



# ANNUAL REPORT 2011

Harmonizing energy supply with the environment





## Corporate Philosophy

### Our Mission

**We will meet people's needs for energy without fail,  
and play our part for the sustainable development of Japan  
and the rest of the world.**

### Our Credo

We value integrity and pride, which drive everything we do.

We pursue harmony with the environment, and thrive in the trust of communities where we live and work.

We regard profits as the source of our growth, and share the fruits with the society.

We refine our knowledge constantly, to be the pioneering leader in technologies and wisdom.

We unite diverse personalities and passions as one, and dare create a better tomorrow.

# Profile

J-POWER (Electric Power Development Co., Ltd.) is the only wholesale power company with a presence throughout Japan. Since its establishment in 1952, J-POWER has helped sustain a stable supply of electricity by acting as a leader in hydroelectric and thermal power generation business and by constructing and operating a nationwide network of transmission trunk lines. While also providing wholesale electricity supplies with its hydroelectric and thermal power plants as well as transmission services through its power transmission and transforming facilities, J-POWER is expanding. Such areas as the overseas power generation business, which has strong growth potential, and the development of such renewable energy sources as wind power, geothermal power, and biomass fuels have been added to the Company's operations.

By making the most of its expertise regarding leading-edge technologies developed throughout the world and its proven record of trustworthy performance, J-POWER is making steady progress toward attaining its farsighted objectives.

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		<b>Presentation of Monetary Amounts and Other Figures</b>	
		For monetary amounts and electric power sales, figures less than the indicated unit are rounded down. For other amounts, figures less than the indicated unit are rounded to the nearest unit unless otherwise mentioned.	

## Management Message



As the CEO of the J-POWER Group, I offer my deepest condolences to all those affected by the Great East Japan Earthquake, especially those who have lost loved ones.

These natural disasters caused extensive damage to large areas of eastern Japan and serious disruption to the region's electric power supply. Intensive restoration efforts are being conducted even now, but recovery is expected to take a considerable length of time. In addition, a series of tsunami-induced incidents at the Fukushima Daiichi Nuclear Power Plant complex seriously undermined public confidence in efforts to ensure the safety of nuclear power. The situation resulted in operational delays at nuclear power plants that had been shut down for routine maintenance throughout Japan.

The prospects for the supply of electric power, which underpins Japan's economy, are currently becoming extremely uncertain. The Japanese government is considering, simultaneously and from a range of perspectives, policies for providing stable supplies of electric power for the time being, the mix of fuel sources in the medium term, and securing a balance of supply and demand for power.

Because of this, what the J-POWER Group needs to do as a first step is contribute to ensuring electric power supply capabilities. The Group will fulfill its responsibility as an electric power provider in eastern Japan, where the tragic events have led to a shortfall in supply, and in western Japan, where the balance between supply and demand has been strained by the nuclear power plant shutdowns. The Group will thus amply display the capabilities of its electric power facilities located throughout Japan, which include hydroelectric and coal-fired thermal power plants as well as power transmission facilities.

In addition, with a view to ensuring Japan's medium-term electric power supply needs, we will continue to make steady, step-by-step progress with large-scale development projects, such as the Ohma Nuclear Power Plant construction project and the Takehara Thermal Power Plant facility replacement project.

With regard to the Ohma Nuclear Power Plant, which is currently under construction, we are treating with extreme earnestness the catastrophic events at the Fukushima Daiichi Nuclear Power Plant complex and are consistently and properly reflecting the necessary measures to enhance safety, based on national policies. While

endeavoring to seek the full understanding of the local communities, we are determined to expend the maximum feasible efforts to build a safe power generation facility in which all parties can have confidence.

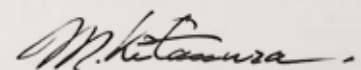
Since our establishment in 1952, we at the J-POWER Group have contributed to ensuring that Japan has stable supplies of electric power by providing a wholesale supply of electricity to the regional electric power companies (EPCOs). When J-POWER was privatized in 2004, we formulated our mission thus: "We will meet people's needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world." In keeping with that mission, we are working to expand into new fields, including overseas power generation, to add to the wholesale electric power business in Japan.

The March 11 earthquake has served as a stark reminder of the crucial importance of electric power infrastructure and of the severity of accidents at nuclear power plants. Taking into consideration this heightened awareness of the need for sustainability, we will further enhance our business foundation in terms of technological, human, and financial resources and confront the challenges inherent in undertaking our mission.

The J-POWER Group aspires to develop sustainable business from a long-term, global perspective. In addition to strengthening our electric power facilities in Japan, we will promote our overseas electric power generation business, including the highly efficient coal-fired electric power plants sought by developing countries, and work to develop the innovative technologies needed to transition to a low-carbon society over the long term. Making ongoing, steady progress, we will contribute to sustainable development in Japan and the rest of the world.

It is with sincerity that we look forward to the continued understanding and support of our shareholders and investors.

October 2011  
Masayoshi Kitamura  
President & CEO

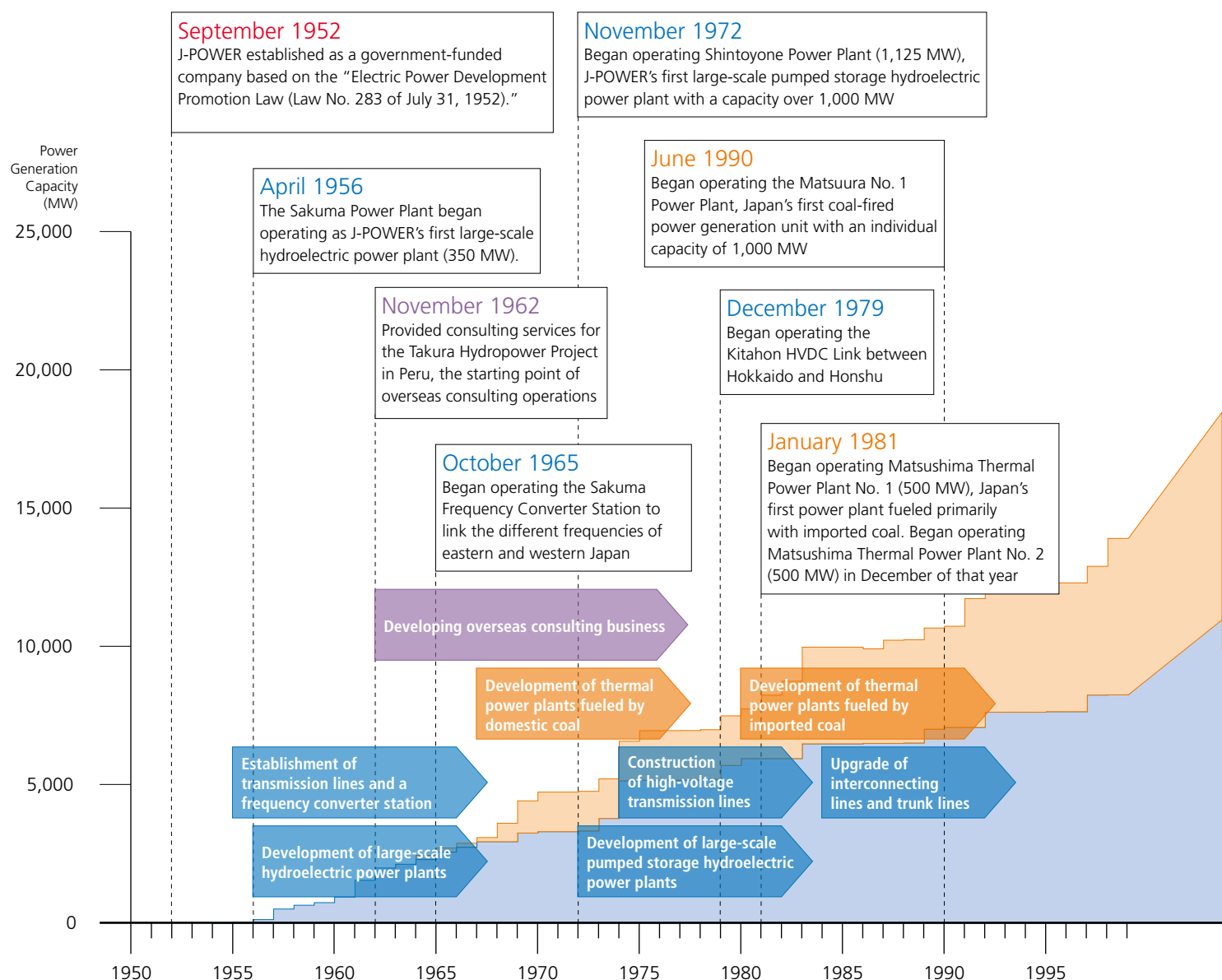




## J-POWER's History—Meeting Power Needs for 59 Years

J-POWER (Electric Power Development Co., Ltd.) was established in 1952 through a government initiative to overcome electric power shortages in postwar Japan. Since then, the J-POWER Group has provided inexpensive and reliable supplies of electric power to the country's regional EPCOs and thereby contributed to Japan's economic development and improvement in the Japanese population's standard of living.

Seeking to optimize the characteristics of electric power supply systems in line with changing conditions over time, J-POWER has taken various new initiatives, such as those aimed at enhancing energy efficiency and addressing environmental protection issues. In October 2004, J-POWER achieved complete privatization and was listed on the First Section of the Tokyo Stock Exchange, making it possible for the Company to further broaden the scope of its business development activities. In recent years, J-POWER has striven to create new kinds of global electric power business operations centered on its "harmonization of energy and environment" concept.



## Deregulation of Japan's Electric Power Industry

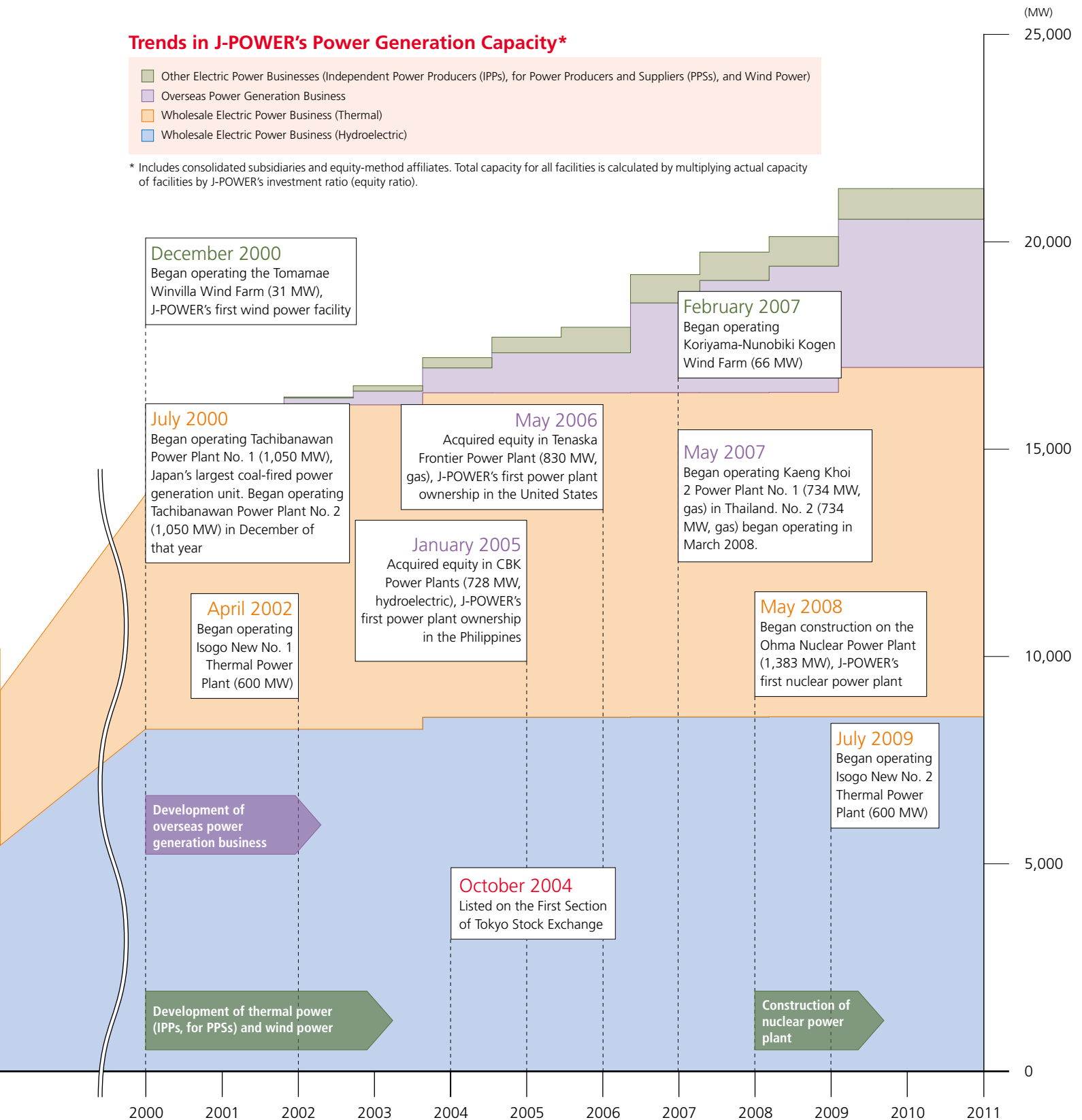
The deregulation of Japan's electric power industry has progressed in phases, creating an environment in which business enterprises other than electric power companies can participate in electricity wholesaling and retailing businesses.

► **1995**  
Introduction of  
wholesale electric  
power bidding  
system

## Trends in J-POWER's Power Generation Capacity\*

- Other Electric Power Businesses (Independent Power Producers (IPPs), for Power Producers and Suppliers (PPSs), and Wind Power)
- Overseas Power Generation Business
- Wholesale Electric Power Business (Thermal)
- Wholesale Electric Power Business (Hydroelectric)

\* Includes consolidated subsidiaries and equity-method affiliates. Total capacity for all facilities is calculated by multiplying actual capacity of facilities by J-POWER's investment ratio (equity ratio).



**2000**

Partial deregulation of electric power retailing (approximately 30% of power sales)

**2004**

Expansion of retail deregulation (approximately 40% of power sales)  
Creation of neutral organization to support transmission and distribution operations (Electric Power System Council of Japan)

**2005**

Expansion of retail deregulation (approximately 60% of power sales)  
Creation of Japan Electric Power Exchange (JEPX)

**2008**

Priority given to systemic reforms promoting the establishment of a competitive environment  
Postponement of full retail deregulation



# J-POWER's Performance (Consolidated)

(As of for the Years Ended March 31)

	2002/3	2003/3	2004/3	2005/3
Operating revenues	¥ 593,343	¥ 584,122	¥ 569,854	¥ 594,375
Electric power business	547,333	545,824	522,922	547,960
Other business	46,010	38,297	46,931	46,414
Operating income	119,590	134,201	132,138	111,885
Ordinary income	44,022	35,522	44,446	57,093
Net income	17,638	20,725	27,623	35,559
Total net assets	152,304	168,301	359,645	391,327
Interest-bearing debt	2,007,487	1,893,902	1,592,908	1,498,010
Total assets	2,314,720	2,195,897	2,076,107	2,021,655
Net cash provided by operating activities	200,708	167,368	179,948	172,637
Net cash used in investing activities	(77,248)	(11,030)	(64,507)	(60,586)
Free cash flow *2	123,460	156,337	115,440	112,051
Net cash provided by (used in) financing activities	(125,572)	(117,709)	(147,516)	(111,798)
Depreciation and amortization	149,145	137,148	131,380	125,339
Capital expenditures	76,641	53,443	46,202	50,925
Net income per share (yen, U.S. dollars)*3	249.84	291.40	304.88	255.01
Cash dividends per share (yen, U.S. dollars) (Non-consolidated)	60.00	60.00	60.00	60.00
Net assets per share (yen, U.S. dollars)	2,157.29	2,381.71	2,590.00	2,818.04
ROE (Return on equity) (%)*4	12.1	12.9	10.5	9.5
Shareholders' equity ratio*5	6.6	7.7	17.3	19.4
ROA (Return on assets) *6	1.9	1.6	2.1	2.8
Number of shares outstanding (Non-consolidated) (thousands)*7	70,600	70,600	138,808	138,808

\*1 The translation of the Japanese yen amounts into U.S. dollars uses the telegraphic transfer middle rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2011, which was ¥83.15 = US\$1.00.

\*2 Free cash flow = Net cash provided by operating activities + net cash used in investing activities

\*3 J-POWER carried out a 1.2-for-1 stock split on March 1, 2006. Calculations assume that this stock split was carried out at the beginning of the fiscal year.

\*4 ROE: Net income/Average total shareholders' equity

\*5 Shareholders' equity is defined as total shareholders' equity prior to the fiscal year ended March 2006. From the fiscal year ended March 2007, it is defined as "total net assets - minority interests."

\*6 ROA: Ordinary income/Average total assets

\*7 Figures are rounded down to 1,000 shares. In the fiscal year ended March 2004, capital increases were implemented through allocating 68,208 thousand shares to third parties.

## Financial Highlights (Fiscal year ended March 31, 2011)

## Comparison with previous fiscal year

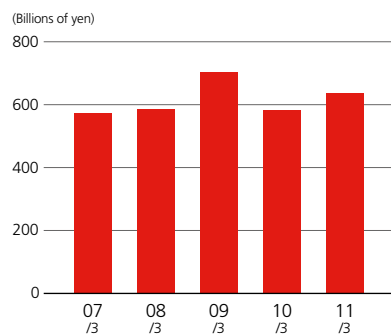
		Amount of increase/ decrease		Percentage of increase/ decrease
Operating revenues	635.9 Billions of yen	+51.4 Billions of yen	➔	+8.8%
Operating income	70.5 Billions of yen	+21.6 Billions of yen	↗	+44.2%
Ordinary income	56.3 Billions of yen	+14.6 Billions of yen	↗	+35.1%
Net income	19.5 Billions of yen	-9.5 Billions of yen	➔	-32.8%



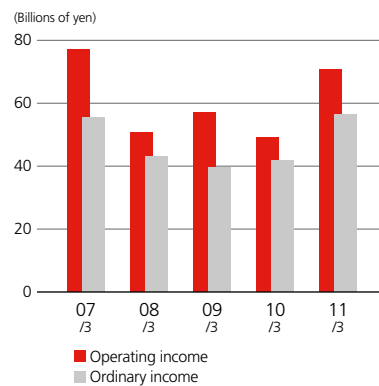
(Millions of yen) (Thousands of U.S. dollars)\*1

	2006/ <sub>3</sub>	2007/ <sub>3</sub>	2008/ <sub>3</sub>	2009/ <sub>3</sub>	2010/ <sub>3</sub>	2011/ <sub>3</sub>	2011/ <sub>3</sub>
	¥ 621,933	¥ 573,277	¥ 587,780	¥ 704,936	¥ 584,484	¥ 635,975	\$ 7,648,538
	573,198	523,782	531,764	648,362	530,289	584,436	7,028,704
	48,734	49,494	56,016	56,574	54,194	51,539	619,833
	101,469	77,141	50,724	57,108	48,939	70,588	848,930
	67,906	55,513	42,873	39,599	41,694	56,322	677,357
	43,577	35,167	29,311	19,457	29,149	19,583	235,526
	433,028	462,654	468,118	382,112	414,981	414,898	4,989,759
	1,408,232	1,421,542	1,423,878	1,470,748	1,452,515	1,429,037	17,186,259
	1,964,667	1,999,794	2,013,131	2,005,469	2,024,080	2,012,386	24,201,881
	173,954	157,241	136,252	158,628	169,148	151,236	1,818,835
	(72,326)	(155,407)	(152,518)	(132,350)	(129,504)	(124,675)	(1,499,408)
	101,628	1,834	(16,265)	26,278	39,644	26,560	319,427
	(103,613)	(2,168)	17,174	(29,615)	(30,351)	(29,172)	(350,838)
	135,019	123,083	115,021	114,669	120,313	111,644	1,342,688
	60,861	90,704	122,056	172,128	112,233	93,128	1,120,008
	260.76	211.14	175.99	121.65	194.26	130.51	1.57
	60.00	60.00	70.00	70.00	70.00	70.00	0.84
	2,598.90	2,768.95	2,800.18	2,533.28	2,750.20	2,770.77	33.32
	10.6	7.9	6.3	4.6	7.4	4.7	
	22.0	23.1	23.2	19.0	20.4	20.7	
	3.4	2.8	2.1	2.0	2.1	2.8	
	166,569	166,569	166,569	166,569	166,569	166,569	

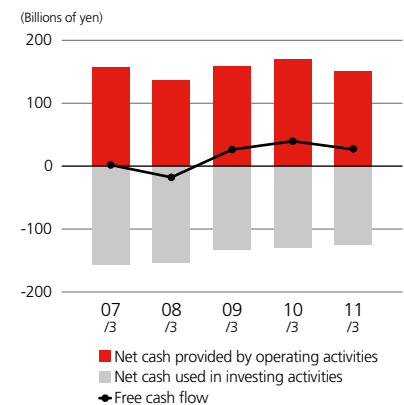
### Operating Revenues



### Operating Income/ Ordinary Income



### Net Cash Provided by Operating Activities Net Cash Used in Investing Activities Free Cash Flow





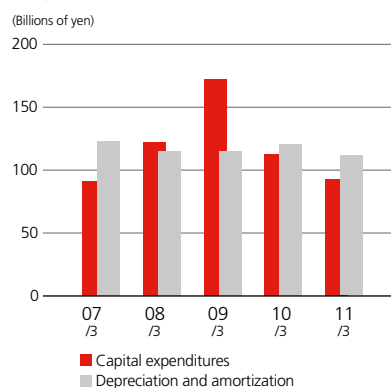
# J-POWER's Performance (Consolidated)

(As of for the Years Ended March 31)

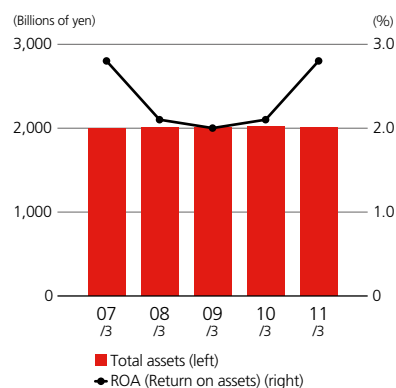
	2002/3	2003/3	2004/3	2005/3
<b>Capacity of Power Generation Facilities (MW)</b>				
Wholesale electric power business	16,085	16,085	16,375	16,375
Hydroelectric	8,261	8,261	8,551	8,551
Thermal	7,825	7,825	7,825	7,825
Other electric power businesses*	—	—	134	375
Total	16,085	16,085	16,509	16,750
<b>Power Sales (GWh)</b>				
Wholesale electric power business	50,402	54,428	58,787	60,517
Hydroelectric	8,873	8,901	10,850	11,172
Thermal	41,529	45,527	47,936	49,344
Other electric power businesses*	—	—	517	965
Total	50,402	54,428	59,305	61,483
<b>Electric Power Revenues (Millions of yen)</b>				
Wholesale electric power business	477,849	473,567	453,478	476,335
Hydroelectric	137,901	138,195	135,758	137,106
Thermal	339,947	335,371	317,719	339,228
Other electric power businesses*	—	—	4,472	8,679
Total	477,849	473,567	457,951	485,014
<b>Transmission (Millions of yen)</b>	67,183	66,739	63,398	61,194
<b>Number of Employees</b>				
	7,073	6,543	5,871	5,925

\* Engaging in wind power generation, the wholesale supply of electricity to EPCOs by IPPs, and the wholesale supply of electricity for PPSs

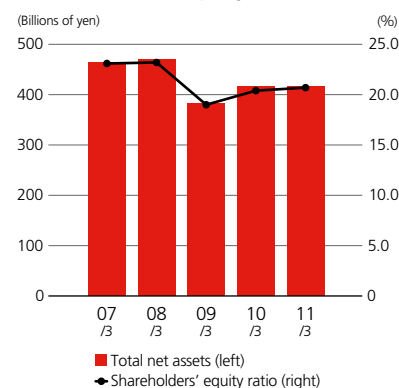
## Capital Expenditures/ Depreciation and Amortization



## Total Assets/ ROA (Return on Assets)

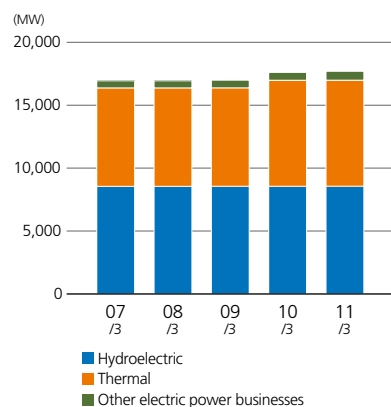


## Total Net Assets/ Shareholders' Equity Ratio

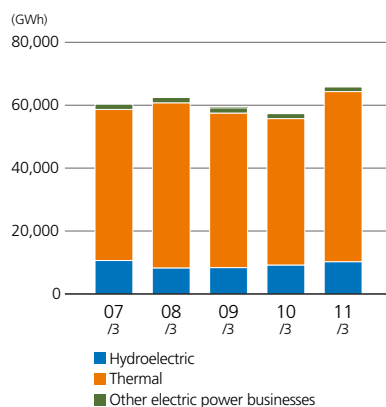


2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
16,375	16,380	16,380	16,385	16,988	16,993
8,551	8,556	8,556	8,561	8,561	8,566
7,825	7,825	7,825	7,825	8,427	8,427
495	560	560	606	623	705
16,870	16,940	16,940	16,991	17,610	17,697
90	112	85	88	96	106
84	75	81	76	68	78
62,626	58,672	60,786	57,532	55,760	64,353
8,582	10,633	8,287	8,384	9,214	10,267
54,044	48,039	52,499	49,147	46,546	54,086
1,701	1,657	1,682	1,616	1,477	1,462
64,328	60,329	62,469	59,148	57,238	65,815
495,061	450,034	457,292	571,282	458,688	514,640
126,810	123,490	114,557	110,945	108,994	108,152
368,250	326,543	342,734	460,336	349,693	406,488
16,495	16,868	17,702	20,055	14,754	13,723
511,556	466,903	474,995	591,337	473,443	528,363
58,255	55,184	54,934	55,414	54,402	54,343
5,868	6,494	6,524	6,581	6,701	6,774

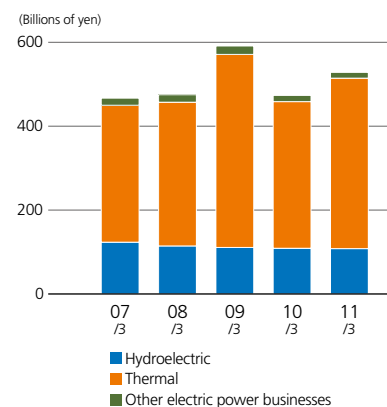
### Capacity of Power Generation Facilities



### Power Sales



### Electric Power Revenues

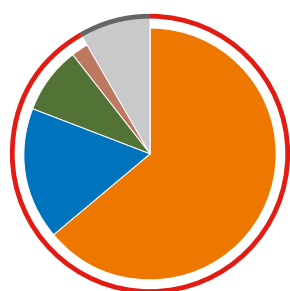


# The J-POWER Group's Electric Power Businesses — Supporting Stable Supplies of Electric Power in Japan

J-POWER's core business is wholesale electric power business operating power plants throughout Japan to supply electricity to the EPCOs in each region of Japan on a long-term basis. We also employ our power transmission and transforming facilities to provide transmission services. In addition, we are engaged in the operation of wind power plants, the wholesale supply of electricity to EPCOs by independent power producers (IPPs), the wholesale supply of electricity to power producers and suppliers (PPSs), and other kinds of business.

## Composition of Consolidated Operating Revenues

(Fiscal 2010)



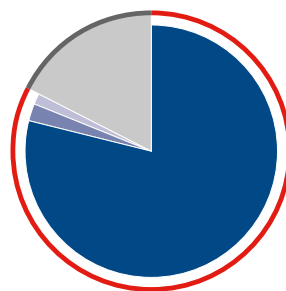
**Electric Power Business**  
¥584.4 billion 92%

**Other Electric Power Businesses**  
Thermal 64%  
Hydroelectric 17%  
Transmission 9%  
Other Electric Power Businesses 2%

**Other Businesses**  
¥51.5 billion 8%

## Consolidated Power Generation Capacity (In operation)

(As of March 31, 2011)



**Domestic**  
17,812 MW 83%

**Wholesale Electric Power Business**  
16,993 MW 79%

**IPPs, for PPSs**  
500 MW 2%

**Wind Power**  
323 MW 2%

**Overseas**  
3,738 MW 17%

Note: Includes facilities of subsidiaries and affiliates accounted for by the equity method. Capacity for all facilities is multiplied by J-POWER's investment ratio (equity ratio).

## Thermal Power

### Mainstay Operations Focused on Coal-Fired Facilities

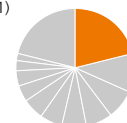
J-POWER owns seven coal-fired power generation facilities with a total capacity of 8,412 MW, making it Japan's top company in terms of coal-fired power generation capacity. Owing to the lower cost per calorie of imported coal compared with crude oil, LNG, and other fossil fuels and reflecting the use of our coal-fired facilities principally to meet

base demand, our facilities have high capacity load factors and can be said to be outstanding sources of power in terms of economy. With the objective of reducing environmental impact, we are engaged in the renovation (replacement) of aging power plants and the development of highly efficient power generation technologies.

### Share of Coal-Fired Power Generation Capacity in Japan

(As of March 31, 2011)

Electric Power Companies and Others



J-POWER  
21%

Source: Reports issued by the Agency for Natural Resources and Energy

## Hydroelectric Power

### Essential Capabilities for Meeting Peak Demand

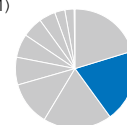
J-POWER owns 59 hydroelectric power plants with a total capacity of 8,566 MW, making it Japan's second-ranked company in terms of hydropower generation capacity. Since the Company's establishment, it has created numerous large-scale hydroelectric power

plants. Hydropower is a clean source of power that does not entail CO<sub>2</sub> emissions. Moreover, because hydroelectric power plants are able to rapidly respond to changes in electricity demand, they are used mainly in the daytime, when demand reaches its peak levels.

### Share of Hydroelectric Power Generation Capacity in Japan

(As of March 31, 2011)

Electric Power Companies and Others



J-POWER  
20%

Source: Reports issued by the Agency for Natural Resources and Energy

## Power Transmission/Transformation

### Core Elements of Japan's Electric Power Infrastructure

J-POWER has major transmission lines with a total length of 2,408 km, including lines that connect Honshu with Hokkaido, Shikoku, and

Kyushu. We also own a frequency converter station that links the different frequencies of eastern and western Japan. These facilities are

key infrastructure elements that play extremely important roles in the comprehensive management of Japan's nationwide power grid.

## Other Electric Power Businesses

### Responding to Deregulation Opportunities and Low-Carbon Society Needs

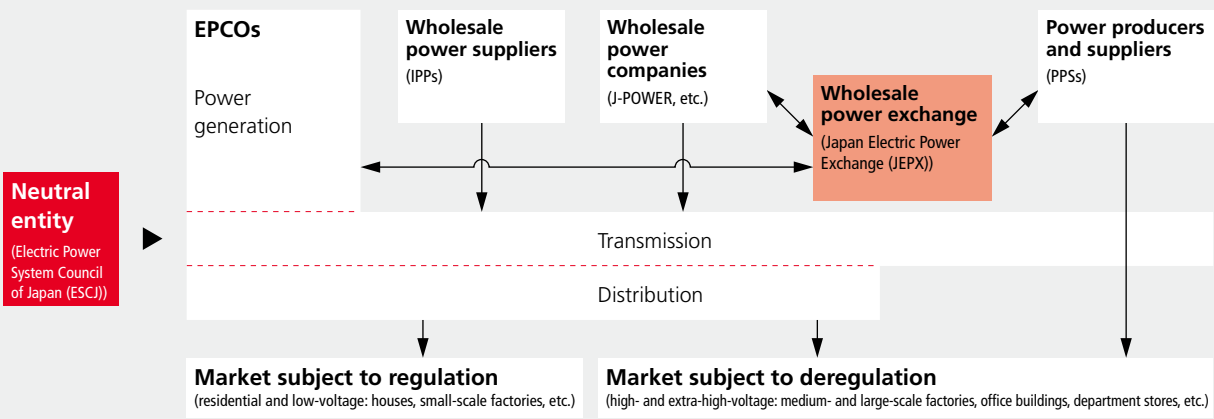
J-POWER provides wholesale power supplies to EPCOs using three IPP facilities throughout Japan with a total capacity of 522 MW and provides wholesale power supplies to PPSs using

three facilities throughout Japan with a total capacity of 322 MW. Owning 18 wind farms throughout Japan with a total capacity of 353 MW, we are Japan's second-ranked company in

terms of wind power generation capacity. All these operations are undertaken via subsidiaries and affiliates.

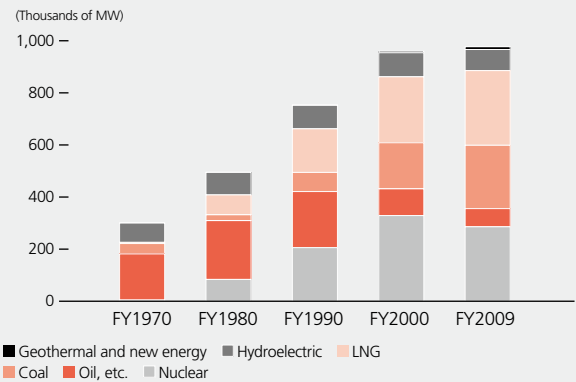
# Japan's Electric Power Supply System

Japan's electric power industry includes 10 major regional EPCOs, J-POWER, and other wholesale power companies that supply power to the EPCOs, wholesale power suppliers (IPPs), PPSs, and other entities. Amid the trend to the increasing liberalization of power industry regulations, the revision of the Electricity Business Act created systems from 1995 that enabled the creation of IPPs and PPSs and allowed companies other than electric power companies to engage in the wholesale supply of power to electric power companies and the retail distribution of power. Since 2005, electric power transactions have been carried out at the Japan Electric Power Exchange (JEPX).



