

(Summary English translation)

Financial Statements (Unaudited) (for the Year Ended March 31, 2008)

April 30, 2008

Electric Power Development Co., Ltd. (J-POWER)
Listed Exchange : Tokyo Stock Exchange 1st Section
Code No. : 9 5 1 3 (URL <http://www.jpowers.co.jp/>)
Representative : Yoshihiko Nakagaki, President
Contact : Hideo Kimura, Accounting Group Leader, Accounting & Finance Department
Contact : Hitoshi Nakamura, IR Group Leader, Corporate Planning & Administration Department
Tel. : +81 - 3 - 3546 - 2211

1. Consolidated Business Performance (From April 1, 2007 to March 31, 2008)

(1) Consolidated Results of Operations (Rounded down to the nearest million yen)

	Operating Revenues	Operating Income	Ordinary Income	Net Income
	(million yen) (%)	(million yen) (%)	(million yen) (%)	(million yen) (%)
Year ended Mar.31, 2008	587,780 (2.5)	50,724 (Δ34.2)	42,873 (Δ22.8)	29,311 (Δ16.7)
Year ended Mar.31, 2007	573,277 (Δ 7.8)	77,141 (Δ24.0)	55,513 (Δ18.2)	35,167 (Δ19.3)

	Net Income per Share	Fully Diluted Net Income per Share	Net Income/ Shareholder's Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	(yen)	(yen)	(%)	(%)	(%)
Year ended Mar.31, 2008	175.99	—	6.3	2.1	8.6
Year ended Mar.31, 2007	211.14	—	7.9	2.8	13.5

(Reference)

① Investment profit and loss in the equity method :

Year ended Mar.31, 2008 : 8,879 million yen Year ended Mar.31, 2007 : 5,560 million yen

② Figures in brackets are changes in percentage from the previous periods.

(2) Consolidated Financial Position (Rounded down to the nearest million yen)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	(million yen)	(million yen)	(%)	(yen)
Year ended Mar.31, 2008	2,013,131	468,118	23.2	2,800.18
Year ended Mar.31, 2007	1,999,794	462,654	23.1	2,768.95

(Reference)

Shareholder's equity : Year ended Mar.31, 2008 : 466,383 million yen Year ended Mar.31, 2007 : 461,186 million yen

(3) Consolidated Statements of Cash Flows (Rounded down to the nearest million yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of period
	(million yen)	(million yen)	(million yen)	(million yen)
Year ended Mar.31, 2008	136,252	Δ152,518	17,174	35,631
Year ended Mar.31, 2007	157,241	Δ155,407	Δ 2,168	34,575

2. Dividends

	Annual cash Dividends per Share			Annual Dividends	Payout Ratio (Consolidated)	Dividends/ Net Assets (Consolidated)
	Interim	Year-end	Annual			
	(yen)	(yen)	(yen)	(million yen)	(%)	(%)
Year ended Mar.31, 2007	30.00	30.00	60.00	9,993	28.4	2.2
Year ended Mar.31, 2008	30.00	40.00	70.00	11,658	39.8	2.5
Year ending Mar.31, 2009 (forecast)	35.00	35.00	70.00		27.8	

3. Forecasts Consolidated Results for the Year Ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share
	(million yen) (%)	(million yen) (%)	(million yen) (%)	(million yen) (%)	(yen)
Six months ending Sep.30,2008	343,000 (15.5)	29,000 (Δ31.9)	22,000 (Δ45.6)	22,000 (Δ19.3)	132.09
Year ending Mar.31, 2009	712,000 (21.1)	62,000 (22.2)	50,000 (16.6)	42,000 (43.3)	252.17

Forward-Looking Statements

The earnings forecasts above are based on various estimates and assumptions. Accordingly, there can be no assurance or guarantee that the future estimated figures mentioned here will actually be achieved.

4. Other

- (1) Principal subsidiaries subject to changes during fiscal 2007 (changes of specific subsidiaries coming along with changes in the scope of consolidation) : Yes Exception : 1 (J-POWER Frontier, L.P.)
- (2) Changes in accounting policies, procedures, and labeling method etc. regarding preparation of consolidated financial statements
- ① Changes due to revisions of accounting policies etc. : Yes
- ② Changes except ① : None
- (3) Number of shares outstanding
- ① Number of shares outstanding :
- Year ended Mar.31, 2008 : 166,569,600 shares Year ended Mar.31, 2007 : 166,569,600 shares
- ② Number of treasury stock :
- Year ended Mar.31, 2008 : 15,171 shares Year ended Mar.31, 2007 : 13,506 shares

【Reference】

1. Non-Consolidated Business Performance (From April 1, 2007 to March 31, 2008)

(1) Consolidated Results of Operations

(Rounded down to the nearest million yen)

	Operating Revenues	Operating Income	Ordinary Income	Net Income
	(million yen) (%)	(million yen) (%)	(million yen) (%)	(million yen) (%)
Year ended Mar.31, 2008	529,250 (2.3)	39,887 (Δ34.4)	22,083 (Δ41.2)	14,761 (Δ38.2)
Year ended Mar.31, 2007	517,273 (Δ 8.6)	60,840 (Δ29.2)	37,540 (Δ26.7)	23,897 (Δ28.4)

	Net Income per Share	Fully Diluted Net Income per Share
	(yen)	(yen)
Year ended Mar.31, 2008	88.63	—
Year ended Mar.31, 2007	143.48	—

Figures in brackets are changes in percentage from the previous periods.

(2) Non-Consolidated Financial Position

(Rounded down to the nearest million yen)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	(million yen)	(million yen)	(%)	(yen)
Year ended Mar.31, 2008	1,910,290	404,842	21.2	2,430.69
Year ended Mar.31, 2007	1,893,678	411,789	21.7	2,472.38

(Reference)

Shareholder's equity : Year ended Mar.31, 2008 : 404,842 million yen Year ended Mar.31, 2007 : 411,789 million yen

2. Forecasts Non-Consolidated Results for the Year Ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share
	(million yen) (%)	(million yen) (%)	(million yen) (%)	(million yen) (%)	(yen)
Six months ending Sep.30,2008	317,000 (17.1)	27,000 (Δ 29.9)	19,000 (Δ 36.6)	20,000 (Δ 1.2)	120.08
Year ending Mar.31, 2009	650,000 (22.8)	54,000 (35.4)	33,000 (49.4)	29,000 (96.5)	174.12

Figures in brackets are changes in percentage from the previous periods.

Forward-Looking Statements

The consolidated and non-consolidated full-year earnings forecasts above have been revised.

The earnings forecasts above are based on various estimates and assumptions. Accordingly, there can be no assurance or guarantee that the future estimated figures mentioned here will actually be achieved.

1. Operating Results

(1) Analysis of Operating Results

① Quantity of Power Sold by the Electric Utilities

① Electric Power Sales Volume

The demand for electric power in Japan during the consolidated fiscal year exceeded the level of the previous year. This was due to a continuing stable increase in industrial demand, in addition to increased demand for air conditioning due to the heat wave and the severe winter.

Total hydroelectric and thermal electric power sales volume for the company's wholesale electricity business in this consolidated fiscal year grew by 3.6% over the previous consolidated fiscal year to 60.8 billion kWh. Hydroelectricity sales volume came to 8.3 billion kWh, a fall of 22.1% from the previous consolidated fiscal year, due to lower water flow relative to the high water flow of the previous consolidated fiscal year (water supply rates fell from 112% to 85%). However, thermal power sales volume increased by 9.3% over previous consolidated fiscal year to 52.5 billion kWh, due to higher capacity utilization.

Sales volume for other electric power businesses grew by 1.5 % over the previous consolidated fiscal year to 1.7 billion kWh, due to full year capacity utilization of Green Power Koriyama Nunobiki Co., Ltd. Total sales volume across all of our electric power businesses came to 62.5 billion kWh, an increase of 3.6 % over the previous consolidated fiscal year.

② Overview of Income and Expenditures

Our sales (operating revenues) for this consolidated fiscal year grew 2.5% over the previous consolidated fiscal year to 587.8 billion yen. This was due to higher capacity utilization for thermal power, despite a lower water flow and revised rates effective from September 2007 for hydroelectric and transmission contracts in wholesale electric power business. Non operating revenues increased by 65.6 % over the previous consolidated fiscal year to 21.5 billion yen, due to such factors as the sale of wind power generation company in Spain and increased returns on equity-method investments from our overseas power generation businesses under the equity method. This resulted in ordinary revenues for the period of 609.3 billion yen, an increase of 3.9% over the previous consolidated fiscal year.

On the other hand, operating expenses increased 8.2% to 537.1 billion yen in comparison with the previous consolidated fiscal year. This was due to a rise in personnel expenses owing to the calculation of retirement benefit obligation, a rise in fuel expenses stemming from higher operating levels at thermal power plants and a rise in coal prices, despite a fall in repair expenses accompanying a decrease in periodic inspections at thermal power plants and a decrease in depreciation expenses. Including non-operating expenses, overall ordinary expenses rose 6.7% to 566.5 billion yen in comparison with the previous consolidated fiscal year.

As a result of the above, ordinary income for the period finished at 42.9 billion yen, a 22.8% decrease over the corresponding period of the previous year. After the reversal of reserve for fluctuation in water level due to lower water flow, net income declined 16.7% over the previous consolidated fiscal year to 29.3 billion yen.

