

For the year ended March 31, 2002

ANNUAL REPORT 2002

MEIDENSHA CORPORATION

Profile

As a heavy electric machinery manufacturer, Meidensha Corporation has steadily developed excellent engineering resources, advancing toward total system engineering in a variety of technical fields. The Company's noteworthy policy is to consistently focus on a key technical concept, to be referred to as POWERTRONICS, a fusion of heavy electric technology with electronics technology. This concept is further joined with MECHATRONICS and ELECTRONICS, thus creating the three essential pillars of its overall operations.

Supported by the Four Business Groups—Energy, Environment, Info and Communications, and Industrial Systems—the Company also strives for “speedy” decision-making and being “agile” in its organization by uniting sales, engineering, and manufacturing.

We constantly bear in mind that we must contribute to society as a reliable solution provider to ensure that our technologies and products will be useful and effective in the creation of a well-to-do society and a comfortable environment.

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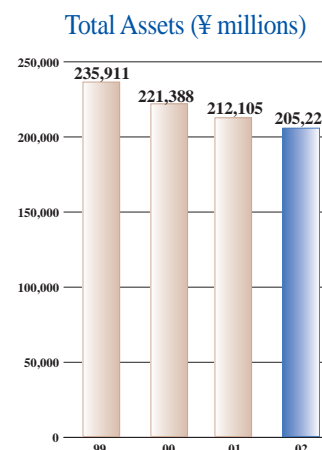
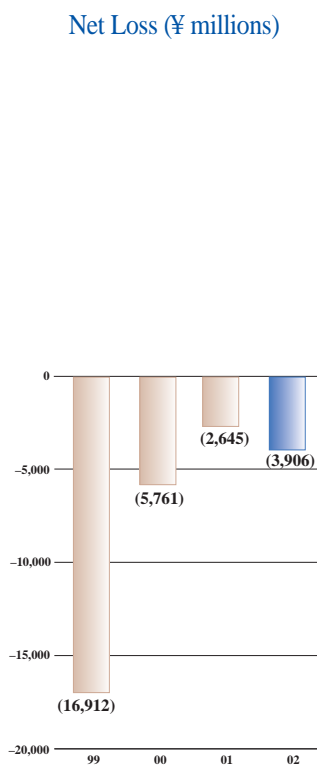
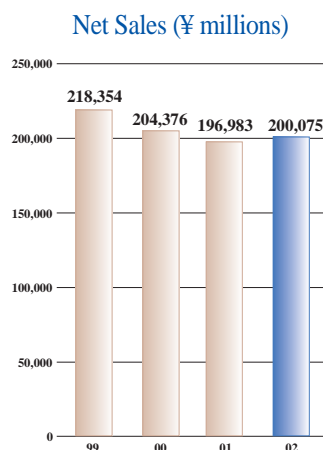
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Financial Highlights

Years ended March 31

	Millions of yen			Thousands of U.S. dollars
	2002	2001	2000	2002
Net Sales	¥200,075	¥196,983	¥204,376	\$1,504,323
Net Loss	(3,906)	(2,645)	(5,761)	(29,368)
Net Loss Per Share (yen, U.S. dollars)	(19.34)	(13.09)	(28.52)	(0.15)
Cash Dividends Paid	—	—	—	—
Total Assets	205,221	212,105	221,388	1,543,015
Number of Employees	7,622	8,192	8,542	—

The consolidated figures in this Annual Report are expressed in yen and solely for the convenience of the reader, translated into United States dollars at the rate of ¥133 = U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2002. See No.1 of Notes to Consolidated Financial Statements.



Message from Management

The Japanese economy during fiscal 2001 continued to deteriorate as a whole. The adjustments in economic activity, starting from the decline in IT-related sector, broadly affected the domestic demand. While corporate profits were falling, business fixed investment decreased. The world economy was aggravated by the September 11 terrorist attacks and Japan's exports declined. Public investment and private consumption remained sluggish. At the end of fiscal 2001, the world economy was progressing toward a recovery and the inventory adjustment progressed further in Japan's economy. There had been increasing signs that the Japanese export and industrial production had bottomed out but there was no sign of recovery in business fixed investment and private consumption. As such, the economic conditions surrounding the corporate sector remained cautiously severe.

Under these economic conditions, Meidensha Corporation made vigorous marketing efforts to boost sales across the Company. As a result of these efforts, sales for fiscal 2001 were 200,075 million yen (consolidated basis), or 1.6% higher than the previous fiscal year.

Corporation-wide efforts were made to cut expenses, reduce costs, and raise productivity. However, due to the loss on valuation of securities caused by sluggish stock prices, we regret to report that our losses for the period before taxes and other adjustments amounted to 3,548 million yen (consolidated basis) and net losses for the period amounted to 3,906 million yen (consolidated basis).

With regard to dividends for shareholders, the management regrets that the Company was unable to post a dividend.

Meidensha Corporation has been implementing the New Construction 21 (NC21) medium-term management plan that commenced in April 2000 with the aim of returning to profitability and dividend payment. However, as a result of such losses as the torrential downpour damage that hit the Tokai Region in September 2000 and the loss on valuation of securities caused by sluggish stock prices, etc., the NC21 plan is in a difficult phase for timely implementation. However, we shall spare no efforts in reaching the aim of NC21 at the earliest possible time through our continuous innovations and necessary changes.

As part of this commitment, we will make a serious review of how we should devote our corporate resources to the existing business sectors as well as new business sectors under development such as medical and welfare sector, IT-based various solutions business, etc. We would like to allocate our corporate resources focusing on the strategically important business sectors to increase profitability.

With regard to the strategic alliances with other corporations, which we have been actively promoting since 2000, Meidensha jointly formed "Japan AE Power Systems Corporation" with Hitachi, Ltd. (NYSE: HIT) and Fuji Electric Co., Ltd. (TSE: 6504) in July 2001. The three companies have transferred their manufacturing operations for the transmission and distribution business into this new company. In October 2001, the same three companies transferred their manufacturing operations of high-voltage motors and small to medium-capacity generators to a joint venture company called Japan Motor & Generator Co., Ltd. which was formed by the three companies in July 2000. By making the best use of these two joint venture companies, Meidensha

Corporation will make these products competitive, streamline the product lineups, and realize the efficient production network.

On the financial management front, we will reduce the interest-bearing liabilities by effectively utilizing the assets and improving the credit collection management so that we improve the financial conditions.

By strengthening group strategy, raising management efficiency, and expanding the range of our business activities, we will work toward the growth of the MEIDEN Group as a whole.

We ask every shareholder as well as our customers and business partners to continue to share your guidance and advice.



Shigeo Seko

Shigeo Seko, Chairman

K. Kataoka

Keiji Kataoka, President

Review of Operations

Energy Sector

The Energy Sector is our core market segment of the Company with an impact to its profitability. Meidensha Corporation is continuously aiming to expand the conventional substation and power generation equipment business as well as new business sectors. Especially, we are aiming to be a total energy solutions provider to address customers' energy-related issues.

In this sector, there is marked growth of our generation equipment (i.e., emergency generators, mobile generator mounted on vehicle), traction substations for railways for the Japanese market and gas-turbine generators for the U.S. market. We kicked off an extensive marketing campaign of micro turbine systems as distributed generation, and have increased the spectrum of product offerings. These include micro cogeneration systems and waste heat driving type desiccant-based air conditioning (DBAC) systems utilizing waste heat, and systems with UPS functionality. Micro turbine systems shipments have exceeded 100 sets. We have received orders for biomass (rice hulls) power systems from Thailand.

In the field of renewable energy business, we have initiated a focused marketing of wind power systems, and have acquired the distributorship of wind power systems made by REpower Systems AG of Germany for the Japanese market.

In the energy sector, the eco-conscious features in the products are important. We saw high demand for cubicle-type gas-insulated switchgear (C-GIS), which uses less SF₆ gas, and we have shipped a large number of these switchgears. We have also shipped high-efficiency transformers.

In the area of electric power solutions, we have increased shipment of power conversion system for use with sodium-sulfur (NAS) batteries.

We have also developed dynamic voltage compensator and started marketing.



Dynamic voltage compensator



Waste heat driving type desiccant-based air conditioning system



36kV cubicle-type gas-insulated switchgear (C-GIS)



300MVA transformer



Power conversion system for NAS batteries

Review of Operations

Environment Sector



Multi-functional type digital relay



*EIC integration system, process control station,
UNISEQUE ADC5000*

Meidensha Corporation is enhancing the engineering to realize a better water environment. We focused on the upgrading needs of existing water treatment plants.

With respect to the upgrading business with retrofiting, we introduced OPS9000 and UNISEQUE ADC5000 which are dispersed control system products utilizing Web computing technology compatible with open network architecture. We started marketing of these systems, and saw steady sales growth.

In the power solutions business, we saw shipment increase of power storage systems utilizing 1000kW NAS batteries for sewage treatment plants. These systems result in lower power costs and a reduced impact to the environment. We are providing customers with proposals especially engineered to give an effective combined use of natural energy (such as photovoltaic power generating system and wind turbine generating system) and unutilized energy sources (such as digestion gas power generation system).

We have received orders for the dry-distillation type of thermal decomposition disposal systems meeting the latest emission regulations on dioxin type substances. By applying this treatment system, we have begun the construction of a pilot plant to perform carbonization of sludge produced at a sewage treatment plant.

Meidensha Corporation is engaging in the outsourcing service of the total facility management of water purification plants to realize efficient facility management for the customer.



