subsidiaries and affiliates	**6,462**	850	**53,609**
Less allowance for doubtful accounts	**(113)**		**(939)**
Deferred income taxes (Note 6)	**1,184**	1,161	**9,825**
Other assets	**1,297**	1,298	**10,752**
Total investments and other assets	**10,350**	4,778	**85,860**
Current assets:			
Cash and time deposits	**16,107**	13,744	**133,612**
Short-term investments		999	
Notes and accounts receivable	**4,759**	3,762	**39,474**
Less allowance for doubtful accounts	**(121)**	(130)	**(1,002)**
Inventories	**3,326**	4,535	**26,758**
Other current assets (Note 10)	**86**	223	**714**
Total current assets	**24,057**	23,133	**199,556**
Total	**¥344,581**	¥326,778	**$2,858,410**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Long-term liabilities:			
Long-term debt, less current maturities (Notes 5 and 8)	**¥215,110**	¥211,395	**$1,784,404**
Liabilities for severance payments	**8,283**	8,329	**68,712**
Other long-term liabilities	**5,304**	1,711	**43,998**
Total long-term liabilities	**228,697**	221,435	**1,897,114**
Current liabilities:			
Current maturities of long-term debt (Note 5)	**23,749**	22,459	**197,008**
Accounts payable (Note 10)	**23,195**	16,257	**192,408**
Accrued income taxes (Note 6)	**2,819**	2,595	**23,384**
Accrued expenses (Note 10)	**7,383**	7,199	**61,246**
Other current liabilities	**1,604**	793	**13,304**
Total current liabilities	**58,750**	49,303	**487,350**
Minority interests	**340**	288	**2,818**
Commitment and contingent liabilities (Notes 7 and 8)			
Shareholders' equity (Notes 9 and 12):			
Common stock, ¥500 par value;			
Authorized — 30,000,000 shares			
Issued and outstanding — 14,875,413 shares	**7,438**	7,438	**61,698**
Additional paid-in capital	**7,290**	7,290	**60,476**
Retained earnings	**42,066**	41,024	**348,954**
Total shareholders' equity	**56,794**	55,752	**471,128**
Total	**¥344,581**	¥326,778	**$2,858,410**

See notes to consolidated financial statements.

Consolidated Statements of Income

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 1999 and 1998

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1999	1998	**1999**
Operating revenues:			
Electric	**¥134,471**	¥131,923	**$1,115,482**
Other (Note 7)	**1,848**	2,069	**15,329**
Total operating revenues	**136,319**	133,992	**1,130,811**
Operating expenses (Notes 7 and 10)**:**			
Electric	**113,494**	113,152	**941,470**
Other	**2,190**	2,254	**18,166**
Total operating expenses	**115,684**	115,406	**959,636**
Operating income	**20,635**	18,586	**171,175**
Other (income) expenses:			
Interest expense (Notes 3 and 5)	**10,442**	11,291	**86,620**
Equity in loss of affiliate	**3,161**	501	**26,225**
Other — net	**640**	719	**5,308**
Net other expenses	**14,243**	12,511	**118,153**
Income before income taxes	**6,392**	6,075	**53,022**
Income taxes (Note 6)	**4,419**	3,472	**36,652**
Net income	**¥ 1,973**	¥ 2,603	**$ 16,370**

	Yen		U.S. Dollars
Per share of common stock: (Note 2 i)			
Net income	**¥132.66**	¥175.00	**$1.10**
Cash dividends applicable to the year	**¥ 50.00**	¥ 50.00	**$0.41**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED
AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 1999 and 1998