Our overview of income and expenditures by business segment during this consolidated fiscal year is summarized below (before the elimination of internal transactions between segments).

(Electric Power Business)

Sales came to 535.0 billion yen, an increase of 1.5 % over the previous consolidated fiscal year, due to high capacity utilization for thermal power in our wholesale electric business.

Operating income came to 39.9 billion yen, a decrease of 35.1% over the previous consolidated fiscal year. This was due to a rise in personnel expenses owing to the calculation of retirement benefit obligation and a rise in fuel expenses for thermal power plants, despite a fall in repair expenses accompanying a decrease in periodic inspections at thermal power plants and a decrease in depreciation expenses in addition to sales increase.

(Electric Power-Related Business)

Sales came to 285.6 billion yen, an increase of 14.2% over the previous consolidated fiscal year. This was due to an increase in coal sales revenue, despite a revenue decrease due to decline in periodic inspections at thermal power plants.

Operating income came to 10.4 billion yen, a decrease of 33.3% over the previous consolidated fiscal year. This was due to an increase in costs of sales, despite a sales increase.

(Other Business)

Sales came to 35.0 billion yen, an increase of 22.9% over the previous consolidated fiscal year, due to growth in external sales by our consolidated subsidiaries.

Operating income came to 900 million yen, a decrease of 22.1% over the previous consolidated fiscal year. This was due to an increase in costs of sales, despite a sales increase.

③ Outlook for the Fiscal Year Ending March 2009 (FY2008)

Consolidated sales is expected to reach 712 billion yen, a 21.1% increase over FY 2007, and non-consolidated sales is expected to increase by 22.8% over FY 2007, to 650 billion yen.

In electric power business, water levels of hydropower are expected to return to normal level after the lower water flow of FY 2007, therefore we are forecasting an increase in hydroelectric power sales volume by 15% to 9.5 billion kWh.

Thermal power sale volume is expected to maintain the FY 2007's levels, at about 52.3 billion kWh, with a revenue increase from a rise in sales unit price due to the continuing rise in the fuel cost.

In other businesses, we are also forecasting a rise in revenue from coal sales.

Operating income is forecasted to increase by 22.2% on a consolidated basis over FY 2007, to 62.0 billion yen, with non-consolidated operating income up by 35.4% from the FY 2007 to 54.0 billion yen.

Fuel cost is expected to increase significantly as fuel prices continue to rise. In other expenses, personnel expenses are forecasted to drop, but there will be a rise in maintenance costs related to an increase in periodic inspections and for enhancing the reliability of existing facilities, as well as increased management costs associated with further growth in our overseas businesses. Besides we expect to be able to improve on worsening of business result mainly due to the heavy congestion at loading ports in Australian during FY2007.

Ordinary income is expected to increase by 16.6% over FY2007 on a consolidated basis, to 50.0 billion yen, and on a non-consolidated basis by 49.9%, to 33.0 billion yen. While financial costs are expected to rise due to increases in investments related to the Ohma Nuclear Power Plant and other new sites, and in upgrading of existing facilities, we also expect an increase in equity-method earnings from our overseas power generation businesses, including with the start of operations at the Kaeng Khoi No. 2 plant (Unit 2).

We also expect to post special profits of 12.2 billion yen in the form a distribution of profits from an anonymous association, resulting from our reacquisition of the trust beneficiary interest in the securitization of our headquarters' building and land, which we originally sold off in FY 2001.

Principal Statements

	FY2007	FY2008	Change
Electric Power Sales (Hydroelectric) (100 million kWh)	83	95	12
Electric Power Sales (Thermal power) (100 million kWh)	525	523	-2
Water Supply Rate (%)	85	100	15
Thermal Load Factor (%)	81	80	-1

(2) Analysis of Financial Standing

① Assets, Liabilities and Net Assets

Fixed assets during the consolidated fiscal year increased 2.6 billion yen to 1.8644 trillion yen from the end of the previous consolidated fiscal year, due to the capital investment for construction at the Isogo New No. 2 Thermal Power Plant and the Ohma Nuclear Power Plant, despite the progress in the depreciation. With the addition of current assets, total assets rose 13.3 billion yen to 2.0131 trillion yen from the end of the previous consolidated fiscal year.

Meanwhile, total liabilities as of the end of the consolidated fiscal year increased 7.9 billion yen to 1.545 trillion yen over the previous consolidated fiscal year end due to such factors as corporate bond issuances. Of this, the amount of interest-bearing debts increased 2.3 billion yen from the end of the previous consolidated fiscal to 1.4239 trillion yen.

Total net assets at the end of this consolidated fiscal year showed an increase of 5.5 billion yen from the end of the previous consolidated fiscal year to 468.1 billion yen.

② Status of Consolidated Cash Flows

With regard to the balance of cash and cash equivalents at the end of the consolidated fiscal year, there was income of 136.3 billion yen in cash receipts from operating activities and revenues of 17.2 billion yen from financing activities through issuances of corporate bonds. There was, however, an outflow of 152.5 billion yen from investing activities that included the acquisition of fixed assets. Adding in the 34.6 billion yen balance at the end of the previous consolidated fiscal year resulted in a balance of 35.6 billion yen at the end of the consolidated fiscal year.

(Cash flows from operating activities)

Cash flows from operating activities amounted to 136.3 billion yen, a decrease of 21.0 billion yen from the previous consolidated fiscal year. This was due to a decline in internal reserves for depreciation expense, despite increases in employee retirement benefits.

(Cash flows from investing activities)

Cash flows from investing activities was an out flow of 152.5 billion yen, a decrease of 2.9 billion yen from the previous consolidated fiscal year. This was due to a decline in investments and loans, despite increased expenditure on items such as construction at the Ohma nuclear power plant.

(Cash flows from financing activities)

Cash flows from financing activities amounted to 17.2 billion yen, a increase of 19.3 billion yen from the previous consolidated fiscal year. This was due to a decline in expenditure such as a decrease in the redemption of corporate bonds.

③ Trends in Cash Flow Indicators

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Equity ratio	17.3%	19.4%	22.0%	23.1%	23.2%
Market value-based equity ratio	—	22.7%	31.6%	49.4%	29.7%
Debt repayment period	8.9years	8.7 years	8.1 years	9.0 years	10.5 years
Interest coverage ratio	2.1	3.3	4.8	7.2	6.1

Notes: Equity ratio: Net assets / Total assets

Equity ratio at market value: Total shares at market value / Total assets

Debt repayment period: Interest-bearing debts / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

* Each indicator is calculated using financial figures on a consolidated basis.

* Interest-bearing debts include corporate bonds and long-term loans (both include those maturing within one year), as well as short-term loans and commercial paper. In addition, the calculation of interest payments is based on the amount of interest paid in accordance with the consolidated statement of cash flow.

* The market value-based equity ratio prior to the fiscal year ended March 31, 2004 has been omitted, due to the listing of the company's shares on the Tokyo Stock Exchange on October 6, 2004.

(3) Basic Policy Regarding Distribution of Profits; Current and Following Period Dividends

The most significant characteristic of our business is that it is based on our expertise in operating the business for the long term, including the construction of power generation and other facilities, meaning that we invest in power plants and other infrastructure, and then work to recover those investments over the long-term operation of those facilities. We expect to continue applying an appropriate level of retained earnings towards business investments that will lead to new growth, while, recognizing that our financial position requires reinforcement, also working to further build equity capital.

With regards to returns to our shareholders, we continue to place the greatest emphasis on providing a stable dividend given the characteristics of our business, and further, will work to raise corporate value in a sustainable fashion through our long-term efforts, using the results of the growth we achieve to further enhance our returns.

Recently, we were successful in achieving the management objectives (for average consolidated ordinary income and consolidated shareholders' equity capital ratio) for the three-year period between FY2005 and FY2007. While the work that went into meeting these targets enabled us to improve profitability on a consolidated basis to a certain extent, by using the profit generating power of our wholesale power business to increase the contributions of our overseas power

generation and other new businesses, the immediate outlook remains challenging, though we still believe that we can look for sustained, stable growth in the mid- to long-term.

Given the degree to which we met these three-year goals, and with comprehensive consideration to profit levels, magnitude of investments, and the outlook for our financial position going forward, we have set the year-end dividend for the current consolidated accounting year at 40 yen per share, which, combined with the interim dividend, results in a total dividend for the year of 70 yen. For the period ending in March, 2009, we also plan a dividend of 70 per share (of which 35 yen will be the interim dividend).

Going forward, we will maintain this dividend level, while working to maintain and enhance the efficiency and reliability of our existing facilities, develop new energy sources, and improve the profitability of our overseas power generation business, aiming our efforts towards achieving a set of newly established management objectives.

(4)Business and Other Risks.

This section discusses the main potential risks related to J-POWER's financial position, business results, future business operations and other matters. From the perspective of actively disclosing information to investors, this section also provides information to help investors understand business and other risks that the company does not necessarily consider significant. References to matters relating to future operations and events reflect judgment as of the publication date of this document (April 30, 2008).

Except where a different interpretation is specified, the comments below are framed in consolidated terms, and the term "company" includes J-POWER, its consolidated subsidiaries and its affiliated companies accounted for by the equity method (the terminology used in the consolidated financial statement follows the definitions stipulated in the Regulation for Terminology, Forms and Preparation of Financial Statements (Ministry of Finance Ordinance Number 28 of 1976)).