*Digestion gas power generating
system*

Review of Operations

Info and Communications Sector

Meidensha Corporation is pursuing the open system architecture. We have developed such computer-applied system products as the Wholesale-flowermarket information system. Our products in this sector were shipped to a large number of customers.

We have produced a series of communications and network-associated products, such as routers and industrial switching hubs and increased our supply record of our IT-related products. These include the web-based live and voice communication system, REALFIELD RF4500 and the switching hub for the power industry (MEISWAY SW400-FX) which complies with the B-402 standard for electrical power applications.

On the industrial computer products, we have been expanding the spectrum of product lineup on compact, high-performance controllers. We started marketing these products to the controller sector, including those for semiconductor production equipment, etc.

Meidensha Corporation has increased the performance level further in exposure power supply units for excimer lasers used in the stepper. We have also developed and shipped a new series of more compact, higher performance vacuum capacitors for RF automatic matching units.



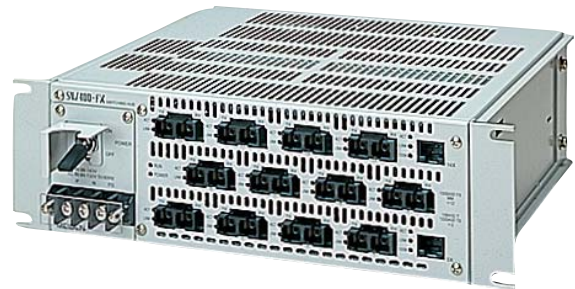
Wholesale-flowermarket information system



Web-based live and voice communication system



Industrial computer, μ PIBOC-I



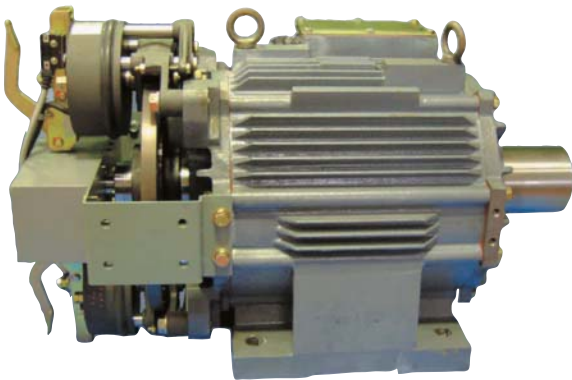
Switching hub, MEISWAY SW400-FX

Review of Operations

Industrial Systems Sector



PM motor

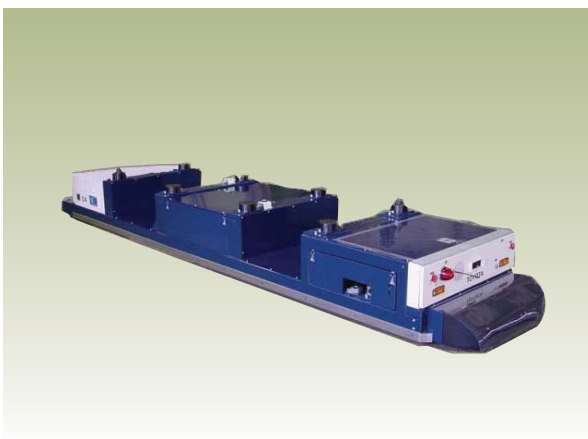


PM motors for elevators without a machine room

In the motor application field, we have increased the product offerings with unique features using the permanent magnet type synchronous motor (PM Motor). These include high-efficiency, energy-saving speed control equipment, PM motors for elevators without a machine room, PM motors for electric vehicles, and PM motors for dynamometers. We have supplied a large number of systems that utilize these products, including electrical equipment for elevators with a maximum shaft load of 100 tons.

In the logistic business field, we have delivered AGVs (Automated Guided Vehicles), palletizers, and warehouse facilities for use on automobile parts manufacturing lines, as well as comprehensive systems for monitoring, control, and management of our supplied products.

In the dynamometer field, we have supplied drive train evaluation devices for electric automobiles and brake testers for Formula One Racing Cars. We have also manufactured and shipped brake noise evaluation systems applying water-cooled type dynamometers, water-cooled type three-axis powertrain noise-testing systems, and HEV transmission testing systems, etc.



AGV

Evaluation devices for electric automobiles



Review of Operations

Medical and Welfare Sector



Aid information control system, Herusukekun series

This sector represents challenges at Meidensha Corporation for new market sectors.

With the aging of Japanese society, the medical and welfare sector shows its market size increase. Meidensha Corporation is developing the business in three fields: home nursing management system, life support, and medical aid.

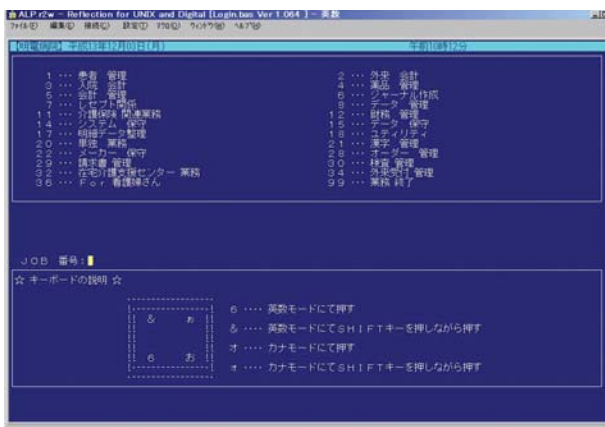
On the home nursing management systems, we have upgraded and enhanced the functions of aid information control system series “Herusukekun” which meets the latest requirements of Japan’s Long-term Care Insurance.

With respect to the life support sector, we started marketing the “Travel Partner” which is the world’s lightest (28 kg) motor-powered scooter designed for use by the elderly.

With respect to the medical aid field, we started the sales of medical accounting systems for hospitals and clinics. Our goal is to link these billing data with electronic medical records to create a total -medical accounting system.



Motor-powered scooter, Travel Partner



Screen of medical accounting system

Overseas Operations



JABOTABEK railway substation

Fiscal 2001 showed a steady increase in electricity demand in Southeast Asia, which is a major market for Meidensha Corporation, and each country was actively promoting infrastructure improvements to public transport by building Mass Rapid Transit (MRT) and Light Rail Transit (LRT) systems.



2-pole turbine generator

The world market for power generation plant in the first half of fiscal 2001 was driven by the US market due its surging economy since fiscal 2000 and its replacement need for outdated electricity infrastructure. However, in the second half of fiscal 2001 in the US, the demand for power plant construction was slowed by the influence of the sluggish IT business and lower electricity prices.

The dynamometer systems market in the US, which is another vital market, experienced a moderation in consumer demand for cars in April 2001, and to achieve sales growth, the major automobile manufacturers offered zero-percent financing and hefty rebates to attract customers. These sales promotions produced fiscal 2000 level car production but its cost impacts were felt in the car industry. As a result, dynamometer systems projects were cancelled,

deferred or scaled down.

These circumstances coupled with the impact of transferring the transmission and distribution business to Japan AE Power Systems Corporation, resulted in decreased exports, with orders totaling 12,250 million yen, a change of 34.3% up from the previous year, and sales reaching 9,671 million yen, down 22.3% from the previous year.

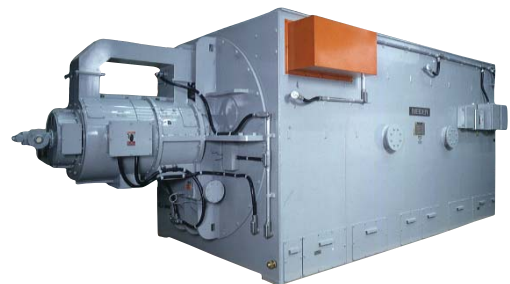
The major products ordered in the fiscal 2001 were as follows:

In the power distribution field, CLP Power Hong Kong Ltd. in Hong Kong placed orders for 1500 kVA & 2000 kVA transformers. We also received an order for sixteen 75 MVA transformers from PowerGrid Limited in Singapore. In the field of electric railway substations, we received orders for traction substations from Kowloon-Canton Railway Corporation in Hong Kong. In the power generation field, GE Aero Energy Products of Texas placed orders for 56 MVA generators to be used with the GE LM6000PC gas turbine.

In the Asian market for automobile dynamometers, we received orders for an automatic-transmission (A/T) tester from Hyundai Powertech Co., Ltd. of Korea and orders for three motorcycle engine testing systems and two chassis dynamometers from Kwang Yang Motor Co., Ltd. of Taiwan. In the North American market, Ford Motor Company placed an order for an engine bench dynamometer system in an anechoic room for the Essex Engine Plant in Canada. We received orders for two engine dynamometer systems from Toyota Motor Manufacturing Alabama, Inc. in Alabama, and for a four-wheel-drive chassis dynamometer system in an anechoic room from TRI Technical Center USA, Inc. in Michigan. In the European market, AW Europe S.A. of Belgium placed an order for an end-of-line automatic transmission tester.

The major products manufactured and shipped during fiscal 2001 were as follows:

In the field of electric railroad substations, we supplied and installed eight traction substations for JABOTABEK Railway Project, Ministry of Communications, Indonesia.



Engine bench dynamometer

R&D Review

Development of Electric Double layer Capacitors and their Practical Applications

Meidensha Corporation is developing electric double layer capacitors with the objective of effective energy utilization in power facilities and industrial equipment. Last year, we developed and delivered a capacitor cubicle to the Railway Technical Research Institute for use with a mini-model of a rail power-feeding system that was designed to investigate practical application to electric railways.