## Composition of Total Generating Output by Fuel Type

While hydroelectric power previously accounted for the bulk of electric power generating capacity in Japan, there was a shift to the use of abundant and inexpensive oil to fuel thermal power plants. Since the oil shocks, there has been a need to increase the diversity of power generation methods, and efforts have been made to create a "best mix" national power generation structure through the creation of coal- and natural gas-fired thermal power plants, nuclear power plants, and other kinds of power plants.

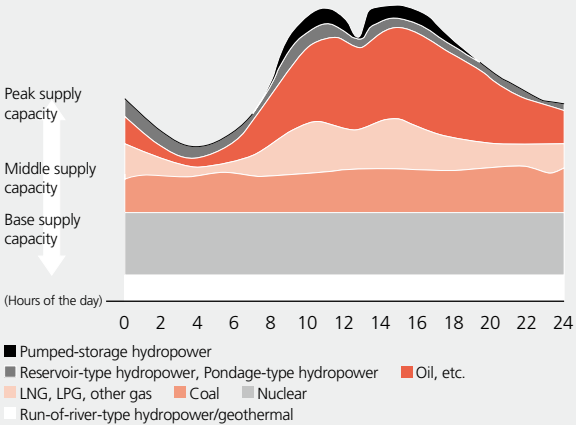


Note: Figures for oil, etc., include figures for other kinds of gas and bituminous substances (including power received). Figures for total power generation volume are for the 10 EPCOs (including power received).

Source: Agency for Natural Resources and Energy

## Use of Power-Source Combinations to Respond to Demand Fluctuations

To provide stable power and respond to daily fluctuations in demand for electric power, optimal power-source combinations are employed based on consideration of each power source's special operating characteristics and economic characteristics.

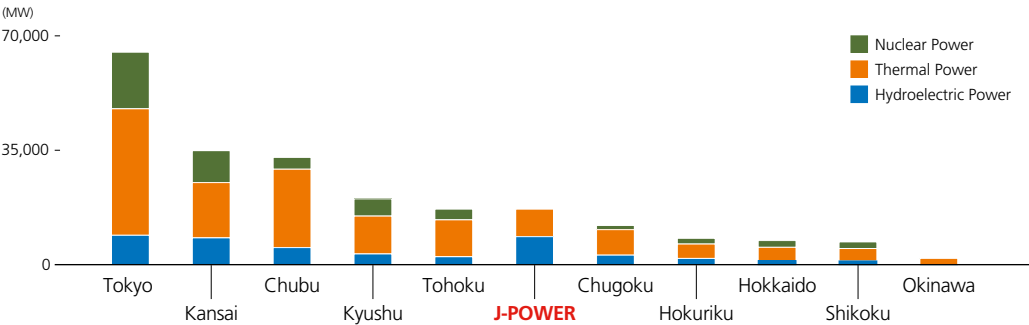


## J-POWER Group Business Development throughout Japan

Through its ownership and operation of power plants with a total capacity of 17,812 MW, transmission lines extending approximately 2,400 km, and frequency converter stations, the J-POWER Group plays a vital role in maintaining a stable supply of electricity throughout Japan.

### Power Generating Capacity of J-POWER (Wholesale Electric Power Business) and 10 Electric Power Companies

(As of March 31, 2011)



Note: Wind power and solar power generation are included in hydroelectric power generation, and geothermal power generation is included in thermal power generation.  
Source: Reports issued by the Agency for Natural Resources and Energy

### Domestic Electric Power Business Facilities

(As of March 31, 2011)

#### Wholesale Electric Power Business

Power generation facilities		
Hydroelectric power plants	59	8,566 MW
Thermal power plants (including 1 geothermal plant)	8	8,427 MW
Total	67	16,993 MW
Transmission lines (total lines)		2,407.7 km
Extra-high-voltage AC power transmission lines		1,973.4 km
DC power transmission lines		267.2 km
Substations	3	4,292 MVA
Frequency converter station	1	300 MW
AC/DC converter stations	4	2,000 MW

#### Other Electric Power Businesses\*

Generation facilities (maximum capacity)		
Wind power	18	353 MW
IPPs	3	522 MW
For PPSs	3	322 MW
Total	24	1,197 MW

\* Including facilities of subsidiaries and affiliates (does not take proportion of equity holdings into account)





# Creating New Electric Power Businesses and Developing Globally

The J-POWER Group is engaged in new business opportunities that draw on its accumulated expertise and technical capabilities. Amid the widespread trend of transition to a low-carbon society, J-POWER is striving to achieve sustainable development as a company.

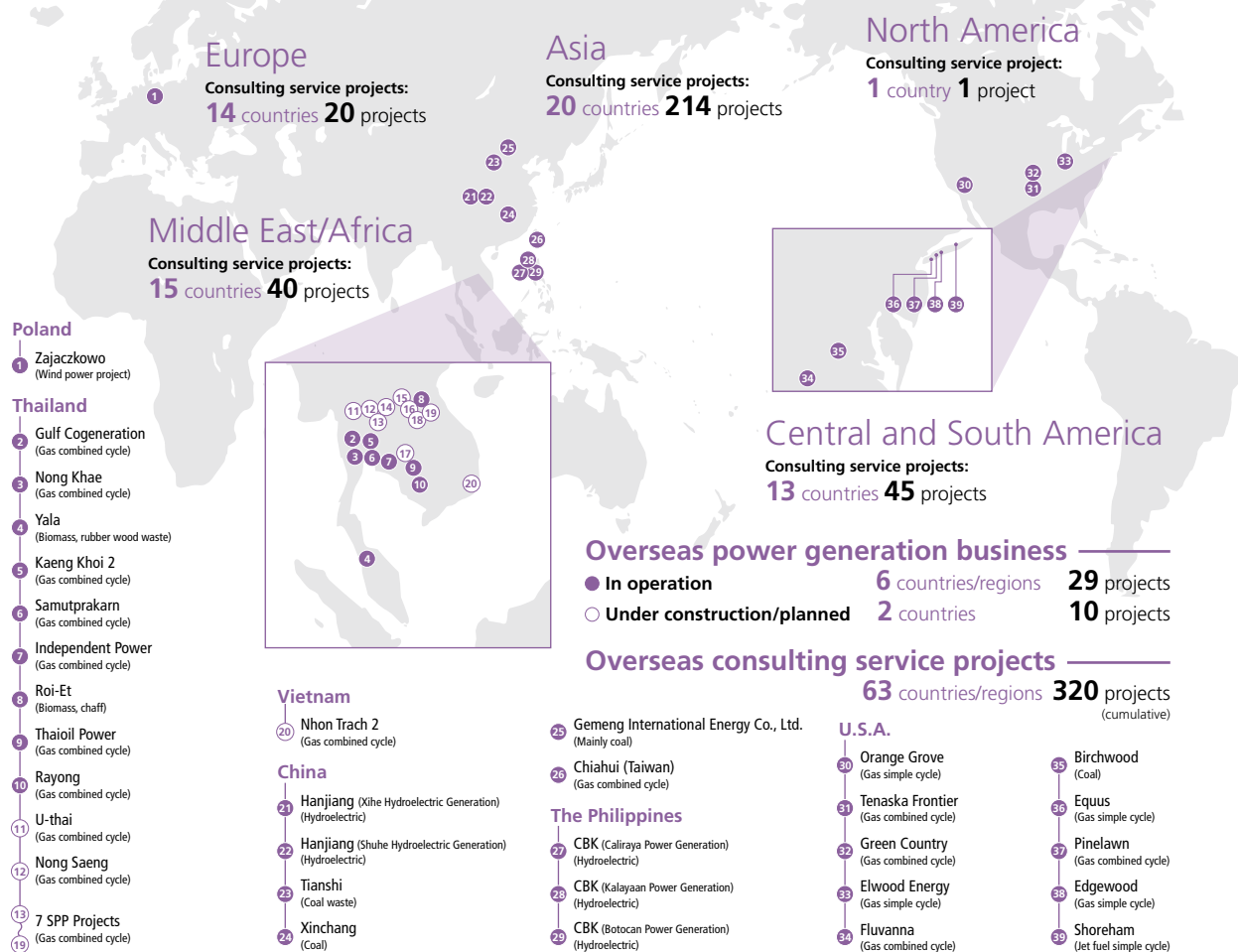
## Making Overseas Operations a Driver of Growth for the J-POWER Group as a Whole

See "Overseas Business" on page 39 for more-detailed information.

Having initiated overseas consulting business involving technical cooperation related to electric power development and environmental preservation in the 1960s, J-POWER has executed a total of 320\* projects in 63 countries and regions.

Since the late 1990s, we have invested our funds and leveraged our technologies to develop the overseas power generation business. The J-POWER Group now owns power generation facilities that are in operation in six countries and regions, mainly Thailand, the United States, and China. These facilities have a total capacity of 3,690 MW, which accounts for approximately 20% of the Group's consolidated capacity (owned capacity basis). \* Regarding Thailand, we are moving ahead with large-scale power development projects in such locations as Nong Saeng and U-thai. Elsewhere in Asia, we are concurrently leveraging the coal-fired thermal power generation technologies and expertise we have accumulated in Japan to undertake activities aimed at obtaining additional development projects. We are working to strengthen this business and make it the second major area of J-POWER business, next to domestic wholesale electric power.

\*As of June 30, 2011



## Promoting Technological Innovation in Coal-Fired Thermal Power and Creating New Projects

Coal-fired thermal power generation is the largest source of electric power in the world, accounting for approximately 40% of all power generated and around 30% of the world's CO<sub>2</sub> emissions. Therefore, one of the keys to reducing CO<sub>2</sub> emissions on a global scale is to develop, transfer, and promote coal-fired thermal power generation technology that enables both higher efficiency and lower carbon emissions. Having developed and demonstrated the benefits of its leading-edge, high-efficiency coal-fired power technologies in Japan, J-POWER is seeking to leverage those technologies overseas, particularly in Asia, and thereby contribute to reducing global CO<sub>2</sub> emissions.

### Renovating Coal-Fired Thermal Power Plants

See "The Future of Coal-Fired Thermal Power Generation" section on page 24 for more-detailed information.

J-POWER is working to renovate and upgrade its power generation facilities by applying high-efficiency generating technologies, such as ultra-supercritical (USC) systems, in its plants that have been in operation for some time. As a result of these initiatives, J-POWER is extending the useful lives of its thermal power generating plants and reducing CO<sub>2</sub> emissions.

### Developing Next-Generation Technologies

Looking to the future, J-POWER is emphasizing programs for commercializing oxygen-blown coal gasification technologies that are expected to play an important role in next-generation coal-fired thermal power generation plants. Establishing these technologies and applying them with integrated coal gasification combined cycle (IGCC) and integrated coal gasification fuel cell combined cycle (IGFC) systems will dramatically increase generating efficiency and make it possible to substantially reduce CO<sub>2</sub> emissions. Ultimately, we will seek to bring about innovative, zero-emission coal-fired thermal power by combining these systems with CO<sub>2</sub> capture and storage (CCS) technologies.



Isogo Coal-Fired Thermal Power Plant  
(Kanagawa Prefecture, following replacement work)

## Promoting Renewable Energy and Business Diversification

Renewable energy has an important role to play in efforts to promote low-carbon energy. Besides promoting hydropower and other energy sources with low levels of CO<sub>2</sub> emissions, J-POWER is working to restrain CO<sub>2</sub> emissions by making effective use of such renewable energy sources as wind, biomass, and geothermal power.

### Wind Power

See the "Other Electric Power Businesses" section on page 36 for more-detailed information.

J-POWER owns and operates 19 wind farms\*—18 in Japan and one overseas—with a total capacity of 400 MW. We are accelerating our efforts to double the capacity of our domestic wind farms.

\*As of June 30, 2011



Koriyama-Nunobiki Kogen Wind Farm  
(Fukushima Prefecture)

### Biomass Fuel

We are moving ahead with efforts to engage in mixed combustion in our existing coal-fired power plants, using biomass fuels produced from sewage sludge, waste wood, and non-industrial waste. Because enabling stable procurement is a key to promoting the widespread use of biomass fuels, we are emphasizing fuel conversion business operations focused on such materials sources as unused waste lumber from forests and sewage sludge.

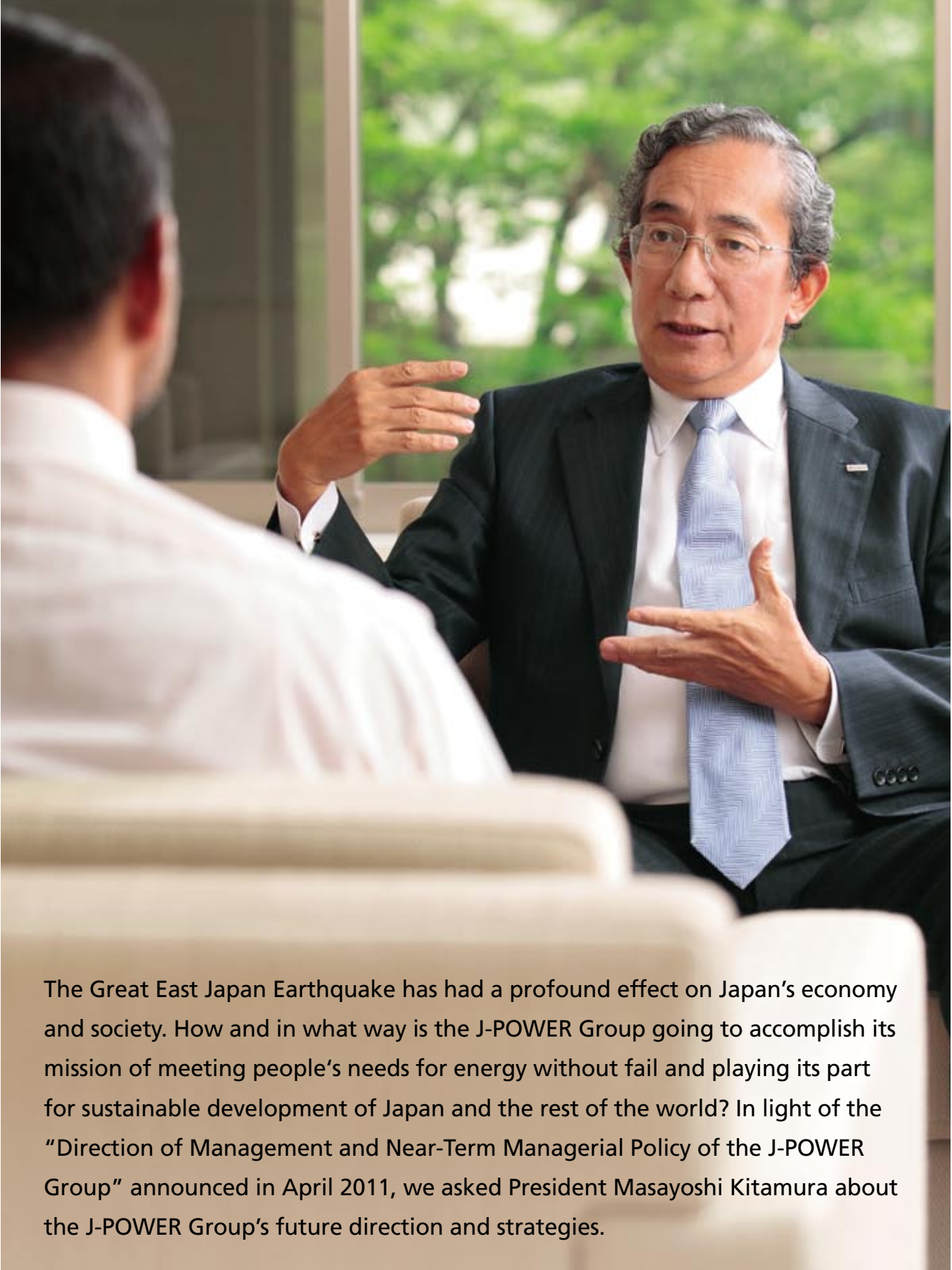
### Geothermal Power

J-POWER has been operating the Onikobe Geothermal Power Plant since 1975 and undertakes surveys in preparation for the development of additional geothermal power facilities in Japan and overseas. Currently, we are studying the feasibility of geothermal power generation in Akita Prefecture and considering a business project there.



Onikobe Geothermal Power Plant  
(Miyagi Prefecture)

## An Interview with President Masayoshi Kitamura



The Great East Japan Earthquake has had a profound effect on Japan's economy and society. How and in what way is the J-POWER Group going to accomplish its mission of meeting people's needs for energy without fail and playing its part for sustainable development of Japan and the rest of the world? In light of the "Direction of Management and Near-Term Managerial Policy of the J-POWER Group" announced in April 2011, we asked President Masayoshi Kitamura about the J-POWER Group's future direction and strategies.



## Effects of the Great East Japan Earthquake

### Question

First, please tell us about the effects the Great East Japan Earthquake had on the business environment in which the J-POWER Group operates.

### Answer

**As an electric power provider, the J-POWER Group takes seriously its mission of assisting in the stable supply of electricity and first and foremost contributes to ensuring its electricity supply capabilities.**

The J-POWER Group possesses power generation facilities throughout Japan and supplies the electric power it generates to regional power companies. After the earthquake hit, I instantly issued instructions to all companies in the J-POWER Group, asking them to confirm the status of the facilities in the eastern Japan area. Fortunately, only a few J-POWER facilities had suffered any damage, and most were back in full operation soon afterward, as a result of efforts to promptly check and restore equipment through such measures as emergency shutdowns. However, facilities belonging to the regional electric power company in eastern Japan suffered major damage in the earthquake and tsunami, and a series of accidents at the Fukushima Daiichi Nuclear Power Plant complex culminated in a critical situation.

In addition to a significant loss of regional electricity supply capabilities in eastern Japan, nuclear power plants in western Japan that were undergoing periodical inspections had their shutdown periods extended, and electricity supplies throughout

Japan fell to low levels. It will require a considerable length of time to restore supplies to their previous levels. Furthermore, these accidents at the Fukushima Daiichi Nuclear Power Plant complex have seriously undermined public confidence in efforts to ensure the safety of nuclear power.

Thus, as the prospects for Japan's economy and energy supply were extremely uncertain, we disclosed the "Direction of Management and Near-Term Managerial Policy of the J-POWER Group" in place of the J-POWER Group Management Plan we normally present.

In the face of the current unprecedented electric power crisis, the J-POWER Group—in its capacity as an electric power provider that develops its business throughout Japan—is taking seriously its mission of assisting in the stable supply of electric power. Because of this, what the J-POWER Group primarily has to do is contribute its utmost to ensuring supply capabilities in regions where these are restricted.

## Strengthening Capabilities for Stable Electricity Supply

### Question

Please tell us about the immediate measures and J-POWER's medium- to long-term policies for strengthening its capabilities for providing stable supplies of electricity.

### Answer

**In the short term, J-POWER is conducting a general mobilization of all the power stations at its disposal and taking every precaution in the stable supply of electricity throughout the country. In the medium-to-long term, we are steadily moving ahead with plans for the Ohma Nuclear Power Plant and the replacement of an aging thermal power plant.**

Focusing on hydroelectric and coal-fired thermal power plants but also engaged in wind and geothermal power, the J-POWER Group possesses electricity generating facilities throughout Japan with a total output of around 18 million kW. We also operate transmission trunk lines and frequency converter stations that enable the comprehensive supply of electricity. Take, for instance, the Kitahon HVDC link facility that connects two of Japan's main islands, Hokkaido and Honshu, via undersea cables. Accommodating the electricity between Hokkaido and eastern Japan, the HVDC represents vital infrastructure. The Sakuma Frequency Converter Station that connects the differing

frequencies between eastern and western Japan also plays an important role. Over the next one or two years, we will be paying close attention to the maintenance of these kinds of J-POWER facilities across Japan and endeavoring to supply electricity in an even stabler manner.

In addition, we will be working to ensure the medium- to long-term supply of electricity, which we are looking at closely. We are steadily implementing the Ohma Nuclear Power Plant construction project and replacing the aging No. 1 and No. 2 units at the Takehara Thermal Power Plant.

## Question

# Direction of Plans for the Ohma Nuclear Power Plant

Since the series of accidents at the Fukushima Daiichi Nuclear Power Plant complex, Japan's energy policy has been unclear; this includes its policy on nuclear power. Under these circumstances, how do you view the progress made in the construction of the Ohma Nuclear Power Plant?

## Answer

Consistently and properly reflecting the necessary measures, based on government guidelines, as well as endeavoring to seek the full understanding of the local community and all those concerned, we remain heavily committed to building a safe power plant.

The area in Aomori Prefecture where construction of the Ohma Nuclear Power Plant is under way recorded an earthquake intensity of 4 on the Japanese scale on March 11, with a 0.9-meter tsunami making landfall at the port of Ohma. Fortunately, neither the earthquake nor the tsunami caused any damage at the construction site. However, with the exception of the works necessary for environmental protection and facility maintenance, main construction has been at a standstill since the March 11 earthquake. In addition to a power outage caused by the earthquake, this was due to the restrictions on the transportation of power supplies used at the site and on the fuel for heavy machinery and equipment as well as the priority given to disaster assistance in the aftermath of the earthquake.

In addition, since the accidents, the Nuclear Industrial Safety Agency has been issuing all electric power companies with nuclear power facilities with directives to implement emergency safety measures and comprehensive assessments (stress tests) related to the safety of existing nuclear power reactor facilities.

The electricity business involves continuing to produce electricity over the long term, for 20 or 30 years after completion

of the power plant. For that reason, it is necessary to—as far as possible—obtain the understanding of all the local communities for progress to be made. While consistently and properly reflecting the necessary measures to enhance safety, based on the previously mentioned government guidelines, J-POWER works in unison to build a safe power plant in which all parties can have confidence.

### Content of Nuclear Industrial Safety Agency's Directives Issued to All Electric Power Companies with Nuclear Power Facilities

#### March 30

Prevent damage to the core and spent fuel even when all equipment functions are lost: equipment that supplies Alternating Current (AC), that uses seawater to cool the reactor, and that cools the spent fuel storage pool. Implement emergency safety measures to recover reactor facility cooling functions while inhibiting the release of radioactive material. Upgrading of safety regulations in accordance with revisions to the Rules for Commercial Power Reactors concerning the Installation, Operation, etc.

#### June 7

Implementation of measures to enable a speedy response in case a severe accident occurs (such as severe core damage), from the issues out of intense efforts made to restore the situation (response to severe accident).

#### July 22

Covering power reactor facilities, implementation of evaluations (stress tests) of the safety margin (the ultimate limitations of strength) will be assessed by evaluating the scale of events that an NPS can withstand without significant damage to the fuel, assuming the occurrence of events beyond the design basis.

For more information on the specific measures for reinforcing safety at the Ohma Nuclear Power Plant construction project, please see pages 22–23.

## Overview of the Ohma Nuclear Power Plant Construction Project:

### Overview of the Ohma Nuclear Power Plant (under construction)

Location	Ohma-machi, Shimokita-gun, Aomori Prefecture
Capacity	1,383 MW
Type of nuclear reactor	ABWR (Advanced Boiling Water Reactor)
Fuel	Enriched uranium and uranium-plutonium mixed oxide (MOX)
Construction started	May 2008
Start of commercial operations	Planned for November 2014

J-POWER believes that, when appropriately managed, nuclear power—an indispensable and important energy source from the perspectives of providing a response to the global warming issue and the securing of resources—can be utilized as an effective form of energy. In this way, nuclear power generation is thought necessary to cover a certain percentage of Japan's portfolio of future energy sources.

Having been building up its expertise in research and studies related to the development of nuclear power since 1954, J-POWER has been advancing its Ohma Nuclear Power Plant construction project since

1976. Permission to build a nuclear reactor was granted by the Ministry of Economy, Trade and Industry in April 2008, and construction commenced the following month. The nuclear power plant is a project that forms part of the pluthermal plan being advanced by the Japanese government. Japan decided on mixed uranium-plutonium oxide (MOX) fuel, which results from the use of uranium fuel, and is promoting pluthermal MOX fuel for reuse in light-water reactors. The plan calls for the nuclear power plant to utilize a full MOX-ABWR capable of loading MOX fuel into the reactor core.

Status of the Ohma Nuclear Power Plant construction project (photographed in August 2011)





## Question

# Promotion of Overseas Power Generation Business

J-POWER is redoubling its engagement in overseas power generation business, such as the new, large-scale projects in Thailand and the new IPP project in Indonesia. Please tell us about your future policy with regard to overseas development activities.

## Answer

As in the past, at the same time as assuredly conducting new gas combined cycle projects that are being implemented in Thailand, J-POWER has its sights on bringing to fruition new coal-fired thermal power projects that leverage the technologies and expertise accumulated in coal-fired thermal power in Japan.

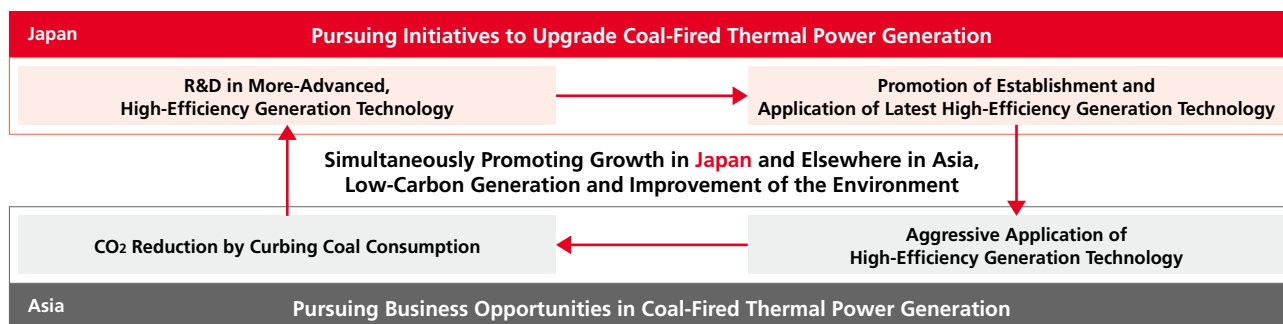
I want to reshape the J-POWER Group into a global energy company. For more than 50 years, the J-POWER Group has conducted its consultancy business related to technical collaboration to develop power generation and environmental preservation overseas. Leveraging that track record and know-how as well as investing capital and technology, we are active in overseas electric power generation business that involves participation in projects. Further expanding this activity in the years ahead, we want to make it grow into J-POWER's second major area of business.

New gas combined cycle projects in Thailand currently involve two IPPs and seven SPPs that are either under construction or planned. Each having a total capacity of 1,600 MW, the two IPPs are large-scale projects that are being completed on schedule. At the end of June 2011, the J-POWER Group was operating power generating facilities in Thailand with an owned capacity of 3,690 MW. When these nine Thai projects are added, the owned capacity will be nearly doubled.

Furthermore, also in June of this year, a consortium led by J-POWER acquired a letter of intent in international bidding for a new coal-fired thermal power IPP project being undertaken in Indonesia. In October, the companies involved in the project signed a long-term power purchase agreement with Indonesia's state-owned electricity company, PLN. Located in Indonesia, which has vast coal resources, this project covers one of Asia's largest coal-fired IPPs and will realize clean, high efficiency coal-

fired thermal power generation by the use of ultra-supercritical (USC) technologies. The plan is for operations to start in 2017. This is the first time for J-POWER to be involved overseas in a greenfield coal-fired thermal power project, and we are involved throughout, from the design and construction of the power plant through to its post-completion operation and maintenance. Leveraging the technologies it has accumulated over many years in high-efficiency, coal-fired power generation in Japan, J-POWER can expect to contribute to the stable supply of electricity and reducing the environmental impact in Indonesia as well as to the transfer and spread of advanced technologies. It is thought that this project will serve as a model for the future development of high-efficiency, coal-fired thermal power in Asia.

The business model that J-POWER is aiming for in its overseas power generation business is not confined to the building of power plants; the model also involves managing plants and supplying electricity over an extended period of time. This necessitates the technical operational capabilities to correctly operate the plant and generate electricity over the long term as well as the management capabilities to increase profitability as a business corporation and to attract employees. J-POWER is aiming to offer a package of such management capabilities and plants to countries and to thereby contribute to the enhancement of their infrastructure, their economic development, and their transition to a low-carbon society. The Indonesian project could be called the first step along that road.





## Question

## Initiatives toward a Low-Carbon Society

J-POWER has been addressing the development of coal-fired thermal power that emits little or no CO<sub>2</sub> and renewable energy under guidelines that have been progressively introduced. What are your thoughts on future activities?

## Answer

In aiming for higher efficiency in coal-fired thermal power generation, J-POWER is focusing on the replacement of its existing power plants and the development of next-generation technologies. Enterprising progress is being made in such areas as biomass fuels, wind, and geothermal power generation as well as renewable energy.

In the case of coal-fired thermal power generation, J-POWER will leverage the know-how it has accumulated over many years to undertake the development of highly efficient leading technologies. The thinking is that it will be necessary for us to continue to use coal to a certain extent due to its abundance as a resource and superior cost-effectiveness. The amount of CO<sub>2</sub> that coal emits, however, makes activities designed to increase generation efficiency and reduce CO<sub>2</sub> emissions an absolute necessity.

Currently focusing on replacing existing power plants, J-POWER is continuing with the Isogo Thermal Power Plant, which was reactivated as a state-of-the-art coal-fired thermal power plant in 2009, and is moving ahead with plans to commence operation of the new replacement No. 1 unit at the Takehara Thermal Power Plant in 2020. As part of the technical developments toward higher efficiency, J-POWER is reflecting the results of pilot testing, carried out at its Wakamatsu Re-

search Institute, of the multipurpose coal gasification technology development program known as EAGLE. In collaboration with Chugoku Electric Power, we are also making progress with the Osaki CoolGen Project, a large-scale demonstration test designed to enable the commercialization of integrated gasification combined cycle (IGCC) technologies.

For more details on the technical developments in coal-fired thermal power generation, please see the special feature on page 24.

J-POWER is actively engaged in activities related to renewable energy. The plan is to double the wind power generation capacity from the current 350 MW in Japan. In addition, Japan possesses a lot of unutilized biomass resources, such as unused waste lumber from forests and sewage sludge. Mixing and burning these biomass fuels in J-POWER's existing coal-fired thermal power stations will result in their effective utilization. J-POWER is also investigating new sites for generating geothermal power.

**Question**

What are your thoughts on J-POWER's future financial strategy and shareholder returns?

**Answer**

In view of the nature of its business, J-POWER works to secure returns on its capital investments through the operation of its facilities over the long term, and seeks to enhance profit distribution to shareholders, reflecting the results of development and growth.

The most prominent characteristic of our business model is that we recover the large amounts of capital we have invested by securing returns on our investments in power plants and other infrastructure through the operation of these facilities over the long term, ranging from 10 to 20 years. To aim for continuing, long-term growth by implementing steady investments in our facilities, we require substantial funding. To secure the necessary funding, stably and over the long term, one of our principal management issues is to continue to strengthen our financial position. We work to continuously increase equity capital by strengthening the profitability of our business activities through securing stable income and endeavor to improve our shareholders' equity ratio.

Because of the nature of our business, our policy for providing returns to shareholders places strongest emphasis on maintaining stable and sustainable dividends. In addition, our policy calls for further enhancing profit distribution, reflecting the results of growth. What we want to do is to maintain the stable level of dividends we have promised to shareholders, continue to make steady investments in electric power generation facilities, and strive to further increase the return to shareholders in keeping with the development of our business and the results of growth.

**Question**

## For Our Shareholders and Investors

Lastly, do you have any messages for shareholders and investors?

**Answer**

Returning once again to our corporate philosophy, we will meet people's needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world.

Due to the recent earthquake and tsunami, all at the J-POWER Group have supported society's very foundations and been made more keenly aware of the crucial nature of electric power supply as infrastructure and of the importance of the sustainability of supply systems. This forms our corporate philosophy.

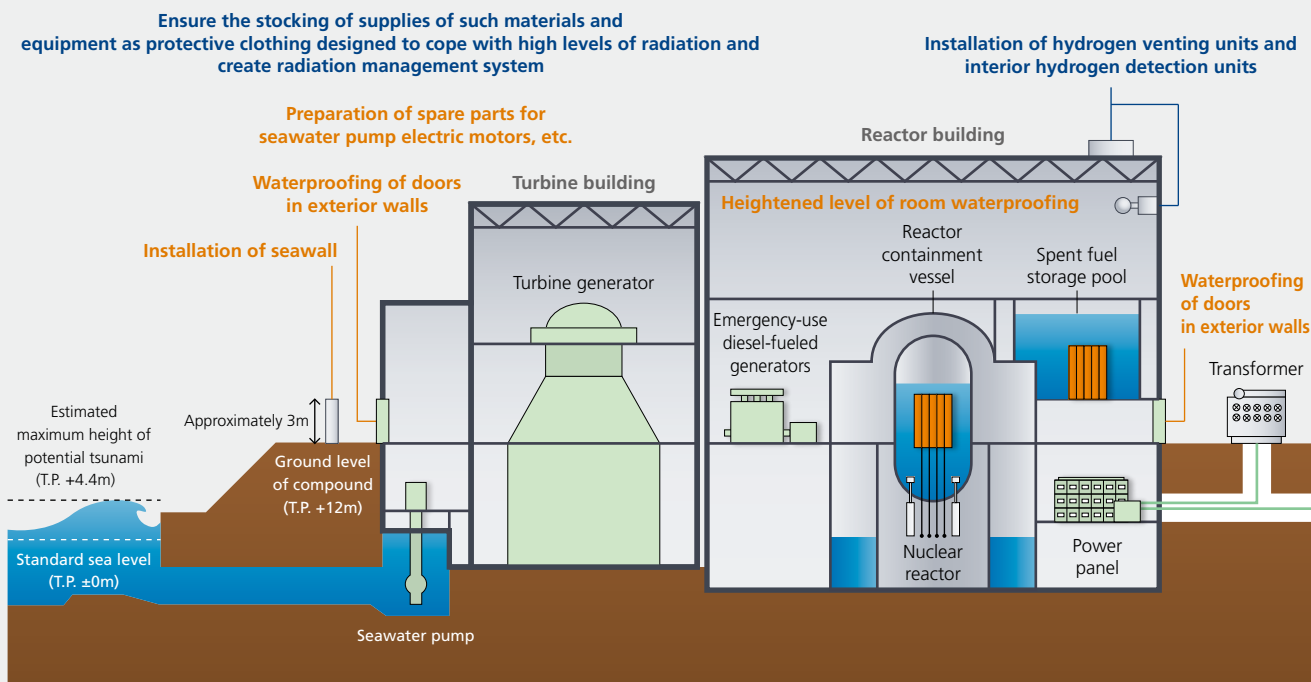
"Meeting people's needs for energy" changes with the times. But the needs of the times, such as value, quality, and safety, have to be met. It is thus necessary to make effective use of limited resources with technology and knowledge and

to continue supplying people's energy needs without fail. As J-POWER's mission, this is indicated in our corporate philosophy. Returning once again to this corporate philosophy, we will carry out our mission to supply electricity to those who need it in Japan and throughout the world.