①Effects of Japanese Electric Power System Deregulation on Electricity Tariffs

J-POWER derives most of its operating revenues from wholesale power supply to Japan's 10 EPCOs. Amid deregulation in the retail power sector, the EPCOs have been reducing their retail electricity rates. However, because our fees are calculated on a fair cost plus fair return on a capital basis, we are not directly affected by the reduction in retail electricity rates. Nevertheless, EPCOs have been calling for a reduction in our fees, and if further deregulation results in a significant reduction in our fees, it could potentially have a material adverse effect on the results of our operations.

Furthermore, wholesale power trading on the Japan Electric Power Exchange commenced in April 2005. J-POWER is currently trading in the wholesale power markets. Although we do

not expect a large amount of electricity to be traded on the exchange in the near term, an increase in the importance of exchange-traded power prices as a price indicator could potentially have an indirect effect on our fee levels. If the fees set in agreements between J-POWER and EPCOs are higher than price indicators, this could potentially have a material adverse effect on the results of our operations.

②Risk of Disruption to the Company's Power Plant Construction Program

With the sluggish growth in electric power demand in Japan, general electric power providers have been postponing or suspending their power plant construction programs, and shutting down or suspending for long periods the operation of thermal power plants that suffer from low capacity utilization. For some of the power plants that it constructs for general electric power providers, J-POWER has also in some instances suspended or postponed the start of operations of some of its projects, by agreement with the intended recipient companies. In the future, if there is a major change in conditions that forces us to suspend construction plans due to unforeseen circumstances, this would be likely to have a negative effect on our business results.

③Global Warming

J-POWER owns a high number of coal fired thermal power plants which produce relatively high levels of carbon dioxide emissions per volume of electricity generated, compared with power plants that utilize other fossil fuels such as LNG. J-POWER is undertaking a variety of initiatives both in Japan and abroad to deal with global warming. However, in the event that the government were to introduce new regulations to achieve greenhouse gas emission reduction targets based upon the Kyoto Protocol (which came into effect in February 2005), which has determined greenhouse gas emission reduction targets for developed countries, this could have a negative effect upon our business results.

④Overseas Electric Power Projects and other New Business Initiatives

J-POWER is proceeding with initiatives for new electric power projects in Japan and overseas with the aim of building new revenue bases. However, there is the possibility that these projects may not generate the earnings that the company anticipates due to unforeseen circumstances, such as major changes in market conditions, drops in demand, or regulatory changes, and if projects become subject to suspension or changes in plans due to such circumstances, this would be likely to have a negative effect on our business results due to the resultant costs. For overseas projects, there exists not only currency risk but also the risk from factors such as political instability in the relevant countries (country risk).

⑤Fund Raising

The company expects to require large amounts of fund raising for such purposes as the construction of our Isogo No. 2 thermal power plant and Ohma nuclear power plant, which

are scheduled to commence operations within the next ten years, the amortization of existing debts, and investments in electric power projects overseas. In the event that funds need to be raised, if the company is unable to raise the necessary funds under suitable conditions at the appropriate time because of prevailing financial market conditions, the company's credit status or any other factor, this may have a negative effect on our business development and profitability.

⑥ Ohma Nuclear Power Plant Construction Project

Ohma Nuclear Power Plant (a 1.383 million kWh plant in Aomori Prefecture, scheduled to commence commercial operations in March 2012) was granted an authorization for installation of the nuclear reactor in April 2008, and at this point we are moving ahead with preparations for the commencement of construction during fiscal 2008. The company is meticulously developing the construction plan and process from the viewpoint of carrying out the construction efficiently and placing first priority on safety, and is committed to developing a sound plan. However, if there are changes of plan due to major changes in conditions or the occurrence of unforeseen circumstances, this could have a negative effect upon our business results. Moreover, if an accident were to occur either in Japan or overseas such that the public were to lose confidence in nuclear power, this could have some effect upon the construction project.

Nuclear power carries with it risks in relation to the storage and handling of radioactive material, as well as the general risks that other types of power plants face such as natural disasters and unforeseen accidents. While J-POWER is committed to working very hard to avert and mitigate such risks after the commencement of operations, in the event that such risks were to materialize, they could have a negative effect upon our business results.

⑦ Fuels for Coal Fired Thermal Power Plants

J-POWER primarily uses coal sourced from overseas to fuel its coal fired thermal power plants, and fuel costs are influenced by such factors as fluctuations in international coal prices, demand conditions for cargo shipping, and capacity or operational difficulties on the part of our overseas fuel suppliers.

Our fuel input costs are generally reflected in the reviews of thermal power plant wholesale electricity rates, which are carried out with general electric power companies every two years (or annually in the event of unusually large price fluctuations). Therefore, the impact of coal price fluctuations on the company's business results is generally limited. However, in the event of a dramatic rise in coal prices between one wholesale power rate review and the next, due to the time lag up until the resultant fuel cost rise is reflected in wholesale power rates, there could be a temporary negative effect on our business results.

⑧ Natural Disasters, Unforeseen Accidents, etc.

In the event of a serious accident involving the company's power generation facilities, power transmission or transforming facilities or the information systems controlling the operation of

these facilities, due to a natural disaster, human error, an act of terrorism, disruptions to fuel supplies or any other unforeseen circumstance, it is possible that the company's business operations could be impeded, producing a consequent negative effect upon the surrounding environment, and the company's business results could be negatively affected.

⑨Legal Regulations

The wholesale electric power business, which comprises the bulk of the company's business, is subject to regulation under the Electricity Utilities Industry Law. Aside from this, the company's business operations are subject to the application of a variety of laws and regulations. In the event that the company is unable to adhere to these laws and regulations, or in the event that these laws and regulations are amended, the company's business operations and performance could be negatively affected.

⑩High Degree of Dependency upon Particular Customers

Sales to general electric power companies comprise the greater part J-POWER's operating revenue. We believe that general electric power companies are likely to remain our most important customers into the future, and accordingly, we are likely to be affected by such factors as shifts in the market shares of general electric power companies within the retail power market.

⑪Management of Business Information

The company maintains a considerable amount of personal information and other important information that requires confidential handling. While this information is rigorously managed through the promotion of information security measures, employee training and other measures, in the event of an external leak of confidential information, the company's reputation and business results could be negatively affected.

2. Corporate Group

The J-POWER Group is comprised of J-POWER (Electric Power Development Co., Ltd.), 62 subsidiaries, and 68 affiliated companies (as of March 31, 2008). Its business comprises of “Electric Power Business” as the main business. “Electric power-related businesses” which complement and contribute to the smooth and efficient implementation of the electric power business and “Other Businesses” which utilize the management resources and expertise of the J-POWER Group.

The following three business segments are consistent with the business segment classifications in the section titled Segment Information.

Electric Power

J-POWER is engaged in a wholesale power business involving the supply of electricity to Japan’s ten EPCOs, the regional general electric utilities that supply electricity to general retail customers, from the hydroelectric, thermal and other types of power plants owned by the company. In addition, we are engaged in power consignment, which involves providing transmission and transformation facilities that J-POWER owns to nine EPCOs, the exception being Okinawa Electric Power Co., Inc. The main features of each type of facility are as follows.

Hydroelectric generation: Following the Company’s establishment, we developed large-scale hydroelectric power plants. We own hydroelectric power generation facilities with a total generation capacity of 8,556MW. These facilities are capable of handling changes in power demand rapidly. Consequently, they are used primarily during the daytime when there is an increase in power demand.

Thermal generation: We specialize in coal-fired thermal power, and own the largest coal-fired thermal power facilities in Japan, with a total generation capacity of 7,812MW. Due to the low cost per calorie of foreign coal relative to other fossil fuels and to its being used as the resource that supports the primary portion of power demand, we can say that facility usage efficiency is high and that it this is a highly economical source of electricity.

Transmission: We own trunk transmission lines (with a total length of 2,408 kilometers) that link the supply regions of the 9 EPCOs. These include lines between Hokkaido and Honshu, Honshu and Shikoku, and Honshu and Kyushu. We also own frequency converter station that links areas with differing frequencies Eastern and Western Japan.

In addition, J-POWER’s subsidiaries and affiliated companies are engaged in wind power generation, the wholesale supply of electric power to EPCOs by independent power producers, or IPPs, and the wholesale supply of electric power to companies that supply electricity to power producers and suppliers, or PPSs.

Principal subsidiaries:

Bay Side Energy Co., Ltd., Green Power Kuzumaki Co., Ltd., Green Power Setana Co., Ltd., Green Power Koriyama Nunobiki Co., Ltd., Green Power Tokiwa Co., Ltd., Green Power Aso Co., Ltd., ITOIGAWA POWER Inc., Nagasaki-Shikamachi Wind Power Co., Ltd., J-Wind TAHARA Ltd., Ichihara Power Co., Ltd., and J-Wind IROUZAKI Co., Ltd.

Electric power-related businesses

We are engaged in businesses that complement the electric power business and contribute to its smooth and efficient implementation.

Design, construction, and maintenance of facilities

Design, construction, inspection and maintenance, and repair of electric power facilities such as power plants, as well as port operation relating to fuel and coal ash

Fuel for power generation and materials supply

Coal mine development, coal importation and transportation

Services

Management of welfare facilities, computing services, etc.