The characteristics of electric double layer capacitors give them a number of advantages, including the following : (1) They are environmentally friendly because they do not use any heavy metals. (2) They have a long cycle life and good maintainability. (3) They can be easily applied for high voltage use, because the standard units are composed for 100 V and they can be connected in series. (4) They can be fitted easily into a cubicle because of their square shape, and the cubicle is capable of delivering 40 kW for ten seconds.

Meidensha intends to develop these capacitors for an application to power conditioner anti-instantaneous-voltage-dip equipment that take advantage of their rapid charge-discharge performance, for an application to high energy-density electric power storage systems, and for many other applications.



Capacitor cubicle

Control System for the Disinfection of Primary Effluent

In Japan, there is a regulation that the number of coliform group in the final effluent must be no greater than 3,000/mL according to the sewerage law. Consequently, every sewage treatment plant chlorinates treated water before releasing it. When controlling the dosage of the chlorine injection into primary effluent (in rainy weather), in particular, the initial chlorine feed ratio is usually set to a level 5-10 times higher than the feed ratio for advanced treated water (in dry weather). This chlorination takes place by treated-water ratio control, whereby the dosage is proportional to the volume of treated water. The coliform group for advanced treated water is measured in advance in a short time by using enzyme immunoassay and chemiluminescence techniques, and chlorine injection is quantified on the basis of those measured results.

Meidensha Corporation has improved the enumeration process used by the automatic coliform bacteria-counting device. We have developed a method that reduces the time taken to count coliform group in primary effluent water to approximately 25% of the time taken for advanced treated water (approximately 30 minutes). We have further established a system capable of controlling the chlorine injection dosage on the basis of those measured results.



Control system for the disinfection of primary effluent

Financial Section



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Consolidated Financial Review

Outline of Profits and Losses

During the period, Japan's economy experienced a broad downward adjustment which began with a depression in the IT industries. As corporate profits suffered, the added effects of the September 11 terrorist attacks in the United States led to a downturn in business fixed investments and exports. Public investment and private consumption likewise remained sluggish, resulting in a continuing economic malaise of extremely serious proportions.

Net sales totalled 200,075 million yen, a 1.6% rise compared with the previous term. Business sector-based net sales stood at 35.8% for the Energy Sector, 23.7% for the Environment Sector, 6.8% for the Info and Communications Sector, 16.3% for the Industrial Systems Sector, and 17.4% for Others.

The cost of sales was 160,016 million yen, a 1.7% increase. Sales, general and administrative expenses totalled 36,525 million yen, a 2.3% increase. Operating income, therefore, stood at 3,534 million yen.

The final result was a net loss of 3,906 million yen for this term.

Financial Conditions

Total assets at the end of March 2002 were 205,221 million yen, a decrease of 6,884 million yen. As a result of decreased cash and time deposits and marketable securities, of this figure current assets stood at 134,254 million yen, a decrease of 7,994 million yen. Property, plant and equipment was 40,899 million yen, an increase of 1,403 million yen. Total current liabilities totalled 136,766 million yen, an increase of 574 million yen, and shareholders' equity stood at 35,703 million yen, a decrease of 3,186 million yen. As a result, shareholder capital ratio decrease 0.9 points from 18.3% to 17.4%.

Five-Year Summary

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31

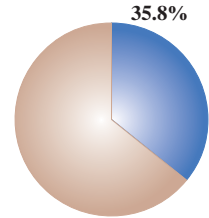
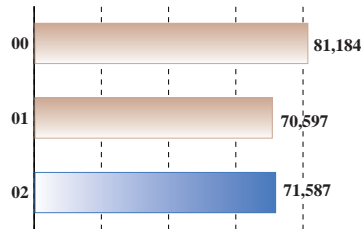
	Millions of yen				
	2002	2001	2000	1999	1998
Net sales	¥200,075	¥196,983	¥204,376	¥218,354	¥222,772
Net loss	(3,906)	(2,645)	(5,761)	(16,912)	(4,767)
Net loss per share (Yen)	(19.34)	(13.09)	(28.52)	(83.71)	(23.60)
Cash dividends paid	—	—	—	—	1,818
Depreciation and amortization	4,861	5,102	6,285	6,588	6,666
Total assets	205,221	212,105	221,388	235,911	253,671
Net property, plant and equipment	40,899	39,496	39,616	47,057	47,391
Shareholders' equity per share (Yen)	176.74	192.50	206.00	182.21	266.30

Operational Review

Energy Sector

Net sales ¥71,587 million (\$538,248 thousand)

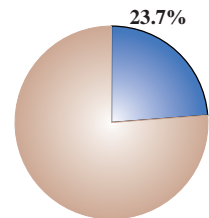
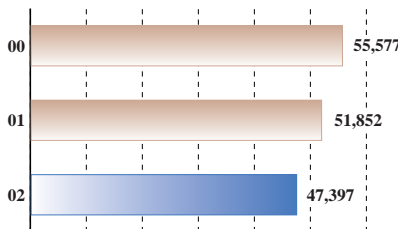
The Company manufactures and markets generators, transformers, switching devices, lightning arresters, power conversion equipment, and products to control these devices, for use in electric power facilities ranging from power company generating stations to transmission, transforming, and distribution facilities, in establishments ranging from national and local government facilities to railroads, highways, buildings, construction sites, and so on.



Environment Sector

Net sales ¥47,397 million (\$356,368 thousand)

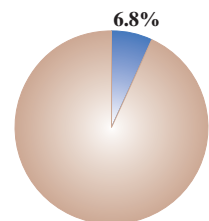
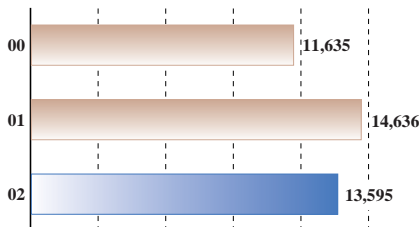
The Company provides “environment-friendly products and technologies” for the development of IT networks involved in the control of treatment equipment and processes for city water and sewage water systems operated by local governments, as well as for energy conservation, recycling, waste treatment, and so on.



Info and Communications Sector

Net sales ¥13,595 million (\$102,218 thousand)

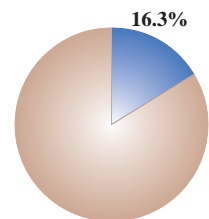
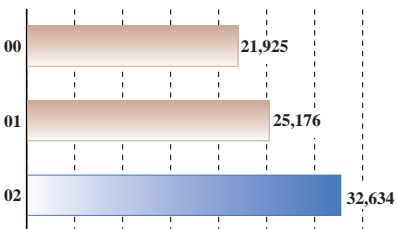
The Company manufactures and markets computer systems and all types of electronic equipment and crystal-related products primarily for the information and telecommunications market.



Industrial Systems Sector

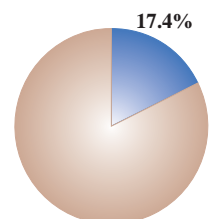
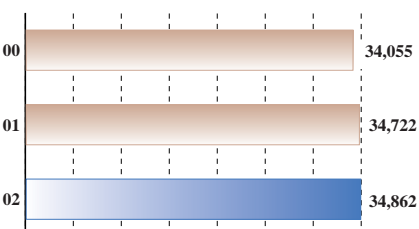
Net sales ¥32,634 million (\$245,368 thousand)

The Company manufactures and markets products related to manufacturing processes in every type of manufacturing industry, and, with a focus on electric motor power application products, extends to dynamometer instrumentation, industrial robots, automated guided vehicles, and other such areas.



Others

Net sales ¥34,862 million (\$262,121 thousand)



Consolidated Balance Sheets

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
Assets			
Current assets:			
Cash and time deposits	¥15,033	¥16,174	\$113,030
Marketable securities (Note 3)	1,086	3,668	8,165
Receivables:			
Trade notes (Note 16)	12,886	14,272	96,887
Trade accounts	68,204	68,393	512,812
Loans and advances	476	542	3,579
Due from unconsolidated subsidiaries and affiliates	802	1,123	6,030
Allowance for doubtful accounts	(544)	(244)	(4,090)
Inventories (Note 4)	28,009	31,466	210,594
Deferred income taxes (Note 14)	3,700	4,570	27,820
Other current assets	4,602	2,284	34,602
Total current assets	134,254	142,248	1,009,429
Property, plant and equipment (Note 7):			
Land	8,278	7,897	62,241
Buildings and structures	42,636	42,104	320,571
Machinery and equipment	74,204	73,361	557,924
Construction in progress	3,369	1,085	25,331
Less: Accumulated depreciation	(87,588)	(84,951)	(658,556)
	40,899	39,496	307,511
Investment and other assets:			
Investment securities (Notes 3 and 7)	16,213	18,069	121,902
Investments in unconsolidated subsidiaries and affiliates (Note 3) .	2,355	977	17,707
Long-term loans	123	157	925
Deferred income taxes (Note 14)	6,254	5,158	47,023
Other assets (Note 7)	5,173	6,009	38,894
Allowance for doubtful accounts	(50)	(9)	(376)
	30,068	30,361	226,075
Total assets	¥205,221	¥212,105	\$1,543,015