We'd like to thank our investors and shareholders for their continued support.

# Measures for Reinforcing Safety at the Ohma Nuclear Power Plant

J-POWER is earnestly addressing issues associated with the Fukushima Daiichi Power Plant accidents and further strengthening safety systems associated with the Ohma Nuclear Power Plant Plan in accordance with government guidelines while ensuring that necessary countermeasures are consistently implemented in accordance with those guidelines in an appropriate manner and while obtaining the understanding of local communities. J-POWER is making concerted, Companywide efforts to create a nuclear power plant that is dependably safe.



## Illustration of Safety Reinforcement Measures at the Ohma Nuclear Power Plant and Countermeasures for Responding to Severe Accidents



Conceptual illustration of the Ohma Nuclear Power Plant when completed

### 1 Tsunami Countermeasures

Based on historical records and hypothetical tsunami generating mechanisms, it is estimated that the maximum height of potential tsunami is T.P. +4.4m, and the facilities necessary for cooling the nuclear reactor are to be installed in major structures (reactor building, turbine building, etc.) built on a compound site with an elevation of T.P. +12m.

In addition, as measures designed to enhance safety and to reduce the shock of potential tsunami, prevent the flooding of major structures, and protect equipment from seawater, we will implement the following:

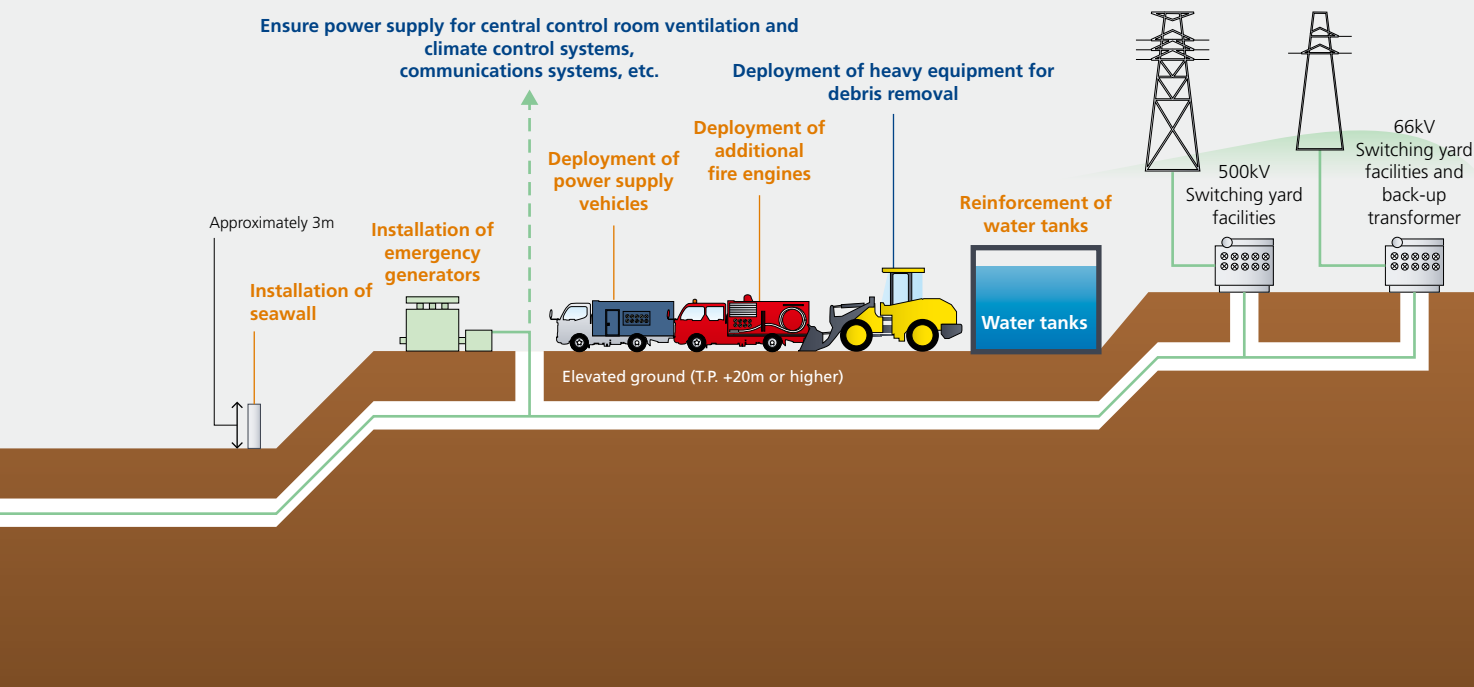
- Installation of a seawall flood barrier around major structures
- Use of waterproof-structure design for doors, etc., in walls of major structures
- Measures to improve the watertightness of rooms housing equipment important for safety purposes

### 2 Ensuring Emergency Power Supplies

With respect to external power sources, the power plant will be equipped with two 500 kV power transmission lines and one 66 kV power transmission line. In addition, plans call for three emergency diesel engine generators to be installed on the first floor inside the reactor building at a height of T.P. +12m. In addition, as measures designed to enhance safety and to make preparations in the event that we are unable to utilize those generators, we will implement the following:

- Installation of emergency generators on elevated ground not potentially exposed to the impact of tsunami
- Deployment of power supply vehicles, etc.

T.P.: The average sea level in Tokyo Bay



### 3 Ensuring Ultimate Heat Removal Functions during Emergencies

To ensure capabilities for cooling the reactor and spent fuel storage pools during emergencies, we will take the following measures:

- Installation of emergency generators and power supply vehicles, etc., on elevated ground
- Preparation of alternative water injection methods (portable pumps, etc.)
- Preparation of alternative water sources
- Reinforcement of water tanks
- Preparation of spare parts for seawater pump electric motors, etc.

### 4 Ensuring Capabilities for Managing Severe Accidents

To ensure capabilities for quickly responding to and managing situations in the unlikely event of a severe accident, we will take the following measures:

- Measures to ensure the operating environment of the central control room
- Measures to ensure capabilities for communication within the power plant complex
- Preparation of supplies of such materials and equipment as protective clothing designed to cope with high levels of radiation and creation of a radiation management system
- Installation of hydrogen venting units and interior hydrogen detection units
- Deployment of heavy equipment for debris removal

### 5 Safety Margin (Resilience) Evaluation (Stress Test)

Before the operation of the Ohma Nuclear Power Plant's nuclear reactor is initiated, we will implement stress test evaluations.

## Aiming to raise the generating efficiency of coal-fired thermal power and achieve low-carbon emissions, J-POWER is developing clean coal technologies that are the keys to creating next-generation, coal-fired thermal power generation facilities.

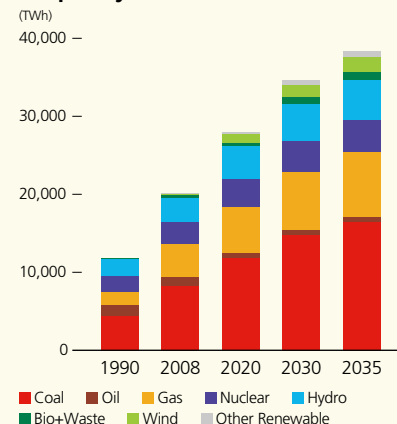
### Coal Is a Major Energy Source for Electric Power Generation

Compared to oil and natural gas reserves, coal deposits are abundant and dispersed broadly in many countries throughout the world. In terms of supply, it is the stablest and most-economical of all fossil fuels. Many countries around the world rely on coal as a primary power generation fuel source, including countries with high energy consumption. For example, China uses coal for approximately 80% of the power it generates, while in the United States the ratio is 50%. On a worldwide basis, coal is the most-prevalent source of energy, accounting for roughly 40% of all electric power generated.

Going forward, the number of coal-fired thermal power plants is projected to grow further. It is believed that coal-fired thermal power generation will continue to be a crucially important energy source for meeting ever-increasing worldwide demand.

At the same time, the combustion of coal and other fossil fuels generates CO<sub>2</sub>, a greenhouse gas, and CO<sub>2</sub> from coal-fired thermal power plants accounts for roughly 30% of the world's energy-derived CO<sub>2</sub> emissions. Because rising demand for energy in such emerging countries as China and India is projected to increase those countries' coal use by a substantial margin, reducing CO<sub>2</sub> emissions from coal-fired thermal power generation has become an international issue.

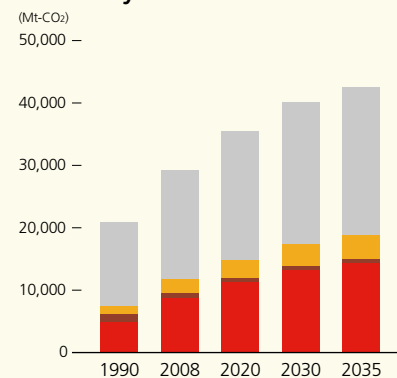
### Estimated Global Power Generation Output by Power Source



Source: Compiled from current policies scenario\* in IEA World Energy Outlook 2010

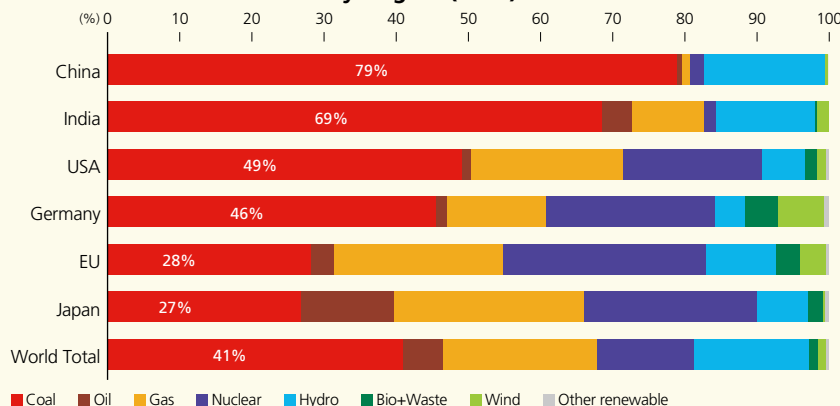
\* A scenario that takes into account measures officially adopted as at mid-2010

### Estimated Global Energy-Derived CO<sub>2</sub> Emissions Volume by Emissions Source



Source: Compiled from current policies scenario in IEA World Energy Outlook 2010

### Breakdown of Power Generation Volume by Power Source for Each Country/Region (2008)



Source: IEA World Energy Outlook 2010, except for Germany, which is based on IEA Electricity Information 2010.



## Spreading J-POWER's Cutting-Edge Technologies throughout the World

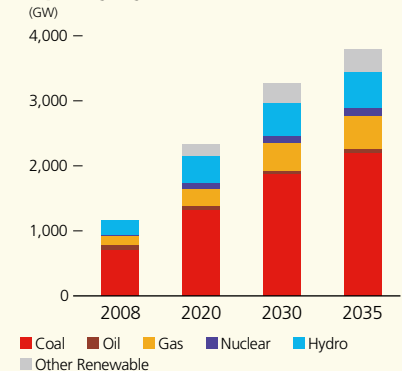
One effective way to reduce CO<sub>2</sub> emissions from coal-fired thermal power plants is by increasing generation efficiency. Were power generation made more efficient, this alone would reduce the amount of coal used and curb CO<sub>2</sub> emissions. Japanese coal-fired thermal power plants utilize the ultra-supercritical (USC) method, which raises steam turbine pressures and temperatures to extremely high levels, enabling them to realize a level of generating efficiency higher than at plants in Europe, the United States, and Asia. Active in developing these cutting-edge technologies under its own initiative and having championed their application, J-POWER is achieving the highest levels of efficient energy use.

J-POWER leverages Japan's accumulated expertise and technologies, while the widespread conversion to highly efficient coal-fired thermal power stations throughout the world holds major significance for the reduction of worldwide CO<sub>2</sub> emissions and the conservation of energy resources.

If Japan's best-performing coal-fired thermal power technologies were to be used globally at all newly built and existing coal-fired thermal power plants, it is estimated that, in 2030, the world's annual CO<sub>2</sub> emissions would be reduced by 1.87 billion tons. This is an amount that exceeds Japan's annual CO<sub>2</sub> emission volume, which was 1.15 billion tons in fiscal 2009.

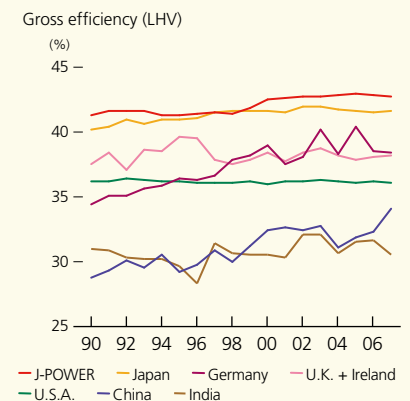
Power demand is steadily increasing particularly elsewhere in Asia, and coal-fired thermal power generation is expected to play an ongoing major role in power supply. Both the amount of electricity generated at and the facility capacity of Asian coal-fired thermal power plants are projected to have doubled the current levels by 2030. As the coal-fired thermal power plants in other Asian countries are also of the conventional, comparatively less efficient subcritical type, a full-fledged switch to high-efficiency plants is under way. J-POWER is thus targeting contributions toward the simultaneous achievement of Asian growth and reduced environmental impact by means of Japanese clean coal technologies.

### Estimated Asian Power Plant Capacity by Power Source



Source: Compiled from current policies scenario in IEA World Energy Outlook 2010

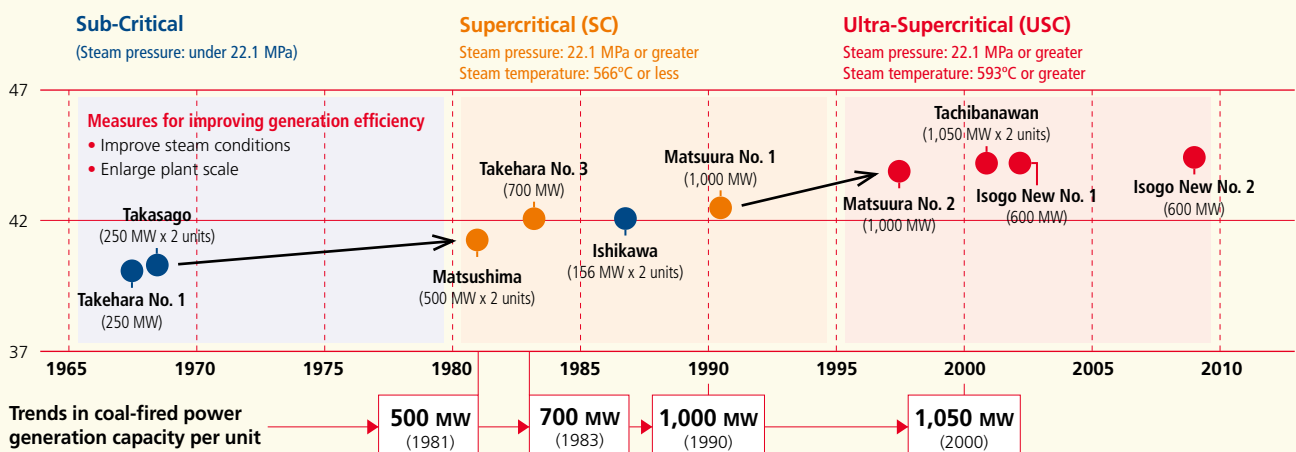
### Trends in Average Thermal Efficiency of the World's Coal-Fired Thermal Power Plants



Source: Ecofys International Comparison of Fossil Power Efficiency and CO<sub>2</sub> Intensity 2010

### Generation Efficiency of J-POWER Coal-Fired Thermal Power Stations

Designed Thermal Efficiency (%), gross efficiency, LHV basis)



## Specific J-POWER Initiatives 1

# Replacing Older Thermal Power Plants with Cutting-Edge Facilities

In 1996, a project was launched to replace the two original 265 MW units at the Isogo Thermal Power Plant with state-of-the-art, coal-fired thermal facilities. The project was a means of complying with a City of Yokohama environmental improvement plan, improving the stability and reliability of power supply, and addressing problems associated with aging facilities. The New No. 1 (600 MW) went online in April 2002, followed by the New No. 2 (600 MW) in July 2009.

As the Isogo Thermal Power Plant is located in a major city, a pollution prevention agreement—the first of its kind in Japan—was signed with the City of Yokohama; focus was placed on environmental measures from early on, measures that included installing flue-gas desulfurizers. Replacing the first unit at the Isogo Thermal Power Plant brought together J-POWER's clean coal technologies and introduced USC, the highest standard for coal-fired thermal power with a main steam turbine pressure of 25 MPa, a steam temperature of 600°C, and a reheat steam temperature of 610°C.

J-POWER also worked on further improvements in thermal efficiency that were realized with New No. 2, which boasts a reheat steam temperature of 620°C, 10°C higher than No. 1. The Isogo Thermal Power Plant reduces sulfur oxide (SOx) and nitrogen oxide (NOx) emissions per unit of electricity generated to extremely small values compared with thermal power plants in other major industrial countries thanks to the installation of the latest environmental equipment. Isogo represents the highest standard of clean, coal-fired thermal power plant from the standpoints of both generation efficiency and environmental impact.

To maintain power supply capabilities during the Isogo Thermal Power Plant replacement project, an unprecedented “build, scrap, and build” approach was employed, which involved a number of innovations. The New No. 1 was constructed while the original power facilities were still in operation. When the New No. 1 went online, the old facilities were shut down and removed, and the New No. 2 was built in their place.

Following on from the Isogo Thermal Power Plant, J-POWER is already moving ahead with plans to replace the two units at the Takehara Thermal Power Plant in Hiroshima Prefecture—the 250 MW No. 1 commenced operations in 1967 and the 350 MW No. 2 in 1974—with a New No. 1 capable of producing 600 MW. The Company is completing environmental assessment procedures; the plans call for construction work to start in 2014 and for the New No. 1 to come online in 2020.



Isogo Thermal Power Plant  
(before replacement work)



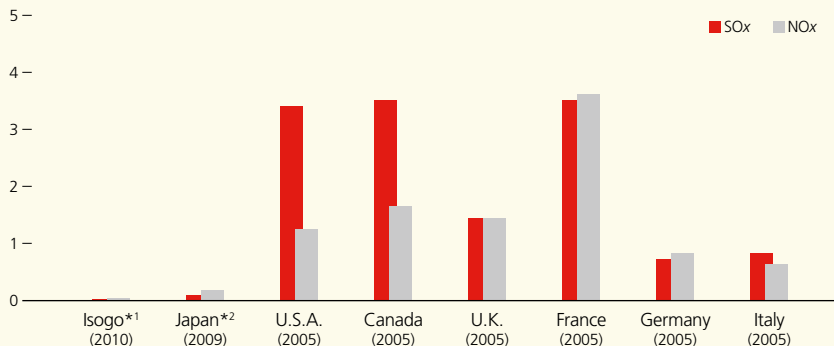
Isogo Thermal Power Plant  
(after replacement work)



Takehara Thermal Power Plant  
(Hiroshima Prefecture)

## International Comparison of SOx and NOx Emissions per Unit of Thermal Power Generation

(g/kWh)



Source: The Federation of Electric Power Companies of Japan

\*1 Figures for Isogo are actual results for fiscal 2010

\*2 10 major Japanese EPCOs and J-POWER

With the exception of the Isogo Thermal Power Plant, the graph shows units for a combination of coal-, oil-, and gas-fired thermal power generation.

## Aiming to Realize Zero Emissions

Aiming to further increase coal-fired power generation efficiency and realize low-carbon performance, J-POWER is engaged in the development of a variety of next-generation technologies and is making advances in the combined combustion utilization of biomass fuels.

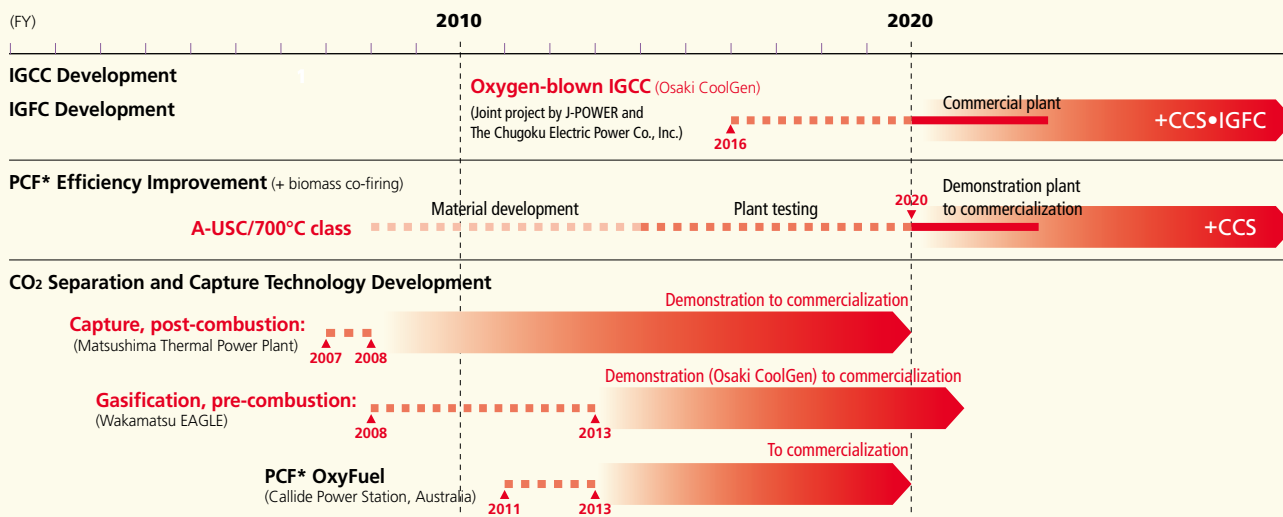
With respect to our long-term initiatives, we are seeking to enable the practical application of oxygen-blown coal gasification

technology, which is expected to provide the next generation of coal-fired thermal power generation. Establishing this revolutionary technology and applying it together with integrated coal gasification combined cycle (IGCC) and integrated coal gasification fuel cell combined cycle (IGFC) systems will dramatically increase generating efficiency and make it possible to substantially reduce CO<sub>2</sub> emissions.

In addition, we are developing advanced ultra-supercritical (A-USC) technologies that will further enhance the high efficiency of cutting-edge USC technology at the present time.

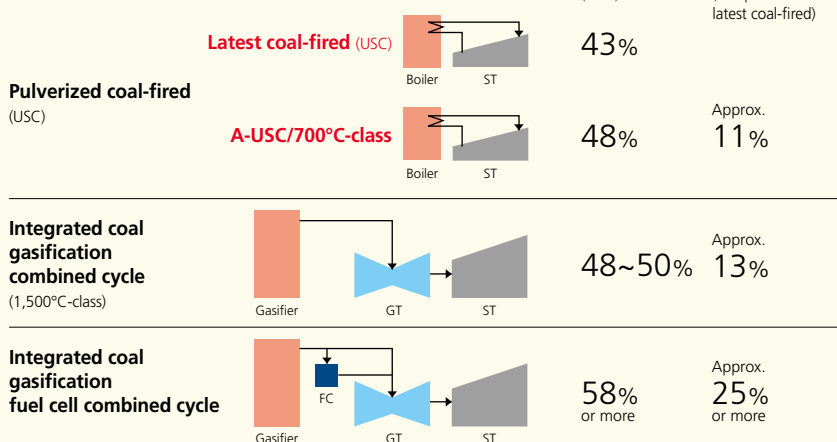
Ultimately, we will strive to realize innovative, zero-emission, coal-fired thermal power by combining IGCC and IGFC systems with CO<sub>2</sub> capture and storage (CCS) technologies.

## Development and Deployment Road Map for Clean Coal Technologies



\*PCF: Pulverized coal-fired

## Coal-Fired Power Technology for the Next Generation



### Ultra-Supercritical (USC)

Current cutting-edge technology for raising the efficiency of pulverized coal-fired thermal power. Utilizes a steam pressure of 24.1 MPa or greater with a steam temperature of 593°C or higher

### Advanced Ultra-Supercritical (A-USC)

Raises thermal efficiency achievable with USC technology by utilizing a steam temperature of 700°C or higher

### Integrated Coal Gasification Combined Cycle (IGCC)

An integrated power generation system with a twin-turbine configuration; the gas produced from burning coal is used as fuel to drive a gas turbine, the exhaust gases from which are used in a steam turbine

### Integrated Coal Gasification Fuel Cell Combined Cycle (IGFC)

Adds fuel cells to both gas and steam turbines for a triply integrated power generation configuration

## Specific J-POWER Initiatives 2

# Developing the Next Generation of Coal-Fired Thermal Power Technologies

## Large-Scale Demonstration Test of Oxygen-Blown IGCC Technology

Since Fiscal 2002, J-POWER's Wakamatsu Research Institute in Fukuoka Prefecture has been heavily involved in two EAGLE pilot programs to test multipurpose coal gasification and gas purification technologies with a view to using coal efficiently and reducing CO<sub>2</sub> emissions to zero. The aim of the EAGLE projects is to realize an IGCC system. This system converts coal into flammable carbon monoxide (CO) and hydrogen (H<sub>2</sub>) by oxygen-blown gasification and uses this gas to power a gas turbine generator and, at the same time, uses the gas turbine's exhaust gases in a steam turbine. Because they generate a gas mainly composed of CO and H<sub>2</sub>, a special characteristic of oxygen-blown coal gasification technologies is that they facilitate CO<sub>2</sub> separation and capture, which can be used in more varied applications. Through the EAGLE projects, J-POWER has achieved the world's highest cold gas

efficiency and developed coal gasifiers adaptable to a wide range of coal types.

Leveraging the expertise and accomplishments obtained with the EAGLE projects, J-POWER made the decision to move ahead with a large-scale demonstration test—the Osaki CoolGen Project—designed to bring about the commercialization of IGCC and CO<sub>2</sub> separation and capture technologies. In 2009, J-POWER and Chugoku Electric Power Co., Inc., established a joint venture, Osaki CoolGen Corporation, to carry out the test, which entails the construction of a demonstration plant with a coal processing capacity of approximately 1,100 tons per day and a power generation capacity of roughly 170 MW. Starting in 2017, the test will investigate the reliability, economic efficiency, and ease of operation of a power generation system based on oxygen-blown IGCC technology. In addition, we will verify

the applicability of conducting tests of the most recent CO<sub>2</sub> separation and capture technology. Based on these tests, we will be aiming to further increase efficiency with the IGFC system, which combines fuel cells with the oxygen-blown IGCC system. The aim of these technological developments is to bring to fruition the CoolGen Project\* that was put before a national commission.

\*The national CoolGen Project is a plan for experimental research aimed at realizing "zero-emission, coal-fired thermal power generation" through a combination of IGCC, IGFC, and CCS technologies.



EAGLE Pilot Test Facility (Fukuoka Prefecture)

## Development of CO<sub>2</sub> Separation and Capture Technology

Several countries are making progress with CCS surveys and trial projects. The CCS process involves separating and capturing CO<sub>2</sub> given off by large-scale emission sources and storing it permanently underground. Of the three distinct elements comprising CCS—CO<sub>2</sub> separation and capture, transport, and storage—J-POWER has focused primarily on the former because those technologies must be designed for use at power plants and because CO<sub>2</sub> separation and capture is the most cost-intensive component of the entire CCS process. Technologies for separating and capturing CO<sub>2</sub> from the gas produced by oxygen-blown coal gasification are believed to hold the most potential for future application. We demonstrated the effectiveness of a chemical

absorption method associated with those technologies during one of the EAGLE pilot programs and are implementing a four-year demonstration test program for a physical absorption method that is scheduled to end in fiscal 2013.

J-POWER is also actively working to develop CO<sub>2</sub> separation and capture technologies for combustion exhaust from pulverized coal-fired thermal power, currently the most-common method of power generation from coal. In collaboration with Mitsubishi Heavy Industries Ltd., we conducted pilot trials using the chemical absorption method from 2007 to 2008 at our Matsushima Thermal Power Plant, in Nagasaki Prefecture. Additionally, we are a participant in the Callide Oxyfuel Project

using the oxyfuel method, which is being carried out at the Callide A Power Plant in Queensland, Australia. Scheduled for implementation from 2011 to 2013, this joint Japanese-Australian project will be the first in the world to test an integrated CCS and underground storage system using the oxyfuel method at an existing power plant.



Callide A Power Plant (Australia)





# Segment Overview

The J-POWER Group has four business segments.

Besides the electric power business segment—  
centered on wholesale power businesses,  
including mainstay thermal and hydroelectric power operations,  
as well as power transmission/transformation operations,  
and growing operations involving wind power, IPPs, and other new types of business—  
we are engaged in electric power-related business segment operations  
that support the smooth execution of electric power business,  
overseas business segment operations that we plan to build into our second principal business pillar,  
and other businesses segment operations that further leverage our resources and know-how.

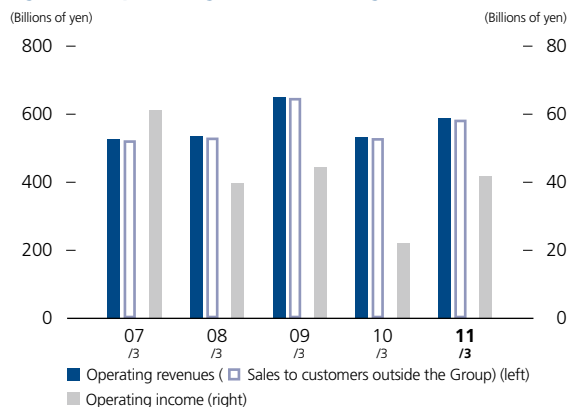
## Change in reporting segments

From the first quarter of the fiscal year ending March 31, 2011, J-POWER has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17) and the Implementation Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Implementation Guidance No. 20).

As a result, J-POWER has changed from a three-segment structure ("Electric Power Business," "Electric Power-Related Businesses," and "Other Businesses") to a four-segment structure ("Electric Power Business," "Electric Power-Related Businesses," "Overseas Business," and "Other Businesses").

## Segment Overview

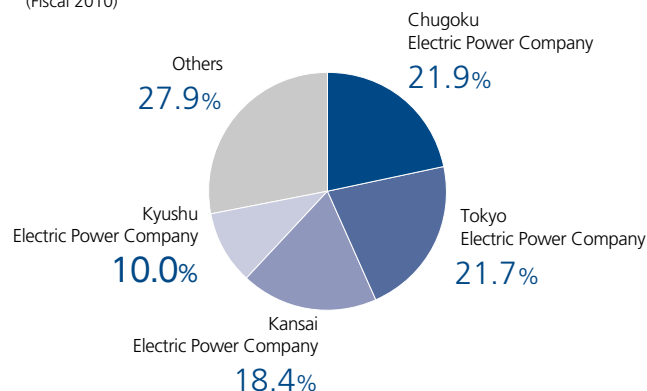
### Segment Operating Revenues/Segment Income\*1



\*1 In fiscal years through the year ended March 31, 2009 (fiscal 2008), segment income is stated in terms of operating income. From the fiscal year ended March 31, 2010 (fiscal 2009), segment income is stated in terms of ordinary income.

### Principal Customers of Electric Power Business\*2

(Fiscal 2010)

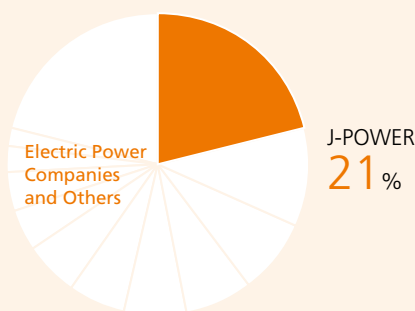


\*2 Since the ratios of sales by type of customer have been rounded to two significant digits, they do not add to 100%.

## Wholesale Electric Power Business Thermal Power

### Share of Coal-Fired Power Generation Capacity in Japan

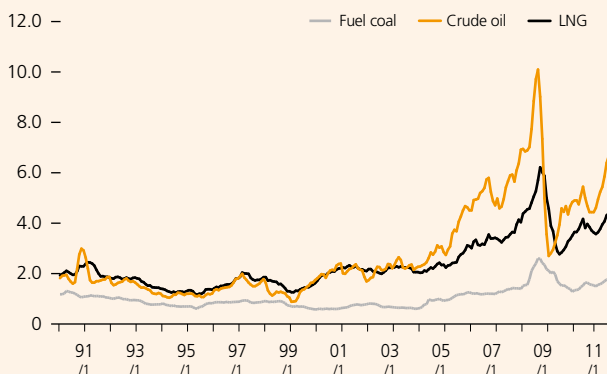
(As of March 31, 2011)



Source: Prepared by J-POWER based on reports issued by the Agency for Natural Resources and Energy

### Calorific Unit Price by Fossil Fuel (Imports)

(Yen / 1,000kcal)



Data charted up to May 31, 2011

Source: The Institute of Energy Economics, Japan

## Performance Highlights

In fiscal 2010, ended March 31, 2011, smooth operations were maintained at all the Company's thermal power plants—including the Isogo New No. 2 Thermal Power Plant, which began operating in July 2009—and the load factor was 78%, above the forecast level of 71%. The electricity sales volume was 54.0 billion kWh, up 16% from the previous fiscal year, when the load factor was 68%. Operating revenues rose 16% year on year, to ¥406.4 billion, primarily owing to the rise in the load factor and an increase in electricity rates accompanying higher fuel prices.