	Number of shares (Thousands)	Millions of Yen		
		Common stock	Additional paid-in capital	Retained earnings
Balance, April 1, 1997	14,875	¥7,438	¥7,290	¥39,256
Net income				2,603
Appropriations:				
Cash dividends				(744)
Bonuses to directors and corporate auditors				(91)
Balance, March 31, 1998	14,875	7,438	7,290	41,024
Net income				**1,973**
Appropriations:				
Cash dividends				**(744)**
Bonuses to directors and corporate auditors				**(87)**
Deduction from an affiliate newly applied for equity method				**(100)**
Balance, March 31, 1999	**14,875**	**¥7,438**	**¥7,290**	**¥42,066**

	Thousands of U.S. Dollars (Note 1)		
	Common stock	Additional paid-in capital	Retained earnings
Balance, March 31, 1998	$61,698	$60,476	$340,307
Net income			**16,370**
Appropriations:			
Cash dividends			**(6,172)**
Bonuses to directors and corporate auditors			**(725)**
Deduction from an affiliate newly applied for equity method			**(826)**
Balance, March 31, 1999	**$61,698**	**$60,476**	**$348,954**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED AND CONSOLIDATED SUBSIDIARIES Years ended March 31, 1999 and 1998	Millions of Yen 1999	1998	Thousands of U.S. Dollars (Note 1) 1999
Operating activities:			
Net income	**¥ 1,973**	¥ 2,603	**$ 16,370**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**25,340**	26,605	**210,206**
Loss on disposal of property	**710**	610	**5,888**
Devaluation loss on investment securities	**12**	426	**95**
Loss (gain) on sales of investment securities	**2**	(8)	**20**
Loss on redemption of bond	**243**	257	**2,018**
Equity in loss of affiliates	**3,161**	507	**26,225**
Deferred income taxes	**(22)**	(27)	**(187)**
Reversal of provision for severance payment reserve	**(45)**	(90)	**(377)**
Provision for doubtful accounts	**104**	8	**860**
Bonuses to directors and corporate auditors	**(87)**	(91)	**(725)**
Changes in operating assets and liabilities:			
Decrease (increase) in receivables	**(996)**	284	**(8,263)**
Increase (decrease) in inventories	**1,309**	(574)	**10,858**
Increase in payables and accrued expenses	**7,122**	1,092	**59,080**
Increase in accrued income taxes	**224**	1,648	**1,857**
Other	**1,481**	952	**12,295**
Total adjustment	**38,558**	31,599	**319,850**
Net cash provided by operating activities	**40,531**	34,202	**336,220**
Investing activities:			
Purchase of utility plants	**(37,817)**	(24,634)	**(313,703)**
Proceeds from sale of utility plants	**459**	411	**3,808**
Payment for purchase of investment securities	**(65)**	(465)	**(543)**
Increase in investments in and advances to unconsolidated subsidiaries and affiliates	**(5,762)**	(108)	**(47,795)**
Proceeds from sale of investment securities		8	
Net cash used in investing activities	**(43,185)**	(24,788)	**(358,233)**
Financing activities:			
Proceeds from long-term borrowings	**28,604**	17,500	**237,279**
Repayments of long-term borrowings	**(22,599)**	(23,648)	**(187,469)**
Payment for redemption of bonds	**(1,243)**	(1,257)	**(10,314)**
Cash dividends paid	**(744)**	(744)	**(6,172)**
Net cash provided by (used in) financing activities	**4,018**	(8,149)	**33,324**
Net increase in cash and cash equivalents	**1,364**	1,265	**11,311**
Cash and cash equivalents, beginning of year	**14,743**	13,478	**122,301**
Cash and cash equivalents, end of year	**¥16,107**	¥14,743	**$133,612**
Additional cash flow information:			
Interest paid	**¥10,689**	¥11,516	**$ 88,668**
Income taxes paid	**¥ 4,217**	¥ 1,735	**$ 34,983**

Supplemental schedule of noncash investing and financing activities:

The Company sold certain equipment for ¥220 million in exchange for long-term notes receivable in 1998.

See notes to consolidated financial statements.

THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 1999 and 1998

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law, the Electric Utility Law and related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The Okinawa Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries (together the "Companies") maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and in conformity with accounting principles and practices generally accepted in Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form, which is more familiar to readers outside Japan. The consolidated statements of cash flows are not required as a part of the basic financial statements in Japan, but are presented herein as additional information.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.55 to $1, the approximate rate of exchange at March 31, 1999. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in 1998 consolidated financial statements to conform to the presentations and classifications used in 1999.

2. Summary of significant accounting policies

(a) Consolidation and investments in unconsolidated subsidiaries and affiliates (20% to 50% ownership)

The consolidated financial statements include the accounts of the Company and its three significant subsidiaries. All significant intercompany transactions and account balances have been eliminated. Investments in significant affiliates are accounted for under the equity method. In 1999, the investment in an affiliate has been accounted for under the equity method due to its increasing materiality with respect to the consolidated net income.

Consolidation of the remaining subsidiaries and the application of the equity method to the remaining affiliates would have no material effect on the accompanying consolidated financial statements.

Investments in unconsolidated subsidiaries and other affiliates are stated at cost. The excess of net assets over cost of subsidiaries acquired is charged to income when incurred.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost. The cost of utility plants includes certain interest costs incurred on borrowed funds during the construction period of new plant facilities. Contributions in aid of constructions are deducted from the cost of the related assets. Such accounting treatment is required by the regulations described in Note 1. Depreciation of property, plant and equipment is provided on the declining-balance method over the estimated useful lives of the assets.

(c) Investment securities

Investment securities are stated at cost determined by the moving-average method. Investment securities are written down to the appropriate value if the investments have been significantly impaired in value of a permanent nature.

(d) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, the Companies consider all time deposits and short-term investments to be cash equivalents. Time deposit and short-term investments, which are securities purchased under resale agreements, have original maturity of one year or less and can be withdrawn on demand with no diminution of principal.

(e) Inventories

Inventories are stated at cost, based principally on the average method.

(f) Severance payments and pension plan

The Companies have unfunded retirement plans for all employees and provide a liability for employees' severance payments at 40% of the amount required if all employees voluntarily terminated their employment at each balance sheet date.

The Companies also have non-contributory funded pension plans covering most of their employees. The amounts contributed to the fund, including prior service costs which were amortized at 30% of the beginning balance of the year, were charged to income when paid up to the year ended March 31, 1997. Effective April 1, 1997, the Company has changed the method of accounting for the prior service cost to charge current income at 100% of the amount of prior service cost as of the most recent date of available actuarial information. This change was made due to the depressed financial market condition for pension funds, continued increase of past service costs of the pension, and to more accurately reflects results of operations and financial condition. This change has been applied prospectively from 1998 consolidated financial statements. As a result of this accounting change, income before income taxes for the year ended March 31, 1998 was approximately ¥619 million less than it would had been using the prior method of accounting.

Total provisions for liabilities for severance payments and pension costs charged to income were ¥3,405 million ($28,243 thousand) and ¥3,252 million for the years ended March 31, 1999 and 1998, respectively.

(g) Income taxes

Income taxes are provided at the amounts currently payable for each year. Deferred income taxes arising from temporary differences between reporting for accounting purposes and tax purposes have not been recognized, except for those applicable to unrealized profits arising from the elimination of intercompany transaction in consolidation.

(h) Stock and bond issue costs and bond discount charges

Stock and bond issue costs and bond discount charges are charged to income when paid or incurred.

(i) Net income per share

Net income per share is computed based upon the weighted average number of shares of common stock outstanding during each year.

(j) Lease

All leases are accounted for as operating leases. Under new Japanese accounting standards for leases, finance lease that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The disclosure requirements of these new standards to the consolidated financial statements are being applied on a step-by-step basis beginning with fiscal years starting on/or after April 1, 1996, with full implementation expected for fiscal years starting on or after April 1, 1998.