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
Liabilities and Shareholders' Equity			
Current liabilities:			
Short-term borrowings (Notes 5 and 7)	¥47,901	¥44,878	\$360,158
Current portion of long-term debt (Notes 6 and 7)	7,552	4,761	56,782
Payables:			
Trade notes (Note 16)	16,921	17,425	127,226
Trade accounts	30,365	35,419	228,308
Due from unconsolidated subsidiaries and affiliates	1,811	546	13,617
Advances received from customers	13,398	13,944	100,737
Accrued income taxes	504	837	3,789
Accrued bonuses	4,676	5,508	35,158
Other current liabilities	13,638	12,874	102,541
Total current liabilities	136,766	136,192	1,028,316
Long-term debt (Notes 6 and 7)	12,617	19,247	94,865
Employees' severance and retirement benefits (Note 8)	9,992	7,903	75,128
Reserve for retirement allowance for directors and auditors	897	811	6,744
Deferred income tax liabilities on revaluation reserve for land	484	484	3,639
Other long-term debt	322	86	2,420
Minority interests	8,440	8,493	63,459
Contingent liabilities (Note 10)			
Shareholders' equity (Note 9):			
Common stock			
Authorized — 576,000,000 shares			
Issued and outstanding — 202,025,158 shares	17,070	17,070	128,346
Additional paid-in capital	12,751	12,751	95,872
Retained earnings	4,665	8,968	35,075
Revaluation reserve for land, net of tax	423	423	3,181
Net unrealized holding gains on securities	1,159	—	8,714
Foreign currency translation adjustment	(362)	(323)	(2,721)
Less: Treasury stock	(3)	(0)	(23)
Total shareholders' equity	35,703	38,889	268,444
Total liabilities and shareholders' equity	¥205,221	¥212,105	\$1,543,015

Consolidated Statements of Operations

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2002	2001	2000	2002
Net Sales	¥200,075	¥196,983	¥204,376	\$1,504,323
Cost of sales (Note 12)	160,016	157,366	164,221	1,203,128
Selling, general and administrative expenses (Note 12)	36,525	35,708	38,394	274,624
Operating income	3,534	3,909	1,761	26,571
Other income (expenses):				
Interest and dividends income	588	588	669	4,421
Interest expense	(1,106)	(1,159)	(1,183)	(8,316)
Gains on securities sold	39	1,207	966	293
Write-down of securities	(5,243)	(55)	(618)	(39,421)
Special retirement benefits to employees	—	—	(1,650)	—
Provision for employees' pension liability	—	—	(8)	—
Loss on disposal of fixed assets	(40)	(399)	(684)	(301)
Gain on sales of property, fixed assets	3	1	1,185	23
Loss arising from liquidation of subsidiaries and affiliates	—	—	(4,457)	—
Accident insurance income	7	325	—	54
Casualty loss (Note 17)	60	(3,112)	—	451
Miscellaneous, net	(1,390)	(723)	(666)	(10,452)
Income (loss) before income taxes	(3,548)	582	(4,685)	(26,677)
Income taxes (Note 2):				
Current	1,101	1,310	1,438	8,278
Deferred	(932)	1,793	(314)	(7,007)
	169	3,103	1,124	1,271
Minority interests	189	124	(48)	1,420
Net loss	¥(3,906)	¥(2,645)	¥(5,761)	\$(29,368)

	Yen			U.S. dollars (Note 1)
	2002	2001	2000	2002
Amounts per share of common stock:				
Net loss	¥(19.34)	¥(13.09)	¥(28.52)	\$(0.15)
Diluted net income	—	—	—	—
Cash dividends applicable to the year	—	—	—	—

See accompanying notes.

Consolidated Statements of Shareholders' Equity

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended March 31, 2002, 2001 and 2000

	Millions of yen							
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Revaluation reserve for land, net of tax	Net unrealized holding gains on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 1999	202,025,158	¥17,070	¥12,751	¥6,990	¥—	¥—	¥—	¥(1)
Net loss	—	—	—	(5,761)	—	—	—	—
Bonuses to directors and statutory auditors ..	—	—	—	(69)	—	—	—	—
Cumulative effect of adopting deferred income tax accounting (Note 2)	—	—	—	10,631	—	—	—	—
Increase in retained earnings due to addition of consolidated subsidiaries	—	—	—	238	—	—	—	—
Decrease in retained earnings due to reduction of consolidated subsidiaries	—	—	—	(29)	—	—	—	—
Decrease in retained earnings due to ownership change of affiliates	—	—	—	(204)	—	—	—	—
Decrease (increase) treasury stock	—	—	—	—	—	—	—	0
Balance at March 31, 2000	202,025,158	17,070	12,751	11,796	—	—	—	(0)
Net loss	—	—	—	(2,645)	—	—	—	—
Bonuses to directors and statutory auditors ..	—	—	—	(55)	—	—	—	—
Increase in retained earnings due to merger of consolidated subsidiaries	—	—	—	13	—	—	—	—
Decrease in retained earnings due to addition of consolidated subsidiaries	—	—	—	(141)	—	—	—	—
Adjustments from translation of foreign currency financial statements (Note 2)	—	—	—	—	—	—	(323)	—
Revaluation reserve for land	—	—	—	—	423	—	—	—
Decrease (increase) treasury stock	—	—	—	—	—	—	—	0
Balance at March 31, 2001	202,025,158	17,070	12,751	8,968	423	—	(323)	(0)
Net loss	—	—	—	(3,906)	—	—	—	—
Bonuses to directors and statutory auditors ..	—	—	—	(75)	—	—	—	—
Increase in retained earnings due to reduction of affiliated company	—	—	—	61	—	—	—	—
Decrease in retained earnings due to addition of consolidated subsidiaries	—	—	—	(376)	—	—	—	—
Adjustments from translation of foreign currency financial statements (Note 2)	—	—	—	—	—	—	(39)	—
Adoption of new accounting standard for financial instruments (Note 2)	—	—	—	—	—	1,159	—	—
Decrease (increase) treasury stock	—	—	—	—	—	—	—	(3)
Decrease in retained earnings due to reduction of consolidated subsidiaries	—	—	—	(7)	—	—	—	—
Balance at March 31, 2002	202,025,158	¥17,070	¥12,751	¥4,665	¥423	¥1,159	¥(362)	¥(3)

	Thousands of U.S. dollars (Note 1)							
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Revaluation reserve for land, net of tax	Net unrealized holding gains on securities	Foreign Currency translation adjustment	Treasury stock
Balance at March 31, 2001	202,025,158	\$128,346	\$95,872	\$67,428	\$3,181	\$—	\$(2,428)	\$(0)
Net loss	—	—	—	(29,368)	—	—	—	—
Bonuses to directors and statutory auditors ..	—	—	—	(564)	—	—	—	—
Increase in retained earnings due to reduction of affiliated company	—	—	—	459	—	—	—	—
Decrease in retained earnings due to addition of consolidated subsidiaries	—	—	—	(2,827)	—	—	—	—
Adjustments from translation of foreign currency financial statements (Note 2)	—	—	—	—	—	—	(293)	—
Adoption of new accounting standard for financial instruments (Note 2)	—	—	—	—	—	8,714	—	—
Decrease (increase) treasury stock	—	—	—	—	—	—	—	(23)
Decrease in retained earnings due to reduction of consolidated subsidiaries	—	—	—	(53)	—	—	—	—
Balance at March 31, 2002	202,025,158	\$128,346	\$95,872	\$35,075	\$3,181	\$8,714	\$(2,721)	\$(23)

Consolidated Statements of Cash Flows

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2002	2001	2000	2002
Operating activities:				
Income (loss) before income taxes	¥(3,548)	¥582	¥(4,685)	\$(26,677)
Adjustments to reconcile income (loss) before income taxes to net cash provided by operating activities:				
Depreciation and amortization	4,861	5,102	6,285	36,549
Increase (Decrease) in allowances	1,665	1,205	(1,386)	12,519
Interest and dividends income	(588)	(588)	(669)	(4,421)
Interest expense	1,106	1,159	1,183	8,316
Loss arising from casualty	(60)	3,312	—	(451)
Accident insurance income	(7)	(325)	—	(54)
Write-down of securities	5,243	55	618	39,421
Decrease in receivables	1,548	476	12,542	11,639
Decrease (Increase) in inventories	4,132	(3,763)	3,957	31,068
Increase (Decrease) in payables	(5,772)	5,119	(4,545)	(43,398)
Other-net	(2,129)	(1,069)	5,440	(16,007)
Sub total	6,451	11,265	18,740	48,504
Interest income and dividends received	559	594	675	4,203
Interest expense paid	(1,094)	(1,138)	(1,231)	(8,226)
Special retirement benefits to employees paid	—	—	(4,053)	—
Income taxes paid	(1,344)	(1,152)	(1,628)	(10,106)
Accident insurance income	7	325	—	53
Expenditures from casualty	(153)	(721)	—	(1,150)
Net cash provided by operating activities	4,426	9,173	12,503	33,278
Investing activities:				
Acquisition of marketable securities and investment securities	(6,881)	(4,562)	(5,301)	(51,736)
Proceeds from sales of marketable securities and investment securities	5,577	5,780	10,697	41,932
Additions to property, plant and equipment	(4,300)	(4,521)	(4,799)	(32,331)
Proceeds from sales of property, plant and equipment	421	402	1,817	3,165
Decrease in investments in and advances to unconsolidated subsidiaries and affiliates	—	—	1,561	—
Other-net	141	336	(438)	1,060
Net cash provided by (used in) investing activities	(5,042)	(2,565)	3,537	(37,910)
Financing activities:				
Decrease in short-term bank loans	2,439	1,885	(3,556)	18,338
Decrease in commercial paper	—	(17,000)	(6,000)	—
Proceeds from long-term debt	4,672	6,583	7,405	35,128
Repayment of long-term debt	(8,512)	(8,710)	(3,203)	(64,000)
Repayment of bonds	—	—	(4,000)	—
Other-net	303	33	(1,337)	2,278
Net cash used in financing activities	(1,098)	(17,209)	(10,691)	(8,256)
Effects of exchange rate changes on cash	34	19	(82)	256
Increase (Decrease) in cash and cash equivalents	(1,680)	(10,582)	5,267	(12,632)
Cash and cash equivalents at beginning of year	17,150	27,273	21,549	128,947
Increase due to change in consolidated subsidiaries	111	459	457	835
Cash and cash equivalents at end of year	¥15,581	¥17,150	¥27,273	\$117,150

See accompanying notes.