For fiscal 2011, we project a load factor of 72% and an 8% year-on-year decrease in the electricity sales volume, to 50.0 billion kWh. Due to an increase in electricity rates accompanying higher fuel prices, we anticipate a rise in our fee revenue.



Tachibanawan Thermal Power Plant  
(Tokushima Prefecture)



## Overview of Operations

J-POWER specializes in coal-fired thermal power generation. The strengths of coal-fired power are its high cost-competitiveness and the high load factors of its facilities due to a power source that fulfills the base demand for electricity. Currently, J-POWER operates seven coal-fired thermal power plants in Japan with a total capacity of 8,412 MW, representing 21% (the top share) of the coal-fired power generation facilities in Japan.

Mostly derived from revenues from the sale of electricity supplied to 10 EPCOs, the earnings of J-POWER's thermal power business are based on electricity supply contracts with individual sites on a cost basis. In undertaking the supply of electric power, J-POWER adopts a cost basis calculated on a fair assumed cost plus fair return on capital, secures the income needed for business operations, and recovers investment capital. (For more details please refer to Rate Structure for Domestic Wholesale Electric Power Business on page 35.)

## Outlook

To maintain reliability, J-POWER's thermal power business undertakes the appropriate maintenance of its existing power plants as well as limits the declines in thermal efficiency and increases in equipment failure caused by aging. At the same time, the Company is working constantly to raise the competitiveness of its plant facilities by stable coal procurement and ongoing cost-cutting efforts.

From the perspective of making a concerted response to global warming issues, J-POWER is involved in coal-fired thermal power technologies that offer even higher efficiency and is focusing on such technical developments as IGCC and CO<sub>2</sub> separation and capture technologies. Plans are under way to replace the old power plant units at Takehara Thermal Power Plant with a new facility that draws on those high-efficiency, coal-fired thermal power technologies.

With regard to geothermal power, following the Onikobe Geothermal Power Plant project, we are moving ahead with measures for identifying additional plant locations.

### J-POWER's Coal-Fired Power Plants in Japan

(As of March 31, 2011)

Power Plants		Beginning of Operation	Location	Maximum Capacity (kW)
Isogo	New No. 1	2002	Kanagawa Prefecture	600,000
	New No. 2	2009		600,000
Takasago	No. 1	1968	Hyogo Prefecture	250,000
	No. 2	1969		250,000
Takehara	No. 1 * <sup>1</sup>	1967	Hiroshima Prefecture	250,000
	No. 2 * <sup>1</sup>	1974* <sup>2</sup>		350,000
	No. 3	1983		700,000
Tachibanawan	No. 1	2000	Tokushima Prefecture	1,050,000
	No. 2	2000		1,050,000
Matsushima	No. 1	1981	Nagasaki Prefecture	500,000
	No. 2	1981		500,000
Matsuura	No. 1	1990	Nagasaki Prefecture	1,000,000
	No. 2	1997		1,000,000
Ishikawa Coal	No. 1	1986	Okinawa Prefecture	156,000
	No. 2	1987		156,000
Total				8,412,000

\*1 The plan calls for the two existing units to have been replaced by a single coal-fired thermal power facility with the same large-scale 600 MW capacity by around 2020.

\*2 Converted from heavy oil-fueled boiler to coal-fueled fluidized boiler in 1995

### J-POWER's Geothermal Power Plant in Japan

(As of March 31, 2011)

Power Plant	Beginning of Operation	Location	Maximum Capacity (kW)
Onikobe	1975	Miyagi Prefecture	15,000* <sup>3</sup>

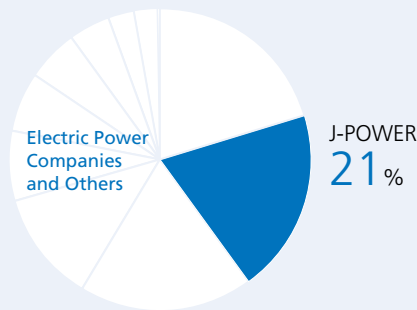
\*3 The output capacity of this plant was increased from 12,500 kW to 15,000 kW in 2010.

## Segment Overview

### Wholesale Electric Power Business Hydroelectric Power

#### Share of Hydroelectric Power Generation Capacity in Japan

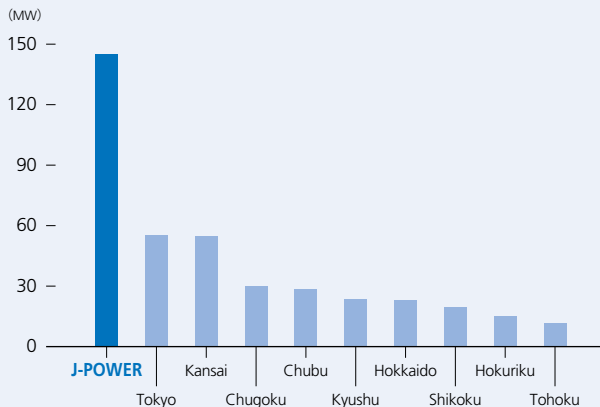
(As of March 31, 2011)



Source: Reports issued by the Agency for Natural Resources and Energy

#### Average Generation Capacity per Hydroelectric Power Plant

(As of March 31, 2011)



Source: Reports issued by the Agency for Natural Resources and Energy

### Performance Highlights

In fiscal 2010, the water supply rate increased to 106% from the previous year's 96%. As a result, electricity sales volume rose 11% year on year, to 10.2 billion kWh. However, operating revenues declined 1% year on year, to ¥108.9 billion, primarily owing to rate revisions that took effect from September 2009.

For fiscal 2011, we are projecting a 7% year-on-year decline in electricity sales volume, to 9.5 billion kWh, based on an average water supply rate of 100%, as in normal years.

### Overview of Operations

Currently, J-POWER owns and operates 59 hydroelectric power plants throughout Japan. Their total capacity of 8,570 MW represents 20% of Japan's total hydroelectric power capacity, making J-POWER Japan's second-ranked company. The Company focuses on large-scale, conventional hydroelectric power plants—those built at water systems endowed with an abundant volume of water—as well as on pumped-storage hydroelectric power plants, a salient feature of which is their high capacity. These facilities are capable of responding rapidly to power demand fluctuations. They are thus utilized as an energy source with superior output adjustment functions that have the peak demand capacity to meet the intra-day and intra-seasonal supply-demand balancing requirements of Japan's power grid.

Most of the rates for conventional-type facilities and 100% of the rates for facilities of the pumped-storage type are fixed rates. J-POWER sells hydroelectric power to EPCOs under the terms of supply contracts based on costs calculated by the plant or water system, for each type of plant, securing the income needed for business operations and recovering investment capital. (For more details please refer to Rate Structure for Domestic Wholesale Electric Power Business on page 35.)

### Outlook

In spite of the limited number of sites suitable for their development in Japan at the present time, J-POWER possesses several large-scale hydroelectric power stations that were developed in a bid to solve postwar power shortages. Hydroelectric power represents a valuable national asset that utilizes Japan's water resources and a source of renewable energy. Operating hydroelectric power stations for many years after they come online, J-POWER engages in activities to improve their efficiency and reliability and endeavors to effectively utilize and stably supply hydroelectric power by upgrading key facilities to the latest standards.



Okukiyotsu Power Plant (Niigata Prefecture)



Sakuma Power Plant (Shizuoka Prefecture)

### J-POWER's Major Hydroelectric Power Plants in Japan

(As of March 31, 2011)

Power Plants	Beginning of Operation	Location	Maximum Capacity (kW)	Type
Shimogo	1988	Fukushima Prefecture	1,000,000	Dam conduit type, genuine pumped storage
Okutadami	1960	Fukushima Prefecture	560,000	Dam conduit type
Otori	1963	Fukushima Prefecture	182,000	Dam type
Tagokura	1959	Fukushima Prefecture	395,000	Dam type
Tadami	1989	Fukushima Prefecture	65,000	Dam type
Taki	1961	Fukushima Prefecture	92,000	Dam type
Kuromatagawa No. 1	1958	Niigata Prefecture	61,500	Dam conduit type
Okukiyotsu	1978	Niigata Prefecture	1,000,000	Dam conduit type, genuine pumped storage
Okukiyotsu No. 2	1996	Niigata Prefecture	600,000	Dam conduit type, genuine pumped storage
Numappara	1973	Tochigi Prefecture	675,000	Dam conduit type, genuine pumped storage
Misakubo	1969	Shizuoka Prefecture	50,000	Dam conduit type
Shintoyone	1972	Aichi Prefecture	1,125,000	Dam conduit type, genuine pumped storage
Sakuma	1956	Shizuoka Prefecture	350,000	Dam conduit type
Miboro	1961	Gifu Prefecture	215,000	Dam conduit type
Miboro No. 2	1963	Gifu Prefecture	59,200	Dam conduit type
Nagano	1968	Fukui Prefecture	220,000	Dam type, mixed pumped storage
Yugami	1968	Fukui Prefecture	54,000	Dam conduit type
Tedorigawa No. 1	1979	Ishikawa Prefecture	250,000	Dam conduit type
Totsugawa No. 1	1960	Nara Prefecture	75,000	Dam conduit type
Totsugawa No. 2	1962	Wakayama Prefecture	58,000	Dam conduit type
Ikehara	1964	Nara Prefecture	350,000	Dam type, mixed pumped storage
Nanairo	1965	Wakayama Prefecture	82,000	Dam conduit type
Futamata	1963	Kochi Prefecture	72,100	Dam conduit type
Sendaigawa No. 1	1965	Kagoshima Prefecture	120,000	Dam type

Note: Includes power plants with maximum output of 50,000 kW or more

## Segment Overview

### Power Transmission/Transformation

#### Performance Highlights

In fiscal 2010, operating revenues from power transmission/transformation business slipped 0.1% year on year, to ¥54.3 billion.

#### Overview of Operations

As a wholesale supplier of electric power operating a wide array of power supplies, J-POWER owns and operates approximately 2,400 kilometers of power transmission lines and eight substations and converter stations throughout Japan. Supporting part of the grid of Japan's power companies and coordinating between the different regional power companies, J-POWER fulfills a role in the overall operation of Japan's entire power system.

In particular, we operate critical facilities that support the wide-area power interchange in Japan, such as voltage transmission

lines (the Kitahon and Anan-Kihoku HVDC links and the Honshi and Kanmon interconnecting lines) connecting Honshu with Hokkaido, Shikoku, and Kyushu as well as the Sakuma Frequency Converter Station, which enables the transmission of electricity between the different frequencies of eastern Japan (50 Hz) and western Japan (60 Hz).

Also maintaining a power communications network throughout Japan, J-POWER provides facility protection, monitoring and control as well as operational management to contribute to the stable operation of the power grid.

#### Outlook

J-POWER's power transmission/transformation facilities, such as the Kitahon HVDC Link connecting Hokkaido and Honshu via undersea cables and the Sakuma Frequency Converter Station, contributed to alleviating the tight regional supply-demand balances that followed the Great East Japan Earthquake. The Company will maintain facility reliability and focus efforts on ensuring stable operations.

#### Major Transmission Lines (As of March 31, 2011)

Transmission Lines	Beginning of Operation	Location	Total Lines	Voltage
Tokachi Trunk Line	1956	Hokkaido Prefecture	214.4km	187(kV)
Kitahon HVDC Link	1979	Hokkaido Prefecture – Aomori Prefecture	167.4km	DC±250(kV)
Tadami Trunk Line	1959	Fukushima Prefecture – Tokyo Metropolitan Area	216.2km	275kV-500(kV)
Sakuma East Trunk Line	1956	Shizuoka Prefecture – Tokyo Metropolitan Area	197.2km	275(kV)
Sakuma West Trunk Line	1956	Shizuoka Prefecture – Aichi Prefecture	107.7km	275(kV)
Miboro Trunk Line	1960	Gifu Prefecture – Aichi Prefecture	108.6km	275(kV)
Nahari Trunk Line	1960	Kochi Prefecture – Ehime Prefecture	119.9km	187(kV)
Honshi Interconnecting Line	1994	Kagawa Prefecture – Okayama Prefecture	127.0km	500(kV)
Anan-Kihoku HVDC Link	2000	Tokushima Prefecture – Wakayama Prefecture	99.8km	DC±250(kV)
Kanmon Interconnecting Line	1980	Fukuoka Prefecture – Yamaguchi Prefecture	64.2km	500(kV)

#### Substations (As of March 31, 2011)

Substations	Beginning of Operation	Location	Output
Minami Kawagoe	1959	Saitama Prefecture	1,542,000(kVA)
Nishi Tokyo	1956	Tokyo Metropolitan Area	1,350,000(kVA)
Nagoya	1956	Aichi Prefecture	1,400,000(kVA)

#### Frequency Converter Station (As of March 31, 2011)

Frequency Converter Station	Beginning of Operation	Location	Output
Sakuma	1965	Shizuoka Prefecture	300,000(kW)

#### AC/DC Converter Stations (As of March 31, 2011)

AC/DC Converter Stations	Beginning of Operation	Location	Output
Hakodate	1979	Hokkaido Prefecture	600,000(kW)
Kamikita	1979	Aomori Prefecture	600,000(kW)
Kihoku	2000	Wakayama Prefecture	1,400,000(kW)
Anan	2000	Tokushima Prefecture	1,400,000(kW)

## Rate Structure for Domestic Wholesale Electric Power Business

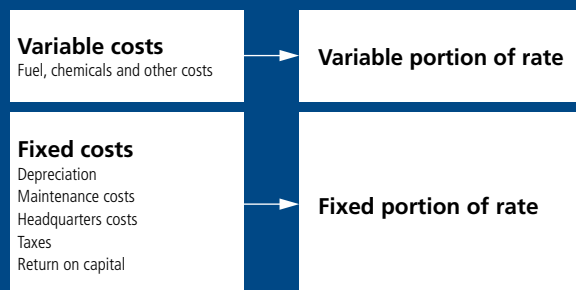
J-POWER calculates contract rates for the wholesale electric power business and its electric power transmission services on a fair assumed cost plus fair return on capital basis.

Individual rates are contracted with power companies and producers based on costs calculated by the plant or water system, for each type of plant. Our rate includes both a fixed and a variable portion.

### Thermal Power Generation

Regarding contract rates for thermal power facilities, fuel costs and other variable costs comprise a high weighting of total costs, and maintenance and operating costs fluctuate greatly from year to year. We therefore adjust rates every two years (every year for the portion corresponding to coal costs if there are substantial price fluctuations). Variable costs such as fuel costs are incorporated into the variable portion of the rate, reflecting the amount of electricity supplied. Rates are also adjusted every quarter to offset the effects of actual fluctuations in fuel costs associated with exchange rates used in fuel procurement and with changes in heavy/light oil prices. The fixed portion of the rate consists of the fixed portion of expenses other than variable expenses. The fixed portion of the rate includes depreciation, return on capital, repair costs and

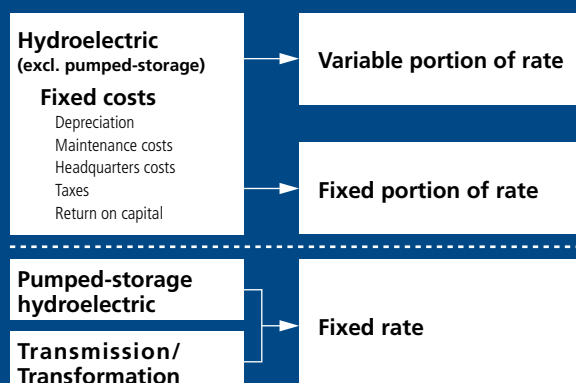
other maintenance and operating costs. Unless otherwise impacted by an increase in maintenance and operating costs or major investment in plant facilities, the fixed portion of the rate generally has been decreasing due to the progressive depreciation of facilities and reductions in expenses such as interest expense in recent years.



### Hydroelectric Power Generation and Power Transmission/Transformation

With regard to rates for hydroelectric power and transmission, substation facilities, depreciation, return on capital and other fixed costs comprise a large weighting of total costs, so contract rates are not subject to regular revision, which ensures long-term rate stability. Revisions may be conducted based on negotiations with electric power companies if substantial changes take place in economic conditions (interest rates, prices, etc.) or business conditions (deregulation, etc.). Contract rates for hydroelectric power facilities, excluding pumped storage, are comprised of a fixed portion of the rate, which accounts for approximately 80% of the contract rate and a variable portion of the rate reflecting the amount of electricity supplied, which accounts for the remaining approximately 20%. The 20% portion increases and decreases depending on water supply rates, but this does

not have a substantial impact. Contract rates for pumped storage hydroelectric power and transmission are based entirely on the fixed portion of the rate.



## Segment Overview

### Other Electric Power Businesses (IPPs, for PPSs, and Wind Power)

#### Performance Highlights

In fiscal 2010, total electricity sales volume declined 1% year on year, to 1.4 billion kWh. Operating revenues decreased 7% year on year, to ¥13.7 billion.

#### Overview of Operations

Through subsidiaries and affiliates, J-POWER is engaged in wind power operations, operates independent power producers (IPPs) that provide wholesale electricity supplies to EPCOs, and provides wholesale electricity supplies to power producers and suppliers (PPSs).

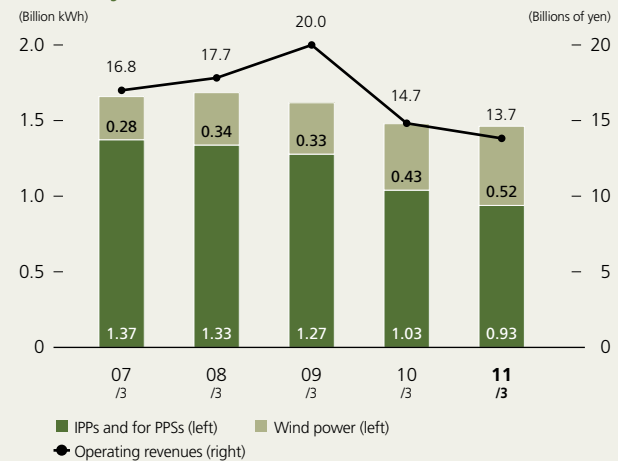
Drawing on its long history of accumulating expertise and technologies in the building, operation, and maintenance of power stations and transmission lines, the J-POWER Group supports a system that covers the full gamut of the wind farm business, from surveys of wind conditions to wind farm design, construction, and operation and maintenance (O&M). The Company operates 208 units at 18 wind farms throughout Japan with a total capacity of 350 MW. This accounts for approximately 13% of Japan's total wind power capacity, making J-POWER the second-ranked company in Japan.

The provision of wholesale electricity supplies to EPCOs through IPPs is a system introduced under the 1995 revision to the Electricity Utilities Industries Law. J-POWER owns and operates three IPP facilities, with a total capacity of 520 MW. The provision of wholesale electricity supplies to PPSs was recognized under the 2000 revision to the Electricity Utilities Industries Law. The Company currently owns and operates three facilities in the Tokyo Bay area, with a total capacity of 320 MW, which supply power to PPSs.

#### Outlook

Wind power is a source of clean renewable energy that does not emit CO<sub>2</sub> during the generation process and for which there are high expectations as a valuable national energy resource in resource-poor Japan. Having merged with its wholly owned wind power business company, J-POWER is strengthening its business structure by such measures as making its O&M systems more efficient while moving ahead with the development of new locations with a view to doubling output to 700 MW.

#### Electricity Sales Volume: IPPs, for PPSs and Wind Power



Nikaho Kogen Wind Farm  
(Akita Prefecture)



Bayside Energy Ichihara  
(Chiba Prefecture)



## J-POWER's Wind Power Generation Project List

(As of June 30, 2011)

Wind Power Farms/Plants	Operating Companies	Location	Ownership	Capacity (kW)* <sup>1</sup>	Completion Date* <sup>2</sup>
Sarakitomanai Wind Farm	Sarakitomanai Wind Power Co., Ltd.	Hokkaido Prefecture	49%	14,850 (9)	2001 (2009)
Tomamae Winvilla Wind Farm	J-Wind Co., Ltd.	Hokkaido Prefecture	100%	30,600 (19)	2000
Shimamaki Wind Farm	J-Wind Co., Ltd.	Hokkaido Prefecture	100%	4,500 (6)	2000 (2009)
Setana Seaside Wind Power Farm	J-Wind Co., Ltd.	Hokkaido Prefecture	100%	12,000 (6)	2005
Green Power Kuzumaki Wind Farm	J-Wind Co., Ltd.	Iwate Prefecture	100%	21,000 (12)	2003
Nikaho Kogen Wind Farm	Nikaho-Kogen Wind Power Co., Ltd.	Akita Prefecture	67%	24,750 (15)	2001
Koriyama-Nunobiki Kogen Wind Farm	J-Wind Co., Ltd.	Fukushima Prefecture	100%	65,980 (33)	2007
Hiyama Kogen Wind Farm	Green Power Tokoha Co., Ltd.	Fukushima Prefecture	100%	28,000 (14)	2011
Tokyo Bayside Wind Power Plant	J-Wind Co., Ltd.	Tokyo Metropolitan Area	100%	1,700 (2)	2003
Irouzaki Wind Farm	J-Wind IROUZAKI Co., Ltd.	Shizuoka Prefecture	100%	34,000 (17)	2010
Tahara Bayside Wind Farm	J-Wind Co., Ltd.	Aichi Prefecture	100%	22,000 (11)	2005
Tahara Wind Farm	J-Wind Co., Ltd.	Aichi Prefecture	100%	1,980 (1)	2004
Awara-Kitagata Wind Farm	Green Power Awara Co., Ltd.	Fukui Prefecture	100%	20,000 (10)	2011
Yokihi no Sato Wind Park	J-Wind Co., Ltd.	Yamaguchi Prefecture	100%	4,500 (3)	2003 (2009)
Nagasaki-Shikamachi Wind Farm	Nagasaki-Shikamachi Wind Power Co., Ltd.	Nagasaki Prefecture	70%	15,000 (15)	2005
Aso-Nishihara Wind Farm	Green Power Aso Co., Ltd.	Kumamoto Prefecture	88%	17,500 (10)	2005
Aso-Oguni Wind Farm	Green Power Aso Co., Ltd.	Kumamoto Prefecture	88%	8,500 (5)	2007 (2009)
Minami Oosumi Wind Farm	Minami Kyushu Wind Power Co., Ltd.	Kagoshima Prefecture	80%	26,000 (20)	2003 (Nejime) (2009) 2004 (Sata) (2009)
<b>Total</b>				<b>352,860 (208)</b>	
Zajackowo Wind Farm	Zajackowo Windfarm Sp. zo. o.	Poland	45%	48,000 (24)	2008
<b>Total including overseas</b>				<b>400,860 (232)</b>	

\*1 Figures in ( ) are the number of wind turbines. \*2 Figures in ( ) are the years when the Company purchased its current holdings of shares from other companies.

## J-POWER's Electricity Supply Facilities in Japan

(As of June 30, 2011)

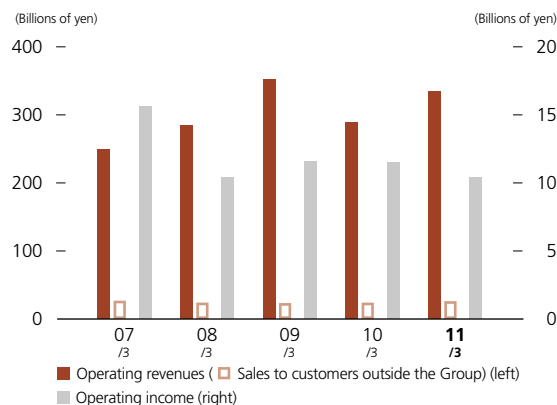
Plant Name	Operating Companies	Location	Capacity (kW)	Fuel Type	Ownership* <sup>3</sup>	Completion Date* <sup>4</sup>
<b>IPPs</b>						
Genex Mizue	GENEX Co., Ltd.* <sup>5</sup>	Kanagawa Prefecture	238,000	Gas Oil Residue	40% TOA Oil Co., Ltd.	2003
Itoigawa	ITOIGAWA POWER Inc.	Niigata Prefecture	134,000	Coal	80% TAIHEIYO CEMENT CORPORATION	2001 (2003)
Tosa	TOSA POWER Inc.* <sup>5</sup>	Kochi Prefecture	150,000	Coal	45% Shikoku Electric Power Co., Inc. 35% TAIHEIYO CEMENT CORPORATION 20%	2005
<b>Subtotal</b>			<b>522,000</b>			
<b>Wholesale Power for PPSS</b>						
Ichihara Power	Ichihara Power Co., Ltd.	Chiba Prefecture	110,000	Gas* <sup>6</sup>	60% Mitsui Engineering & Shipbuilding Co., Ltd. 40%	2004
Bayside Energy Ichihara	Bay Side Energy Co., Ltd.	Chiba Prefecture	107,650	Gas* <sup>6</sup>	100%	2005
Mihama Seaside Power Shinminato	Mihama Seaside Power Co., Ltd.* <sup>5</sup>	Chiba Prefecture	104,770	Gas* <sup>6</sup>	50% Diamond Power Corporation 50%	2005
<b>Subtotal</b>			<b>322,420</b>			

\*3 Name of joint venture \*4 Date of investment participation by J-POWER \*5 Denotes projects by companies accounted for by the equity method

\*6 Generation method: combined cycle

## Segment Overview

### Segment Operating Revenues/Segment Income\*



\* In fiscal years through the year ended March 31, 2009 (fiscal 2008), segment income is stated in terms of operating income. From the fiscal year ended March 31, 2010 (fiscal 2009), segment income is stated in terms of ordinary income.

### Performance Highlights

In fiscal 2010, operating revenues increased 16% year on year, to ¥334.6 billion, owing to factors including a rise in consolidated subsidiaries' sales of coal to the parent company. Reflecting a rise in cost of sales, segment income decreased 10%, to ¥10.4 billion.



Clermont Coal Mine

### Coal Mining Projects

(As of June 30, 2011)

Mine Name	Location	Loading Port	Production Volume	Investment Ratio	Commercial Production
Blair Athol	Queensland	Dalrymple Bay	Approx. 10 million t/yr	10%	1984
Ensham	Queensland	Gladstone	Approx. 6 million t/yr	10%	1993
Clermont	Queensland	Dalrymple Bay	Approx. 12 million t/yr	15%	2010
Narrabri	New South Wales	Newcastle	Approx. 6 -7 million t/yr	7.5%	2010

Note: Investment through a subsidiary, J-POWER AUSTRALIA PTY., LTD.  
Production volume represents figures for peak production.

### Overview of Operations

We are developing electric power-related businesses that are required for the operation of power generation, transmission, and transformation facilities and that complement and contribute to the smooth and efficient implementation of our electric power business, including those undertaking the design, construction, inspection, and maintenance of power generation facilities; those importing coal, those employing their own vessels to transport coal, and those engaged in other kinds of operations.

For the power-generation facilities of its domestic wholesale electric power business, J-POWER conducts maintenance in close partnership with its subsidiaries. In addition, through its subsidiaries, J-POWER has invested in four mines in Australia to ensure stable, long-term supplies of coal to fuel thermal power generation.

### Outlook

Growth in demand for energy resources in such countries as China and India and instability in the Middle East are among the factors increasing the tightness of the global supply, causing the prices of energy resources to surge rapidly. In view of this situation, the Company is planning stable coal procurement by expanding its upstream presence with respect to ownership of coal mines and securing diversified sources of procurement.



## Performance Highlights

In fiscal 2010, operating revenues increased 19% year on year, to ¥1.8 billion. Segment income fell 22%, to ¥5.0 billion, owing to a decrease in equity in earnings of affiliates brought about by foreign exchange losses related to routine inspections of the thermal power plants in Thailand and the ongoing strength of the yen.

## Overview of Operations

The J-POWER Group has been involved in the overseas consulting business since 1960. Since that time, it has undertaken long-term consulting business throughout the world, including environmental impact assessments, the transfer of desulfurization and denitrification technologies in thermal power generation, and the planning, design, and construction supervision of hydroelectric power and power transmission projects.

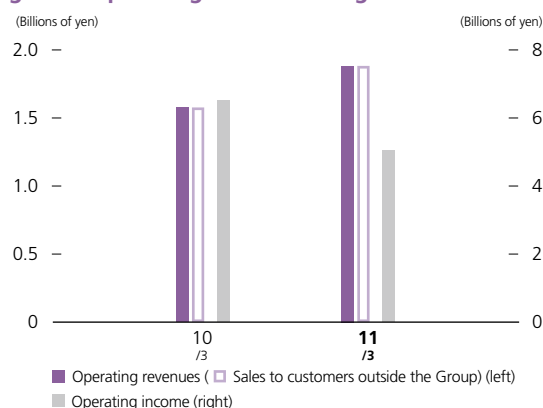
Subsequently, amid the ongoing deregulation of the world's electric power industries in 1997, J-POWER tried to move into overseas markets where ongoing strong demand was expected to increase in both industrial and private sectors. Establishing a dedicated in-house organization, the Company commenced activities that would lead to an overseas power generation business that injects capital and technologies and participates in business.

At first, the focus was on participation in joint venture-model small businesses based on partial involvement in such operations as comparatively small-scale injections of capital and the building of power plants. Amid intense competition, experience and results were steadily gained; in 2005, a subsidiary was established in the United States, where full-scale business development was commenced; in 2008, J-POWER participated in a large-scale IPP project in Thailand. Through this step-by-step approach, progress is being made to develop the overseas power generation business as the second major area under J-POWER Group management. The Company currently has 29 projects in operation in six countries and regions worldwide, including Thailand, the United States, China, Taiwan, and the Philippines, bringing its overseas owned capacity to 3,690 MW.

## Outlook

The nine new power generation projects currently under development in Thailand comprise two IPPs (at Nong Saeng and U-thai, each with a capacity of 1,600 MW) and seven SPPs with a total capacity of 780 MW, for an overall capacity of 3,900 MW. The seven SPPs and two IPPs are set for completion in 2013 and 2014, respectively, with commercial operations planned to start in 2015. A 25-year power purchase agreement (PPA), covering the building of the

### Segment Operating Revenues/Segment Income\*



\* Segment income is stated in terms of ordinary income.

power plants as well as their O&M, was signed between J-POWER and the Electricity Generating Authority of Thailand (EGAT).

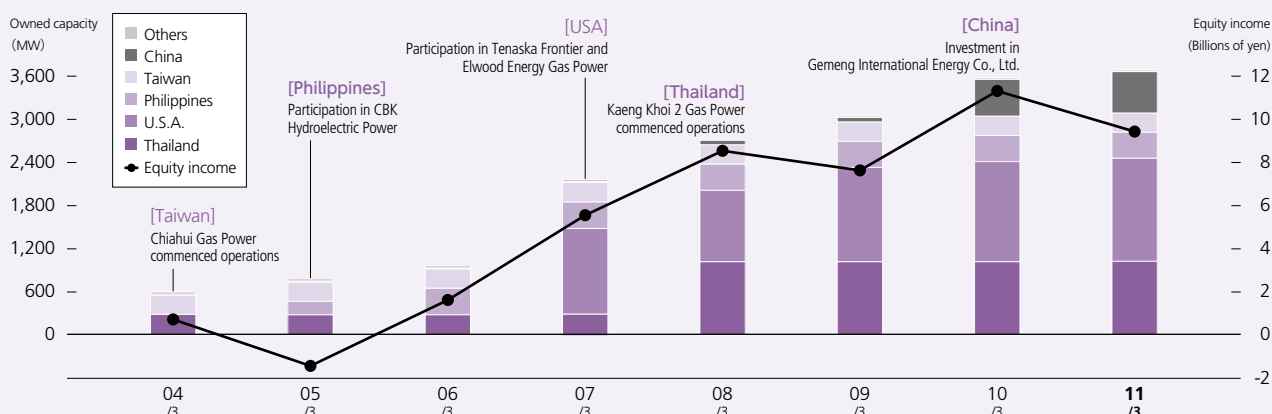
In 2011, cooperation with other companies resulted in J-POWER gaining through international tender an IPP project for a new coal-fired thermal power plant in Indonesia. Located in central Java, the project involves the construction of a 2,000 MW-capacity coal-fired thermal power plant, one of the largest in Asia. A 25-year PPA was signed with Indonesia's state-owned electricity company, PLN. Involving the application of J-POWER's accumulated USC technologies, J-POWER's consortium covers all stages from the plant's construction to operation and maintenance as a package. The Company can expect to contribute to the stable supply of electricity and to reducing the environmental impact in Indonesia as well as to the transfer and spread of advanced technologies. It is thought that this project will serve as a model for the future development of high-efficiency, coal-fired thermal power in Asia.



Kaeng Khoi 2 Power Plant  
(Thailand)

## Segment Overview

### Owned Capacity (Operating) and Equity Income of Overseas Power Generation Business



Note: Owned capacity [left]: Output is calculated by the total project capacity multiplied by J-POWER's equity ratio, and this is the amount recorded for the fiscal year-end.