3. Utility plants

Utility plants, at cost, as of March 31, 1999 and 1998 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
Thermal power generating facilities	**¥260,579**	¥254,665	**$2,161,581**
Transmission facilities	**95,395**	93,614	**791,330**
Transformation facilities	**74,190**	72,511	**615,432**
Distribution facilities	**113,340**	108,858	**940,195**
General facilities	**22,391**	19,803	**185,739**
Total	**¥565,895**	¥549,451	**$4,694,277**

Interest costs capitalized for the year ended March 31, 1999 and 1998 was ¥73 million ($607 thousand) and ¥13 million, respectively.

4. Investment securities

The excess of the market value over the carrying amount of quoted securities was ¥155 million ($1,287 thousand) and ¥98 million at March 31, 1999 and 1998, respectively.

5. Long-term debt

Long-term debt at March 31, 1999 and 1998 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
6.10% secured debentures, due 2004	**¥**	¥ 1,000	**$**
Secured loans from Okinawa Development Finance Public Corporation, 1.10% to 6.30% in 1999 and 2.20% to 6.35% in 1998, due on various dates through 2013	**230,850**	226,437	**1,914,971**
Unsecured loans from banks, 2.50% to 7.50% in 1999 and 2.60% to 8.40% in 1998, due 1999 through 2013	**6,125**	6,417	**50,814**
Secured debt with a leasing company, Semi-annual payment of ¥144 million ($1,193 thousand) with interest, maturities in 2005 and 2008	**1,884**	—	**15,627**
Total	**238,859**	233,854	**1,981,412**
Less current maturity	**23,749**	22,459	**197,008**
Long-term debt, less current maturity	**¥215,110**	¥211,395	**$1,784,404**

In 1992, the Company issued ¥5,000 million of 6.10% secured debentures maturing on February 25, 2004. The Company liquidated ¥3,000 million debentures in 1997. The Company also redeemed ¥1,000 million of each debenture with warrants transferred to a third party under debt assumption agreements with banks on February 25, 1999 and 1998, respectively. An excess of the redemption price over the net carrying amount of ¥243 million ($2,018 thousand) and ¥257 million was included in the interest expense for the year ended March 31, 1999 and 1998, respectively. The holder has a security interest in all assets senior to that of general creditors by the Electric Utility Law.

At March 31, 1999, debentures and long-term debt with the Okinawa Development Finance Public Corporation were collateralized by all of the Company's available assets.

Maturities of long-term debt outstanding at March 31, 1999 were as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2000	¥ 23,749	$ 197,008
2001	24,749	205,531
2002	26,685	221,359
2003	26,980	223,806
2004	24,951	206,970
2005 and thereafter	111,745	926,738
Total	¥238,859	$1,981,412

6. Income taxes

The Companies are subject to several taxes based on income. For the years ended March 31, 1999 and 1998, the aggregate normal statutory tax rates approximated 41% and 44% for the Company and 47% and 50% for its consolidated subsidiaries, respectively.

The actual effective tax rates in the consolidated statements of income differed from the normal statutory tax rates due to such items as permanently non-deductible expenses and temporary differences in recognizing certain income and expense items for tax and financial statement purposes.

The provision for income taxes for the years ended March 31, 1999 and 1998 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
Current	**¥4,441**	¥3,499	**$36,840**
Deferred	**(22)**	(27)	**(188)**
Net	**¥4,419**	¥3,472	**$36,652**

7. Lease

The Companies lease certain automobiles and office equipment. Total lease payments under the above leases for the year ended March 31, 1999 and 1998 was ¥336 million ($2,783 thousand) and ¥332 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance leases, depreciation expense, interest expense of finance leases that do not transfer ownership of the leased property to the lessee on a "as if capitalized" basis for the year ended March 31, 1999 as follows:

	Millions of Yen		
	General facilities	Other	Total
Acquisition cost	¥1,465	¥164	¥1,629
Accumulated depreciation	(795)	(63)	(858)
Net leased property	¥ 670	¥101	¥ 771