Notes to Consolidated Financial Statements

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2002, 2001 and 2000

1. Basis of Consolidated Financial Statements

MEIDENSHA CORPORATION (the "Company") and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen and in accordance with the provisions set forth in the Japanese Commercial Code and accounting principles and practices generally accepted in Japan ("Japanese GAAP"). The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

The accompanying consolidated financial statements are a translation of the audited consolidated financial statements of the Company which were prepared in accordance with accounting principles and practices generally accepted in Japan from the accounts and records maintained by the Company and its consolidated subsidiaries and were filed with the Minister of Finance ("MOF") as required by the Securities and Exchange Law.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in 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 shareholders' equity for 2002, 2001 and 2000 have been prepared for the purpose of inclusion in the accompanying consolidated financial statements, although such statements were not required for domestic purposes and

were not filed with the regulatory authorities.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2002, which was ¥133 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Certain prior years' amounts have been reclassified to conform to 2002 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

2. Summary of Significant Accounting Policies

a) Principles of Consolidation

Effective from the year ended March 31, 2000, all companies are required to consolidate all significant investees which are controlled through substantial ownership of majority voting rights or existence of certain conditions. Previously only majority-owned companies were consolidated. The prior years' consolidated financial statements have not been restated.

The accompanying consolidated financial statements include the accounts of the Company and its 24 consolidated subsidiaries in 2002 (22 in 2001 and 2000). All significant intercompany accounts and transactions have been eliminated on consolidation. The Company's remaining subsidiaries, whose net and gross assets and net sales are not significant in the aggregate in relation to the comparable figures in the consolidated financial statements, have not been consolidated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value when the Com

pany acquired control of the respective subsidiaries.

b) Equity Method

Investments in unconsolidated subsidiaries and affiliated companies (all 20% to 50% owned and certain others 15% to 20% owned) are accounted for by the equity method in the year ended March 31, 2002, 2001 and 2000. Prior to April 1, 1999, only investments in companies of which the Company owns 20% to 50% of the voting rights and has the ability to significantly influence financial, operational or business policies were accounted for using the equity method. Effective April 1, 1999, in accordance with the revised Accounting Principles for Consolidated Financial Statements, investments in companies of which the Company has at least 15% and less than 20% of the voting rights are also accounted for using the equity method in the cases where the Company has the ability to exercise significant influence over operating and financial policies of the investees. The effect of the adoption of this new accounting is immaterial. Investment in an affiliated company are accounted for by the equity method in 2002, and investments in an unconsolidated subsidiary and an affiliated company are accounted for by the equity method in 2001 and 2000. Investments in all other unconsolidated subsidiaries and affiliated companies, that would not have material effect on the consolidated financial statements, are stated at cost.

c) Securities

Prior to April 1, 2000, securities listed in Japanese stock markets are mainly stated at the lower of cost or market. Securities unlisted in stock markets are stated at cost. The cost is determined by the moving-average method.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard

for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999).

Upon applying the new accounting standard, all companies are required to examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

The Company and its subsidiaries do not have trading securities. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities are stated at moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

As a result of adopting the new accounting standard for financial instruments, income before income taxes increased by ¥2,208 million in the year ended March 31, 2001. Also, based on the examination of

the intent of holding each security upon application of the new accounting standard on April 1, 2000, trading securities as well as held-to-maturity debt securities and available-for-sale securities maturing within one year from the balance sheet date are included in current assets, and other securities are included in investments and other assets. As a result, at March 31, 2001, securities in current assets decreased by ¥19,056 million and investment securities increased by the same amount compared with what would have been reported under the previous accounting policy.

Effective April 1, 2001, the Company and its consolidated subsidiaries applied a new accounting requirement for available-for-sale securities with available fair market values under the accounting standard for financial instruments which was adopted in the previous year.

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Realized gains and losses on sale of such securities are computed using moving-average cost.

As a result of applying the new accounting requirement, as at March 31, 2002, net unrealized holding gains on securities increased by ¥1,159 million (\$8,714 thousand), deferred income taxes decreased by ¥708 million (\$5,330 thousand), and minority interests in the balance sheets decreased by ¥118 million (\$887 thousand).

See Note 3 as to detail information on securities.

d) Derivatives and Hedge Accounting

The new accounting standard for financial instruments, effective from the year ended March 31, 2001, requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

1. If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
 - (a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and
 - (b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract
2. If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

e) Inventories

Inventories are stated at cost, which is mainly determined by the average method as to raw materials and plant supplies and the specific identification method as to finished products, semi-finished products and work in process.

f) Property, Plant and Equipment and Depreciation

Depreciation is computed using the declining-balance method over estimated useful lives except for buildings acquired after March 31, 1998, which are depreciated based on the straight-line method.

g) Allowance for Doubtful Accounts

Effective from the year ended March 31, 2001, the Company and its consolidated subsidiaries provide the allowance for doubtful accounts in an amount sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining accounts. Previously, the Company and its consolidated subsidiaries provided the allowance for doubtful accounts as to the individual uncollectible amounts in addition to the general allowance calculated using the formula provided by the Corporate Tax Law.

h) Employees' Severance and Retirement Benefits

The Company and its consolidated subsidiaries provide two types of post-employment benefit plans, unfunded lump-sum payment plans and funded contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

At March 31, 2000, the Company and its consolidated subsidiaries accrued liabilities for lump-sum severance and retirement payments equal to 40% of

the amount required had all eligible employees voluntarily terminated their employment at the balance sheet date. The Companies recognized pension expense when, and to the extent, payments were made to the pension plans.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new accounting standard, "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits", issued by the Business Accounting Deliberation Council on June 16, 1998.

Under the new accounting standard, the liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries provided allowance for employees' severance and retirement benefits at March 31, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 (the "net transition obligation") amounted to ¥38,222 million. It has been recognized in expenses in equal amounts over 15 years commencing with the year ended March 31, 2001. Prior service costs are recognized in expenses in equal amounts over the average of the estimated remaining service lives of the employees, and actuarial gains and losses are recognized in income or expenses using the straight-line method over the average of the estimated remaining service lives commencing with the following period.

As a result of the adoption of the new accounting standard, in the year ended March 31, 2001, severance and retirement benefit expenses increased by ¥1,729 million, operating income decreased by ¥1,399 million and income before income taxes decreased by ¥1,594 million compared with what would have

been recorded under the previous accounting standard.

i) Income Taxes

The Company provided income taxes at the amounts currently payable for the year ended March 31, 1999. Effective April 1, 1999, the Company and its consolidated subsidiaries adopted the new accounting standard, which recognizes tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. Under the new accounting standard, the provision for income taxes is computed based on the pretax income included in the consolidated statement of operations. The asset and liability approach is used to recognize expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The cumulative effect of adopting the new accounting standard at April 1, 1999 was 10,631 million, which was directly added to the retained earnings brought forward from March 31, 1999. The effect for the year ended March 31, 2000 was a decrease in net income of ¥2,606 million.

j) Foreign Currency Translation

Short-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates. Prior to April 1, 2000, long-term receivables and payable denominated in foreign currencies were translated at historical rates.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the revised accounting standard for foreign currency translation, "Opinion Concerning Revision of Accounting Standard for

Foreign Currency Translation", issued by the Business Accounting Deliberation Council on October 22, 1999. Under the revised accounting standard, long-term receivables and payables denominated in foreign currencies are also translated into Japanese yen at the year-end rate.

There was no effect on the consolidated statements of operations of adopting the revised accounting standard.

Financial statements of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate, except that shareholders' equity accounts are translated at historical rates and income statement items resulting from transactions with the Company at the rates used by the Company.

Due to the adoption of the revised accounting standard, the Company and its domestic subsidiaries report foreign currency translation adjustments in the shareholders' equity and minority interests.

k) Amounts Per Share of Common Stock

The computation of net income (loss) per share is based on the weighted average number of shares of common stock outstanding during the year.

For the years ended March 31, 2002, 2001 and 2000, diluted net income per share were not shown since operations resulted in net loss.

l) Statement of Cash Flows

In preparing the consolidated statements of cash flow, cash on hand, readily-available deposits and short-term highly liquid investments with maturities that do not exceed three months at the time of purchase, are considered to be cash and cash equivalents.

See Note 15 as to reconciliation for cash and time deposits.