### Overview of Projects

(As of June 30, 2011)

**2013**

Begin operations

Type of facility: gas-fired thermal power

Capacity: 780 MW (110 MW x 6 projects/120 MW x 1 project)

#### 7 SPP Projects

Construction

Commercial operation

Situation in 2011

- Smoothly began construction work from October 2010
- Smoothly proceeding with construction work with target of beginning operations from 2013

- Projects based on Thailand's SPP program
- Construction of 100 MW-class gas-fired thermal power plants at seven sites in and nearby industrial parks in Saraburi Province and elsewhere
- After operations commence, electric power will be supplied for 25 years to the Electricity Generating Authority of Thailand and customers within industrial parks. (Customers within industrial parks are also to be supplied with steam.)

**2014**

Begin operations

Type of facility: gas-fired thermal power

Capacity: 1,600 MW

#### Nong Saeng Site

Construction

Commercial operation

Situation in 2011

- Currently preparing to begin construction work from the current fiscal year

- Successfully tendered in 2007 IPP project bid solicitation based on the Thailand Power Development Plan
- Construction of 1,600 MW gas-fired thermal power plants at Nong Saeng, Saraburi Province, and U-thai, Ayutthaya Province
- After operations commence, electric power will be supplied for 25 years to the Electricity Generating Authority of Thailand.
- The U-thai site is the new site for developing a project originally planned for the Samet Tai site.

**2015**

Begin operations

Type of facility: gas-fired thermal power

Capacity: 1,600 MW

#### U-thai Site

Construction

Commercial operation

Situation in 2011

- Currently preparing to begin construction work from fiscal 2012

## J-POWER's Participation in Overseas Power Generation Projects

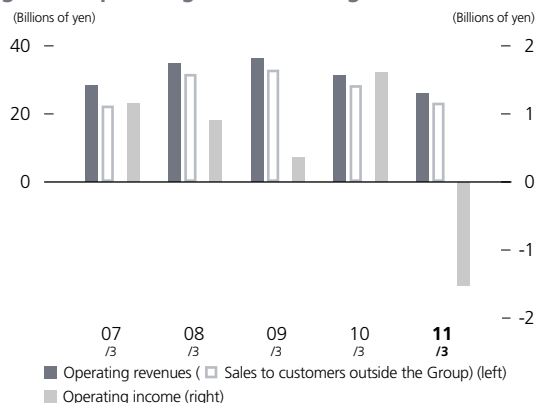
(As of June 30, 2011)

Current Status	Project Name	Electricity Generation Source	Output Capacity (MW)	Ownership	Participation Year	Power Purchaser	Validity of Purchase Agreement
Thailand							
In operation	Roi-Et	Biomass (Chaff)	10	24.7%	FY2000	Electricity Generating Authority of Thailand	21 years
	Rayong	Gas (Combined Cycle)* <sup>1</sup>	112	20.0%	FY2000	Electricity Generating Authority of Thailand/ Companies in the industrial park	21 years
	Thaioil Power	Gas (Combined Cycle)* <sup>1</sup>	113	19.0%	FY2001	Electricity Generating Authority of Thailand/Thai Oil Public Co., Ltd., etc.	25 years
	Independent Power	Gas (Combined Cycle)	700	10.6%	FY2001	Electricity Generating Authority of Thailand	25 years
	Gulf Cogeneration (Kaeng Khoi)	Gas (Combined Cycle)* <sup>1</sup>	110	49.0%	FY2001	Electricity Generating Authority of Thailand/ Companies in the industrial park	21 years
	Samutprakarn	Gas (Combined Cycle)* <sup>1</sup>	117	49.0%	FY2002	Electricity Generating Authority of Thailand/ Companies in the industrial park	21 years
	Nong Khae	Gas (Combined Cycle)* <sup>1</sup>	120	49.0%	FY2002	Electricity Generating Authority of Thailand/ Companies in the industrial park	21 years
	Yala	Biomass (Rubber Wood Waste)	20	49.0%	FY2003	Electricity Generating Authority of Thailand	25 years
	Kaeng Khoi 2	Gas (Combined Cycle)	1,468	49.0%	FY2004	Electricity Generating Authority of Thailand	25 years
Subtotal 9 projects			2,770 (Owned: 1,020 MW)				
Under construction	7 SPP Projects	Gas (Combined Cycle)* <sup>1</sup>	Total 780	We plan to own the majority stake.	FY2007	Electricity Generating Authority of Thailand/ Companies in the industrial park	25 years
In planning stage	U-thai (formerly Samet Tai)	Gas (Combined Cycle)	1,600	We plan to own the majority stake.	FY2007	Electricity Generating Authority of Thailand	25 years
	Nong Saeng	Gas (Combined Cycle)	1,600	We plan to own the majority stake.	FY2007	Electricity Generating Authority of Thailand	25 years
*1 Co-generation facilities that make use of waste heat resulting from power generation							
China							
In operation	Tianshi	Coal Waste	50	24.0%	FY2000	Shanxi Province Power Corporation	Renewed for 1 year* <sup>3</sup>
	Hanjiang (Xihe/Shuhe)	Hydroelectric	450	27.0%	FY2007	Shaanxi Electric Power Company	Renewed for 1 year* <sup>3</sup>
	Gemeng* <sup>2</sup>	Mainly Coal	4,446	7.0%	FY2009	Shanxi Province Power Corporation	—
	Xinchang	Coal	1,320	10.0%	FY2007	Jiangxi Electric Power Company	Renewed for 1 year* <sup>3</sup>
Subtotal 5 projects			6,266 (Owned: 578 MW)				
*2 Gemeng International Energy Co., Ltd., is an electric power company that owns 11 power generation companies.							
*3 Although power purchase agreements are renewed every year, J-POWER makes other agreements with power purchasers for continuous power purchase during operations.							
U.S.A.							
In operation	Tenaska Frontier	Gas (Combined Cycle)	830	31.0%	FY2006	Exelon Generation Company, LLC	20 years
	Elwood Energy	Gas (Simple Cycle)	1,350	25.0%	FY2006	Exelon Generation Company, LLC/ Constellation	Valid to 2012/ 2016/2017
	Green Country	Gas (Combined Cycle)	795	50.0%	FY2007	Exelon Generation Company, LLC	20 years
	Birchwood	Coal	242	50.0%	FY2008	Virginia Electric and Power Company	25 years
	Pinelawn	Gas (Combined Cycle)	80	50.0%	FY2008	Long Island Power Authority	Valid to 2025
	Equus	Gas (Simple Cycle)	48	50.0%	FY2008	Long Island Power Authority	Valid to 2017
	Fluvanna	Gas (Combined Cycle)	885	15.0%	FY2008	Shell Energy North America	Valid to 2024
	Edgewood	Gas (Simple Cycle)	80	50.0%	FY2009	Long Island Power Authority	Valid to 2018
	Shoreham	Jet Fuel (Simple Cycle)	80	50.0%	FY2009	Long Island Power Authority	Valid to 2017
	Orange Grove* <sup>4</sup>	Gas (Simple Cycle)	96	50.0%	FY2006	San Diego Gas & Electric	25 years
Subtotal 10 projects			4,486 (Owned: 1,438 MW)				
*4 Half of J-POWER's investment share (100%) of the Orange Grove Project was sold on May 1, 2011.							
Other Countries/Region							
In operation	CBK (Philippines) (3 projects)	Hydroelectric	728	50.0%	FY2004	National Power Corporation	25 years
	Chiahui (Taiwan)	Gas (Combined Cycle)	670	40.0%	FY2002	Taiwan Power Company	25 years
	Zajaczkowo (Poland)	Wind Power	48	45.0%	FY2006	ENERGA OBROT S.A.	15 years
Subtotal 5 projects			1,446 (Owned: 653 MW)				
Under construction	Nhon Trach 2 (Vietnam)* <sup>5</sup>	Gas (Combined Cycle)	750	5.0%	FY2008	Vietnam Electricity	
*5 In operation at simple cycle (500 MW) from 2010. Start of full-scale combined cycle (750 MW) operations being planned during 2011.							

## Segment Overview

### Other Businesses

#### Segment Operating Revenues/Segment Income\*



\* In fiscal years through the year ended March 31, 2009 (fiscal 2008), segment income is stated in terms of operating income. From the fiscal year ended March 31, 2010 (fiscal 2009), segment income is stated in terms of ordinary income.



Hiroshima City Seibu Water Resources Center/Fuel Conversion Facility (rendering)

## Performance Highlights

In fiscal 2010, operating revenues decreased 17% year on year, to ¥26.1 billion, mainly owing to a drop in revenues from telecommunications construction work by consolidated subsidiaries. Reflecting the drop in operating revenues and other factors, segment income deteriorated by a margin of ¥3.1 billion and amounted to a segment loss of ¥1.5 billion.

## Overview of Operations

Aiming to make full use of its management resources and know-how, J-POWER is developing diverse businesses. Currently, we are promoting the development of such businesses as new electric power business employing biomass-fuel and co-generation plants, environmental businesses, telecommunications business, engineering and consulting operations, coal sales business, and other product sales business.

## Outlook

To leverage its strong position as a major procurer of coal (approximately 2,000t per year), J-POWER is gradually expanding the scale of its coal-related business. In preparation for the use of biomass fuel at coal-fired thermal power plants, the Company is emphasizing such fuel production measures as those aimed at producing wood pellet from unused waste lumber from forests and solid fuel from sewage sludge.

## Main Environment-Related Businesses under Other Businesses

(As at June 30, 2011)

Project Name	Location	Business	Ownership (%)	Year Operation Commenced
Kanamachi Filtration Plant PFI* <sup>1</sup> Business	Tokyo Metropolitan Area	Cogeneration at Kanamachi Filtration Plant of Tokyo Metropolitan Government's Bureau (Gas turbine generator output: 12.28kW)	20%	2000
Narumi Plant PFI* <sup>1</sup> Business	Aichi Prefecture	Repair and maintenance work at Narumi Plant in Nagoya (General waste processing capacity: 530t/day)	11%	2009
Osaka City Hirano Sewage Treatment Plant/Sludge and Solid Fuel Project	Osaka Prefecture	Integrated PFI-type* <sup>1</sup> sewage sludge-based biofuels recycling project, from the construction of biofuel processing facilities to mixed combustion in J-POWER's coal-fired thermal power plants (Sludge processing capacity: 150t/day)	60%	2014 (Planned)
Hiroshima City Seibu Water Reclamation Center/ Sewage Sludge Fuel Project	Hiroshima Prefecture	Integrated DBO-type* <sup>2</sup> sewage sludge-based biofuels recycling project, from the construction of biofuel processing facilities to mixed combustion in J-POWER's coal-fired thermal power plants (Sludge processing capacity: 100t/day)	34%	2012 (Planned)
Omuta Waste-Fueled Power Plant	Fukuoka Prefecture	Recycling power generation using solid fuel (RDF: Refuse Derived Fuel) made by compressing and forming general waste (Output: 20.6MW, RDF processing capacity: 315t/day)	45.2%	2002
Kumamoto Sewage Sludge Solid Fuel Project	Kumamoto Prefecture	Integrated DBO-type* <sup>2</sup> sewage sludge-based biofuels recycling project, from the construction of biofuel processing facilities to mixed combustion in J-POWER's coal-fired thermal power plants (Sludge processing capacity: 50t/day)	Business corporation establishment in preparation	2013 (Planned)
Miyazaki Prefecture Wood Pellet Production Project* <sup>3</sup>	Miyazaki Prefecture	Manufacture and sale of wood pellets for mixed combustion processing in our coal-fired thermal power plants (Pellet manufacturing capacity: 25,000t/year)	98%	2010

\*<sup>1</sup> PFI (Private Finance Initiative) projects: This is a method of conducting public-sector projects from construction through the operating stages by drawing on private-sector funding, management know-how, technology, and other resources.

\*<sup>2</sup> DBO (Design, Build, Operate): A system whereby the public sector finances projects and then commissions the private sector to undertake their design, construction, and operation

\*<sup>3</sup> Manufactured pellets used under the New Energy and Industrial Technology Development Organization's fiscal 2009 demonstration project for biomass and coal co-firing power generation using forestry residue (Ministry of Economy, Trade and Industry-subsidized project/Location: J-POWER's Matsuura Thermal Power Station)





## Management Systems

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  - Corporate Governance
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# Directors and Corporate Auditors

(As of July 2011)



Chairman  
(Representative Director)  
**Kiyoshi Sawabe**  
· Company-wide compliance



President  
(Representative Director)  
**Masayoshi Kitamura**



Executive Vice President  
(Representative Director)  
**Yoshihiko Sakanashi**  
· Assistant to the president for businesses described below:  
Secretarial Affairs & Public Relations Dept.;  
Personnel & Employee Relations Dept.; General  
Affairs Dept.; Business Planning Dept.; and  
Energy Business Dept.  
· Thermal power business (matters under special  
assignment)  
· Regional operations (central region)



Executive Vice President  
(Representative Director)  
**Minoru Hino**  
· Assistant to the president for businesses described below:  
Thermal Power Engineering Dept.; Thermal  
Power Dept.; Nuclear Power Management  
Dept.; Nuclear Power Construction Dept.; Ohma  
General Management Dept.; and Technology  
Development Center  
· Compliance and risk management (matters under  
special assignment)  
· Department Director of Nuclear Power Business  
(delegation of administrative works)  
· Regional operations (central, west & east regions)



Executive Director  
**Kiyotaka Muramatsu**  
· Thermal Power Engineering Dept.  
· Thermal Power Dept.  
· Environment & Energy Business Dept.  
· Technology Development Center  
· Regional operations (west region)



Executive Director  
**Kuniharu Takemata**  
· Corporate Planning & Administration Dept.  
· Personnel & Employee Relations Dept.  
· General Affairs Dept.



Non-Executive Director  
**Go Kajitani**\*1,3

## Senior Corporate Auditors

Kanji Shimada  
Takashi Fujiwara\*2,3

## Corporate Auditors

Motohito Sunamichi  
Mutsutake Otsuka\*2,3  
Kiyoshi Nakanishi\*2,3



Executive Vice President  
(Representative Director)  
**Shinichiro Ota**

- Assistant to the president for businesses described below:  
Corporate Planning & Administration Dept.;  
Accounting & Finance Dept.; Power Sales Dept.;  
Power System Operation Dept.;  
International Business Management Dept.; and  
International Business Development Dept.
- Nuclear power business (matters under special assignment)
- Department Director of International Business (delegation of administrative works)



Executive Vice President  
(Representative Director)  
**Yasuo Maeda**

- Assistant to the president for businesses described below:  
Civil and Electrical Engineering Dept.;  
Hydropower & Transmission System Dept.; and  
Environment & Energy Business Dept.
- Thermal power engineering business, nuclear power business & international power business (matters under special assignment)
- Compliance and risk management (matters under special assignment)
- Hydroelectric power business (matters under special assignment)
- Regional operations (central region)



Executive Managing Director  
**Toshifumi Watanabe**

- Accounting & Finance Dept.
- Power Sales Dept.
- Power System Operation Dept.
- Nuclear power business (matters under special assignment)
- Department Deputy Director of Nuclear Power Business (delegation of administrative works)
- Regional operations (central region)



Executive Director  
**Seigo Mizunuma**

- International Business Management Dept.
- International Business Development Dept.
- Department Deputy Director of International Business (delegation of administrative works)



Executive Director  
**Hirotada Tanou**

- Civil and Electrical Engineering Dept.
- Hydropower & Transmission System Dept.
- Regional operations (east region)



Executive Director  
**Junji Nagashima**

- Nuclear Power Management Dept.
- Nuclear Power Construction Dept.
- Ohma General Management Dept.
- Department Deputy Director of Nuclear Power Business (delegation of administrative works)

## Executive Managing Officers

Koshiro Hayashi  
Fumiyoshi Matsuoka  
Takeshi Katahira

## Executive Officers

Akira Samata  
Masato Uchiyama  
Shuji Etoh  
Itaru Nakamura  
Yoshiki Onoi

Hitoshi Murayama  
Takashi Inaba  
Akihito Urashima  
Naori Fukuda

- \*1 Outside Director
- \*2 Outside Corporate Auditor
- \*3 Independent Officer



# Aiming for Sustainable Development of Society and the J-POWER Group

We seek to be an enterprise that develops energy business in a way that helps people enjoy lifestyles characterized by abundance, safety, and comfort. That is the J-POWER Group's primary objective. By dependably carrying out its day-to-day operations, the Group is aiming to achieve sustained corporate growth while contributing to the sustainable development of society.

## Corporate Governance

### Basic Philosophy

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In accordance with its corporate philosophy of meeting people's needs for energy without fail and playing its part for the sustainable development of Japan and the rest of the world, J-POWER seeks to realize business development and corporate value over the long term while endeavoring

to maintain the confidence of its diverse stakeholders. The Company thus believes that strengthening corporate governance systems and ensuring rigorous compliance performance are important management objectives.

### Corporate Governance

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Having built a corporate governance system that centers on two units—the Board of Directors, which has 13 members, including one outside director, and the Board of Corporate Auditors, which has five members, including three outside corporate auditors—J-POWER is working to further strengthen the system's supervisory and monitoring functions.

The system includes executive directors, who are thoroughly familiar with J-POWER's operations and responsible for executing operations, as well as non-executive directors, who have an independent perspective and participate in management decision-making processes, and the two kinds of directors are positioned to oversee each other. In addition, J-POWER's corporate auditors attend Board of Directors' meetings and other meetings, and they are positioned to constantly monitor the directors' execution of their management duties. More than half of the corporate auditors are outside corporate auditors with abundant experience in such fields as the management of leading Japanese listed companies and the execution of governmental financial policies, and we are confident that their inclusion in our corporate governance system enables the system to fully carry out corporate governance functions.

The outside director and outside auditors are all "independent" corporate officers (outside corporate officers with a high level of independence and no potential conflicts of interest with ordinary shareholders) in accordance with the revised Securities Listing Regulations of the Tokyo Stock Exchange.

#### 1. System for Execution of Directors' Duties

In accordance with the J-POWER Group corporate philosophy and the J-POWER Group Corporate Conduct Rules, directors take the initiative in displaying exemplary honest and fair conduct based on a firm spirit of respect for the law and a solid sense of ethics while also endeavoring to instill similarly rigorous conduct standards among all J-POWER employees. In addition, the directors resolutely refuse to allow the Group to engage in any activities related to antisocial elements that threaten the safety and order of civil society, and they work to ensure that all employees are aware of this policy and thoroughly implement it.

The Board of Directors meets monthly, in principle, and also on an as-needed basis, with the attendance of all directors and corporate auditors, including outside directors and auditors. The Executive Committee meets

every week, in principle, with the attendance of all executive directors, executive managing officers, and full-time corporate auditors. This committee discusses matters subject to deliberation by the Board of Directors as well the portion of the president's operational execution duties based on policies approved by the Board of Directors that are important matters with respect to the entire Company. Management Executing Committee meetings are held twice each month, in principle—with the attendance of the president, executive vice presidents, directors, and executive officers with responsibilities related to matters under discussion, as well as all the full-time corporate auditors—to discuss important matters concerning the operational execution of each division. In addition to allocating functions among the Board of Directors, the Executive Committee, and the Management Executing Committee, we have introduced an executive officer system. By building a management system in which executive directors and executive officers share responsibility for operational execution, we have clearly defined management responsibilities and authorities in a manner that enables sound and speedy decision making along with efficient corporate management.

Executive directors provide reports regarding the performance of their duties to the Board of Directors and the Executive Committee on a regularly scheduled basis as well as on an as-needed basis. In accordance with relevant laws and regulations and company regulations, the minutes of meetings are prepared and appropriately stored and managed. Other documents related to the performance of directors' duties are properly prepared, stored, and managed in accordance with Company regulations.

In addition to maintaining these supervisory and monitoring functions, to ensure that operations are conducted in an appropriate manner, we have established the Internal Audit Department, which conducts internal audits from a perspective that is independent of other organizational units. Moreover, each organizational unit regularly conducts self-audits with respect to its own operational execution.

Regarding the disclosure of information to those outside the Company, we are seeking to improve the transparency and accountability of our corporate activities and have, therefore, established the Disclosure Committee. Chaired by the president, this committee works to ensure that the Company discloses information that is fair and transparent in a timely and proactive manner.

Aiming to further improve our corporate governance, we have established the J-POWER Advisory Board, which provides a forum for experts from outside the Company to provide suggestions and proposals designed to increase corporate value based on diverse, objective perspectives. Comprised of four outside members and several inside members (all directors, including the president), the J-POWER Advisory Board meets several times each year. Rather than recruiting outside members with expertise directly related to the energy business, we have emphasized the selection of people who have a broad range of experience and insight and are well positioned to actively provide opinions related to management situations, management plans, and important corporate challenges and objectives.

#### Outside Members of the J-POWER Advisory Board

**Takamitsu Sawa** (President, Shiga University; Professor)  
**Nobuhiko Shima** (Journalist)  
**Mieko Nishimizu** (Senior Partner, Think Tank SophiaBank)  
**Takashi Wachi** (Director and Honorary Chairman, Terumo Corporation)  
 (As of October 2011)

## 2. Audits by Corporate Auditors

J-POWER's corporate auditors audit the directors' execution of their duties by attending Board of Directors' meetings and other important meetings and by conducting interviews with directors and other people regarding operational execution situations. In addition, the corporate auditors implement accounting audits and audits of the Company's organizational units and main subsidiaries.

In the course of accounting audits, corporate auditors liaise with the independent auditors to coordinate auditing schedules and exchange opinions regarding auditing results as a means of ensuring the consistency of their auditing results and the independent auditors' auditing results.

The Company's corporate auditors liaise with the Internal Audit Department when auditing the Company's organizational units and, when auditing principal subsidiaries, they liaise with that subsidiary's corporate auditors. In the course of conducting their own audits, the Company's corporate auditors receive reports regarding their liaison counterpart's audit findings.

To provide the corporate auditors with support, we have established a Corporate Auditors' Office, which is an independent unit outside of the directors' chain of command. The office's full-time specialist staff members assist the corporate auditors in the performance of their audits.

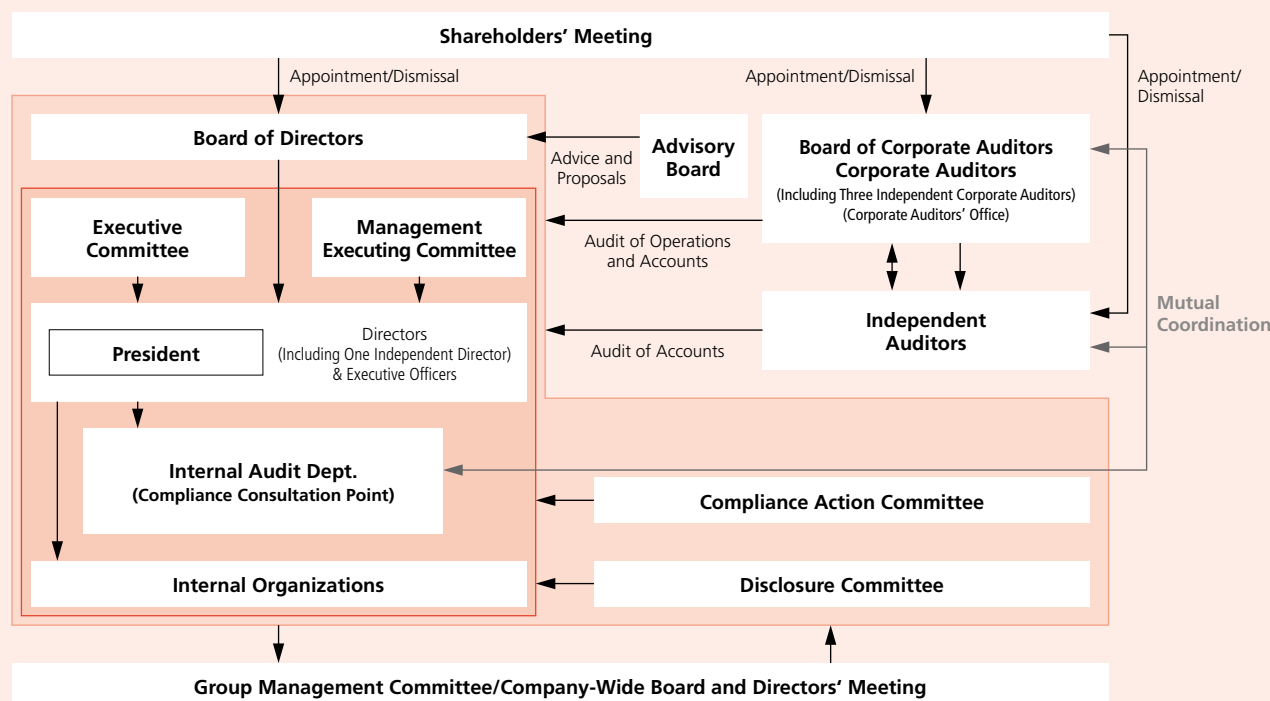
## 3. Group Governance

The J-POWER Group employs fully consolidated accounting processes. We recognize the increasing importance of consolidated business results as a means of measuring the Group's overall strength and seek to clarify the role of each Group company and increase corporate value based on a system in which individual Group companies perform specialized roles.

With regard to the administration of subsidiaries and affiliates, J-POWER's basic policy calls for Group-wide business development in accordance with the Group's management plan. The administration of subsidiaries and affiliates is undertaken in accordance with the Company's internal regulations, and the Group Management Committee

## Corporate Governance Framework and Internal Control System

(As of July 2011)



works to ensure the appropriateness of operations within the corporate group. In addition, the corporate auditors and the Internal Audit Department implement audits of subsidiaries and affiliates with the objective of ensuring proper operations at all Group companies.

In addition, we have established the J-POWER Summit, a Company-wide committee consisting of business unit senior management, with the objective of promoting information exchanges and other activities within the Group as a whole. The J-POWER Summit is held several times each year with the attendance of the president as well as such other participants as executive directors, executive officers, senior corporate auditors, general directors of domestic and overseas units of the Company, and representatives of principal subsidiaries. Besides promoting awareness of issues with respect to which the Group should be concerted sharing information and implementing measures, participants make requests and exchange opinions related to those issues.

#### 4. Risk Management

With respect to risks associated with the execution of corporate activities, J-POWER incorporates mutual checks and balances in its decision-making processes, undertakes discussions in various meetings and committees, and creates risk management frameworks covering ordinary operations as well as crisis management operations in accordance with Company regulations. These and other initiatives are designed to ensure awareness

of risks and thorough risk avoidance measures as well as to minimize the impact of any damage eventuating from risks.

#### 5. Response to Internal Control and Reporting System

With respect to the financial reporting-related internal control and reporting system stipulated by Japan's Financial Instruments and Exchange Act, the J-POWER Group is establishing, operating, and evaluating internal control systems centered on the Accounting & Finance Department and Internal Audit Department.

In fiscal 2010, as in the previous year, evaluations of the development and operation of internal controls were conducted by management with respect to Company-wide internal controls, operational process-related internal controls, and information technology-based internal controls in accordance with the implementation standards of Japan's Financial Services Agency, and it was determined that the Company's financial reporting-related internal control system is effective. This evaluation result was recorded in the form of an Internal Control Report that was audited by the Company's independent auditors before being submitted to the director of the Kanto Regional Finance Bureau in June 2011.

Going forward, the J-POWER Group will continue working to improve its internal control system and to ensure the reliability of its financial reporting.

### Implementation Decisions in Overseas Businesses, Etc. (Processes and Management Systems)

With respect to overseas business strategies, each year, J-POWER undertakes regularly scheduled project reevaluation measures for groups of projects organized based on investment scale, geographic region, and types of power.

International business units promoting overseas business undertake feasibility studies and consultations with associated parties as an initial screening process to determine which of numerous candidate projects are to be implemented and promoted. At the time of this screening process, J-POWER carefully studies various factors, including the power industry and overall situations of candidate countries, the associated types of fuel, the creditworthiness of prospective electric power receivers, the conditions of prospective electric power sales contracts, and the associated power transmission infrastructure.

Decisions on project selections are made after the candidate projects are subjected to numerous stages of checks and deliberations based on the investment and financing management regulations instituted within the Company.

The check/deliberation process begins with detailed working-level studies cooperatively conducted by staff in planning, legal affairs, and finance units. At this stage, project-related risk factors and issues of concern are identified, and the issues to be discussed during management deliberations are clarified and organized. Next, a Management Executing Committee meeting is convened with the attendance of the president and related corporate officers, and each issue is subjected to management-level deliberations. Decisions on projects within the scope of the president's decision-making authority are made at the Management Executing Committee meeting, while other projects undergo additional deliberations and are considered by the Executive Committee, with the attendance of all executive directors, before being submitted to the Board of Directors for a final decision.

Specific investment decisions are made in accordance with investment evaluation guidelines instituted within the Company. A hurdle rate determined based on a comprehensive evaluation of such criteria as project duration, project type, and country

risk is compared with the projected internal rate of return. In principle, J-POWER uses project finance to fund its overseas projects, which are subjected to reviews by the financial institutions providing funds, and the Company, therefore, strives to engineer each of its business projects in a manner that is clearly rational with respect to both technology and finance.

Projects that are actually undertaken as a result of this decision-making process are subject to day-to-day operation and management by international business units as well as to regular monitoring by planning, legal affairs, and finance units. We strive to maintain an accurate grasp of capacity utilization levels and other factors liable to impact projects' profitability as well as to quickly identify and respond to problematic situations. We also undertake similar processes with respect to domestic projects.

#### Screening and Decision-Making Process for Overseas Investments



### Setting of Stock Purchasing Guidelines

To provide additional incentive for management to work to reflect the perspective of shareholders in business operations and to raise long-term shareholder value, J-POWER has established guidelines for the purchase of shares by directors and

executive officers. In accordance with these guidelines, directors and executive officers have purchased J-POWER shares monthly through the corporate officers' shareholding plan.



## Compliance

Based on the J-POWER Group corporate philosophy, we have formulated basic guidelines for behavior in line with compliance and business ethics principles that must be observed in the course of implementing business operations. The J-POWER Compliance Code sets forth basic principles for compliance, while the J-POWER Group Corporate Conduct Rules lay down more-concrete decision-making standards for actions taken by individual employees, including members of management, when conducting business activities.

To ensure that the intention of these principles is realized in a sustainable and effective manner, J-POWER has given its chairman responsibility for overseeing Company-wide compliance. The Company's compliance promotion system centers on the director in charge of compliance, who implements compliance promotion programs and assists the chairman and president in this regard. In addition, the Company-Wide Compliance Action Committee, chaired by the chairman, has been established to discuss and evaluate the implementation status of Company-wide compliance promotion measures and address issues related to compliance breaches.

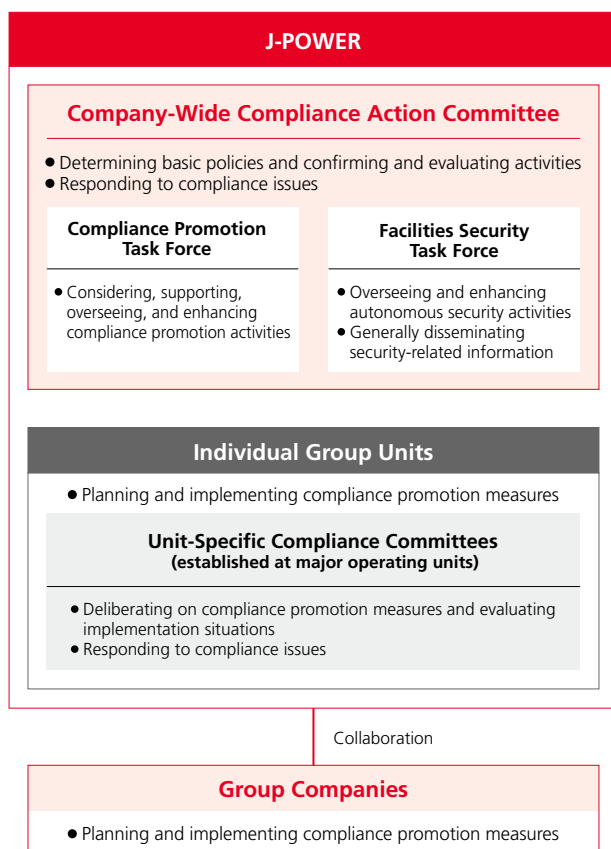
Aiming to implement compliance promotion-related operations in a rapid and appropriate manner, in April 2011, J-POWER replaced the Compliance Promotion Headquarters that had been operating under the

supervision of the Company-Wide Compliance Action Committee with two units—the Compliance Promotion Task Force and the Facilities Security Task Force. The Compliance Promotion Task Force oversees Company-wide compliance promotion activities, and the Facilities Security Task Force oversees issues related to autonomous security activities implemented based on the Company's security regulations. Two vice presidents have been assigned to chair these task forces.

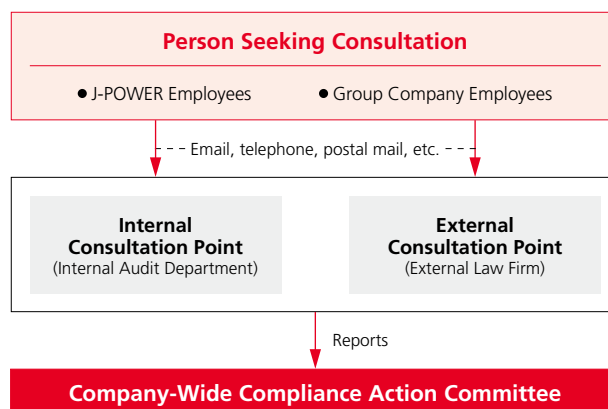
At such major operating units as branches and thermal power plants, J-POWER has also established Unit-Specific Compliance Committees to carry out compliance activities tailored to the special characteristics of each unit. Group companies also establish their own compliance committees, so that compliance activities are consistently promoted throughout the Group. Additionally, a Compliance Consulting Point has been established at the Internal Audit Department and at an external law firm to serve as a consulting hotline in the event that employees face compliance issues.

The J-POWER Group is working to promote compliance by dividing compliance-related duties and responsibilities among these units while also encouraging cooperation and collaboration among the units.