Principal subsidiaries:

JPec Co., Ltd., JPHYTEC Co., Ltd., Kaihatsu Denshi Gijutsu Co., Ltd., EPDC CoalTech and Marine Co., Ltd., Kaihatsu Sekkei Consultant Co., Ltd., J-POWER RESOURCES Co., Ltd., J-POWER AUSTRALIA PTY. LTD., JP Business Service Corporation, and J-POWER EnTech Co.,Inc.

Other Businesses

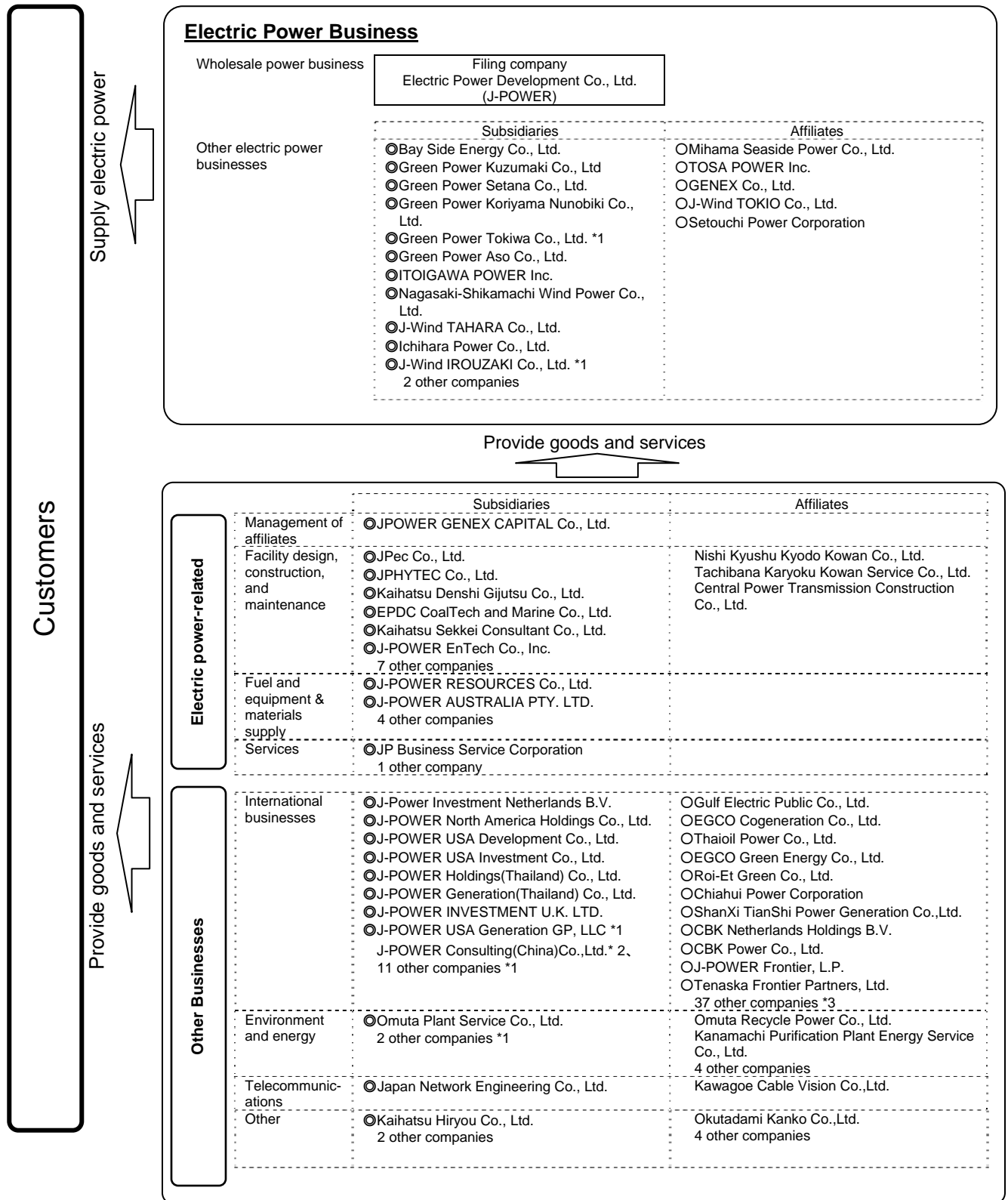
Utilizing the group's management resources and expertise, J-POWER Group is engaged in the business of investing in overseas power generation, new power businesses in Japan such as waste-fueled power generation and co-generation, environmental businesses, telecommunications businesses, and domestic and overseas engineering and consulting.

Principal subsidiaries:

Japan Network Engineering Co., Ltd., J-Power Investment Netherlands B.V., J-POWER North America Holdings Co., Ltd., and J-POWER USA Investment Co., Ltd.

The following diagram illustrates the business structure of the J-POWER Group.

Business Structure of J-POWER Group



◎ Consolidated subsidiary ○ Equity method affiliate No indicator: Non-equity method affiliate

Note: Companies that operate businesses in several business segments are listed in their main business segment.

* 1. Included as a consolidated subsidiary as of the current consolidated fiscal year.

* 2. Due to disparities in accounting periods, this is not included in the consolidated subsidiaries .

* 3. The 37 other international business affiliates include 36 equity method affiliates, 20 of which are included as equity method affiliates as of the current consolidated fiscal year.

The following changes occurred in the principal affiliated companies during the current consolidated fiscal year.

(Electricity Business)

J-Wind IROUZAKI Co., Ltd. has been newly included within the scope of consolidation as of the current consolidated fiscal year.

(Electric Power Related Businesses)

There was no major movement in electric power related businesses.

(Other Businesses)

In addition to J-POWER USA Generation GP, LLC, 17 other companies have been newly included within the scope of consolidation as of the current consolidated fiscal year.

Furthermore, due to the assignment of rights in a total of 10 companies, including designated subsidiary J-POWER Frontier, L.P. and 5 other subsidiaries as well as J-POWER Elwood Consolidation, LLC and 3 other companies, to J-POWER USA Generation, L.P. by J-POWER and John Hancock Life Insurance, each of which held a 50-50 stake in these respective companies, J-POWER's equity ratio in the respective companies has fallen. As a consequence, the companies no longer fall within the scope of consolidated subsidiaries.

Also, while J-POWER Consulting(China)CO.,Ltd., formed in February, 2008, is a subsidiary of the company as of March 31, 2008, it isn't included as consolidated subsidiaries effective , in March of 2008 since the fiscal closing dates for this company differ from the consolidated closing date.

A total of 21 companies were included in the affiliated companies accounted for under the equity method. These include Zajaczkowo Windfarm Sp. zo.o. and J-POWER USA Generation, L.P. as well as 9 other companies considered important in J-POWER's medium-to long-term strategy, J-POWER Frontier, L.P. and 5 other companies which no longer fall within the scope of consolidation due to the decline in J-POWER's equity ratio, and J-POWER Elwood Consolidation, LLC and 3 other companies.

In addition, SEC HoldCo, S.A. has ceased to come within the scope of an equity method affiliate as a result of the sale of shares in the company in June 2007.

3. Management Policies

(1) Basic Management Policies

The vision of the J-Power Group is "To provide a stable, constant supply of energy to meet human needs while contributing to the sustainable development of Japan and the world." In order to achieve stable business growth attractive to our many stakeholders in an environment where stable energy supply and the adoption of measures to address global warming are of increasing importance worldwide, we must work toward strengthening the structure of our facilities at home and abroad and fostering technological innovation. This, combined with improving the reliability of current energy resources and maintaining a solid profit base, will help us work to build the operational and financial structures that will provide the strength our organization needs to withstand risk.

J-POWER is committed to ethical and transparent management, to increasing our corporate value by pursuing the goals stated above, and to meeting the expectations of our diverse stakeholders.

(2) Business Environment and Current Challenges

① Our Group Business Environment

The business environment surrounding the J-POWER Group is facing a time of significant change, with the need to move ahead on real measures to address global warming as the first commitment period of the Kyoto Treaty approaches, systemic low growth in domestic demand for electrical power caused, in the long run, by a falling population, and the uncertainty about the future availability and cost of resources, which have continued to jump dramatically in price over recent years.

With these challenges in mind, the J-POWER Group has adopted the "J-POWER Group Management Plan", explained in a. through e. below, to build a solid foundation and to continue to maximize our consolidated corporate value.

a. Steadily Enhanced Power Generation Facilities

Currently the J-POWER Group owns and operates facilities that generate approximately 17 Gw of power, and a network of transmission lines that cover a distance of 2,400 km, linking all parts of Japan to a stable power supply. Further, the new Isogo No. 2 thermal power generating facility (located in Kanagawa Prefecture, 6Mw) is under construction now, and we plan on testing operations by July of 2009 that we expect to begin operations. In addition to the Isogo No. 2 power plant, plans for the Ohma Nuclear Power Plant (located in Aomori Prefecture and slated to begin operations in March of 2012 with an output of 1.383 Gw) have received regulatory approval in April of 2008, and preparations are underway for construction to begin during fiscal year 2008. When it comes to investments in such large-scale facilities as these, safety is our top priority as we proceed with construction toward providing reliable and economical sources of power.

b. Technological Innovation and New Project Development

Given the increased expectation that we take serious measures to address global warming, for J-POWER Group, which owns and operates several coal-fired power generating facilities, it is of increasing importance that we strike a balance between energy use and the preservation of the environment as we continue to use coal as a source of energy.