3. Securities

A. The following table summarizes acquisition costs and book values of securities with fair value as of March 31, 2002.

	(a) Available-for-sale securities;			(a) Available-for-sale securities;		
	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with fair value exceeding book value:						
Equity securities	¥7,385	¥10,473	¥3,088	\$55,526	\$78,744	\$23,218
Bonds	136	139	3	1,023	1,045	22
	¥7,521	¥10,612	¥3,091	\$56,549	\$79,789	\$23,240
Other securities:						
Equity securities	¥3,761	¥2,792	¥(969)	\$28,278	\$20,992	\$(7,286)
Bonds	3,195	2,946	(249)	24,023	22,150	(1,873)
Others	159	154	(5)	1,195	1,159	(36)
	¥7,115	¥5,892	¥(1,223)	\$53,496	\$44,301	\$(9,195)

B. The following table summarizes book values of securities without fair value as of March 31, 2002.

	(a) Available-for-sale securities;		(a) Available-for-sale securities;	
	Millions of yen		Thousands of U.S. dollars	
	Book value		Book value	
Money management fund	¥58		\$436	
Non-listed foreign securities	144		1,083	
Non-listed equity securities	577		4,338	
Others	16		120	
Total	¥795		\$5,977	

(b) Equity securities issued by subsidiaries and affiliated companies;

	Millions of yen		Thousands of U.S. dollars	
	Book value		Book value	
Non-listed subsidiary securities	¥275		\$2,068	
Non-listed affiliated securities	2,080		15,639	
Total	¥2,355		\$17,707	

C. Maturities of available-for-sale securities with maturities at March 31, 2002, are as follows.

	Millions of yen			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds	¥434	¥1,478	¥120	¥562

	Thousands of U.S. dollars			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds	\$3,263	\$11,113	\$902	\$4,226

D. Total sales amounts of available-for-sale securities sold in the year ended March 31, 2002 amounted to ¥2,882 million (\$21,669 thousand) and the net losses amounted to ¥30 million (\$226 thousand).

4. Inventories

Inventories as of March 31, 2002 and 2001 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Finished products	¥3,353	¥2,622	\$25,211
Semi-finished products	3,378	3,013	25,398
Work-in-process	19,138	23,834	143,895
Materials and supplies	2,140	1,997	16,090
Total	¥28,009	¥31,466	\$210,594

5. Short-Term Borrowings

Short-term borrowings are bank loans and represented by notes. The weighted average interest rate was 1.1% as of March 31, 2002 and 2001.

6. Long-Term Debt

Long-term debt as of March 31, 2002 and 2001 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
1.48% to 4.45% loans from banks and insurance companies	¥19,679	¥22,944	\$147,963
2.2% to 2.5% loans from agricultural cooperative organizations	490	1,064	3,684
Less: Current portion	(7,552)	(4,761)	(56,782)
Total	¥12,617	¥19,247	\$94,865

The annual maturities of long-term debts as of March 31, 2002 were as follows.

	Millions of yen	Thousands of U.S. dollars
Year ended March 31		
2003	¥7,552	\$56,782
2004	4,969	37,361
2005	1,922	14,451
2006	5,666	42,601
2007	60	452

7. Pledged Assets

The following assets were pledged as collateral at March 31, 2002.

	Millions of yen	Thousands of U.S. dollars
Buildings and structures less related accumulated depreciation	¥896	\$6,737
Machinery and equipment less related accumulated depreciation	91	684
Land	2,837	21,331
Investment securities	3,012	22,647
Others	49	368
Total	¥6,885	\$51,767

Obligations with collateral pledged at March 31, 2002 were as follows.

	Millions of yen	Thousands of U.S. dollars
Short-term borrowings	¥2,600	\$19,549
Long-term debt	3,807	28,624
Total	¥6,407	\$48,173

8. Employees' Severance and Pension Benefits

As explained in Note 2., Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new accounting standard for employees' severance and retirement benefits, under which the liabilities and expenses for severance and retirement benefits are determined based on the amounts obtained by actuarial calculations.

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2002 consists of the following:

	Millions of yen	Thousands of U.S. dollars
Projected benefit obligation	¥83,813	\$630,168
Unrecognized prior service costs	58	436
Unrecognized actuarial differences	(6,882)	(51,737)
Less fair value of pension assets	(33,869)	(254,654)
Less unrecognized net transition obligation	(33,128)	(249,085)
Liability for severance and retirement benefits	¥9,992	\$75,128

Included in the consolidated statements of operations for the year ended March 31, 2002 are severance and retirement benefit expenses comprised of the following:

	Millions of yen	Thousands of U.S. dollars
Service costs – benefits earned during the year	¥3,593	\$27,015
Interest cost on projected benefit obligation	2,652	19,939
Expected return on plan assets	(1,217)	(9,150)
Amortization of prior service costs	(5)	(38)
Amortization of net transition obligation	2,547	19,150
Amortization of actuarial differences	433	3,256
Employee's contribution	(583)	(4,383)
Severance and retirement benefit expenses	¥7,420	\$55,789

The discount rate and the rate of expected return on plan assets used by the Company and its consolidated subsidiaries are 3.5% and 3.5% to 4.5%, respectively. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Past service costs are recognized as an expense in equal amounts over 14 years, and actuarial gains/losses are recognized in income statement using the straight-line method over 10 to 15 years.

9. Shareholder's Equity

Under the Commercial Code of Japan (the "Code"), at least 50% of the issue price of new shares is required to be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are to be credited to additional paid-in capital.

Under the Code, amounts equal to at least 10% of cash dividends and other cash appropriations of retained earnings must be set aside as a legal reserve until the total of the legal reserve and additional paid-in-capital equals 25% of stated capital. The legal reserve may be used to reduce deficits by resolution of the shareholders or may be transferred to stated capital by resolution of the Board of Directors. On condition that the total amount of legal reserve and additional paid-in-capital remains being equal to or exceeding 25% of common stock, they are available for distribution by the resolution of shareholders' meeting. Legal reserve is included in retained earnings in the accompanying consolidated financial statements.

The Code of Japan provides that the maximum amount that the Company can appropriate as dividends is calculated based on the non-consolidated financial statements of the Company.

10. Contingent Liabilities

Contingent liabilities at March 31, 2002, were as follows.

	Millions of yen	Thousands of U.S. dollars
Repurchase of note discounted and endorsed	¥2,476	\$18,617
Guarantees of loans from banks to employees	1,254	9,428
Total	¥3,730	\$28,045

11. Non-Capitalized Finance Leases:

(1) Financial leases, which do not transfer ownership of properties to lessees, are not capitalized and are accounted for in the same manner as operating leases. Certain related information are summarized as follows:

- (i) Assumed amounts (inclusive of interest) of acquisition cost, accumulated depreciation and net book value as of March 31, 2002 and 2001, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Assumed acquisition cost:			
Machinery and equipment	¥174	¥252	\$1,308
Other	1,736	1,824	13,053
Accumulated depreciation	(913)	(1,287)	(6,865)
	¥997	¥789	\$7,496

- (ii) Future minimum lease payments, inclusive of interest, at March 31, 2002 totalled ¥997 million (\$7,496 thousand), including ¥438 million (\$3,293 thousand) due within one year.
- (iii) Lease payments, which are equal to assumed depreciation charges for the years ended March 31, 2002 and 2001, were ¥438 million (\$3,293 thousand) and ¥431 million, respectively.
- (iv) Assumed depreciation charges are computed using the straight-line method over lease terms assuming no residual value.

(2) Future operating lease payments under non-cancelable operating leases as of March 31, 2002 totalled ¥1,460 million (\$10,977 thousand), including ¥268 million (\$2,015 thousand) due within one year.

12. Research and Development Expenses

Research and development expenses are charged to income as incurred. The amount charged to income for the year ended March 31, 2002, 2001 and 2000 stood at ¥8,765 million (\$65,902 thousand), ¥8,810 million, and ¥8,372 million respectively.

13. Segment Information

Industry segments:

The Company and its consolidated subsidiaries operate principally in five industrial sectors: Energy, Environment, Info and Communications, Industrial Systems, and Other Sectors. In the year ended March 31, 2000, the Company and its consolidated subsidiaries modified its classification of products (previously classified as rotary machine, transmission and distribution equipment, control equipment, construction and wiring and others) among the sectors. The change was brought about by the Company's restructuring.

In the year ended March 31, 2002, a part of businesses, which was included in Energy in the previous year is reclassified to Industrial Systems, due to the change of the Company's organization.

As a result, net sales of Energy decreased by ¥7,997 million (\$60,238 thousand), net sales of Industrial Systems increased by same amount, and, operating income of Energy increased by ¥1,825 million (\$13,722 thousand), operating loss of Industrial Systems decreased by same amount.