	Thousand of U.S. Dollars		
	General facilities	Other	Total
Acquisition cost	$12,158	$1,361	$13,519
Accumulated depreciation	(6,598)	(523)	(7,121)
Net leased property	$ 5,560	$ 838	$ 6,398

Obligations under finance leases as of March 31, 1999 and 1998:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
Due within one year	**¥336**	¥ 325	**$2,790**
Due after one year	**435**	712	**3,607**
Total	**¥771**	¥1,037	**$6,397**

The imputed interest expense portion is immaterial and therefore not excluded from the above obligations under finance leases.

Depreciation expense, which is not reflected in the accompanying consolidated statement of income, computed by the straight-line method over the remaining lease term was ¥336 million ($2,783 thousand) and ¥332 million for the year ended March 31, 1999 and 1998, respectively.

The Companies are also lessors of certain automobiles and office equipment. Total lease income from the above leases for the year ended March 31, 1999 and 1998 was ¥163 million ($1,354 thousand) and ¥177 million, respectively.

The following is the summary of the above leased property as of March 31, 1999:

	Millions of Yen	Thousands of U.S. Dollars
Other equipment:		
Acquisition cost	¥500	$4,144
Accumulated depreciation	(324)	(2,691)
Net leased property	¥176	$1,453

At March 31, 1999 and 1998, the total lease payment to be received from the above leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
Due within one year	**¥132**	¥155	**$1,096**
Due after one year	**206**	227	**1,707**
Total	**¥338**	¥382	**$2,803**

The imputed interest income portion is not excluded from the above receivables under finance leases due to immateriality.

8. Contingent liabilities

At March 31, 1999, the Company was contingently liable as a guarantor for loans of affiliated companies in the amount of ¥3,064 million ($25,417 thousand).

Under the debt assumption agreements, the Cpmpany was contingently liable for the redemption of debentures transferred to banks in the amount of ¥2,000 million ($16,591 thousand) as of March 31, 1999.

9. Shareholders' equity

The Code requires at least 50% of the issue price of new shares, with a minimum of the par value, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to additional paid-in capital.

The Code also requires companies to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments which are made as an appropriation of retained earnings until such reserve equals 25% of stated capital. This reserve amount which is included in retained earnings, totals ¥738 million ($6,123 thousand) and ¥656 million as of March 31, 1999 and 1998, respectively, and is not available for dividends but may be used to reduce a deficit by resolution of the shareholders.

The Company may transfer portions of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Company may also transfer portions of unappropriated retained earnings, which are available for dividends, to stated capital by resolution of shareholders.

Under the Code, the Company may issue new common shares to existing shareholders without consideration as a stock split pursuant to resolution of the Board of Directors. The Company may make such a stock split to the extent the aggregate par value of the shares outstanding after the stock split does not exceed the stated capital. However, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split shall not be less than ¥500.

The Company may repurchase outstanding shares to cancel them with the resolution at the Board of Directors subject to, among the things; the maximum number of shares is within 10% of the outstanding shares. In a repurchase of shares for cancellation, the aggregate purchase price of the shares may not exceed the distributable retained earnings.

Under the amended Article of Incorporation of the Company, the Company may repurchase its outstanding shares up to 1,500,000 shares to cancel them by resolution of the Board of Directors.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semi-annual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

Under the Code, the amount available for dividends is based on retained earnings as recorded on the Company's books. At March 31, 1999, retained earnings recorded on the Company's books was ¥43,692 million ($362,435 thousand) which is available for future dividends subject to the approval of the shareholders and legal reserve requirements.