### The J-POWER Group's Compliance Promotion System



### The J-POWER Group's Compliance Consulting Point



## Environmental Management Efforts

Based on its corporate philosophy of “harmonizing energy supply with the environment,” the J-POWER Group practices environmental management that simultaneously aims to improve both environmental friendliness and economic value as a means of increasing the Group’s contribution to the development of a sustainable society.

The J-POWER Group’s Environmental Management Vision includes Basic Policies as well as an Action Program that specifies concrete objectives and targets as well as methods for attaining targets. The Action Program includes Corporate Targets to be attained over the medium term, and the Group is concertedly moving ahead with the implementation of measures designed to enable the attainment of those targets.

## The J-POWER Group’s Environmental Management Vision (Revised on July 1, 2011)

### Basic Policy

#### Basic Stance

As an energy supplier, we will contribute to the sustainable development of Japan and the rest of the world by harmonizing our operations with the environment and ensuring the constant supply of energy essential to human life and economic activity.

- Being an enterprise involved with the supply of energy, we will focus our expertise and technologies on ways of utilizing diverse kinds of energy sources—including fossil fuel energy, nuclear energy, renewable energy, and other kinds of energy—as a means of efficiently and continuously supplying the electric power required for human life and economic activity.
- We will continuously strive to minimize the environmental impact of our business activities, respond to needs to prevent global warming, and otherwise reduce environmental risks and augment environmental efficiency (defined at the ratio of environmental impact volume to production volume), and concurrently realize increases in environment friendliness and economic value so that we can contribute to sustainable development in Japan and elsewhere in the world.

#### Efforts Relating to Global Environmental Issues

While doing our utmost to ensure a stable energy supply, we will steadily advance with efforts to realize a low-carbon society in Japan and overseas and contribute to the reduction of global CO<sub>2</sub> emissions.

Therefore, by “promoting low-carbon coal-fired power,” “engaging in R&D related to next-generation low-carbon technologies,” “expanding the scope of CO<sub>2</sub>-free power,” and taking other initiatives, we will work from a medium- to long-term perspective and with a focus on technologies to provide stable energy supplies to Japan and the rest of the world while also reducing CO<sub>2</sub> emissions. Furthermore, we will continue to work toward our ultimate goal of achieving zero emissions through the capture and storage of CO<sub>2</sub>.

#### Promoting low-carbon coal-fired thermal power plants



Maintaining high operational efficiency, expanding use of mixed-biomass fuels, replacing aging thermal power plants, promoting overseas development of high-efficiency coal-fired thermal power plant business

#### R&D related to next-generation low-carbon technologies



We are engaged in R&D programs focused on such topics as technologies for further increases in energy efficiency, CO<sub>2</sub> capture and storage technologies, and ocean-based, wind-power technologies.

### Efforts Aimed at Realizing a Low-Carbon Society

Doing our utmost to create nuclear power plants based on the prerequisites of obtaining the understanding of local residents and ensuring safety while also working to expand the use of hydropower, wind power, and geothermal power

#### Expanding use of CO<sub>2</sub>-free power sources



#### Efforts Relating to Local Environmental Issues

We will take measures to reduce the environmental impact of our operations; limit the generation of waste by saving, recycling, and reusing resources; and harmonize our operations with local environments.

#### Efforts Relating to Transparency and Reliability

We will ensure that our business activities comply with all laws and regulations and disclose a wide range of environmental information while also striving to enhance communications with stakeholders.

## Action Program Corporate Targets (Revised as of July 1, 2011)

### Efforts Relating to Global Environmental Issues

Subjects	Targets
<b>Promoting the Development of Low-Carbon Power-Source Technologies</b>	<p>As it continues to make contributions as an enterprise engaged in electric power business, J-POWER will seek to implement Electric Power Business Environmental Action Plan measures by 2020 and thereby work to provide stable supplies of energy in Japan and elsewhere in the world while reducing CO<sub>2</sub> emissions.</p> <ul style="list-style-type: none"> <li>• We will work to replace aging coal-fired thermal power plants with the latest high-efficiency USC power plants beginning with the planned replacement of the No. 1 and the No. 2 units at the Takehara Thermal Power Plant.</li> <li>• We will promote the mixed combustion of biomass fuels (effective utilization of non-utilized resources) at coal-fired thermal power plants.</li> <li>• We will develop coal-fired thermal power plant business employing our advanced high-efficiency power generation technologies at sites outside Japan centered on the Asia region and thereby contribute to the restraint of global CO<sub>2</sub> emissions and the transfer of technologies.</li> <li>• We will realize the Osaki CoolGen project and promote the development of higher-efficiency, oxygen-blown coal IGCC technology.</li> <li>• We will implement the EAGLE project, the Osaki CoolGen project, and the Callide Oxyfuel Project in Australia as well as thereby promote R&amp;D related to CCS.</li> <li>• Regarding the Ohma Nuclear Power Plant Plan, we will earnestly address issues associated with the Fukushima Daiichi power plant accidents and further strengthen safety systems in accordance with national policies while ensuring that necessary countermeasures are consistently implemented in accordance with those policies in an appropriate manner and while obtaining the understanding of local communities as we do our utmost to create a nuclear power plant that is dependably safe.</li> <li>• We will promote the creation of new hydroelectric power plants and the expansion, upgrading, and renovation of existing hydroelectric power plants and thereby make efforts to expand the utilization of hydroelectric energy.</li> <li>• We will seek to greatly expand domestic wind power facilities while promoting R&amp;D for the purpose of commercializing ocean-based, wind-power facilities.</li> <li>• We will make efforts to develop geothermal power plants at additional domestic sites.</li> </ul>
<b>Maintaining and Increasing the Thermal Efficiency of Thermal Power Plants</b> (Higher Heating Value (HHV) Standards)	We will maintain our thermal power plants efficiency at their current level (approximately 40%) in each fiscal year beginning from fiscal 2008.
<b>Gas Recovery Rates When Inspecting and Removing SF<sub>6</sub> Emission Control Equipment</b>	We will strive to maintain SF <sub>6</sub> recovery rates at 97% or higher when inspecting equipment and at 99% or higher when removing equipment in each fiscal year beginning from fiscal 2008.

### Efforts Relating to Regional Environmental Issues

Subjects	Targets
<b>SOx emissions per unit of thermal power generation</b>	We will maintain SOx emissions per unit of thermal power generation at its current level (approximately 0.2 g/kWh) in each fiscal year beginning from fiscal 2008.
<b>NOx emissions per unit of thermal power generation</b>	We will maintain NOx emissions per unit of thermal power generation at its current level (approximately 0.5 g/kWh) in each fiscal year beginning from fiscal 2008.
<b>Increased recycling rate for industrial waste</b>	We will strive to maintain a recycling rate of approximately 97% in each fiscal year beginning from fiscal 2011.
<b>Preservation of biodiversity</b>	We will give due consideration in our business operations to the objective of preserving biodiversity.

### Efforts Relating to Transparency and Reliability

Subject	Target
<b>Enhancing environmental management</b>	We will strive to continuously improve our environmental management systems (EMS) in each fiscal year beginning from fiscal 2008.

## Relations with Communities, Society, and Employees

### Relations with Communities and Society

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The J-POWER Group's corporate philosophy is "We will meet people's needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world." In accordance with this philosophy, J-POWER acts as a good corporate citizen by engaging in long-term social contribution activities designed to support society's sound and sustainable development.

#### Together with Regions and Communities

J-POWER aspires to be a productive member of regions and communities by ensuring that individual employees are good neighbors and that J-POWER Group business sites act as good corporate citizens of their respective regions and communities. Through activities that promote the trust and confidence of local citizens, J-POWER seeks to co-exist harmoniously with various regions and grow together with communities.

- Implementation of regional environmental protection activities (forest conservation programs, local cleanup campaigns, and tree-planting programs)
- Participation in regional events, traditional ceremonies, and other activities that facilitate exchanges and strengthen relationships with local communities

#### Aiming to "Harmonize Energy Supply with the Environment"

Leveraging the insight regarding environmental issues that it has accumulated during the course of its business activities, J-POWER cooperates with diverse people who share its goal of "harmonizing energy supply with the environment" in activities designed to promote understanding of the importance of energy and the environment and support the development of related technologies. In these ways, J-POWER seeks to contribute to the sustainable development of Japan and the rest of the world.

- Hands-on educational programs related to energy (an experiential learning project focused on ecology and energy, a rice planting workshop using rooftop greenification facilities at offices, etc.)
- Outdoor nature workshops and scientific seminars

#### Overseas Activities

Leveraging the experience and networks it has acquired while engaged in business in various areas of the world for over 50 years, J-POWER engages in overseas social contribution activities that help deepen its roots in local communities.

### Developing Human Resources and Building Dynamic Workplaces

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Considering each of its employees to be a human resource with a crucial role to play in realizing its own corporate sustainability, the J-POWER Group strives to ensure employees have safe and pleasant work environments, give due respect to employees' characters and individuality, and create an organization where employees can constantly embrace new challenges with a high level of motivation.

#### Creating and Developing a Diverse Workforce

Aiming to continuously employ a diverse workforce, J-POWER recruits new graduates and experienced personnel while seeking candidates from a broad range of fields and age segments. In addition, the Company has introduced a Career Development Program (CDP) to serve as an efficient employee training plan that equips all employees with a broad range of business knowledge and specialized expertise in multiple fields. By fostering broad perspectives, the program promotes the development of self-reliant professionals who can effectively contribute to the achievement of the organization's goals.

#### Energizing the Workforce and Enhancing Work Environments

J-POWER has established systems to promote employees' healthy work-life balances so that the Company can fully utilize the strengths of its diverse workforce, irrespective of gender, age, or other characteristics. By operating occupational safety and health management systems within the Group and promoting comprehensive safety management systems, the Company strives to prevent workplace accidents and maintain and improve employee health.



## Financial Section

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## Electricity Sales Volume and Operating Revenues

During the fiscal year ended March 31, 2011 (fiscal 2010), overall demand for electricity in Japan increased compared to the previous year owing to factors that included higher air-conditioning related demand amid record-breaking hot summer weather as well as robust demand for industrial applications.

Amid these conditions, regarding the mainstay electric power business, rate revisions effective from September 2009 had a negative impact on operating revenues, which nevertheless rose as a result of such factors as a rise in electricity sales volume that reflected abundant water supplies and stable high levels of capacity utilization rates at thermal power plants. Including revenues from power transmission and other businesses, consolidated operating revenues for fiscal 2010 totaled ¥635.9 billion, an increase of ¥51.4 billion, or 8.8%, from the previous fiscal year. Electric power sales volume and operating revenues for individual segments are reviewed in the following sections.

### Electric Power Business

In the wholesale electric power business, electricity sales volume for hydroelectric power grew 11.4% compared to the previous year, to 10.2 billion kWh. Because of abundant water supplies, the water supply rate was 106%, up from 96% in the previous year, representing an increase of 1 billion kWh. Operating revenues from hydroelectric power declined ¥0.8 billion, or 0.8%, year on year, to ¥108.1 billion due to the impact of rate revisions and other factors.

Electricity sales volume for thermal power advanced 16.2% from the previous year, to 54.0 billion kWh, as a result of higher capacity utilization rates (the load factor rose from 68% to 78%). Operating revenues grew by ¥56.7 billion, or 16.2%, year on year, to ¥406.4 billion, owing to the rise in electricity sales volume.

As a result, in the wholesale electric power business, total electricity sales volume from hydroelectric and thermal power plants surged 15.4% compared to the previous year, to 64.3 billion kWh. Operating revenues rose by ¥55.9 billion, or 12.2%, year on year, to ¥514.6 billion.

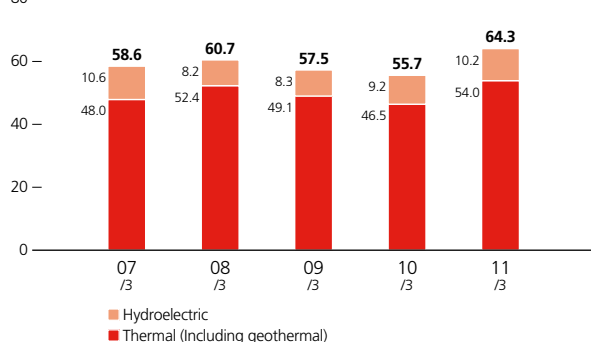
At the same time, operating revenues from the power transmission/transformation business declined 0.1% year on year, to ¥54.3 billion. This business mainly involves the operation of transmission trunk lines linking regional service areas in Japan.

In the other electric power businesses, despite the positive effect of the start of commercial operations at additional wind power facilities, electricity sales volume declined 1.1% compared to the previous year, to 1.4 billion kWh, owing to a lower load factor at PPS facilities. Operating revenues decreased ¥1.0 billion, or 7.0%, year on year, to ¥13.7 billion.

Consequently, for the electric power business overall, electricity sales volume grew 15.0% from the previous year, to 65.8 billion kWh, and operating revenues, including internal sales, were up ¥54.1 billion, or 10.2%, year on year, to ¥587.5 billion.

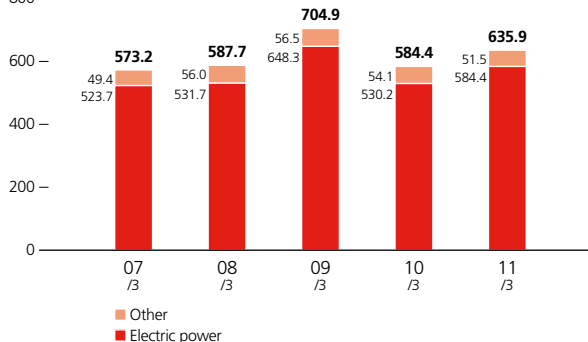
### Electricity Sales in Wholesale Electric Power Business (Thermal and Hydroelectric)

(Billion kWh)



### Operating Revenues (Electric Power and Other)

(Billions of Yen)





## Electric Power-Related Businesses

In fiscal 2010, operating revenues of electric power-related businesses increased ¥45.6 billion, or 15.8%, year on year, to ¥334.6 billion.

This reflected factors including higher revenue from coal sales by consolidated subsidiaries.

## Overseas Business

In fiscal 2010, operating revenues of overseas business surged ¥0.3 billion, or 19.4%, year on year, to ¥1.8 billion.

## Other Businesses

In fiscal 2010, operating revenues of other businesses decreased ¥5.1 billion, or 16.5%, compared to the previous year, to ¥26.1 billion. This reflected factors including a drop in revenues from the electric power and telecommunications construction operations of consolidated subsidiaries.

## Operating Expenses and Operating Income

In fiscal 2010, operating expenses grew ¥29.8 billion, or 5.6%, year on year, to ¥565.3 billion, reflecting an increase in fuel expenses accompanying a rise in thermal power generation volume. However,

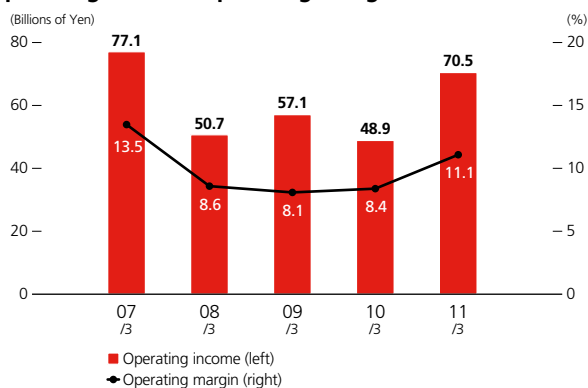
operating income surged ¥21.6 billion, or 44.2%, year on year, to ¥70.5 billion. The operating margin increased by 2.7 percentage points, to 11.1%.

## Non-Operating Revenues and Expenses and Ordinary Income

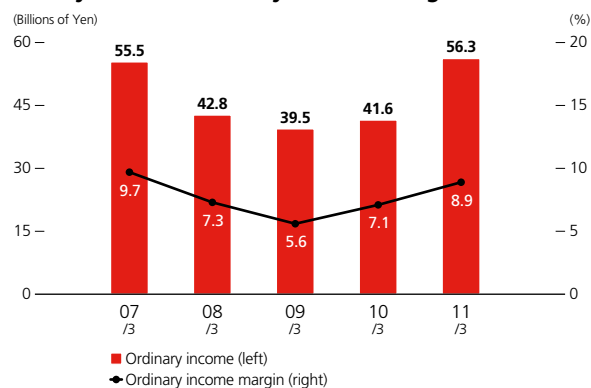
In fiscal 2010, other income decreased ¥3.7 billion, or 35.1%, year on year, to ¥14.9 billion, reflecting such factors as a decline in investment income under the equity method. Other expenses for the year increased ¥3.2 billion, or 12.5%, year on year, to ¥29.2 billion.

Consequently, ordinary income amounted to ¥56.3 billion, up 7.9% from the level in the previous year. The ordinary income margin rose 1.8 percentage points, to 8.9%.

### Operating Income/Operating Margin



### Ordinary Income/Ordinary Income Margin



## Electric Power Business

Despite a rise in fuel expenses and other expenses, ordinary income grew ¥19.5 billion year on year, to ¥41.8 billion, reflecting a rise in operating revenues.

## Electric Power-Related Businesses

Despite a rise in operating revenues, ordinary income decreased ¥1.0 billion year on year, to ¥10.4 billion.

## Overseas Business

Ordinary income declined ¥1.4 billion year on year, to ¥5.0 billion, reflecting a decrease in investment income under the equity method and other factors.

## Other Businesses

Ordinary income fell ¥3.1 billion year on year, to an ordinary loss of ¥1.5 billion, reflecting a drop in operating revenues and other factors.

## Net Income

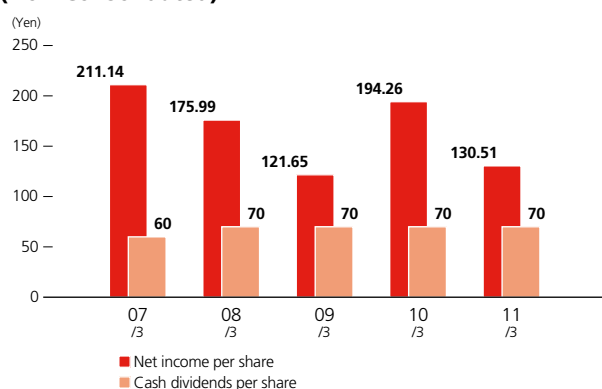
In fiscal 2010, income before income taxes and minority interests decreased ¥3.3 billion, or 8.0%, compared to the previous year, to ¥38.7 billion. Although extraordinary gains on the sales of securities were recorded, the decrease in income before income taxes and minority interests reflected losses on the impairment of negotiable securities and the impairment of a portion of power generation-use

assets, etc., of consolidated subsidiaries as well as a loss on liquidation of business associated with the decision to halt an IPP business development project at the Samet Tai site in Thailand. After accounting for income taxes of ¥22.8 billion and minority interests, net income decreased by ¥9.5 billion, or 32.8%, compared to the previous year, to ¥19.5 billion.

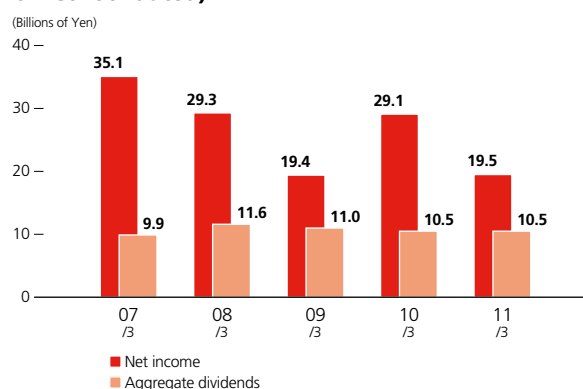
## Net Income per Share

Net income per share was ¥130.51 in fiscal 2010, compared to ¥194.26 in the previous fiscal year.

### Net Income per Share/Cash Dividends per Share (Non-Consolidated)



### Net Income/Aggregate Dividends (Non-Consolidated)



## Dividend Policy

The most distinctive characteristic of J-POWER's business is that the Company uses its expertise with respect to the construction of power plants and other facilities and the operation of those facilities over the long term to make investments in power plants and other kinds of infrastructure and then seeks to obtain returns on its investments through the long-term operation of those assets. J-POWER will continue to allocate an appropriate level of internal reserves to business investments aimed at new growth, while increasing equity capital based on the recognition that it must further reinforce its financial position. J-POWER's top priority with respect to shareholder returns is to maintain stable dividend levels in line with the characteristics of its business, and the Company also strives to enhance shareholder returns by expanding its business operations and increasing its corporate value in a sustained manner.

The nature of prospective conditions in the Company's operating environment has become increasingly difficult to anticipate as a result of the Great East Japan Earthquake disaster that occurred in March 2011. Going forward, however, J-POWER intends to strengthen the competitiveness of its core wholesale electric power business while also striving to bolster its earnings power by expanding its operations in new business fields. In light of these situations and J-POWER's emphasis on maintaining stable shareholder returns over the long term, the Company has distributed a year-end dividend of ¥35 per share. Together with the interim dividend of ¥35 per share, total dividends applicable to fiscal 2010 amounted to ¥70 per share.

As a result, the consolidated payout ratio increased 17.6 percentage points compared to the previous year, to 53.6%, while the consolidated dividend on net assets was 2.5%, down 0.1 percentage point.

## Financial Position

### Assets

As of March 31, 2010, total assets amounted to ¥2,012.3 billion, down ¥11.6 billion, or 0.6%, from the previous fiscal year-end.

The value of noncurrent assets decreased ¥37.1 billion, or 2.0%, year on year, to ¥1,842.6 billion.\* Despite capital investments in the Ohma Nuclear Power Plant and other facilities, the decrease reflected the progressive depreciation of property, plant and equipment.

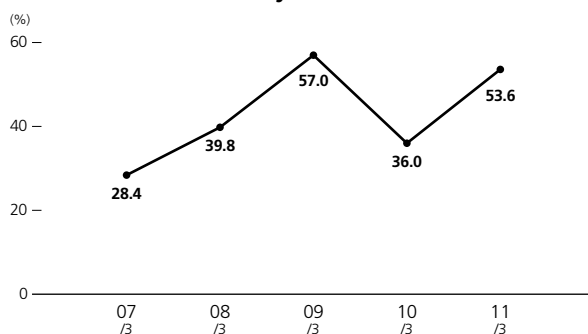
\*This figure includes investments and other assets amounting to ¥250.8 billion.

### Liabilities

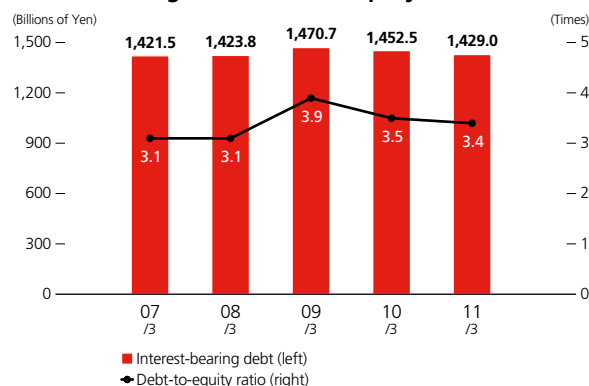
As of March 31, 2010, total liabilities amounted to ¥1,597.4 billion, down ¥11.6 billion, or 0.7% from the previous fiscal year-end.

Interest-bearing debt decreased ¥23.4 billion, to ¥1,429.0 billion, and the debt-equity ratio was 3.4, down from 3.5 at the previous fiscal year-end.

### Consolidated Dividend Payout Ratio



### Interest-Bearing Debt/Debt-to-Equity Ratio



## Net Assets and Shareholders' Equity\*

As of March 31, 2010, net assets stood at ¥414.8 billion, down ¥80 million from the previous fiscal year-end. Although net income was generated during the term, the decrease reflected changes in other comprehensive income, dividend payments, and other factors. Shareholders' equity increased ¥3.0 billion, or 0.7%, year on year, to ¥415.7 billion.

As a result, the shareholders' equity ratio increased to 20.7%, up 0.3 percentage point, from 20.4% at the previous year-end.

\* Net assets – Minority interests – Share subscription rights (equivalent to shareholders' equity until fiscal 2005)

## Capital Expenditures

Capital expenditures in fiscal 2010 amounted to ¥93.1 billion, down ¥19.1 billion, or 34.8%, compared to the previous fiscal year.

Capital expenditures in the electric power business decreased ¥35.9 billion, or 33.7%, year on year, to ¥70.7 billion. These capital expenditures were mainly for the Ohma Nuclear Power Plant (1,383 MW) in Aomori Prefecture.

Going forward, J-POWER plans to continue making major capital expenditures on the Ohma Nuclear Power Plant project. The construction of the plant, which began in May 2008, is advancing, and plans call for beginning the plant's operations in November 2014.

Capital expenditures for the electric power business in fiscal 2011 are projected to amount to ¥94.7 billion, up ¥23.9 billion compared with the fiscal 2010 level. Plans call for the expenditures to include investments for maintaining and upgrading existing facilities as well as investments in the Ohma Nuclear Power Plant.

### Breakdown of Capital Expenditures (Fiscal 2010)

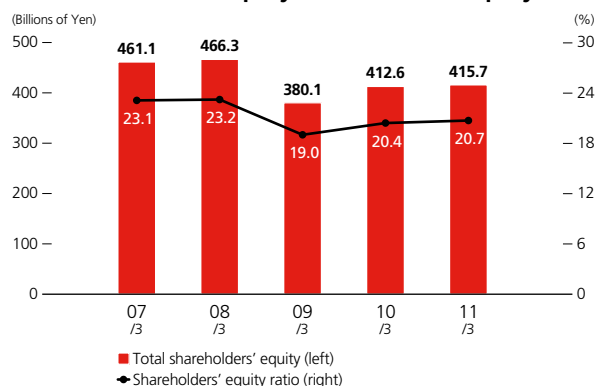
Item	Capital expenditures	(Billions of Yen)
Electric Power Business	Hydroelectric	10.2
	Thermal	17.2
	Nuclear	21.6
	New energy, etc.	(2.4)
	Transmission/Transformation	11.3
	Other	4.6
	Nuclear fuel	8.0
	Electric power business subtotal	70.7
	Electric power-related businesses	5.2
	Overseas business	18.0
	Other businesses	0.6
	Elimination	(1.5)
	Total	93.1

Notes: 1. The above figures do not include consumption tax.

2. In fiscal 2010, capital expenditures for repair and upgrading work at existing facilities totaled ¥32.8 billion.

3. The figure for "New energy, etc." includes a new energy business support countermeasure expense subsidy of ¥6.7 billion.

### Total Shareholders' Equity/Shareholders' Equity Ratio



## Fund Procurement

Most of J-POWER's financing requirements are related to capital expenditures and debt refinancing, and the Company has a basic policy of procuring long-term funds. When procuring long-term funds, the Company issues straight bonds as a means of maintaining low interest rates and a stable fund procurement platform. The balance of outstanding straight bonds as of March 31, 2011, was ¥769.8 billion. In addition, the Company obtains short-term funding

as a means of procuring operating funds as well enhancing the responsiveness and flexibility of procurement operations. To meet short-term funding needs, the Company is currently able to issue up to a total of ¥300.0 billion in commercial paper.

In addition to these measures, J-POWER engages in a broad range of transactions with financial institutions and obtains short- and long-term funds in the form of loans from those institutions.

## Cash Flows

### Cash Flows from Operating Activities

Net cash provided by operating activities decreased ¥17.9 billion, or 10.6%, from the level in the previous fiscal year, to ¥151.2 billion, owing to increases in inventories and trade receivables and other factors.

### Cash Flows from Investing Activities

Net cash used in investing activities was ¥124.6 billion, down ¥4.8 billion, or 3.7%, less than in the previous fiscal year. The decrease was mainly attributable to a decline in investments and financing as well as other factors.

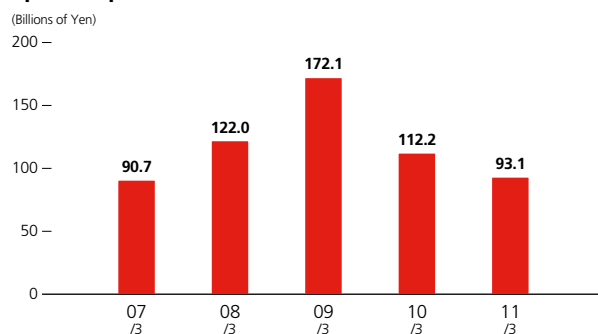
As a result, free cash flow was a positive ¥26.5 billion.

### Cash Flows from Financing Activities

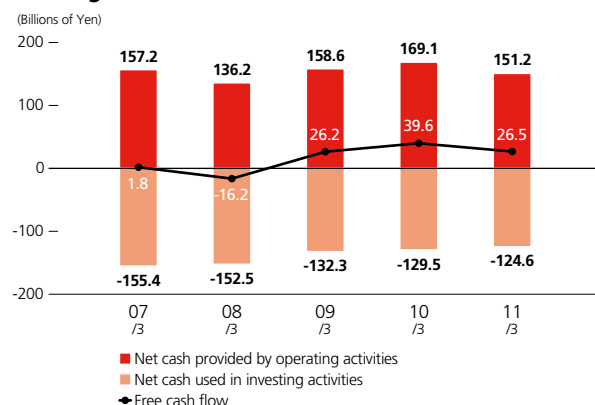
Net cash used in financing activities was ¥29.1 billion, a decrease of ¥1.1 billion, or 3.9%, compared to the previous fiscal year. This mainly reflected a decrease in proceeds from loans, which more than offset an increase in the redemption of bonds.

As a result of these activities, cash and cash equivalents as of March 31, 2011, totaled ¥38.0 billion, a year-on-year decrease of ¥2.3 billion, or 5.8%.

### Capital Expenditures



### Cash Flows from Operating and Investing Activities and Free Cash Flow



## Risk Factors

This section discusses the main potential risks related to J-POWER's financial position and business results as well as potential risks related to current (as of June 29, 2011) and future business operations and other matters. In light of the objective of proactively 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.

### Impact of Progressive Systemic Reforms in the Electric Power Sector on J-POWER's Wholesale Electricity Rates, Etc.

J-POWER derives most of its operating revenues from the wholesale supply of power to Japan's 10 EPCOs. Amid intensifying competition driven by industry reforms in the electric power business, the EPCOs have reduced their retail electricity rates.

Because our contract rates for the wholesale supply of power to the EPCOs are calculated on a fair cost plus fair return on capital basis, those contract rates are not directly affected by the reduction in retail electricity rates. Nevertheless, EPCOs have been calling for a reduction in our contract rates, and it is possible that declines in retail electricity rates and intensifying competition could lead to stronger calls for the Company to lower its contract rates. In the case of an additional reduction in our contract rates going forward, there could potentially be a material adverse effect on the results of our operations.

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 currently expect a surge in the amount of electricity traded on the exchange during 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 rate levels. If the rates set in contracts between J-POWER and EPCOs were to be higher than price indicators, this could potentially have a material adverse effect on the results of our operations.

### Delay or Discontinuation of Power Plant Construction Plans

A forecast of the rate of growth in total demand for electricity from all domestic power companies over the next 10 years released by Japan's Agency of Natural Resources indicates that, as of the previous fiscal year, there was a trend toward a decline in demand over the long term. Although the impact of the Great East Japan Earthquake disaster has made it difficult to anticipate trends in demand for electricity going forward, in the case that the current trend continues,

there could potentially be a decrease in opportunities to earn profits through the construction of new power plants.

Slackening growth in electricity demand in recent years has prompted EPCOs to postpone or cancel new power plant development and to shut down underutilized thermal power plants on a long-term or permanent basis. In some cases, we have also postponed the start of commercial operations or canceled the planned construction of power plants to supply EPCOs based on consultations with our EPCO clients.

Going forward, the cancellation of construction plans as a result of declining demand for electric power, other major changes in the operating environment, or unforeseen circumstances could potentially have a material adverse effect on the results of our operations.

### Global Warming

J-POWER has a large number of coal-fired thermal power plants, which emit relatively high amounts of carbon dioxide per unit of power output compared to power plants that use LNG and other fossil fuels. Accordingly, both in Japan and overseas, we will continue to undertake sustained activities to combat global warming.

Going forward, if new regulations or other rules related to global warming countermeasures were to be introduced, this could potentially have a materially adverse effect on the results of our operations.

### Overseas Power Generation Business and Other Areas of New Business

J-POWER is pursuing new initiatives in the overseas power generation business and new electric power businesses in Japan, with the aim of creating new profit sources. However, these businesses may not generate the level of profits that we anticipate, due to unforeseeable circumstances, including: a major change in operating conditions; weakening demand; and changes in regulations. Moreover, changes in our business plans or the suspension of operations prompted by these circumstances could result in related expenses that could potentially have a materially adverse effect on the results of our operations. Overseas businesses also entail foreign exchange risk as well as country risk based on political instability and other factors.

### Fund Procurement

J-POWER expects it will need to raise a large amount of funds for the construction of the Ohma Nuclear Power Plant and Takehara Thermal Power Station New No. 1, which are the principal



development projects scheduled for implementation during the next 10 years, as well as for the repayment of outstanding debt, investments in the overseas power generation business, and other purposes. If we were to be unable to raise the required funds on acceptable terms and in a timely manner due to the prevailing conditions in the financial markets, the Company's credit situation, or other factors at that time, then this could potentially have a materially adverse effect on our business development and profitability.

### Ohma Nuclear Power Plant Construction Plan

J-POWER has commenced construction of the Ohma Nuclear Power Plant (1,383 MW) in Aomori Prefecture after receiving authorization from the national authorities for a license to install a nuclear reactor in April 2008 and approval of the first application for construction plans for the first phase of construction in May 2008.

Because of the impact of the Great East Japan Earthquake and other factors, there is a potential for situations that may have an impact on the construction plan. Although it is the intention of J-POWER to continue carrying out the project while giving top priority to ensuring safety, any changes to the plan as a result of drastic changes in operating conditions, the occurrence of unforeseen events, or other factors could potentially affect the business performance of the Company.