Information by industry segments for the years ended March 31, 2002, 2001 and 2000 are as follows:

Year ended March 31, 2002	Millions of Yen						Eliminations or Corporate	Consolidated
	Energy	Environment	Info and Communications	Industrial Systems	Other	Total		
Net sales:								
Outside customers	¥71,587	¥47,397	¥13,595	¥32,634	¥34,862	¥200,075	¥—	¥200,075
Inter-segment	4,712	2,320	2,908	3,976	35,474	49,390	(49,390)	—
Total	76,299	49,717	16,503	36,610	70,336	249,465	(49,390)	200,075
Operating expenses	74,899	41,613	19,776	38,687	68,433	243,408	(46,867)	196,541
Operating income (loss)	¥1,400	¥8,104	¥(3,273)	¥(2,077)	¥1,903	¥6,057	¥(2,523)	¥3,534
Identifiable assets	¥54,342	¥23,772	¥18,363	¥28,472	¥34,649	¥159,598	¥45,623	¥205,221
Depreciation and amortization	1,221	204	711	694	824	3,654	1,207	4,861
Capital expenditures	1,251	402	672	2,196	494	5,015	1,302	6,317

Year ended March 31, 2001	Millions of yen						Eliminations or Corporate	Consolidated
	Energy	Environment	Info and Communications	Industrial Systems	Other	Total		
Net sales:								
Outside customers	¥70,597	¥51,852	¥14,636	¥25,176	¥34,722	¥196,983	¥—	¥196,983
Inter-segment	5,380	1,549	2,843	2,502	36,345	48,619	(48,619)	—
Total	75,977	53,401	17,479	27,678	71,067	245,602	(48,619)	196,983
Operating expenses	76,043	44,161	19,875	29,261	69,969	239,309	(46,235)	193,074
Operating income (loss)	¥(66)	¥9,240	¥(2,396)	¥(1,583)	¥1,098	¥6,293	¥(2,384)	¥3,909
Identifiable assets	¥54,207	¥23,070	¥21,335	¥22,222	¥43,189	¥164,023	¥48,082	¥212,105
Depreciation and amortization	1,376	190	839	743	645	3,793	1,309	5,102
Capital expenditures	1,248	144	624	766	980	3,762	1,219	4,981

Year ended March 31, 2000	Millions of yen						Eliminations or Corporate	Consolidated
	Energy	Environment	Info and Communications	Industrial Systems	Other	Total		
Net sales:								
Outside customers	¥81,184	¥55,577	¥11,635	¥21,925	¥34,055	¥204,376	¥—	¥204,376
Inter-segment	5,322	2,178	2,538	2,481	36,957	49,476	(49,476)	—
Total	86,506	57,755	14,173	24,406	71,012	253,852	(49,476)	204,376
Operating expenses	85,996	47,336	18,200	28,094	68,718	248,344	(45,729)	202,615
Operating income (loss)	¥510	¥10,419	¥(4,027)	¥(3,688)	¥2,294	¥5,508	¥(3,747)	¥1,761
Identifiable assets	¥57,625	¥22,305	¥18,103	¥18,152	¥44,396	¥160,581	¥60,807	¥221,388
Depreciation and amortization	1,466	179	1,372	801	605	4,423	1,862	6,285
Capital expenditures	381	392	987	309	1,328	3,397	695	4,092

Year ended March 31, 2002	Thousands of U.S. dollars						Eliminations or Corporate	Consolidated
	Energy	Environment	Info and Communications	Industrial Systems	Other	Total		
Net sales:								
Outside customers	\$538,248	\$356,368	\$102,218	\$245,368	\$262,121	\$1,504,323	\$—	\$1,504,323
Inter-segment	35,429	17,444	21,865	29,895	266,721	371,354	(371,354)	—
Total	573,677	373,812	124,083	275,263	528,842	1,875,677	(371,354)	1,504,323
Operating expenses	563,151	312,880	148,692	290,880	514,533	1,830,136	(352,377)	1,477,759
Operating income (loss)	\$10,526	\$60,932	\$(24,609)	\$(15,617)	\$14,309	\$45,541	\$18,970	\$26,571
Identifiable assets	\$408,586	\$178,737	\$138,068	\$214,075	\$260,511	\$1,199,977	\$343,038	\$1,543,015
Depreciation and amortization	9,180	1,534	5,346	5,218	6,196	27,474	9,075	36,549
Capital expenditures	9,406	3,023	5,053	16,511	3,714	37,707	9,789	47,496

Geographic information and overseas sales are not disclosed due to its insignificance.

14. Income Taxes

Japanese income taxes, which consist of corporate, enterprise and inhabitants taxes, would normally result in an aggregate statutory tax rate of approximately 41%, 41% and 42% for the years ended March 31, 2002, 2001 and 2000, respectively. Significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries as of March 31, 2002 and 2001 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deferred tax assets:			
Net operating loss carry forwards	¥7,933	¥6,522	\$59,648
Allowance for retirement benefits	3,581	3,020	26,925
Unrecognized intercompany profit	3,357	3,334	25,242
Bonuses	1,175	1,174	8,835
Other	1,551	1,306	11,663
Gross deferred tax assets	<u>17,597</u>	<u>15,356</u>	<u>132,313</u>
Less: Valuation allowance	<u>(5,524)</u>	<u>(4,149)</u>	<u>(41,530)</u>
	<u>12,073</u>	<u>11,207</u>	<u>90,783</u>
Deferred tax liabilities:			
Deferred gain on sales of property for tax purpose	2,071	1,425	15,571
Other	<u>48</u>	<u>54</u>	<u>369</u>
Gross deferred tax liabilities	<u>2,119</u>	<u>1,479</u>	<u>15,940</u>
Net deferred tax assets	<u>9,954</u>	<u>9,728</u>	<u>74,843</u>

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the year ended March 31, 2001:

	2001
Statutory tax rate	40.87%
Permanent difference (Social expenses, etc.)	34.62
Per capita inhabitant tax	23.97
Net increase in valuation allowance	433.80
Other - net	<u>(0.17)</u>
Effective tax rate	<u>533.09%</u>

Difference between the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2002 and 2000 is not shown due to loss before income taxes.

15. Cash and Cash Equivalents

Reconciliations of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2002 and 2001 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash and time deposits	¥15,033	¥16,174	\$113,030
Short-term securities	1,086	3,668	8,165
Bonds with maturities of exceeding three months	(538)	(2,692)	(4,045)
Cash and cash equivalents	¥15,581	¥17,150	\$117,150

16. Effect of Bank Holiday on March 31, 2002

As financial institutions in Japan were closed on March 31, 2002, amounts that would normally be settled on March 31, 2002 were collected or paid on the following business day, April 1, 2002.

The effect of the settlements on April 1 instead of March 31 included the following:

Notes receivable, trade	930 million	(\$6,992 thousand)
Notes payable, trade	688 million	(\$5,173 thousand)
Notes payable, other	375 million	(\$2,820 thousand)

17. Casualty Loss

The Company and 4 domestic consolidated subsidiaries were damaged by a flood in Nagoya area in September 2000.

18. Subsequent Event

On March 22, the Board of Directors of the Company resolved to separate its substation business, which is comprised of such operations as transformers, circuit breakers and switching devices, in order to assign it to Japan AE Power Systems Corporation, a joint venture company established on July 1, 2001 by Hitachi, Ltd., Fuji Electric Co., Ltd. and the Company. These three companies have agreed to strengthen business structure and management practices of their substation businesses by separating and transferring them to Japan AE Power Systems Corporation in order to survive in the increasingly competitive substation market. Simplified merger/demerger rules in the regulation for division of corporation prescribed in the Japanese Commercial Code will be applied to the transaction. Its outline is as follows.

- (1) Date of division of corporation
October 1, 2002
- (2) Method of division of corporation
Simplified division of corporation
- (3) Allocation of shares to be issued by Japan AE Power Systems Corporation
250,000 shares to Hitachi, Ltd.
150,000 shares to Fuji Electric Co., Ltd.
100,000 shares to the Company
- (4) Rights and obligations transferred to Japan AE Power Systems Corporation
Hitachi, Ltd., Fuji Electric Co., Ltd. and the Company transfer all of assets and liabilities and contractual rights and obligations belonged to substation businesses of respective companies to Japan AE Power Systems Corporation.

Report of Independent Public Accountants

To the Shareholders and the Board of Director of Meidensha Corporation:

We have audited the accompanying consolidated balance sheets of MEIDENSHA CORPORATION (a Japanese corporation) and subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2002, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards 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 consolidated financial position of MEIDENSHA CORPORATION and subsidiaries as of March 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2002, in conformity with accounting principles generally accepted in Japan (Note 1) applied on a consistent basis, during the periods, except as noted in the following paragraph.

As explained in Note 2, MEIDENSHA CORPORATION and its consolidated subsidiaries prospectively adopted new Japanese accounting standards for consolidation and equity method accounting, and income taxes in the year ended March 31, 2000, and new Japanese accounting standards for employees' severance and pension benefits, financial instruments, and the revised accounting standards for foreign currency translation in the year ended March 31, 2001. In addition, a new accounting requirement for available-for-sale securities with available fair market values was applied effective April 1, 2001 under the accounting standard for financial instruments, which was adopted in the previous year. Also, MEIDENSHA CORPORATION changed the method of segmentation by industry segment, made in the year ended 31, 2000, as referred to in Note 13, with which we concur.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.

As explained in Note 18, the MEIDENSHA CORPORATION decided to separate and assign its substation business to Japan AE Power Systems Corporation on October 1, 2002.

Tokyo, Japan
June 26, 2002

Asahi & Co.

Overseas Offices and Affiliates

(As of July, 2002)



Hong Kong

- ※ ● **MEIDENSHA CORPORATION**
Unit 01-02A, 16/F Tower 1,
Ever Gain Plaza,
88 Container Port Road,
Kwai Chung, N.T., Hong Kong
Phone: 2503-2468
Facsimile: 2887-8046

- ※ ● **MEIDEN PACIFIC (CHINA) LTD.**
Unit 01-02A, 16/F Tower 1,
Ever Gain Plaza,
88 Container Port Road,
Kwai Chung, N.T., Hong Kong
Phone: 2503-2468
Facsimile: 2887-8046

Indonesia

- ※ ● **P.T. MEIDEN ENGINEERING INDONESIA**
19th Floor, Summitmas I,
Jl. Jenderal Sudirman Kaveling 61-62
P.O.BOX 6920/KBY/Summitmas I
Jakarta Selatan 12190, Indonesia
Phone: 21-520-0612/1239
Facsimile: 21-520-0240

Korea

- ※ ● **MEIDENSHA CORPORATION**
Royal Building. No.410,
5 Dangju-Dong,
Chongro-ku, Seoul, Korea
Phone: 2-736-0232~3
Facsimile: 2-736-0234

Malaysia

- ※ ● **MEIDEN ELECTRIC ENGINEERING SDN. BHD.**
G. 03, Ground Floor, Wisma Academy,
4A, Jalan 19/1
46300 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Phone: 3-79554646
Facsimile: 3-79546466

- **MEIDEN METAL ENGINEERING SDN. BHD.**
Lot 6, Peringkat 3,
Kawasan Perindustrian Alor Gajah,
78000 Melaka, Malaysia
Phone: 6-5568790~2
Facsimile: 6-5568795

For inquiries, please contact the office/company marked ※.