In our efforts toward further technological innovation in integrated coal gasification combined cycle power generation (IGCC) to decrease CO₂ emissions, we were successful in continuously testing oxygen-blown coal gasification for 1,000 hours in 2007, and starting in 2008, we will begin testing CO₂ recovery technology toward zero CO₂ emissions. J-POWER is also working jointly with Chugoku Electric Power Co., to perform large-scale concept verification tests of these and other technologies. We are also developing other technologies such as integrated gasification fuel cell (IGFC) power generation in conjunction with the use of derivative synthetic fuels and fuel

cells. These are examples of how we are making real strides in projects to find replacement technologies for existing thermal energy sources.

c. Enhancing the Value of Business Assets

Since wholesale electrical power is the major portion of our business, we feel that it is essential to the fundamental value of our business that we continue to improve and enhance the efficiency of our existing business assets. That includes our efforts to increase value by making significant investments to update facilities, including a comprehensive overhaul of equipment to improve efficiencies and output in our hydroelectric power plants. In our thermal power plants, we are addressing ways to diversify our sales to wholesale power exchanges in addition to strengthening risk management in order to further stabilize income and expenditures in procurement of fuels. In the area of electrical transmission network facilities, we have completely upgraded the supervisory and control systems.

By taking these steps toward improvements, we can further improve the cost effectiveness and reliability of our equipment while enhancing our performance in the area of environmental protection, to ensure that we continue to maintain and improve our competitiveness in supplying power with our current facilities over the long-term.

d. Global Business Expansion

Our overseas business has centered on utilizing the human resources, technologies and networks in respective countries where we have developed joint technological partnerships such as in Southeast Asia, particularly Thailand, where demand for power is healthy. We have also partnered with 6 other countries and regions, specifically the US and China, to plan and implement 19 IPP projects, 16 of which are currently fully operational (J-POWER holds about a 2.7 Gw share of the power output).

Going forward, we will continue to work toward expanding this business that forms the second pillar of the J-POWER Group, while contributing to our bottom line by strengthening and improving our operations and development structure, supported by appropriate risk management. We will also further utilize and improve environmental technologies such as the dry-type desulfurization system (Regenerative Activated Coke Technology (ReACT)) in conjunction with the traditional coal business to achieve the same aim.

e. Power Generation as the Core of a Diversified Business

J-POWER Group will strive to further diversify our businesses while continuing to maintain a firm footing in our core competency of power generation. We intend to take advantage of our position as a major player in the coal market to establish an integrated profit base by improving our procurement position through coal mine development projects and coal trading in current markets. On the environmental front, we will continue to reach new milestones in the development of wind energy (J-POWER has 9 power generators operational throughout Japan, with one under construction, for a total power output of 0.21 Gw of power.) and renewable energy such as biomass power generation.

We are also active outside of the power generation business. We are providing services such as the construction and management of water plants and sewage treatment facilities using PFI/PPP schemes, and engineering support in dry-type desulfurization in addition to our trading operations on the wholesale power exchange as a company ready to meet the demands of a free, deregulated market.

② Management Vision

In order to achieve our goal of "Harmonization of energy and the environment" while maintaining continuous growth, there are three major challenges we face, including steady improvements to and technological innovation at our current facilities inside and outside of Japan, maintaining and improving the reliability and economic performance of our existing energy sources, and building an

operational and financial base that can withstand risks.

In order to rise to these challenges, fiscal year 2008 will mark a new phase in our management vision to attain long-term growth over a period of 5 years, and we will restate consolidated ordinary income needed to grow our capital asset structure and consolidated shareholder equity ratio for management of our balance sheet during this period we are developing our asset structure.

- Consolidated ordinary income: over 55 billion yen (2010). over 60 billion yen (2012)
- Consolidated shareholder equity ratio: over 25% (end of FY 2010), over 26% (end of FY 2012)

We are resetting our goal for consolidated return on assets (ROA) and will use it as an indicator of the financial performance of our capital assets as we move toward our management objectives.

- Consolidated return on assets (ROA) : 2.4% (FY2008 to FY2010)
2.5% (FY2011 to FY2012)

③ Strengthening Fundamental Corporate Structure

In order for us to achieve the management vision laid out in paragraphs a. through e. above, it is necessary for us to develop a framework of corporate governance dually supported by a board of directors with expertise in the electric power business, on one hand, and three external auditors from outside the company, on the other. We at J-POWER continue to make improvements in corporate governance in response to the changing business environment. For example, based on thorough inspections of our power generating facilities, it became clear that we needed to implement improvements in our corporate culture such as implementing rules that are not open to personal interpretation and improving our channels of communication throughout the organization and across functions. We are also pushing to further solidify the establishment of our compliance programs throughout the organization.

Moreover, to achieve the ambitious environmental initiative of preventing global warming by decreasing CO2 emissions, not only do we need to continually enhance our earnings base to support the demand for funds required to build a solid infrastructure, we need to recruit and train human resources capable of expanding our business inside and outside Japan.

It is through these efforts that we will strive for a strong, healthy corporate infrastructure for the J-POWER Group companies.

CONSOLIDATED BALANCE SHEET

(Unit: millions of yen)

	As of Mar. 31, 2008	As of Mar. 31, 2007	Increase / decrease
(Assets)			
Property, Plant and Equipment	1,864,374	1,861,818	2,556
Power plants	1,265,497	1,351,994	△ 86,496
Hydroelectric power production facilities	450,635	469,750	△ 19,115
Thermal power production facilities	504,468	555,959	△ 51,491
Internal combustion power generation facilities	14,141	15,471	△ 1,330
Transmission facilities	229,312	242,675	△ 13,362
Transformation facilities	34,310	36,581	△ 2,271
Communication facilities	9,289	9,626	△ 336
General facilities	23,339	21,928	1,410
Other property, plant & equipment	40,270	33,682	6,587
Construction in progress	327,429	248,710	78,718
Nuclear fuel	10,310	—	10,310
Investments and other assets	220,866	227,430	△ 6,563
Long-term investments	165,015	180,325	△ 15,310
Deferred tax assets	51,777	43,094	8,683
Other investments	4,222	4,223	△ 0
Allowance for doubtful accounts	△ 149	△ 213	64
Current assets	148,756	137,976	10,780
Cash and bank deposits	33,961	35,029	△ 1,068
Notes and accounts receivable	44,650	47,204	△ 2,554
Short-term investments	2,983	376	2,606
Inventories	25,329	20,783	4,546
Deferred tax assets	5,655	5,421	234
Other current assets	36,253	29,214	7,038
Allowance for doubtful accounts	△ 77	△ 53	△ 23
Total assets	2,013,131	1,999,794	13,336

(Note) Figures less than one million yen have been rounded down.

(Unit: millions of yen)

	As of Mar. 31,2008	As of Mar. 31, 2007	Increase / decrease
(Liabilities and Net Assets)			
Long-term liabilities	1,276,354	1,193,139	83,214
Bond	602,903	573,229	29,673
Long-term loans	624,495	576,615	47,880
Accrued employee retirement benefits	39,083	32,611	6,471
Other allowances	553	474	78
Deferred tax liabilities	1,462	1,260	201
Other long-term liabilities	7,856	8,948	△ 1,091
Current liabilities	267,097	341,844	△ 74,746
Current portion of long-term debt and other	101,565	173,638	△ 72,072
Short-term loans	6,126	2,115	4,010
Commercial paper	88,949	95,944	△ 6,994
Notes and accounts payable	14,790	13,248	1,542
Income and other taxes payable	11,407	8,752	2,655
Other allowances	555	528	27
Deferred tax liabilities	2	21	△ 19
Other current liabilities	43,700	47,595	△ 3,895
Reserves under special laws	1,560	2,155	△ 595
Reserve for fluctuation in water levels	1,560	2,155	△ 595
Total liabilities	1,545,012	1,537,140	7,872
(Net Assets)			
Shareholders' equity	464,266	444,956	19,310
Common stock	152,449	152,449	—
Capital surplus	81,849	81,849	—
Retained earnings	230,032	210,713	19,318
Treasury stock	△ 64	△ 56	△ 7
Valuation and translation adjustments	2,116	16,230	△ 14,113
Unrealized gain on other securities	1,934	14,271	△ 12,336
Deferred hedging gain or loss	△ 6,759	△ 4,131	△ 2,628
Foreign currency translation adjustments	6,941	6,090	851
Minority interests	1,735	1,468	267
Total net assets	468,118	462,654	5,464
Total Liabilities and Net Assets	2,013,131	1,999,794	13,336

(Note) Figures less than one million yen have been rounded down.

CONSOLIDATED STATEMENTS OF INCOME

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2007	Increase / decrease
(Revenues)			
Operating revenues	587,780	573,277	14,503
Electric power	531,764	523,782	7,981
Other	56,016	49,494	6,521
Non-operating revenues	21,543	13,011	8,531
Dividend income	1,567	1,384	182
Interest income	1,213	899	314
Gain on sales of securities	3,911	—	3,911
Equity income of affiliates	8,879	5,560	3,319
Other	5,972	5,167	804
Total Ordinary Revenues	609,324	586,289	23,035
(Expenses)			
Operating expenses	537,056	496,136	40,920
Electric power	477,869	444,463	33,406
Other	59,186	51,673	7,513
(Operating income)	(50,724)	(77,141)	(Δ 26,417)
Non-operating expenses	29,394	34,639	Δ 5,245
Interest expenses	22,749	22,585	164
Other	6,644	12,054	Δ 5,409
Total Ordinary Expenses	566,450	530,775	35,675
Ordinary income	42,873	55,513	Δ 12,639
(Provision for) reversal of reserve for fluctuation in water levels	Δ 595	756	Δ 1,351
Income before income taxes and minority interests	43,469	54,757	Δ 11,288
Income taxes - current	15,962	18,461	Δ 2,498
Income taxes - deferred	Δ 1,829	1,431	Δ 3,261
Minority equity or loss	24	Δ 302	327
Net income	29,311	35,167	Δ 5,855

(Note) Figures less than one million yen have been rounded down.

Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2007 to March 31, 2008)

(Unit: millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	152,449	81,849	210,713	△ 56	444,956
Changes during the period					
Dividends on retained earnings	—	—	△ 9,993	—	△ 9,993
Net income	—	—	29,311	—	29,311
Acquisition of treasury stock	—	—	—	△ 7	△ 7
Changes in items other than shareholders' equity (net)	—	—	—	—	—
Total	—	—	19,318	△ 7	19,310
Balance at March 31, 2008	152,449	81,849	230,032	△ 64	464,266

(Unit: millions of yen)

	Valuation and translation adjustments				Minority interests	Total Net Assets
	Unrealized gain on other securities	Deferred hedging gain or loss	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2007	14,271	△ 4,131	6,090	16,230	1,468	462,654
Changes during the period						
Dividends on retained earnings	—	—	—	—	—	△ 9,993
Net income	—	—	—	—	—	29,311
Acquisition of treasury stock	—	—	—	—	—	△ 7
Changes in items other than shareholders' equity (net)	△ 12,336	△ 2,628	851	△ 14,113	267	△ 13,846
Total	△ 12,336	△ 2,628	851	△ 14,113	267	5,464
Balance at March 31, 2008	1,934	△ 6,759	6,941	2,116	1,735	468,118

(Note) Figures less than one million yen have been rounded down.

Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2006 to March 31, 2007)

(Unit: millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	152,449	81,849	182,760	△ 17	417,042
Changes during the period					
Dividends on retained earnings	—	—	△ 9,993	—	△ 9,993
Bonuses to directors and statutory auditors	—	—	△ 161	—	△ 161
Net income	—	—	35,167	—	35,167
Increase in retained earnings due to increase in consolidated subsidiaries	—	—	4,533	—	4,533
Decrease in retained earnings due to increase in consolidated subsidiaries	—	—	△ 1,671	—	△ 1,671
Increase due to the addition of affiliates accounted for by the equity method	—	—	66	—	66
Decrease due to the addition of affiliates accounted for by the equity method	—	—	△ 6	—	△ 6
Increase resulting from decrease of consolidated subsidiaries	—	—	19	—	19
Acquisition of treasury stock	—	—	—	△ 39	△ 39
Changes in items other than shareholders' equity (net)	—	—	—	—	—
Total	—	—	27,953	△ 39	27,913
Balance at March 31, 2007	152,449	81,849	210,713	△ 56	444,956

(Unit: millions of yen)

	Valuation and translation adjustments				Minority interests	Total Net Assets
	Unrealized gain on other securities	Deferred hedging gain or loss	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	14,050	—	1,935	15,985	1,206	434,234
Changes during the period						
Dividends on retained earnings	—	—	—	—	—	△ 9,993
Bonuses to directors and statutory auditors	—	—	—	—	—	△ 161
Net income	—	—	—	—	—	35,167
Increase in retained earnings due to increase in consolidated subsidiaries	—	—	—	—	—	4,533
Decrease in retained earnings due to increase in consolidated subsidiaries	—	—	—	—	—	△ 1,671
Increase due to the addition of affiliates accounted for by the equity method	—	—	—	—	—	66
Decrease due to the addition of affiliates accounted for by the equity method	—	—	—	—	—	△ 6
Increase resulting from decrease of consolidated subsidiaries	—	—	—	—	—	19
Acquisition of treasury stock	—	—	—	—	—	△ 39
Changes in items other than shareholders' equity (net)	220	△ 4,131	4,155	244	261	506
Total	220	△ 4,131	4,155	244	261	28,419
Balance at March 31, 2007	14,271	△ 4,131	6,090	16,230	1,468	462,654

(Note) Figures less than one million yen have been rounded off.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2007	Increase / Decrease
Cash flows from operating activities:			
Income before income taxes and minority interests	43,469	54,757	△ 11,288
Depreciation	115,021	123,083	△ 8,062
Loss on impairment of fixed assets	267	347	△ 80
Loss on disposal of property, plant and equipment	2,611	2,710	△ 98
(Decrease) in accrued employee's retirement benefits	6,471	△ 4,076	10,548
(Decrease) increase in reserve for fluctuation in water levels	△ 595	756	△ 1,351
Interest and dividends	△ 2,780	△ 2,284	△ 496
Interest expenses	22,749	22,585	164
(Increase) decrease in notes and accounts receivable	2,120	11,383	△ 9,263
(Increase) in inventories	△ 4,375	△ 2,205	△ 2,170
(Decrease) increase in notes and accounts payable	4,027	2,295	1,731
Gain on sales of securities	△ 3,911	—	△ 3,911
Investment (profit) on equity method	△ 8,879	△ 5,560	△ 3,319
(Loss)Gain on sales of fixed assets	△ 1,004	△ 379	△ 624
Others	△ 6,398	2,250	△ 8,648
Sub-total	168,792	205,665	△ 36,872
Interest and dividends received	3,370	2,661	708
Interest paid	△ 22,453	△ 21,934	△ 518
Income taxes paid	△ 13,458	△ 29,151	15,692
Net cash provided by operating activities	136,252	157,241	△ 20,989
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	△ 134,723	△ 95,889	△ 38,833
Proceeds from constructions grants	7,509	8,383	△ 874
Proceeds from sales of property, plant and equipment	1,552	1,520	32
Payments for investments and advances	△ 35,965	△ 70,345	34,379
Proceeds from collections of investments and advances	6,650	3,484	3,166
Payment for purchase of investments in subsidiaries net of cash acquired	△ 1,280	—	△ 1,280
Proceeds for purchase of investments in subsidiaries net of cash acquired	—	24	△ 24
Proceeds from sale of subsidiary stocks with a change of a connection range	8,064	—	8,064
Others	△ 4,325	△ 2,585	△ 1,740
Net cash used in investing activities	△ 152,518	△ 155,407	2,889
Cash flows from financing activities:			
Proceeds from issuance of bonds	89,675	89,636	39
Redemption of bonds	△ 38,384	△ 59,067	20,683
Proceeds from long-term loans	114,864	62,811	52,052
Repayment of long-term loans	△ 135,532	△ 47,749	△ 87,782
Proceeds from short-term loans	18,551	22,084	△ 3,532
Repayment of short-term loans	△ 14,549	△ 44,436	29,886
Proceeds from issuance of commercial paper	586,322	416,666	169,656
Redemption of commercial paper	△ 594,000	△ 432,000	△ 162,000
Proceeds from issuance of shares to minority shareholders	266	—	266
Dividends paid	△ 9,989	△ 9,989	0
Dividends paid to minority interests	△ 42	△ 84	42
Others	△ 7	△ 39	31
Net cash used in financing activities	17,174	△ 2,168	19,343
Foreign currency translation adjustments on cash and cash equivalents	147	331	△ 183
Net (decrease) increase in cash and cash equivalents	1,056	△ 3	1,059
Cash and cash equivalents at beginning of year	34,575	28,874	5,701
Increase in cash from the addition of consolidated subsidiaries	—	5,704	△ 5,704
Cash and cash equivalents at end of the period	35,631	34,575	1,056

(Note) Figures less than one million yen have been rounded down.

Segment Information

(1) Business Segments

[Year ended Mar.31,2008]

(Unit: millions of yen)

	Electric Power	Electric power-related	Other Businesses	Subtotal	Eliminations	Consolidated
I Operating revenues						
Sales						
(1) Sales to customers	531,764	24,185	31,831	587,780	—	587,780
(2) Intersegment sales						
Sales and transfers	3,260	261,435	3,181	267,878	(267,878)	—
Total sales	535,024	285,621	35,013	855,659	(267,878)	587,780
Operating expenses	495,126	275,217	34,112	804,456	(267,399)	537,056
Operating income	39,897	10,403	900	51,202	(478)	50,724
II Assets, depreciation, impairment losses and capital expenditures						
Assets	1,968,051	151,193	87,667	2,206,912	(193,780)	2,013,131
Depreciation	113,468	3,573	1,061	118,103	(3,082)	115,021
Impairment losses	—	267	—	267	—	267
Capital expenditures	113,566	7,125	5,457	126,149	(4,093)	122,056

[Year ended Mar.31,2007]

(Unit: millions of yen)

	Electric Power	Electric power-related	Other Businesses	Subtotal	Eliminations	Consolidated
I Operating revenues						
Sales						
(1) Sales to customers	523,782	26,996	22,497	573,277	—	573,277
(2) Intersegment sales						
Sales and transfers	3,217	223,149	5,993	232,360	(232,360)	—
Total sales	527,000	250,146	28,491	805,638	(232,360)	573,277
Operating expenses	465,563	234,541	27,334	727,440	(231,304)	496,136
Operating income	61,436	15,604	1,156	78,198	(1,056)	77,141
II Assets, depreciation, impairment losses and capital expenditures						
Assets	1,946,707	137,495	64,273	2,148,475	(148,680)	1,999,794
Depreciation	121,853	3,387	963	126,205	(3,121)	123,083
Impairment losses	—	347	—	347	—	347
Capital expenditures	90,378	5,470	542	96,391	(5,687)	90,704

(2) Geographic segments

Since the proportion of the Company's business that is conducted in Japan accounts for more than 90% of the Company's total revenues, geographic segment information is not presented.