Nuclear power generation involves various risks, such as those associated with the storage and handling of radioactive materials as well as such risk as those associated with natural disasters and unforeseen accidents. J-POWER intends to ensure that these risks will be avoided or minimized after operations have commenced. However, in the event that any of these risks were to materialize, this potentially could adversely affect the business performance of the Company.

### Coal-Fired Thermal Power Plant Fuel

J-POWER's coal-fired thermal power plants use imported coal as their main source of fuel, and fuel costs are affected by price fluctuations for imported coal, supply and demand dynamics for transport vessels, and problems with the facilities or operations of fuel suppliers, among other factors.

Fuel prices are reflected in our electricity rates for EPCOs on a cost basis. (These rates are generally revised every two years, though they are subject to annual revision if costs change significantly.) As a result, fluctuations in coal prices have a limited impact on business performance. However, following a revision to wholesale electricity rates, if coal prices rise sharply before the next revision, there will

be a delay before the rise in fuel prices are reflected in electricity rates. This could have a temporary adverse impact on the business performance of the Company.

### Natural Disasters and Accidents

Should a natural disaster, human error, terrorist activity, fuel supply stoppage, or other unforeseen circumstance result in a major disruption of one of J-POWER's power plants, transmission or substation facilities, or of the information systems that control operations at these facilities, this could potentially hamper our business operations and consequently have a materially adverse effect on the surrounding environment as well as the results of our operations. In addition, should a J-POWER facility halt operations, for example, due to an accident, and should that accident have an adverse impact on the surrounding environment, there exists the possibility that this could have a detrimental effect on the Company's business performance.

### Regulatory Requirements

J-POWER's mainstay wholesale electric power business is subject to Electricity Business Law regulations. In addition to this law, our business operations are subject to a variety of other laws. If we are unable to comply with these laws and regulations, or if these laws and regulations are revised, this could potentially have a materially adverse effect on our business operations and performance.

### High Level of Dependence on a Limited Number of Customers

Sales to EPCOs account for the majority of J-POWER's operating revenues. We expect EPCOs to remain our most important customers going forward, and, accordingly, our business performance could potentially be affected by EPCOs' market share trends in the retail electricity market as well as by trends in demand for electric power in Japan, changes in electric power demand accompanying the Great East Japan Earthquake, and other factors.

### Protection of Sensitive Information

J-POWER holds a large amount of important information that must be kept confidential, including personal information. J-POWER rigorously manages this information by implementing information security measures, employee training programs, and other measures. However, a leak of sensitive information to outside the Company could adversely affect J-POWER's reputation and business performance.



# Consolidated Balance Sheets

As of March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
<b>ASSETS</b>			
<b>Property, plant and equipment</b>	¥1,624,688	¥1,591,783	\$19,143,521
Power plants (Note 2, 3 and 7)	1,226,640	1,178,492	14,173,093
Other property, plant and equipment (Note 2 and 3)	49,619	64,920	780,764
Construction in progress (Note 2 and 7)	309,740	301,676	3,628,105
Nuclear fuel	38,688	46,693	561,557
<b>Investments and other assets</b>	255,115	250,875	3,017,138
Long-term investments (Note 2, 4, 7, 19, 20)	195,414	181,934	2,188,033
Deferred tax assets (Note 2 and 23)	57,207	56,843	683,623
Others, less allowance for doubtful accounts (Note 2 and 7)	2,493	12,096	145,482
<b>Current assets</b>	144,276	169,727	2,041,221
Cash and bank deposits (Note 7 and 17)	38,749	37,202	447,412
Notes and accounts receivable, less allowance for doubtful accounts (Note 2 and 7)	47,000	57,772	694,801
Inventories (Note 2, 5 and 7)	25,717	32,400	389,669
Others (Note 2, 7 and 23)	32,809	42,351	509,338
<b>Total assets</b>	¥2,024,080	¥2,012,386	\$24,201,881

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>	¥1,346,526	<b>¥1,319,146</b>	<b>\$15,864,665</b>
Long-term debt and lease obligations, less current portion (Note 7)	1,271,619	<b>1,236,905</b>	<b>14,875,593</b>
Accrued employee retirement benefits (Note 2, 9 and 22)	57,855	<b>57,069</b>	<b>686,341</b>
Others (Note 2, 6 and 23)	17,051	<b>25,172</b>	<b>302,730</b>
<b>Current liabilities</b>	261,837	<b>277,563</b>	<b>3,338,110</b>
Current portion of long-term debt and other (Note 7)	142,923	<b>162,958</b>	<b>1,959,813</b>
Short-term loans (Note 7)	13,327	<b>17,528</b>	<b>210,806</b>
Commercial paper (Note 7)	24,998	<b>11,999</b>	<b>144,312</b>
Income and other taxes payable	7,952	<b>21,322</b>	<b>256,435</b>
Others (Note 2, 6 and 23)	72,635	<b>63,754</b>	<b>766,741</b>
<b>Reserve for fluctuation in water levels</b> (Note 2)	734	<b>777</b>	<b>9,346</b>
<b>Contingent liabilities</b> (Note 8)			
<b>Total liabilities</b>	1,609,099	<b>1,597,487</b>	<b>19,212,121</b>
<b>NET ASSETS</b>			
<b>Shareholders' equity</b> (Note 24)	426,680	<b>435,760</b>	<b>5,240,649</b>
Common stock	152,449	<b>152,449</b>	<b>1,833,428</b>
Capital surplus	81,849	<b>81,849</b>	<b>984,360</b>
Retained earnings	255,643	<b>264,724</b>	<b>3,183,694</b>
Treasury stock	(63,262)	<b>(63,263)</b>	<b>(760,834)</b>
<b>Accumulated other comprehensive income</b>	(14,003)	<b>(19,997)</b>	<b>(240,499)</b>
Unrealized gain on other securities, net (Note 2)	2,960	<b>(137)</b>	<b>(1,655)</b>
Deferred hedging gain and loss (Note 2, 19, 21)	(3,747)	<b>611</b>	<b>7,357</b>
Foreign currency translation adjustments (Note 2)	(13,217)	<b>(20,471)</b>	<b>(246,201)</b>
<b>Minority interests</b>	2,304	<b>(863)</b>	<b>(10,390)</b>
<b>Total net assets</b> (Note 2)	414,981	<b>414,898</b>	<b>4,989,759</b>
<b>Total liabilities and net assets</b>	¥2,024,080	<b>¥2,012,386</b>	<b>\$24,201,881</b>
<b>Shareholders' equity per share</b> (Note 2)	¥2,750.20	<b>¥2,770.77</b>	<b>\$33.32</b>



# Consolidated Statements of Income

For the years ended March 31, 2009, 2010 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2009	2010	2011	2011
<b>Operating revenues</b>	¥704,936	¥584,484	¥635,975	\$7,648,538
Electric power	648,362	530,289	584,436	7,028,704
Other	56,574	54,194	51,539	619,833
<b>Operating expenses</b> (Note 2, 9, 10, 11, 12 and 22)	647,828	535,544	565,387	6,799,608
Electric power	588,808	478,644	509,116	6,122,867
Other	59,019	56,899	56,271	676,741
<b>Operating income</b>	57,108	48,939	70,588	848,930
<b>Non-operating income (expenses)</b>	(17,508)	(7,245)	(14,266)	(171,572)
Interest expenses	(22,616)	(23,085)	(22,371)	(269,048)
Other, net	5,107	15,839	8,105	97,475
<b>Ordinary income</b>	39,599	41,694	56,322	677,357
<b>Special gains (losses)</b> (Note 2, 13, 14 and 28)	(7,063)	411	(17,582)	(211,458)
Provision or reversal of reserve for fluctuation in water levels	413	411	(42)	(507)
Unrealized loss on valuation of securities	(19,648)	—	(5,359)	(64,456)
Loss on liquidation of business	—	—	(4,550)	(54,721)
Impairment loss	—	—	(9,266)	(111,442)
Gain on sales of securities	—	—	1,635	19,668
Distribution by dissolution of anonymous association	12,170	—	—	—
<b>Income before income taxes and minority interests</b>	32,536	42,105	38,739	465,898
<b>Income taxes</b> (Note 2, 11 and 23)				
Current	17,928	11,270	20,403	245,386
Deferred	(4,945)	1,883	2,459	29,578
<b>Income before minority interests</b>	19,553	28,952	15,876	190,933
<b>Minority interests</b>	95	(197)	(3,707)	(44,592)
<b>Net income</b>	¥ 19,457	¥ 29,149	¥ 19,583	\$ 235,526
<b>Amounts per share:</b>			Yen	U.S. dollars (Note 2)
Net income (Note 2)	¥121.65	¥194.26	¥130.51	\$1.57
Cash dividends applicable to the year (Note 16)	70.00	70.00	70.00	0.84



# Consolidated Statements of Comprehensive Income

As of March 31, 2011

	Millions of yen	Thousands of U.S. dollars (Note 2)
	2011	2011
Income before minority interests	<b>¥15,876</b>	<b>\$190,933</b>
Other comprehensive income		
Unrealized gain on other securities, net	<b>(3,098)</b>	<b>(37,262)</b>
Deferred hedging gain and loss	<b>2,507</b>	<b>30,153</b>
Foreign currency translation adjustments	<b>(5,118)</b>	<b>(61,556)</b>
Share of other comprehensive income of associates accounted for using equity method	<b>(210)</b>	<b>(2,535)</b>
Total other comprehensive income (Note 15)	<b>(5,920)</b>	<b>(71,200)</b>
Comprehensive income (Note 15)	<b>9,955</b>	<b>119,733</b>
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of the parent	<b>13,590</b>	<b>163,440</b>
Comprehensive income attributable to minority interests	<b>¥ (3,634)</b>	<b>\$ (43,707)</b>

# Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2009, 2010 and 2011

## Shareholders' equity

	Number of shares issued of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock*1	Millions of yen Total shareholders' equity
<b>Balance at March 31, 2008</b>	166,569	¥152,449	¥81,849	¥230,032	¥ (64)	¥464,266
Net income				19,457		19,457
Dividends				(12,491)		(12,491)
Acquisition of treasury stock					(63,195)	(63,195)
Net change during the year						
<b>Balance at March 31, 2009</b>	166,569	152,449	81,849	236,998	(63,260)	408,036
Net income				29,149		29,149
Dividends				(10,503)		(10,503)
Acquisition of treasury stock					(1)	(1)
Net change during the year						
<b>Balance at March 31, 2010</b>	166,569	152,449	81,849	255,643	(63,262)	426,680
<b>Net income</b>				<b>19,583</b>		<b>19,583</b>
<b>Dividends</b>				<b>(10,503)</b>		<b>(10,503)</b>
<b>Acquisition of treasury stock</b>					<b>(0)</b>	<b>(0)</b>
<b>Net change during the year</b>						
<b>Balance at March 31, 2011</b>	<b>166,569</b>	<b>¥152,449</b>	<b>¥81,849</b>	<b>¥264,724</b>	<b>¥(63,263)</b>	<b>¥435,760</b>

	Common stock	Capital surplus	Retained earnings	Treasury stock*1	Thousands of U.S. dollars (Note 2) Total shareholders' equity
<b>Balance at March 31, 2010</b>	\$1,833,428	\$984,360	\$3,074,491	\$(760,823)	\$5,131,457
<b>Net income</b>			<b>235,526</b>		<b>235,526</b>
<b>Dividends</b>			<b>(126,322)</b>		<b>(126,322)</b>
<b>Acquisition of treasury stock</b>				<b>(10)</b>	<b>(10)</b>
<b>Net change during the year</b>					
<b>Balance at March 31, 2011</b>	<b>\$1,833,428</b>	<b>\$984,360</b>	<b>\$3,183,694</b>	<b>\$(760,834)</b>	<b>\$5,240,649</b>

\*1 Number of treasury stock as of March 31, 2011: 16,516,450 shares

## Accumulated other comprehensive income

	Unrealized gain (loss) on other securities, net	Deferred hedging gain and loss	Foreign currency translation adjustments	Total accumulated other compre- hensive income	Minority interests	Millions of yen Total net assets
<b>Balance at March 31, 2008</b>	¥1,934	¥(6,759)	¥ 6,941	—	¥ 1,735	¥468,118
Net income						19,457
Dividends						(12,491)
Acquisition of treasury stock						(63,195)
Net change during the year	(2,339)	474	(28,159)		248	(29,776)
<b>Balance at March 31, 2009</b>	(404)	(6,285)	(21,217)	—	1,984	382,112
Net income						29,149
Dividends						(10,503)
Acquisition of treasury stock						(1)
Net change during the year	3,365	2,538	8,000		320	14,225
<b>Balance at March 31, 2010</b>	2,960	(3,747)	(13,217)	(14,003)	2,304	414,981
<b>Net income</b>						<b>19,583</b>
<b>Dividends</b>						<b>(10,503)</b>
<b>Acquisition of treasury stock</b>						<b>(0)</b>
<b>Net change during the year</b>	<b>(3,098)</b>	<b>4,358</b>	<b>(7,254)</b>	<b>(5,993)</b>	<b>(3,168)</b>	<b>(9,162)</b>
<b>Balance at March 31, 2011</b>	<b>¥ (137)</b>	<b>¥ 611</b>	<b>¥(20,471)</b>	<b>¥(19,997)</b>	<b>¥ (863)</b>	<b>¥414,898</b>

	Unrealized gain (loss) on other securities, net	Deferred hedging gain and loss	Foreign currency translation adjustments	Total accumulated other compre- hensive income	Minority interests	Thousands of U.S. dollars (Note 2) Total net assets
<b>Balance at March 31, 2010</b>	\$ 35,606	\$(45,063)	\$(158,957)	\$(168,413)	\$ 27,718	\$4,990,762
<b>Net income</b>						<b>235,526</b>
<b>Dividends</b>						<b>(126,322)</b>
<b>Acquisition of treasury stock</b>						<b>(10)</b>
<b>Net change during the year</b>	<b>(37,262)</b>	<b>52,421</b>	<b>(87,244)</b>	<b>(72,085)</b>	<b>(38,109)</b>	<b>(110,195)</b>
<b>Balance at March 31, 2011</b>	<b>\$ (1,655)</b>	<b>\$ 7,357</b>	<b>\$(246,201)</b>	<b>\$(240,499)</b>	<b>\$(10,390)</b>	<b>\$4,989,759</b>



# Consolidated Statements of Cash Flows

For the years ended March 31, 2009, 2010 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2009	2010	2011	2011
<b>Cash flows from operating activities:</b>				
Income before income taxes and minority interests	¥ 32,536	¥ 42,105	¥ 38,739	\$ 465,898
Depreciation	114,669	120,313	111,644	1,342,688
Impairment loss (Note 13)	439	384	9,266	111,442
Loss on liquidation of business (Note 14)	—	—	4,550	54,721
Loss on disposal of property, plant and equipment	4,182	2,516	2,941	35,380
Increase (decrease) in accrued employee retirement benefits	12,848	5,923	(779)	(9,379)
Increase (decrease) in reserve for fluctuation in water levels	(413)	(411)	42	507
Interest and dividends income	(2,666)	(1,987)	(2,720)	(32,721)
Interest expenses	22,616	23,085	22,371	269,048
(Increase) decrease in notes and accounts receivable	(6,040)	6,311	(10,753)	(129,324)
(Increase) decrease in inventories	(17,637)	17,645	(6,132)	(73,748)
Increase (decrease) in notes and accounts payable	(1,109)	7,034	3,171	38,140
Loss (gain) on sales of securities	2	(231)	(1,450)	(17,449)
Unrealized loss on valuation of securities	19,648	—	5,359	64,456
Investment income on equity method	(7,470)	(11,722)	(9,072)	(109,107)
Loss (gain) on sales of property, plant and equipment	38	(590)	432	5,196
Distribution by dissolution of anonymous association	(12,170)	—	—	—
Others	24,235	(10,205)	8,355	100,489
Subtotal	183,709	200,170	175,965	2,116,240
Interest and dividends received	15,368	5,845	7,644	91,941
Interest paid	(22,079)	(22,987)	(22,881)	(275,189)
Income taxes paid	(18,369)	(13,880)	(9,492)	(114,157)
Net cash provided by operating activities	158,628	169,148	151,236	1,818,835
<b>Cash flows from investing activities:</b>				
Payments for purchase of property, plant and equipment	(173,119)	(114,967)	(115,827)	(1,392,999)
Proceeds from contributions grants	8,619	9,962	7,068	85,005
Proceeds from sales of property, plant and equipment	58,657	1,860	2,453	29,501
Payments for investments and loans	(27,643)	(23,456)	(14,184)	(170,593)
Proceeds from collections of investments and loans	7,901	3,896	5,235	62,960
Payment for purchase of investments in subsidiaries, net of cash acquired (Note 17)	(2,611)	(495)	—	—
Others	(4,154)	(6,305)	(9,419)	(113,283)
Net cash used in investing activities	(132,350)	(129,504)	(124,675)	(1,499,408)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of bonds	114,570	59,792	79,726	958,823
Redemption of bonds	(60,300)	—	(88,000)	(1,058,328)
Proceeds from long-term loans	9,803	122,794	49,036	589,741
Repayment of long-term loans	(41,287)	(121,555)	(53,988)	(649,285)
Proceeds from short-term loans	193,040	42,500	84,880	1,020,805
Repayment of short-term loans	(190,023)	(38,294)	(80,680)	(970,294)
Proceeds from issuance of commercial paper	639,380	475,905	392,965	4,725,988
Redemption of commercial paper	(619,000)	(561,000)	(406,000)	(4,882,742)
Purchase of treasury stock	(63,195)	—	—	—
Dividends paid	(12,499)	(10,503)	(10,503)	(126,320)
Dividends paid to minority interests	(20)	(2)	(8)	(101)
Others	(83)	11	3,398	40,874
Net cash used in financing activities	(29,615)	(30,351)	(29,172)	(350,838)
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	(2,764)	1,506	285	3,433
<b>Net increase (decrease) in cash and cash equivalents</b>	(6,101)	10,798	(2,326)	(27,977)
<b>Cash and cash equivalents at beginning of the year</b>	35,631	29,530	40,329	485,016
<b>Cash and cash equivalents at end of the year (Note 2 and 17)</b>	¥ 29,530	¥ 40,329	¥ 38,002	\$ 457,039



# Notes to Consolidated Financial Statements

For the years ended March 31, 2009, 2010 and 2011

## 1. Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements of Electric Power Development Co., Ltd. ("the Company"), and its consolidated subsidiaries have been compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan, or the Financial Instruments and Exchange Law of Japan, the Electricity Utilities Industry Law and their related accounting regulations, and are prepared on the basis of accounting principles and practices generally accepted and applied in Japan, which are different in certain respects regarding application and disclosure requirements

of accounting principles and practices generally accepted in the United States of America and International Financial Reporting Standards.

In addition, the notes to the consolidated financial statements include information that is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen or one thousand U.S. dollars have been rounded down. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

## 2. Summary of significant accounting policies

### (1) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 80 subsidiaries controlled directly or indirectly by the Company (74 and 84 subsidiaries for the year ended March 31, 2009 and 2010, respectively).

JM Energy Co., Ltd. was included within the scope of consolidation for the current consolidated fiscal year for the first time, following the acquisition of its shares.

WINDTECH TAHARA CORPORATION merged with J-Wind TAHARA Co., Ltd. and WINDTECH OGUNI CORPORATION merged with Green Power Aso Co., Ltd. and were dissolved in April 2010 so they have been removed from the scope of consolidation.

Moreover, the liquidation of J-POWER BUSINESS CAPITAL Co., Ltd. was completed on September 30, 2010, and the shares held in FWM Investment Co., Ltd. and in Fresh Water Miike Co., Ltd. were sold in March 2011, thereby removing them from the scope of consolidated companies.

WINDTECH OGUNI CORPORATION, Hamanasu Wind Power Co., Ltd., WINDTECH TAHARA CORPORATION, Miyazaki Wood Pellet CO., LTD. and J-POWER Orange Grove Operations, LLC, subsidiaries established by J-POWER and in which J-POWER acquired equity interests, along with 5 other companies were newly included within the scope of consolidation in the previous consolidated fiscal year.

J-Wind TOKIO Co., Ltd., an equity affiliate during the consolidated fiscal year ended March 31, 2009, became a subsidiary through the acquisition of additional shares and has been included in the scope of consolidation since last consolidated fiscal year. J-POWER Birchwood Consolidation, L.P. was dissolved in a merger with J-POWER Birchwood Consolidation GP, LLC on March 24, 2009 and was excluded from the scope of consolidation. The name of the surviving company of the merger, J-POWER Birchwood Consolidation GP, LLC, was changed to J-POWER Birchwood Consolidation, LLC on the same day.

A decision was made to dissolve J-POWER BUSINESS CAPITAL Co., Ltd. on March 31, 2010, but it was a consolidated subsidiary on that date so it became within the scope of consolidation for last consolidated fiscal year.

From the year ended March 31, 2009, Jie Pawa Electric Power Development (Beijing) Limited, Green Power Awara Co., Ltd., J-POWER Birchwood Consolidation GP, LLC and eleven other companies have been included in the scope of consolidation for the first time. J-POWER INVESTMENT U.K. LIMITED was liquidated on December 2, 2008 and was excluded from the scope of consolidation.

All of the consolidated subsidiaries, except for J-POWER AUSTRALIA PTY. LTD. and 35 other overseas subsidiaries, have the same fiscal year as that of the Company. The fiscal year-end of each of J-POWER AUSTRALIA PTY. LTD. and 35 other overseas subsidiaries is the end of December. The financial statements of these subsidiaries as of these dates are used for consolidation after necessary adjustments with regard to significant transactions incurred during the periods between their fiscal year-ends and that of the Company.

### (2) Equity method (Accounting for investment in affiliates)

76 affiliates which the Company has a significant influence on their operations are accounted for by the equity method (67 and 69 affiliates for the years ended March 31, 2009 and 2010, respectively).

For the current consolidated fiscal year, Yuzawa Geothermal Power Generation Corporation, J-POWER Sound Partners, LLC, and six other companies were included within the scope of equity affiliates as companies of importance from the perspective of the medium- to long-term management strategy.

All of the shares in FTJ BIO POWER SDN. BHD. were sold in December 2010, removing the company from the scope of affiliates accounted for under the equity method. Affiliated companies not accounted for under the equity method (Nishikyushu Kyodo Kowan Co., Ltd., et al.) had a minor impact on net income, retained earnings, etc. and were of little importance in terms of overall impact so they have been excluded from the scope of equity method application.

Osaki CoolGen Corporation, Shaanxi Hanjiang Investment & Development Co., Ltd., and one other company have been included in equity affiliates since last consolidated fiscal year because they are important from the perspective of the medium- to long-term management strategy. J-Wind TOKIO Co., Ltd. became not to be accounted for as an equity affiliate in the previous consolidated fiscal year since it became a subsidiary with the acquisition of additional shares. J-POWER Sound Partners, LLC and three other companies, which were either established or were companies in which an equity stake was acquired in February 2010, became affiliated companies as of March 31, 2010; however, these companies have not been included in the scope of equity accounting since the dates of their fiscal year-ends and the date for determining consolidation differ.

Since the year ended March 31, 2009, Birchwood Power Partners, L.P. and J-POWER East Coast Consolidation, LLC along with 14 other companies have been included in the affiliated companies accounted

for under the equity method as important companies in the Company's mid- and long-term management strategy. In addition, the liquidation of JS Gijutsu Service Corporation was completed on April 29, 2008 and therefore it was excluded from the scope of the affiliates accounted for under the equity method.

The above-mentioned 71 affiliates, excluding TOSA POWER Inc., Mihama Seaside Power Co., Ltd., Setouchi Power Corporation, Osaki CoolGen Corporation and Yuzawa Geothermal Power Generation Corporation which were accounted for using the equity method, have different fiscal year-ends from that of the Company. Accordingly, their financial statements as of their respective fiscal closing dates are used in consolidation.

With effect from the current consolidated fiscal year, the Company has applied "Accounting Standard for Equity Method of Accounting for Investments" (Accounting Standard Board of Japan (ASBJ) Statement No. 16, March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, March 10, 2008). This change had no impact on profit or loss.

### **(3) Accounting policies**

#### **a. Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost. Construction grants received from the Government of Japan and others are deducted from the cost of the related assets. Depreciation of major tangible assets is computed based on the estimated useful lives of the respective assets. The declining-balance method has been applied to buildings, structures and machinery and the straight-line method has been applied to other equipment. Major intangible assets are amortized based on the respective estimated useful lives of those assets using the straight-line method. Software costs for internal use are amortized based on the internally available period (normally, five years) using the straight-line method.

#### **b. Investments**

Available-for-sale securities with market value are stated at market value on the balance sheet date. Cost of sold securities is stated using the moving average method. The differences between the acquisition costs and the carrying values of securities are recognized in unrealized gain on other securities, net. Unrealized gain (loss) on securities, net of applicable income taxes, is charged to net assets. Available-for-sale securities without market value are stated at cost determined by the moving average method.

Money in trust for cash management purposes is also stated at market value.

#### **c. Derivatives**

Derivative instruments are stated at fair value, and hedge accounting is applied to those instruments which fulfill hedge conditions.

#### **d. Inventories**

Coal and general inventories are stated at cost determined by the monthly average method (book values on the balance sheet are written down on the basis of decline in profitability) and specialty goods are stated at cost determined by the identified cost method.

Effective from the year ended March 31, 2009, the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006). The effect of this on the profits and losses of the year ended March 31, 2009 was negligible.

#### **e. Allowance for doubtful account**

To provide for doubtful accounts in account receivables and other claimed receivables, we consider general receivables on the basis of past bad debt results and specific receivables in danger of falling into default on the basis of their individual recoverability, and we post the anticipated irrecoverable amounts accordingly.

#### **f. Accrued employee retirement benefits**

Accrued employee retirement benefits have been provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension assets as of each fiscal year-end.

Actuarial differences are primarily recognized under the declining balance method over two years from the consolidated fiscal year following the fiscal year in which they were incurred, and past service obligations are mainly recognized under the straight-line method over two years from the year in which the expense was incurred.

The Company previously accounted for actuarial differences in expenses from the fiscal year during which they arose, but effective the last consolidated fiscal year the method of accounting for the differences was changed to expensing in the consolidated fiscal year following the year during which they arise.

The change was made due to the fluctuations in stock prices in recent years, considerable depreciation expenses have been incurred for actuarial differences unforeseen at the time the budget was formulated. This resulted in major differences in actual retirement benefit expenses versus the budgeted amount and had a major impact on both budget management and operating results forecasts.

Moreover, the change from the tax qualified retirement pension system to the defined benefit corporate pension system in March 2007 and the resulting increase in options for benefit pay-out methods led to a more complex retirement benefit system. The Company has also undertaken radical revisions such as delegating the task of actuarial pension calculation formerly performed in-house to an outside pension actuary in light of the modifications to the personnel and pension systems for the previous consolidated fiscal year, from the perspective of ensuring that the pension benefit system is accurately and objectively reflected in the pension actuarial calculations. Since doing so means that it would take considerable time to ascertain the actual amount of the retirement benefit obligation compared to previously, the method of accounting was changed to accounting for expenses in the consolidated fiscal year following the fiscal year during which the expense was incurred in order to meet the demand of timeliness of disclosure for the stock market.

This resulted in an increase of ¥3,440 million in operating expenses compared with the previous method of accounting and a corresponding decrease in operating income, ordinary income, and net income before taxes and other adjustments for the year ended March 31, 2010.

Please note that the impact on segment data by industry caused by the change of the above-mentioned accounting policy in 2010 is noted in each of the individual segment descriptions.

The Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) (Corporate Accounting Standard No. 19, July 31, 2008) took effect from the previous consolidated fiscal year. This accounting standard caused no change in the retirement benefit obligation and therefore had no impact on profits for the year ended March 31, 2010.

**g. (Provision for) Reversal of reserve for fluctuations in water levels**

To offset fluctuations in income in connection with hydroelectric power generation caused by higher or lower than average water levels, the Company records reserve for fluctuations in water levels under “Ministerial Ordinance Concerning Reserve for Fluctuations in Water Levels” (the Ministerial Ordinance No. 56 of June 15, 1965 of the Ministry of Economy, Trade and Industry) stipulated by Article 36 of the Electricity Utilities Industry Law.

**h. Accounting standards for completed construction revenues and completed construction cost of goods sold**

Construction for which the degree of completion is ascertainable at the fiscal year-end was accounted for according to the criterion of degree of completion (the method of apportioning costs for the estimated degree of completion for construction); other construction has been booked based on the completed contract method.

The Accounting Standard for Construction Contracts (Corporate Accounting Standard No. 15, December 27, 2007) and Implementation Guidance on the Accounting Standard for Construction Contracts (Corporate Accounting Standard Implementation Guidance No. 18, December 27, 2007) have come into effect from the previous consolidated fiscal year as the accounting standards for revenues and income from contracted construction. Construction contracts concluded from the previous consolidated fiscal year onward for which certain results can be confirmed will be accounted for according to the degree of completion (the method of apportioning costs for the estimated degree of completion for construction) for the portion completed by the end of the current consolidated fiscal year; other construction will be accounted for under the completed contract method. The impact arising from this change was minor.

**i. Foreign currency translation**

Foreign-currency-denominated monetary receivables and payables are translated into yen at the exchange rate prevailing as of each fiscal year-end, and the conversion differences are processed as gains or losses. The assets, liabilities, revenue and expenses of an overseas consolidated subsidiary are translated into yen at the exchange rate in effect at each fiscal year-end and the resulting translation differences are presented as the foreign currency translation adjustments account under net assets.

The components of shareholders’ equity are translated at historical exchange rates.

**j. Derivative financial instruments and hedge accounting**

The Company utilizes derivative financial instruments, such as foreign exchange forward contracts, foreign currency swaps and interest rate swaps, to manage its exposure to fluctuations in foreign exchange and

interest rates. The Company does not intend to utilize the derivatives for trading or speculative purposes.

All derivatives of the Company are used for hedge purposes, and are principally accounted for under deferral hedge accounting.

The Company uses foreign exchange forward contracts and foreign currency swaps to hedge payment of principle and interest with respect to foreign-currency-denominated bonds and loans, and some foreign-currency-denominated debts and receivables, and uses interest rate swaps and interest rate collar to hedge payments of principal and interest with respect to bonds and loans, and uses commodity-price-related swaps to hedge some transactions affected by fluctuations in commodity prices.

Based on its internal regulations relating to derivative transactions, derivatives are executed for the purpose of avoiding the risks of fluctuating interest rates, exchange rates, and commodity purchase prices, and its policy is not to perform speculative transactions.

The Company evaluates hedge effectiveness on a quarterly basis or a per transaction basis by comparing cumulative changes in cash flow of hedging instruments with cumulative changes in hedged cash flow. Evaluation of the effectiveness of certain foreign exchange forward contracts, foreign currency swaps, and special interest rate swaps that depend on allocation processing has been omitted.

**k. Capitalization of interest expenses**

Interest expenses related to debts incurred for the construction of power plants have been capitalized and included in the cost of the related assets pursuant to the accounting regulations (the Ministerial Ordinance No. 57 of June 15, 1965 of the Ministry of Economy, Trade and Industry) under the Electricity Utilities Industry Law.

**l. Accounting for consumption taxes**

Consumption taxes with respect to the Company and its domestic subsidiaries are accounted for by using the tax-excluded method.

The consumption taxes imposed on sales made to customers by the Company and its domestic subsidiaries are withheld by the Company and its subsidiaries at the time of sale and are subsequently paid to the national and local governments. The consumption taxes withheld upon sale are not included in the amount of operating revenue in the accompanying consolidated statements of income. Consumption taxes paid on purchases of goods and national services by the Company and its domestic subsidiaries are excluded from each account in the consolidated statements of income.

**m. Income taxes**

Income taxes comprise corporate income tax, inhabitant tax and enterprise tax, except for the one imposed on the sales of the Company. Most of the enterprise tax imposed on the Company is imposed on sales and such enterprise tax is included in operating expenses (electric power) in the Company’s consolidated statements of income. The provision for income taxes is computed based on pretax income included in the Company’s consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the

carrying amounts and tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

#### **n. Cash equivalents**

Cash and cash equivalents presented in the accompanying consolidated statements of cash flows represent cash on hand, bank deposits, which are payable on demand, and short-term investments with maturity periods of three months or less which are easily convertible into cash and present insignificant risk of changes in value.

#### **o. Other significant issues for the preparation of consolidated financial statements**

##### **Accounting changes**

##### **① Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements**

Effective the fiscal year ended March 31, 2009, the Company applies "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, May 17, 2006). This change had no impact on profit and loss for the year ended March 31, 2009.

##### **② Accounting standards for lease transactions**

Until April 1, 2008, finance lease transactions other than those which were deemed to transfer ownership of the leased property to the lessee had been accounted for on a basis similar to ordinary lease transactions but effective the consolidated fiscal year ended March 31, 2009, the Company adopted "Accounting Standard for Lease Transactions" (First Subcommittee of the Business Accounting Council, June 17, 1993; ASBJ Statement No.13, revised March 30, 2007), and "Guidance on Accounting Standard for Lease Transactions" (The Japanese Institute of Certified Public Accountants, January 18, 1994; ASBJ, Guidance No.16, revised March 30, 2007) and finance lease transactions has been accounted for on the basis of ordinary sales transactions. Moreover, finance lease transactions other than those deemed to transfer property rights under lease contracts signed on or before March 31, 2008 would continue to be accounted for according to procedures for ordinary lease transactions. This change had no impact on profit and loss for the year ended March 31, 2009.

##### **③ Application of Accounting Standard for Asset Retirement Obligations**

With effect from the current consolidated fiscal year, the Company has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

Application of this accounting standard resulted in a decrease of ¥143 million in operating income, and respective decreases of ¥917 million in ordinary income and net income before tax for the year ended March 31, 2011.

##### **④ Application of Accounting Standard for Business Combinations**

With effect from the current consolidated fiscal year, the Company has applied "Accounting Standard for Business Combinations"

(ASBJ Statement No. 21, December 26, 2008), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, revised December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

##### **Reclassification**

##### **① Consolidated balance sheet**

In line with the Company's adoption of "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) effective the current consolidated fiscal year, provisions for coal mine restoration recorded by subsidiaries was included in "Asset retirement obligations."