● Overseas office / ● Affiliate



Singapore

※ ● **MEIDEN SINGAPORE PTE. LTD.**

5, Jalan Pesawat,
Jurong Industrial Estate,
Singapore 619363
Phone: 6268-8222
Facsimile: 6264-4292

Thailand

※ ● **THAI MEIDENSHA CO., LTD.**

11th Floor, TST Tower Building,
21 Viphavadi-Rangsit Road,
Soi Chuei Phung, Jatujak,
Bangkok 10900, Thailand
Phone: 2-273-8954~61
Facsimile: 2-273-8966
Cable Address: THAI MEIDEN
BANGKOK

● **MEIDEN ELECTRIC (THAILAND) LTD.**

898 Moo 2,
Bangpa-in Industrial Estate,
Udomsorayuth Rd., Klongjig,
Bangpa-in, Ayudhaya 13160,
Thailand
Phone: 35-258258~262
Facsimile: 35-221388

The United Kingdom

※ ● **MEIDEN EUROPE LTD.**

New Wave Complex,
Bradbourne Drive, Tilbrook,
Milton Keynes MK7 8BN,
England, U.K.
Phone: 1908-276000
Facsimile: 1908-276010

The United States

※ ● **MEIDENSHA CORPORATION**

The American Center Building,
Suite 1110
27777 Franklin Road,
Southfield, Michigan 48034, U.S.A.
Phone: 248-353-2540
Facsimile: 248-353-3150

Consolidated Subsidiary Companies

MEIDEN ENGINEERING CO., LTD.

Capital ¥2,360 million

Engineering service and other service affairs
7-9, Osaki 3-chome, Shinagawa-ku,
Tokyo 141-8607 Japan
Phone: 3-3490-7201 Fax: 3-3490-5550

SHINKO SEISAKUSHO CO., LTD.

Capital ¥800 million

Manufacture, sales, and maintenance
servicing of communication equipment,
peripherals and terminals
Kokuryu Shibakoen Building,
6-15, Shibakoen 2-chome,
Minato-ku, Tokyo 105-0011 Japan
Phone: 3-3436-1211 Fax: 3-3436-1881

MEIDEN SHOJI Co., Ltd.

Capital ¥300 million

Sales of electric products and components
Mitomi New Building, 20-18,
Ebisu 1-chome, Shibuya-ku,
Tokyo 150-0013 Japan
Phone: 3-5449-3700 Fax: 3-5449-3701

KOFU MEIDENSHA CORPORATION

Capital ¥200 million

Manufacture and sales of electric motors,
mainly
15-11 Joto 3-chome, Kofu-shi,
Yamanashi 400-0861 Japan
Phone: 55-233-5161 Fax: 55-233-5171

Meiden Plant Engineering & Construction Co., Ltd.

Capital ¥150 million

Constructing service
Meiko Building, 5-5, Osaki 5-chome,
Shinagawa-ku, Tokyo 141-8616 Japan
Phone: 3-5487-6426 Fax: 3-5487-6487

MEIDEN CHEMICAL CO., LTD.

Capital ¥95 million

Insulating varnish and molded instrument
transformer
1-17, Osaki 2-chome, Shinagawa-ku,
Tokyo 141-0032 Japan
Phone: 3-3492-5251 Fax: 3-3492-5280

Meiden Kohsan Co., Ltd.

Capital ¥130 million

Sales of products and materials and agent
service of insurance
Meiko Building, 5-5, Osaki 5-chome,
Shingawa-ku, Tokyo 141-8616 Japan
Phone: 3-3490-3737 Fax: 3-3490-3906

MEIDEN SOFTWARE CORPORATION

Capital ¥90 million

Engineering and programming of software
809, Oka-Isshikitorimachi, Numazu-shi, Shizuoka
410-0012 Japan
Phone: 559-23-4966 Fax: 559-23-1191

MEIDEN FOUNDRY INDUSTRIAL Co., Ltd.

Capital ¥50 million

Casting
4, Nyogetsu, Heisaka-cho, Nishio-shi,
Aichi 444-0305 Japan
Phone: 563-59-6181 Fax: 563-59-4132

MEIDEN SYSTEM ENGINEERING Co., Ltd.

Capital ¥50 million

System engineering of plant
Meiko Building, 5-5, Osaki 5-chome,
Shingawa-ku, Tokyo 141-8616 Japan
Phone: 3-5487-6500 Fax: 3-5487-6516

Meiden Kankyo Service Co., Ltd.

Capital ¥30 million

Maintenance and control service of water
treatment equipment
Meiko Building, 5-5, Osaki 5-chome,
Shinagawa-ku, Tokyo 141-8616 Japan
Phone: 3-3490-0630 Fax: 3-3490-0623

HOKUTO DENKO CORPORATION

Capital ¥25 million

Manufacture and sales of electric sensors
22-13, Himonya 4-chome, Meguro-ku,
Tokyo 152-0003 Japan
Phone: 3-3716-3235 Fax: 3-3793-8787

MEIDEN SYSCON Co., Ltd.

Capital ¥20 million

Manufacture and sales of switchgear and relays
726-1, Osuwa, Numazu-shi,
Shizuoka 410-0873 Japan
Phone: 559-24-4630 Fax: 559-22-4013

Meiden Kiden Kogyo Co., Ltd.

Capital ¥20 million

Machining and repairing service
127, Nishishinmachi,
Oota-shi, Gunma 373-0847 Japan
Phone: 276-20-6371 Fax: 276-32-7999

MEIDEN MEDIAFRONT CORPORATION

Capital ¥40 million

Printing and copy service
Maruki Building, 13-7, Nishigotanda 1-chome,
Shinagawa-ku, Tokyo 141-0031 Japan
Phone: 3-3490-4767 Fax: 3-3779-3083

Meiden Sheet Metal Products Corporation

Capital ¥90 million

Manufacture and sales of sheet metal
515, Kaminakamizo, Higashimakado-aza,
Numazu-shi, Shizuoka 410-0865 Japan
Phone: 559-29-5555 Fax: 559-29-5566

MEIDEN HOIST SYSTEM COMPANY, LTD.

Capital ¥90 million

Manufacture and sales of hoist
1-17, Osaki 2-chome, Shinagawa-ku, Tokyo
141-0032 Japan
Phone: 3-3492-1201 Fax: 3-3492-1943

※ MEIDEN SINGAPORE PTE. LTD.

Capital S\$10 million

Manufacture and sales of transformers,
switchgears and circuit-breakers and related
engineering and constructing service

※ THAI MEIDENSHA CO., LTD.

Capital TB10 million

Engineering and constructing service

※ MEIDEN ELECTRIC (THAILAND) LTD.

Capital TB70 million

Manufacture and sales of switchgears

※ P.T.MEIDEN ENGINEERING INDONESIA

Capital US\$ 320 thousand

Engineering and constructing service

※ MEIDEN EUROPE LTD.

Capital £750 thousand

Sales of electric products and components

※ MEIDEN PACIFIC (CHINA) LTD.

Capital HK\$10 million

Sales of electric products and components
and constructing service

※ MEIDEN METAL ENGINEERING SDN. BHD.

Capital RM 7 million

Manufacture and sales of tank and
radiators for power transformer

※: Please see pages 36 – 37 to find contact
information for overseas offices and affiliates.

Corporate Data

Corporate Name
MEIDENSHA
CORPORATION
 (Kabushiki Kaisha Meidensha)

Head Office
 Riverside Building, 36-2,
 Nihonbashi Hakozaicho,
 Chuo-ku, Tokyo 103-8515
 Japan

Founded
 1897

Common Stock
 Authorized 576,000,000 shares
 Issued 202,025,158 shares
 ¥17,070 million
 (\$128,346 thousand)

Shareholders
 17,330

Transfer Agent
 The Chuo Mitsui Trust and
 Banking Co., Ltd.



Board of Directors

(As of June 26, 2002)

Chairman
Shigeo Seko



President
Keiji Kataoka



**Executive
 Vice
 President**
Koji Yano



**Executive
 Vice
 President**
Toru Nakamura



**Senior
 Managing
 Director**
Kensuke Ikuji



**Senior
 Managing
 Director**
Hiroyasu Yagi



**Senior
 Managing
 Director**
Masaoki Hino



Managing Directors

Jiro Iwashita Toru Niwa
Kenmosuke Goto Tatsujiro Matsumoto

Directors

Tetsuro Kawakami Kenzo Nakamura
Kosuke Sato Tadashi Sanada
Kenji Sasaki Naoto Miyajima
Masayuki Terashima Masami Asayama
Akinori Nomura

Senior Corporate Auditors

Masaaki Obana Takaharu Tokunishi
Masahiro Fuke

Corporate Auditors

Haruhisa Kawabe Yojiro Yamashita