10. Related party transactions

The following is a summary of transactions and balances with non-consolidated subsidiaries and affiliates for the years ended March 31, 1999 and 1998:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
Transactions:			
Construction cost of facilities	**¥13,278**	¥8,445	**$110,143**
Repair and other operating expenses	**3,309**	7,609	**27,448**
Balance of accounts:			
Other current assets	**¥ 619**	¥ 205	**$ 5,136**
Accounts payable	**2,510**	2,340	**20,817**
Accrued expenses	**1,650**	2,299	**13,684**

11. Segment information

Information about operations in different industry segments of the Companies for the years ended March 31, 1999 and 1998 is as follows:

	Millions of Yen			
1999	Electric	Other	Eliminations	Consolidated
Sales to customers	**¥134,471**	**¥ 1,848**		**¥136,319**
Intersegment sales		**16,072**	**¥(16,072)**	
Total operating revenues	**134,471**	**17,920**	**(16,072)**	**136,319**
Operating expenses	**114,677**	**16,958**	**(15,951)**	**115,684**
Operating income	**¥ 19,794**	**¥ 962**	**¥ (121)**	**¥ 20,635**
Total assets	**¥338,280**	**¥12,310**	**¥ (6,009)**	**¥344,581**
Depreciation and amortization	**25,275**	**320**	**(307)**	**25,288**
Capital investments	**37,836**	**455**	**(361)**	**37,930**

	Millions of Yen			
1998	Electric	Other	Eliminations	Consolidated
Sales to customers	¥131,923	¥ 2,069		¥133,992
Intersegment sales		17,800	¥(17,800)	
Total operating revenues	131,923	19,869	(17,800)	133,992
Operating expenses	114,179	19,056	(17,829)	115,406
Operating income	¥ 17,744	¥ 813	¥ 29	¥ 18,586
Total assets	¥322,664	¥ 9,324	¥ (5,210)	¥326,778
Depreciation and amortization	26,584	334	(313)	26,605
Capital investments	25,108	264	(388)	24,984

1999	Thousands of U.S. Dollars			
	Electric	Other	Eliminations	Consolidated
Sales to customers	**$1,115,482**	**$ 15,329**		**$1,130,811**
Intersegment sales		**133,320**	**$(133,320)**	
Total operating revenues	**1,115,482**	**148,649**	**(133,320)**	**1,130,811**
Operating expenses	**951,281**	**140,675**	**(132,320)**	**959,636**
Operating income	**$ 164,201**	**$ 7,974**	**$ (1,000)**	**$ 171,175**
Total assets	**$2,806,139**	**$102,118**	**$ (49,847)**	**$2,858,410**
Depreciation and amortization	**209,667**	**2,650**	**(2,547)**	**209,770**
Capital investments	**313,865**	**3,775**	**(2,995)**	**314,645**

Notes: 1. "Other" industry segment consisted of sales and maintenance services of electric appliances, and electrical and mechanical engineering and others. Under the guidance of the regulatory authority, the Company is only allowed to invest in industry segments, which are related to the electric segment.

2. The Companies do not have foreign operations.
3. No sales to foreign customers were made during the years ended March 31, 1999 and 1998.

12. Subsequent events

The following appropriations of retained earnings at March 31, 1999 were approved at the shareholders' meeting held on June 29, 1999:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥25 (21¢) per share	¥372	$3,085
Bonuses to directors and corporate auditors	72	596

On May 25, 1999, the Company made a stock split by way of a free share distribution at the rate of 0.02 shares for each outstanding share and 297,508 shares were issued to shareholders of record on March 31, 1999. The aggregate par value of the shares issued was transferred from additional paid-in capital to stated capital.