(3) Overseas revenues

Overseas revenues are omitted because revenues from foreign countries account for less than 10% of the Company's total revenues.

Revenues and Expenses (Consolidated)

	Year ended Mar. 31,2008(A)	Year ended Mar. 31,2007(B)	(A) - (B)	(A / B)
	million yen	million yen	million yen	%
Operating revenues	587,780	573,277	14,503	102.5
Electric power operating revenues	531,764	523,782	7,981	101.5
Electric power sales to other companies	474,995	466,903	8,092	101.7
Wholesale power business	457,292	450,034	7,257	101.6
Hydroelectric	114,557	123,490	△ 8,933	92.8
Thermal	342,734	326,543	16,191	105.0
Other electric power businesses	17,702	16,868	834	104.9
Transmission revenues	54,934	55,184	△ 249	99.5
Other electricity revenues	1,833	1,694	139	108.2
Other operating revenues	56,016	49,494	6,521	113.2
Non-operating revenues	21,543	13,011	8,531	165.6
Dividend income	1,567	1,384	182	113.2
Interest income	1,213	899	314	135.0
Gain on sales of securities	3,911	—	3,911	—
Equity income of affiliates	8,879	5,560	3,319	159.7
Other	5,972	5,167	804	115.6
Total Ordinary Revenues	609,324	586,289	23,035	103.9
Operating expenses	537,056	496,136	40,920	108.2
Electric power operating expenses	477,869	444,463	33,406	107.5
Personnel expenses	37,768	27,235	10,532	138.7
Fuel cost	191,579	149,865	41,714	127.8
Repair expense	30,403	41,175	△ 10,772	73.8
Consignment cost	30,289	31,785	△ 1,495	95.3
Taxes and duties	27,753	28,566	△ 812	97.2
Depreciation and amortization cost	110,393	118,588	△ 8,195	93.1
Other	49,681	47,246	2,435	105.2
Other operating expenses	59,186	51,673	7,513	114.5
Non-operating expenses	29,394	34,639	△ 5,245	84.9
Financial expenses	22,749	22,585	164	100.7
Other	6,644	12,054	△ 5,409	55.1
Total Ordinary Expenses	566,450	530,775	35,675	106.7
Ordinary income	42,873	55,513	△ 12,639	77.2
(Provision for)reversal of reserve for fluctuation in water level	△ 595	756	△ 1,351	—
Income before income taxes and minority interests	43,469	54,757	△ 11,288	79.4
Income taxes – current	15,962	18,461	△ 2,498	86.5
Income taxes – deferred	△ 1,829	1,431	△ 3,261	—
Minority equity or loss	24	△ 302	327	—
Net Income	29,311	35,167	△ 5,855	83.3

(Note) Figures less than one million yen have been rounded down.

(1) Generation capacity

(Units: kW)

	Year ended Mar. 31,2008(A)	Year ended Mar. 31,2007(B)	(A) – (B)
Wholesale power business	16,380,000	16,380,000	—
Hydroelectric	8,555,500	8,555,500	—
Thermal	7,824,500	7,824,500	—
Other electric power businesses (1)	560,480	560,480	—
Total	16,940,480	16,940,480	—

* (1) Operated by IPP(ITOIGAWA POWER Inc.), PPS(Ichihara Power Co., Ltd., Bay Side Energy Co., Ltd.), Wind Power(Nikaho-kogen Wind Power Co., Ltd., Green Power Kuzumaki Co., Ltd., Nagasaki-shikamachi Wind Power Co., Ltd., Green Power Aso Co., Ltd., J-Wind TAHARA Ltd., Dream-Up Tomamae Co., Ltd., Green Power Setana Co., Ltd.,and Green Power Koriyama Nunobiki Co., Ltd.)

(2) Electricity sales and revenues

(Units: million kWh, million yen)

	Year ended Mar. 31,2008(B)		Year ended Mar. 31,2007(B)		(A) – (B)	
	Electricity sales	Electricity and transmission revenues	Electricity sales	Electricity and transmission revenues	Electricity sales	Electricity and transmission revenues
Wholesale power business	60,786	457,292	58,672	450,034	2,114	7,257
Hydroelectric	8,287	114,557	10,633	123,490	△ 2,346	△ 8,933
Thermal	52,499	342,734	48,039	326,543	4,460	16,191
Other electric power businesses (1)	1,682	17,702	1,657	16,868	25	834
Subtotal	62,469	474,995	60,329	466,903	2,139	8,092
Transmission	—	54,934	—	55,184	—	△ 249
Total	62,469	529,930	60,329	522,088	2,139	7,842

* (1) Operated by IPP(ITOIGAWA POWER Inc.), PPS(Ichihara Power Co., Ltd., Bay Side Energy Co., Ltd.), Wind Power(Nikaho-kogen Wind Power Co., Ltd., Green Power Kuzumaki Co., Ltd., Nagasaki-shikamachi Wind Power Co., Ltd., Green Power Aso Co., Ltd., J-Wind TAHARA Ltd., Dream-Up Tomamae Co., Ltd., Green Power Setana Co., Ltd.,and Green Power Koriyama Nunobiki Co., Ltd.)

(3) Result of water supply rate

(Units: %)

	Year ended Mar. 31,2008(A)	Year ended Mar. 31,2007(B)	(A) – (B)
Water supply rate	85	112	△ 27

NON-CONSOLIDATED BALANCE SHEET

(Unit: millions of yen)

	As of Mar. 31, 2008	As of Mar. 31, 2007	Increase / decrease
(Assets)			
Property, Plant and Equipment	1,819,393	1,802,277	17,115
Power plants	1,254,172	1,338,430	△ 84,257
Hydroelectric power production facilities	441,129	458,977	△ 17,848
Thermal power production facilities	510,443	562,071	△ 51,628
Transmission facilities	233,026	246,578	△ 13,552
Transformation facilities	35,559	37,819	△ 2,259
Communication facilities	10,125	10,423	△ 297
General facilities	23,887	22,559	1,328
Incidental business-related property, plant & equipment	2,504	1,825	678
Non-operating property, plant & equipment	607	626	△ 19
Construction in progress	326,336	251,250	75,086
Nuclear fuel	10,310	—	10,310
Investments and other assets	225,462	210,144	15,317
Long-term investments	72,069	77,343	△ 5,274
Long-term investments in affiliated Companies	117,195	106,808	10,386
Long-term prepaid expenses	3,256	2,678	577
Deferred tax assets	33,515	23,759	9,756
Allowance for doubtful accounts	△ 574	△ 446	△ 128
Current assets	90,896	91,400	△ 504
Cash and bank deposits	4,051	5,008	△ 957
Accounts receivable	39,036	41,661	△ 2,625
Accrued income	7,198	5,424	1,774
Inventories	21,800	18,439	3,360
Prepaid expenses	1,355	1,125	230
Short-term loans to affiliated Companies	5,793	6,521	△ 728
Deferred tax assets	3,482	3,232	250
Other current assets	8,198	10,005	△ 1,806
Allowance for doubtful accounts	△ 20	△ 17	△ 3
Total assets	1,910,290	1,893,678	16,611

(Note) Figures less than one million yen have been rounded down.

(Unit: millions of yen)

	As of Mar. 31, 2008	As of Mar. 31, 2007	Increase / decrease
(Liabilities)			
Long-term liabilities	1,241,004	1,136,290	104,713
Bond	602,903	573,229	29,673
Long-term loans	599,350	533,539	65,810
Long-term accrued liabilities	3	4	△ 0
Long-term accrued liabilities in affiliated companies	2,767	17	2,749
Accrued employee retirement benefits	28,585	21,543	7,041
Other long-term liabilities	7,395	7,955	△ 560
Current liabilities	262,882	343,441	△ 80,559
Current portion of long-term debt and other	98,995	170,884	△ 71,888
Short-term loans	6,000	2,000	4,000
Commercial paper	88,949	95,944	△ 6,994
Accounts payable	3,649	3,713	△ 63
Accrued accounts	4,771	12,219	△ 7,448
Accrued expenses	9,598	10,643	△ 1,045
Income and other taxes payable	8,920	4,404	4,515
Deposits received	279	389	△ 109
Short-term debt to affiliated companies	39,932	41,041	△ 1,108
Advances received	444	334	110
Other current liabilities	1,341	1,865	△ 524
Reserves under special laws	1,560	2,155	△ 595
Reserve for fluctuation in water levels	1,560	2,155	△ 595
Total liabilities	1,505,447	1,481,888	23,559
(Net Assets)			
Shareholders' equity	403,672	398,912	4,760
Common stock	152,449	152,449	—
Capital surplus	81,852	81,852	—
Additional paid-in capital	81,852	81,852	—
Retained earnings	169,436	164,667	4,768
Legal reserve	6,029	6,029	—
Other retained earnings	163,406	158,638	4,768
Reserve for special disaster	47	38	8
Exchange-fluctuation preparation reserve	1,960	1,960	—
General reserve	132,861	117,861	15,000
Retained earnings carried forward	28,538	38,778	△ 10,240
Treasury stock	△ 64	△ 56	△ 7
Valuation and translation adjustments	1,169	12,877	△ 11,708
Unrealized gain on other securities	1,068	12,761	△ 11,693
Deferred hedging gain or loss	101	116	△ 15
Total net assets	404,842	411,789	△ 6,947
Total Liabilities and Net Assets	1,910,290	1,893,678	16,611

(Note) Figures less than one million yen have been rounded down.

NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2007	Increase / decrease
Ordinary revenues			
Operating revenues	529,250	517,273	11,977
Electric power	517,318	510,248	7,069
Electric power sales to other companies	457,292	450,034	7,257
Transmission revenues	54,934	55,184	△ 249
Other electricity revenues	5,090	5,029	60
Incidental business revenues	11,932	7,024	4,908
Consulting business	2,402	2,801	△ 399
Coal sales business	8,747	3,582	5,164
Other incidental business	783	640	142
Non-operating revenues	9,844	8,386	1,457
Financial revenues	5,332	4,521	810
Dividend income	4,275	3,586	689
Interest income	1,057	935	121
Non-business revenues	4,512	3,865	646
Gain on sale of fixed assets	1,067	370	696
Other	3,444	3,494	△ 50
Total ordinary revenues	539,095	525,659	13,435
Ordinary expenses			
Operating expenses	489,363	456,433	32,930
Electric power	478,579	450,203	28,376
Hydroelectric power production expenses	61,114	63,728	△ 2,613
Thermal power production expenses	312,292	290,013	22,278
Power purchased from other companies	1,214	433	780
Transmission expenses	28,680	30,502	△ 1,821
Transformation expenses	6,621	6,595	25
Selling expenses	1,546	1,237	308
Communication expenses	6,000	6,191	△ 191
General and administrative expenses	54,353	44,837	9,515
Enterprise tax	6,756	6,662	93
Incidental business expenses	10,783	6,229	4,554
Consulting business	1,828	2,081	△ 253
Coal sales business	8,117	3,410	4,707
Other incidental business	837	737	99
(Operating income)	(39,887)	(60,840)	(△ 20,952)
Non-operating expenses	27,648	31,686	△ 4,038
Financial expenses	21,937	21,565	372
Interest expenses	21,648	21,276	372
Bond issue expenses	288	288	—
Non-business expenses	5,710	10,121	△ 4,410
Loss on sale of fixed assets	2	4	△ 2
Other	5,708	10,117	△ 4,408
Total ordinary expenses	517,011	488,119	28,891
Ordinary income	22,083	37,540	△ 15,456
(Provision for) reversal of reserve for fluctuation in water levels	△ 595	756	△ 1,351
Income before income taxes	22,678	36,783	△ 14,104
Income taxes - current	11,338	11,865	△ 527
Income taxes - deferred	△ 3,421	1,020	△ 4,442
Net income	14,761	23,897	△ 9,135

(Note) Figures less than one million yen have been rounded down.

Non-Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2007 to March 31, 2008)

(Unit: millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	152,449	81,852	164,667	△ 56	398,912
Changes during the period					
Dividends on retained earnings	—	—	△ 9,993	—	△ 9,993
Net income	—	—	14,761	—	14,761
Acquisition of treasury stock	—	—	—	△ 7	△ 7
Changes in items other than shareholders' equity (net)	—	—	—	—	—
Total	—	—	4,768	△ 7	4,760
Balance at March 31, 2008	152,449	81,852	169,436	△ 64	403,672

(Unit: millions of yen)

	Valuation and translation adjustments			Total Net Assets
	Unrealized gain on other securities	Deferred hedging gain or loss	Total valuation and translation adjustments	
Balance at March 31, 2007	12,761	116	12,877	411,789
Changes during the period				
Dividends on retained earnings	—	—	—	△ 9,993
Net income	—	—	—	14,761
Acquisition of treasury stock	—	—	—	△ 7
Changes in items other than shareholders' equity (net)	△ 11,693	△ 15	△ 11,708	△ 11,708
Total	△ 11,693	△ 15	△ 11,708	△ 6,947
Balance at March 31, 2008	1,068	101	1,169	404,842

(Note) Figures less than one million yen have been rounded down.

Non-Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2006 to March 31, 2007)

(Unit: millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	152,449	81,852	150,819	△ 17	385,103
Changes during the period					
Dividends on retained earnings	—	—	△ 9,993	—	△ 9,993
Bonuses to directors and statutory auditors	—	—	△ 55	—	△ 55
Net income	—	—	23,897	—	23,897
Acquisition of treasury stock	—	—	—	△ 39	△ 39
Changes in items other than shareholders' equity (net)	—	—	—	—	—
Total	—	—	13,848	△ 39	13,808
Balance at March 31, 2007	152,449	81,852	164,667	△ 56	398,912

(Unit: millions of yen)

	Valuation and translation adjustments			Total Net Assets
	Unrealized gain on other securities	Deferred hedging gain or loss	Total valuation and translation adjustments	
Balance at March 31, 2006	13,613	—	13,613	398,717
Changes during the period				
Dividends on retained earnings	—	—	—	△ 9,993
Bonuses to directors and statutory auditors	—	—	—	△ 55
Net income	—	—	—	23,897
Acquisition of treasury stock	—	—	—	△ 39
Changes in items other than shareholders' equity (net)	△ 852	116	△ 736	△ 736
Total	△ 852	116	△ 736	13,072
Balance at March 31, 2007	12,761	116	12,877	411,789

(Note) Figures less than one million yen have been rounded off.

Revenues and Expenses (Non-Consolidated)

	Year ended	Year ended	(A) – (B)	(A / B)	Percentage of total	
	Mar. 31,2008	Mar. 31,2007			(A)	(B)
	(A)	(B)			(A)	(B)
	million yen	million yen	million yen	%	%	%
Ordinary revenues						
Operating revenues	529,250	517,273	11,977	102.3	98.2	98.4
Electric power sales to other companies	457,292	450,034	7,257	101.6	84.8	85.6
Hydroelectric	114,557	123,490	△ 8,933	92.8	21.2	23.5
Thermal	342,734	326,543	16,191	105.0	63.6	62.1
Transmission revenues	54,934	55,184	△ 249	99.5	10.2	10.5
Other electricity revenues	5,090	5,029	60	101.2	1.0	1.0
Incidental business revenues	11,932	7,024	4,908	169.9	2.2	1.3
Non-operating revenues	9,844	8,386	1,457	117.4	1.8	1.6
Total	539,095	525,659	13,435	102.6	100.0	100.0
Ordinary expenses						
Operating expenses	489,363	456,433	32,930	107.2	94.7	93.5
Personnel expenses	37,689	27,180	10,509	138.7	7.3	5.5
Fuel cost	185,357	144,053	41,303	128.7	35.9	29.5
Repair expense	32,757	46,477	△ 13,719	70.5	6.4	9.5
Taxes and duties	27,044	27,800	△ 756	97.3	5.2	5.7
Depreciation and amortization cost	109,739	117,973	△ 8,234	93.0	21.2	24.2
Other	85,990	86,717	△ 726	99.2	16.6	17.8
Incidental business expenses	10,783	6,229	4,554	173.1	2.1	1.3
Non-operating expenses	27,648	31,686	△ 4,038	87.3	5.3	6.5
Financial expenses	21,937	21,565	372	101.7	4.2	4.4
Other	5,710	10,121	△ 4,410	56.4	1.1	2.1
Total	517,011	488,119	28,891	105.9	100.0	100.0
Ordinary income	22,083	37,540	△ 15,456	58.8		
(Provision for)reversal of reserve for fluctuation in water level	△ 595	756	△ 1,351	-		
Income before income taxes	22,678	36,783	△ 14,104	61.7		
Income taxes	7,917	12,886	△ 4,969	61.4		
current	11,338	11,865	△ 527	95.6		
deferred	△ 3,421	1,020	△ 4,442	-		
Net Income	14,761	23,897	△ 9,135	61.8		

(Note) Figures less than one million yen have been rounded down.

(1) Generation capacity

(Units: kW)

	Year ended Mar. 31,2008(A)	Year ended Mar. 31,2007(A)	(A) – (B)
Hydroelectric	8,555,500	8,555,500	—
Thermal	7,824,500	7,824,500	—
Total	16,380,000	16,380,000	—

(2) Electricity sales and revenues

(Units: million kWh, million yen)

	Year ended Mar. 31,2008(A)		Year ended Mar. 31,2007(B)		(A) – (B)	
	Electricity sales	Electricity and transmission revenues	Electricity sales	Electricity and transmission revenues	Electricity sales	Electricity and transmission revenues
Hydroelectric	8,287	114,557	10,633	123,490	△ 2,346	△ 8,933
Thermal	52,499	342,734	48,039	326,543	4,460	16,191
Subtotal	60,786	457,292	58,672	450,034	2,114	7,257
Transmission	—	54,934	—	55,184	—	△ 249
Total	60,786	512,227	58,672	505,219	2,114	7,008

(3) Result of water supply rate

(Units: %)

	Year ended Mar. 31,2008(A)	Year ended Mar. 31,2007(B)	(A) – (B)
Water supply rate	85	112	△ 27