Independent Auditors' Report

Deloitte Touche Tohmatsu

Shouei Building
15-8, Kumoji 2-chome,
Naha, Okinawa 900-0015,
Japan

Telephone: +81-98-866-1459
Facsimile: +81-98-866-8691

Independent Auditors' Report

To the Board of Directors and Shareholders of
The Okinawa Electric Power Company, Incorporated:

We have examined the consolidated balance sheets of The Okinawa Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations 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 consolidated financial statements referred to above present fairly the financial position of The Okinawa Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 1999 and 1998, and the 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 the accounting for pension plan, as discussed in Note 2.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 29, 1999

- Chairman
- President
- Executive Vice President
- Managing Directors
- Directors
  - Management Efficiency Promotion Administration
  - Human Resources Development Administration
  - Planning Dept.
  - General Administration Dept.
  - Labor Relations Dept.
  - Accounting Dept.
  - Purchasing & Stores Dept.
  - Business Development Dept.
  - Sales Dept.
  - Distribution Dept.
  - Plant Siting & Environment Dept.
  - Thermal Power Dept.
  - Engineering Dept.
  - Information Systems Dept.
  - Research & Development Dept.
  - Tokyo Branch Office
  - Naha Branch
  - Urasoe Branch
  - Gushikawa Branch
  - Nago Branch
  - Miyako Branch
  - Yaeyama Branch

- Auditors
  - Auditors Office

(As of March 31, 1999)

Head Office
2-1, Makiminato 5-chome, Urasoe, Okinawa 901-2602, Japan
Tel: 098-877-2341
Fax: 098-877-6017

Tokyo Branch
No.45 Kowa Bldg. 6F, 15-9, Minami-Aoyama 1-chome, Minato-ku, Tokyo 107-0062, Japan
Tel: 03-3796-7768

Established
May 15, 1972

Capital
¥7,437 million

Total Assets
¥338,280 million

Number of Customers
717,592 (Includes users of both lighting and power)

Number of Employees
1,545

Power Generation Facilities

Type of Station	Number of Facilities	Generating Capacity [kW]
Steam	3	1,027,000
Gas Turbine	2	266,000
Internal Combustion	14	151,950
Total	19	1,444,950

Investor Information

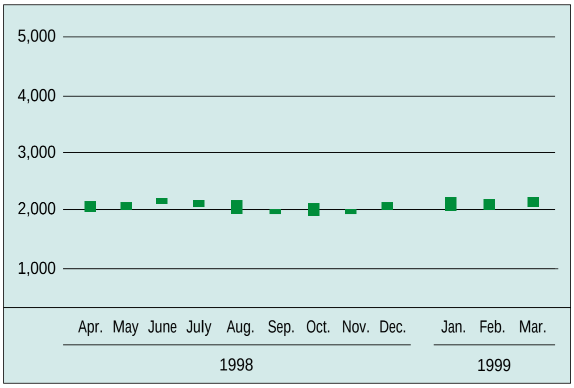
Transfer Agent and Registrar
The Mitsubishi Trust & Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-1005, Japan

Securities Traded
Tokyo Stock Exchange, Fukuoka Stock Exchange

Common Stock Issued
14,875,413 shares

Number of Shareholders
8,042

Stock Price Range on the Tokyo Stock Exchange [¥]



(As of March 31, 1999)

Independent Certified Public Accountants
Tohmatsu & Co. (Deloitte Touche Tohmatsu for international work)

Consolidated Subsidiaries

Okiden Kigyo Co., Ltd.

Established: October 15, 1975
Capital: ¥43 million
OEPC's stake: 91.4%

Business Line:
Sales and repairs of electric machinery and equipment; leasing of vehicles and goods and contracting works; repairs and maintenance of cars; agency business for non-insurance companies

Okinawa Plant Kogyo Company, Inc.

Established: June 1, 1981
Capital: ¥32 million
OEPC's stake: 70.9%

Business Line:
Entrusted operation of electric power facilities; contracting of electric power and machinery facilities installing

Okinawa Denki Kogyo Co., Ltd.

Established: December 23, 1971
Capital: ¥23 million
OEPC's stake: 99.4%

Business Line:
Repairs and testing of electrical measurement instruments for OEPC; sales of equipment and materials for electric power facilities; contracting works

The Okinawa Electric Power Company, Incorporated

Printed in Japan