In the previous consolidated fiscal year, the long-term portion of ¥1,076 million and the short-term portion of ¥422 million of such provisions were included in "Other" within long-term and current liabilities, respectively.

Wind power and geothermal power plants has been presented as "Renewable power production facilities" since the previous consolidated fiscal year due to the amendment to the Electric Utility Accounting Rules (Ministerial Ordinance Regarding Partial Revision of the Rules on Reporting Related to Electric Utilities, etc., Ministry of Economy, Trade, and Industry Ordinance No. 20, 2010).

The power plants mentioned above were included in "Hydroelectric power plants" of ¥23,387 million and "Thermal power plants" of ¥1,097 million in the consolidated fiscal year ended March 31, 2009.

##### **② Consolidated statements of income**

As of the current consolidated fiscal year, the Company has adopted the Cabinet Office Ordinance on Partial Revision of Financial Statement (Cabinet Office Ordinance No. 5, March 24, 2009) in accordance with the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008) and has presented the item "Income before minority interests", in the consolidated statements of income and consolidated statement of comprehensive income.

##### **③ Consolidated statements of cash flows**

The significance of "Unrealized gain on valuation of securities" included in "Others" within "Cash flows from operating activities" (¥54 million) in the previous consolidated fiscal year has increased so in the current consolidated fiscal year this has been included as a category.

Until last year "Proceeds from sale of subsidiary shares with a change in the scope of consolidation" was presented within "Cash flows from investing activities" (¥0 million in the current

consolidated fiscal year); however it was diminished in the current consolidated fiscal year and included in "Others" within "Cash flows from investing activities."

Effective the year ended March 31, 2010, "Unrealized loss on valuation of securities" within "Cash flows from operating activities" (¥54 million in the previous consolidated fiscal year) and "Purchase of treasury stock" within "Cash flows from financing activities" (–¥1 million in the previous consolidated fiscal year) were not presented so these categories have been included in "Others" in "Cash flows from operating activities" and "Cash flows from financing activities since the previous consolidated fiscal year.

#### Additional Information

Effective from the current consolidated fiscal year, the Company has adopted the "Accounting Standard for the Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). However, the amounts for "Other comprehensive income" for the preceding consolidated fiscal year were referred from that in "Valuation and translation adjustments".

#### (4) Per share information

Net income per share is calculated based on the weighted average number of shares of common stock excluding treasury stock during the fiscal year. Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share is not disclosed as there are no outstanding securities, such as convertible bonds or warrants, which are convertible into shares of common stock.

#### (5) U.S. dollar amounts

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of the reader, using the telegraphic transfer middle rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2011, which was ¥83.15 = US\$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted, realized or settled in U.S. dollars at this or any other rate of exchange.

### 3. Property, plant and equipment

Book value of "power plants," less construction grants and accumulated depreciation, as of March 31, 2010 and 2011, were as follows:

		Millions of yen	Thousands of U.S. dollars
	2010	2011	2011
Hydroelectric power plants	¥ 403,329	¥ 389,892	\$ 4,689,021
Thermal power plants	482,045	454,823	5,469,911
Internal combustion power generation facilities	11,764	4,694	56,460
Renewable power production facilities	24,334	38,436	462,258
Transmission facilities	207,948	197,163	2,371,173
Conversion facilities	35,089	34,456	414,387
Communication facilities	9,339	9,539	114,731
General facilities	52,789	49,486	595,147
Total	¥1,226,640	¥1,178,492	\$14,173,093

Construction grants, which were deducted from the cost of property, plant and equipment as of March 31, 2010 and 2011 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2010	2011	2011
Construction grants	¥ 105,590	¥ 112,763	\$ 1,356,141

Accumulated depreciation of property, plant and equipment as of March 31, 2010 and 2011 was as follows:

		Millions of yen	Thousands of U.S. dollars
	2010	2011	2011
Accumulated depreciation	¥2,529,298	¥2,620,902	\$31,520,176



#### 4. Long-term investments in non-consolidated subsidiaries and affiliated companies

Long-term investments in non-consolidated subsidiaries and affiliated companies at the end of March 2010 and March 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Shares	¥96,894	¥105,152	\$1,264,614

#### 5. Inventories

Inventories at the end of March 2010 and the end of March 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Merchandise and finished goods	¥ 2,883	¥ 1,485	\$ 17,871
Work in process	1,915	911	10,966
Raw materials and supplies	20,918	30,003	360,831
Total	¥25,717	¥32,400	\$389,669

#### 6. Provisions

Provisions for directors' bonuses stated by subsidiaries for the current consolidated fiscal year are stated as "Other" under "Provisions" (¥333 million (US\$4,012 thousand) as of March 31, 2011).

For the previous consolidated year, provisions for coal mine recovery and provisions for directors' bonuses stated by subsidiaries are stated as "Other" under "Provisions." Such provisions amounted to ¥1,967 million as of March 31, 2010.

#### 7. Short-term loans, long-term debts and lease obligations

Short-term loans, long-term debts and lease obligations as of March 31, 2010 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Loans from banks and Japanese government agencies, due on varying dates through 2035	¥ 673,556	¥ 657,639	\$ 7,909,078
Interest rates: Long-term loans, excluding current portion	1.652% (average)		
Current portion of long-term loans	1.135% (average)		
Short-term loans	0.442% (average)		
Commercial paper	0.120% (average)		
Domestic bonds guaranteed by the Government of Japan, due on varying dates through 2011, 1.4% to 1.7%	85,000	35,000	420,926
Domestic straight bonds, due on varying dates through 2028, 0.93% to 2.24%	654,883	734,898	8,838,227
Euro yen-denominated foreign bonds guaranteed by the Government of Japan, due in 2010, 1.80%	38,000	—	—
Lease obligations	1,075	1,498	18,027
Subtotal	1,452,515	1,429,037	17,186,259
Less current portion	(180,895)	(192,131)	(2,310,665)
Total	¥1,271,619	¥1,236,905	\$14,875,593

The annual maturities of bonds, long-term debts and lease obligations subsequent to March 31, 2011 are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	<b>¥ 192,131</b>	<b>\$ 2,310,665</b>
2013	<b>165,946</b>	<b>1,995,749</b>
2014	<b>167,565</b>	<b>2,015,222</b>
2015	<b>148,951</b>	<b>1,791,358</b>
2016	<b>144,860</b>	<b>1,742,156</b>
2017 and thereafter	<b>609,682</b>	<b>7,332,325</b>
<b>Total</b>	<b>¥1,429,138</b>	<b>\$17,187,478</b>

All of the Company's assets are subject to certain statutory liens as security for bonds. The outstanding amount of such bonds amounted to ¥233,000 million and ¥75,000 million (US\$901,984 thousand, including corporate bonds that were used to discharge certain debts through bond performance underwriting contracts) as of March 31, 2010 and 2011, respectively. Some long-term investments amounted to ¥3,019 million and ¥2,853 million (US\$34,321 thousand) as of March 31, 2010 and 2011, respectively, were used as collateral for loans to other companies.

Some long-term investments of consolidated subsidiaries amounted to ¥1,785 million and ¥1,709 million (US\$20,553 thousand) as of March 31, 2010 and 2011, respectively, were used as collateral for loans to other companies.

The book value of the Company's assets pledged as collateral for the debt of certain consolidated subsidiaries, which totaled ¥23,810 million and ¥19,542 million (US\$235,030 thousand) as of March 31, 2010 and 2011, respectively, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Power plants	¥15,881	<b>¥14,590</b>	<b>\$175,477</b>
Construction in progress	9,682	—	—
Long-term investments	13,410	<b>12,210</b>	<b>146,851</b>
Others (Investments and other assets)	—	<b>9,921</b>	<b>119,315</b>
Others (Current assets)	—	<b>1,036</b>	<b>12,468</b>
Cash and deposits	426	<b>938</b>	<b>11,288</b>
Notes and accounts receivable—trade	—	<b>84</b>	<b>1,012</b>
Inventories	—	<b>50</b>	<b>606</b>

## 8. Contingent liabilities

Contingent liabilities as of March 31, 2010 and 2011 consisted of the following:

		Millions of yen	Thousands of U.S. dollars
	2010	2011	2011
Guarantees given for loans of companies below:			
Gulf Holding Co., Ltd. (GJP Holding Co., Ltd.)	¥ 5,166	—	—
TOSA POWER Inc.	3,165	¥ 3,021	\$ 36,335
Zajaczkowo Windfarm Sp. z o. o.	2,970	2,698	32,451
Roi-Et Green Co., Ltd.	162	—	—
SAHARA COOLING Ltd.	121	106	1,280
Okutadami Kanko Co., Ltd.	102	80	970
Kanda Eco Plant Co., Ltd.	71	52	630
Subtotal	11,760	5,959	71,669
Guarantees given to certain banks of the below companies for performance bonds under power purchase agreements:			
Gulf JP UT Co., Ltd. (Siam Energy Co., Ltd.)	5,562	5,329	64,099
Gulf JP NS Co., Ltd. (Power Generation Supply Co., Ltd.)	2,296	2,200	26,458
Combined Heat and Power Co., Ltd.	1,314	1,259	15,150
Gulf JP NLL Co., Ltd. (RIL Cogeneration Co., Ltd.)	1,314	1,259	15,150
Gulf JP CRN Co., Ltd. (Pathum Cogeneration Co., Ltd.)	1,314	1,259	15,150
Gulf JP NNK Co., Ltd. (Chancoengsao Cogeneration Co., Ltd.)	1,314	1,259	15,150
Gulf JP KP2 Co., Ltd. (Industrial Cogen Co., Ltd.)	1,314	—	—
Gulf JP KP1 Co., Ltd. (Saraburi B Cogeneration Co., Ltd.)	1,314	—	—
Gulf JP TLC Co., Ltd. (Saraburi A Cogeneration Co., Ltd.)	1,314	—	—
Subtotal	17,061	12,568	151,160
Guarantees on revenues from electricity sales (using an incremental unit price structure):			
Nikaho-kogen Wind Power Co., Ltd.	479	422	5,085
Green Power Kuzumaki Co., Ltd.	451	468	5,630
Subtotal	930	890	10,715
Guarantees to EPC contractors on EPC contracts:			
Combined Heat and Power Co., Ltd.	—	717	8,631
Gulf JP NLL Co., Ltd. (RIL Cogeneration Co., Ltd.)	—	574	6,908
Gulf JP NNK Co., Ltd. (Chancoengsao Cogeneration Co., Ltd.)	—	574	6,908
Gulf JP CRN Co., Ltd. (Pathum Cogeneration Co., Ltd.)	—	360	4,333
Subtotal	—	2,226	26,781
Guarantees given in connection with housing loans to Company employees	4,227	3,852	46,337
Debts assigned by the Company to certain banks under debt assumption agreements	70,000	—	—
Total	¥103,980	¥25,499	\$306,664

\* The names in parentheses are the former company names; Gulf Holding Co., Ltd. changed its name on March 21, 2011 and the other companies changed theirs on February 15, 2011.

## 9. Provision of reserves

Provisions for the years ended March 31, 2009, 2010 and 2011, were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2010	2011	2011
Accrued employee retirement benefits	¥18,175	¥11,278	¥3,757	\$45,187

## 10. Operating expenses

Operating expenses (electric power) for the years ended March 31, 2009, 2010 and 2011, were summarized as follows:

Total

	Millions of yen			Thousands of U.S. dollars
	2009	2010	2011	2011
Personnel expense	¥ 43,651	¥ 36,264	¥ 31,354	\$ 377,086
Fuel cost	264,397	178,048	214,261	2,576,811
Repair expense	51,476	44,480	46,035	553,647
Consignment cost	33,244	32,058	31,491	378,726
Taxes and duties	29,162	26,507	27,259	327,841
Depreciation and amortization cost	110,122	116,095	106,929	1,285,985
Others	56,752	45,190	51,783	622,767
Total	¥588,808	¥478,644	¥509,116	\$6,122,867

Selling, general and administrative expenses included in operating expenses (electric power) for the years ended March 31, 2009, 2010 and 2011, were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2010	2011	2011
Personnel expense	¥33,386	¥25,679	¥20,283	\$243,942
Fuel cost	—	—	—	—
Repair expense	1,716	1,505	1,150	13,840
Consignment cost	9,679	7,592	7,062	84,935
Taxes and duties	1,194	719	740	8,901
Depreciation and amortization cost	2,471	2,431	2,237	26,908
Others	17,937	11,034	13,226	159,072
Total	¥66,386	¥48,963	¥44,701	\$537,601

## 11. Enterprise tax

Most of the enterprise taxes of the Company and 20 consolidated subsidiaries that operate electric power business are imposed on operating revenues, except for certain enterprise taxes imposed on taxable income. Enterprise tax on operating revenues was included in operating expenses (electric power) in the amount of ¥8,513 million, ¥6,823 million and ¥7,488 million (US\$90,055 thousand) for the years

ended March 31, 2009, 2010 and 2011, respectively. Regarding the enterprise tax for consolidated subsidiaries, the discounted value-added and discounted capital are included in "Operating expenses—Other," and revenues are included in corporate income tax, excluding the 19 consolidated subsidiaries that operate electric power business.

## 12. Research and development costs

Research and development costs are presented in a total amount pursuant to "Accounting Standard for Research and Development Costs, etc." ("Opinion Concerning Establishment of Accounting Standard for Research and Development Costs, etc." issued by the Business Accounting Deliberation Council on March 13, 1998).

Research and development costs included in general and administrative expenses for the years ended March 31, 2009, 2010 and 2011 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2010	2011	2011
Research and development costs	¥8,265	¥5,953	¥6,065	\$72,943

## 13. Loss on impairment of fixed assets

The Company and subsidiaries base the grouping of their assets on the categories used in their management accounting, which maintains a continuous grasp of the balance of payments.

Due to the deterioration in the business environment and other factors during the current consolidated fiscal year, the Company examined the potential for future collection and consequently determined that it would

be difficult to collect on investments relating to special asset groups. The Company therefore wrote the book value down to the level it would be possible to collect and booked the amount of the write-down as an impairment loss of ¥9,266 million (US\$111,442 thousand) under extraordinary losses. The major impairment losses were as follows:

		Millions of yen	Thousands of U.S. dollars
Power generation plant Ichihara Power Co., Ltd. (Ichihara city, Chiba Prefecture)	Buildings and structures	¥ 775	\$ 9,320
	Machinery	5,749	69,152
	Others	347	4,178
	Total	6,872	82,651
Fertilizer plant Kaihatsu Hiryou Co., Ltd. (Takehara city, Hiroshima Prefecture)	Buildings and structures	1,164	14,000
	Machinery	705	8,480
	Others	19	239
	Total	¥1,889	\$22,720

The collectible amount for the power generation plant asset group was measured by the amount of net sales; future cash flow will be negative so this has been booked at residual value. The collectible amount for the fertilizer plant asset group was measured by the value of use and has been calculated at a 3.5% discount to future cash flow.

For the years ended March 31, 2010 and 2009, idle assets for which no immediate use was foreseen and others were grouped individually, depreciated to their recoverable value, and the appropriate value reduction was booked as an impairment loss within the category of "Other expenses-Other". Loss on impairment of fixed assets was as follows:

	Millions of yen	
	2009	2010
Buildings and structures	¥164	¥117
Land	145	196
Machinery	127	52
Others	1	18
Total	¥439	¥384

The recoverable value of the idle assets concerned was measured according to their net sale value; assets slated for sale are recorded by their expected sale value, while other assets were appraised at value reflecting their appropriate market pricing on fixed assets.

Impairment losses outside this asset group were of minor importance, so they are omitted.

#### 14. Loss on liquidation of business

Gulf JP UT Co., Ltd., a subsidiary of the Company, was engaged in an IPP project in the Samet Tai sub-district in Thailand. However, at the Cabinet meeting held on July 20, 2010, the Thai Government decided on a guideline which included changing the location planned for construction of the power plant as a solution to resolve the problem of location. Due to this decision, the Company decided not to proceed with its

development project in Samet Tai and recognized the loss on liquidation of business of ¥4,550 million (US\$54,721 thousand) in relation to the project.

The main loss relating to the project resulted from an anticipated irrecoverable amount of ¥4,007 million (US\$48,193 thousand) in loan receivables.

#### 15. Consolidated statements of comprehensive income

Comprehensive income and other comprehensive income for the consolidated fiscal year immediately preceding the current consolidated fiscal year were as follows:

	Millions of yen
Comprehensive income of the year ended March 31, 2010	
Comprehensive income attributable to owners of the parent	¥43,054
Comprehensive income attributable to minority interests	(190)
Total	42,863
Other comprehensive income of the year ended March 31, 2010	
Unrealized gain on other securities, net	3,365
Deferred hedging gain and loss	217
Foreign currency translation adjustments	6,402
Share of other comprehensive income of associates accounted for using equity method	3,925
Total	¥13,911

#### 16. Dividends from the surplus

The following dividend from the surplus of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2011, was approved at the general meeting of the shareholders held on June 28, 2011:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥35 (US\$0.42) per share)	¥5,251	\$63,161

#### 17. Cash and cash equivalents

The reconciliation between cash and bank deposits in the accompanying consolidated balance sheets and cash and cash equivalents in the accompanying consolidated statements of cash flows for the years ended March 31, 2010 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Cash and bank deposits on the consolidated balance sheets	¥38,749	¥37,202	\$447,412
Time deposits with a maturity of more than three months	(360)	(539)	(6,488)
Marketable securities with a redemption period of three months or less from the date of acquisition, included in the short-term investments account	1,940	1,340	16,115
Cash and cash equivalents on the consolidated statements of cash flows	¥40,329	¥38,002	\$457,039



In the consolidated fiscal year ended in March 31, 2009, the correlation between the breakdown of assets and liabilities of J-POWER accompanying the new consolidation of wind power company Sarakitomanai Wind Power Co., Ltd. and two other companies through the acquisition of shares in those companies, and expenditures for the acquisition of shares in the subsidiaries accompanying the change in the scope of consolidation was as follows:

	Millions of yen 2009
Property, plant and equipment, net, and investments and other assets	¥ 5,196
Current assets	335
Long-term liabilities	(2,058)
Current liabilities	(564)
Minority interests	(188)
Acquisition value of shares in newly consolidated subsidiaries	2,720
Cash and cash equivalents of newly consolidated subsidiaries	109
Deductions: payment for purchase of investments in subsidiaries, net of cash acquired	¥(2,611)

## 18. Leases

### (1) Financing and lease transactions

As a lessor:

Amount of leasing fees due on lease receivables for the fiscal year ended March 31, 2011 anticipated to be collected after the close of the fiscal year

	Millions of yen	Thousands of U.S. dollars
(Current assets)		
Due within one year or less	¥ 1,391	\$ 16,733
(Investments and other assets)		
Due after one year through two years	1,391	16,733
Due after two years through three years	1,391	16,733
Due after three years through four years	1,391	16,733
Due after four years through five years	1,391	16,733
Due after five years	26,921	323,765

### (2) Finance lease transactions other than those deemed to transfer property rights under lease contracts signed on or before to March 31, 2008.

As a lessee:

Acquisition cost, accumulated depreciation and net leased property as of March 31, 2010 and 2011 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	2010			2011		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Electric utility plant	¥ 989	¥ 748	¥ 241	¥ 786	¥ 678	¥107
Others	2,180	1,356	823	1,551	1,027	523
Total	¥3,169	¥2,105	¥1,064	¥2,338	¥1,706	¥631
				\$28,122	\$20,526	\$7,595

Acquisition cost includes the imputed interest expense portion.

Future lease payments under finance leases as of March 31, 2010 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Due within one year	¥ 428	¥256	\$3,088
Due after one year	635	374	4,506
Total	¥1,064	¥631	\$7,595

Future lease payments under finance leases include the imputed interest expense portion.

Lease payments and depreciation expense under finance leases as of March 31, 2010 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Lease payments	¥629	¥430	\$5,181
Depreciation expense	629	430	5,181

Depreciation expense is computed using the straight-line method over the respective lease periods.

#### As a lessor:

Acquisition cost, accumulated depreciation and net leased property as of March 31, 2010 and 2011 were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2010			2011			2011		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Others	¥25	¥21	¥3	¥14	¥13	¥1	\$174	\$158	\$15

Future lease revenues under finance leases as of March 31, 2010 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Due within one year	¥12	¥ 9	\$117
Due after one year	10	1	14
Total	¥23	¥10	\$132

Future lease revenues under finance leases include the imputed interest income portion.

Revenues and depreciation expense under finance leases as of March 31, 2010 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Revenues	¥14	¥12	\$154
Depreciation expense	6	1	16

## 19. Financial instruments

The Accounting Standard for Financial Instruments (Corporate Accounting Standard No. 10, March 10, 2008) and the Guidance on Disclosures of Fair Value of Financial Instruments (Corporate Accounting Standards, Implementation Guidance No. 19, March 10, 2008) took effect from the year ended March 31, 2010.

### (1) Status of financial instruments

#### a. Policy for financial instruments

The Company formulates funds procurement plans based on demand for funding of capital expenditures related to the wholesale electricity business, investment in the overseas power generation business, and other businesses. The requisite funds are then procured (mainly from the issue of bonds and loans from financial institutions). Funds temporarily in excess are invested in financial assets with a high degree of safety. The Company also procures funds for short-term working capital through borrowings and the issue of commercial paper. Derivatives are used to avoid the risks noted below and it is corporate policy not to engage in speculative transactions.

#### b. Types of financial instruments and related risk

Notes and accounts receivable are operating receivables exposed to client credit risk. Marketable securities held as long-term investments are shares, etc. related to business or capital ties with the partner companies to the transactions and are exposed to the risk of fluctuation in market prices. Short-term investments consist primarily of domestic CDs (transferable deposits) and are exposed to bank credit risk.

Notes and accounts payable are operating liabilities and nearly all have a payment term of one year or less. Also included among operating liabilities are foreign currency transactions for fuel and other imports and these are exposed to currency fluctuation risk; however, part of this is hedged through the use of foreign exchange forward contracts. Loans and bonds are used mainly for the procurement of funds required for capital investment and carry redemption terms extending beyond the fiscal year settlement date, the longest being 19 years and 18 years from March 31, 2010 and 2011, respectively. Some of these have variable interest rates and are thus exposed to interest rate fluctuation risk; however, this is hedged through the use of derivatives transactions (interest rate swaps).

Derivatives transactions consist mainly of transactions involving foreign exchange forward contracts to hedge the risk of currency fluctuation accompanying operating receivables and payables denominated in foreign currencies, interest rate swaps designed to hedge the risk of interest rate fluctuations for loans and bonds, and commodity swaps designed to hedge the risk of fluctuation in commodity prices. Please see section "j. Derivative financial instruments and hedge accounting" under "(3) Accounting policies" mentioned above for the hedging methods, hedging targets, hedging policies and methods for appraising hedging effectiveness, etc.

#### c. Risk management for financial instruments

##### Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the Rules on Management of Sales, etc., each division of the Company monitors the due dates and balances of operating receivables for each transacting partner and also maintains a perpetual grasp of changes in the state of management, etc. for these companies. Consolidated subsidiaries also follow the Rules on Management of Sales, etc. and manage business affairs in the same manner. Please note that credit risk is minimal for the wholesale electric power business since transactions are conducted mainly with the 10 electric power companies, which have high credit ratings.

Derivatives transactions are used to mitigate counterparty risk and are only conducted with financial and other institutions bearing high credit ratings.

The largest amount of credit risk as of the consolidated fiscal year-end is shown in the value of financial assets exposed to credit risk on the consolidated balance sheet.

##### Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

The Company and some of its consolidated subsidiaries generally employ foreign exchange forward contracts to hedge the risk of currency fluctuations for foreign-denominated operating receivables and payables, as determined on a monthly basis, by currency. The Company and some of its consolidated subsidiaries also employ interest rate swaps to avoid the risk of fluctuation in interest rates on loans and bonds. The Company engages in commodity swaps to obviate the risk of fluctuation in commodity prices as well.

The board of directors sets the maximum limits for derivatives transactions by purpose, based on the Guidelines for Handling Derivatives Transactions. These transactions are handled within those confines and the Accounting & Finance Department verifies the balances with the contracting parties. Transaction results are reported to the board of directors every six months as a general rule (quarterly for new transactions). Consolidated subsidiaries also adhere to the corporate Guidelines for Handling Derivatives Transactions in managing derivatives.

##### Monitoring of liquidity risk (the risk that the Company may not be able to meet obligations on scheduled due dates)

The Accounting & Finance Department formulates and updates financing plans in a timely manner based on reports from the various departments and manages liquidity risk through issuance of commercial paper and other means.

#### d. Supplemental explanation of the estimated fair value of financial instruments

Market valuation of financial instruments includes not only values based on market prices, but also values calculated in a reasonable manner for instruments that do not have a market price. Calculation of such values incorporates factors that fluctuate so values may fluctuate with the employment of different underlying assumptions and other factors. Moreover, contract amounts of derivatives transactions in “(2) Estimated fair value of financial instruments” do not indicate the market risk related to the derivatives transactions, in and of themselves.

#### e. Concentration of credit risk

Eighty-three percent and eighty-two percent of the operating receivables as of March 31, 2010 and 2011, respectively, are for the 10 electric power companies.

#### (2) Estimated fair value of financial instruments

The book values, fair value, and differences between these recorded on the consolidated balance sheet are as follows. Please note that instruments for which it is extremely difficult to ascertain a fair value are not included in the following table (Please see “b. Financial instruments for which it is extremely difficult to determine the fair value”).

As of March 31, 2010	Millions of yen		
	Carrying value	Estimated fair value	Difference
Cash and bank deposits	¥ 38,749	¥ 38,749	—
Notes and accounts receivable	47,003	47,003	—
Short-term investments	2,253	2,253	—
Market securities and investment securities	31,251	31,251	—
Other marketable securities * <sup>1</sup>	31,251	31,251	—
Total assets	119,257	119,257	—
Notes and accounts payable	14,804	14,804	—
Short-term loans	13,327	13,327	—
Commercial paper	24,998	24,998	—
Bonds * <sup>2</sup>	777,883	801,426	¥(23,543)
Long-term loans * <sup>2</sup>	635,230	645,838	(10,608)
Total liabilities	1,466,243	1,500,395	(34,151)
Derivatives transactions * <sup>3</sup>			
Transactions subject to hedge accounting	3,750	3,725	(24)
Total derivatives transactions	¥ 3,750	¥ 3,725	¥ (24)

\*<sup>1</sup> Included in long-term investments on the consolidated balance sheet.

\*<sup>2</sup> Includes bonds and long-term loans due within one year.

\*<sup>3</sup> Show the net amount of receivables and payables incurred for derivatives transactions. Please note that there are no results for derivatives not subject to hedge accounting.

As of March 31, 2011	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
Cash and bank deposits	¥ 37,202	¥ 37,202	—	\$ 447,412	\$ 447,412	—
Notes and accounts receivable	57,781	57,781	—	694,911	694,911	—
Short-term investments	2,346	2,346	—	28,217	28,217	—
Marketable securities and investment securities	27,544	27,544	—	331,267	331,267	—
Other marketable securities *1	27,544	27,544	—	331,267	331,267	—
Total assets	124,875	124,875	—	1,501,809	1,501,809	—
Notes and accounts payable	20,112	20,112	—	241,887	241,887	—
Short-term loans	17,528	17,528	—	210,806	210,806	—
Commercial paper	11,999	11,999	—	144,312	144,312	—
Bonds *2	769,898	793,208	¥(23,309)	9,259,153	9,539,490	\$(280,336)
Long-term loans *2	628,111	637,820	(9,709)	7,553,959	7,670,726	(116,766)
Total liabilities	1,447,651	1,480,670	¥(33,019)	17,410,119	17,807,222	\$(397,103)
Derivatives transactions *3						
Transactions nonsubject hedge accounting	18,151	18,151	—	218,302	218,302	—
Transactions subject to hedge accounting	5,496	5,496	—	66,097	66,097	—
Total derivatives transactions	¥ 23,647	¥ 23,647	—	\$ 284,399	\$ 284,399	—

\*1 Included in long-term investments on the consolidated balance sheet.

\*2 Includes bonds and long-term loans due within one year.

\*3 Show the net amount of receivables and payables incurred for derivatives transactions.

#### a. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

##### Assets:

##### ① Cash and bank deposits, notes and accounts receivable, and short-term investments (transferable deposits, etc.)

Since these are settled within a short period of time, the fair value is nearly equivalent to the book value so the company relies on the book value.

##### ② Investment securities

The fair value of stock is based on quoted market prices. For information of securities by holding purposes, please refer to "Note 20. Securities."

##### Derivatives transactions:

Please refer to "Note 21. Derivative transactions."

#### b. Financial instruments for which it is extremely difficult to determine the fair value

Amount booked on the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Unlisted stock (excluding stock sold on the OTC market)	¥17,212	¥12,036	\$144,757
Unlisted foreign stock	11,565	11,188	134,554
Capital contribution	1,493	1,490	17,923
Foreign capital contribution	9,706	9,012	108,392
Other	1,027	965	11,612

They do not have a market value and estimation of future cash flows from them would incur substantial cost. Therefore, they are not included in the table above. Please note that the shares of non-consolidated

subsidiaries and affiliates have been omitted because they are listed under "4. Long-term investments in non-consolidated subsidiaries and affiliated companies."

### c. Redemption schedule for receivables and marketable with maturities

	Millions of yen
	Due in one year or less
As of March 31, 2010	
Cash and bank deposits	¥38,749
Notes and accounts receivable	47,003
Short-term investments	2,253
Marketable securities and investment securities	
Other marketable securities with maturities	—
<b>Total</b>	<b>¥88,006</b>

	Millions of yen	Thousands of U.S. dollars
	Due in one year or less	Due in one year or less
<b>As of March 31, 2011</b>		
Cash and bank deposits*	<b>¥37,202</b>	<b>\$ 447,412</b>
Notes and accounts receivable	<b>57,781</b>	<b>694,911</b>
Short-term investments	<b>2,346</b>	<b>28,217</b>
Marketable securities and investment securities		
Other marketable securities with maturities	—	—
<b>Total</b>	<b>¥97,330</b>	<b>\$1,170,541</b>

\* Amounts in cash and deposits to be redeemed within one year includes cash.

### d. Bonds, long-term loans, and other interest-bearing debt scheduled for repayment after consolidated fiscal year-end

	Millions of yen			
	Short-term loans	Commercial paper	Bonds	Long-term loans
As of March 31, 2010				
Due in one year or less	¥13,327	¥24,998	¥ 88,000	¥ 54,304
Due after one year through two years	—	—	35,000	127,016
Due after two years through three years	—	—	20,000	142,365
Due after three years through four years	—	—	59,998	85,624
Due after four years through five years	—	—	80,000	67,702
Due after five years	—	—	494,884	158,215

	Millions of yen				Thousands of U.S. dollars			
	Short-term loans	Commercial paper	Bonds	Long-term loans	Short-term loans	Commercial paper	Bonds	Long-term loans
<b>As of March 31, 2011</b>								
Due in one year or less	<b>¥17,528</b>	<b>¥11,999</b>	<b>¥ 35,000</b>	<b>¥127,198</b>	<b>\$210,806</b>	<b>\$144,312</b>	<b>\$ 420,926</b>	<b>\$1,529,747</b>
Due after one year through two years	—	—	<b>20,000</b>	<b>145,521</b>	—	—	<b>240,529</b>	<b>1,750,103</b>
Due after two years through three years	—	—	<b>60,000</b>	<b>107,212</b>	—	—	<b>721,587</b>	<b>1,289,388</b>
Due after three years through four years	—	—	<b>80,000</b>	<b>68,725</b>	—	—	<b>962,116</b>	<b>826,528</b>
Due after four years through five years	—	—	<b>60,000</b>	<b>84,779</b>	—	—	<b>721,587</b>	<b>1,019,597</b>
Due after five years	—	—	<b>515,000</b>	<b>94,674</b>	—	—	<b>6,193,625</b>	<b>1,138,592</b>

## 20. Securities

Information regarding securities classified as other securities are as follows:

Instruments for which the amount booked on the consolidated balance sheet exceeds the acquisition cost

	Type	Millions of yen		Thousands of U.S. dollars
		2010	2011	2011
Acquisition cost	Stocks	¥12,073	¥ 8,866	\$106,633
Amount booked on the consolidated balance sheet	Stocks	17,451	12,435	149,549
Unrealized gain		¥ 5,378	¥ 3,568	\$ 42,915

Instruments for which the amount booked on the consolidated balance sheet does not exceed the acquisition cost

	Type	Millions of yen		Thousands of U.S. dollars
		2010	2011	2011
Acquisition cost	Stocks	¥15,948	¥19,176	\$230,621
Amount booked on the consolidated balance sheet	Stocks	13,799	15,109	181,718
Unrealized loss		¥ (2,148)	¥ (4,066)	\$ (48,902)

## 21. Derivatives transactions

Derivatives transactions for the years ended March 31, 2010 and 2011 are as follows:

### (1) Derivatives transactions not subject to hedge accounting

#### a. Currencies

	Millions of yen				Thousands of U.S. dollars			
	2011				2011			
	Contract value, etc.		Fair value	Valuation gain/loss	Contract value, etc.		Fair value	Valuation gain/loss
	Total value	Portion over one year			Total value	Portion over one year		
Transactions other than market transactions *1								
Forward exchange contracts, short positions	¥18,104	¥5,206	¥18,355	¥251	\$217,728	\$62,614	\$220,754	\$3,025
Total	¥18,104	¥5,206	¥18,355	¥251	\$217,728	\$62,614	\$220,754	\$3,025

\*1 The market price is calculated according to the forward exchange rate.

#### b. Stocks

	Millions of yen				Thousands of U.S. dollars			
	2011				2011			
	Contract value, etc.		Fair value	Valuation gain/loss	Contract value, etc.		Fair value	Valuation gain/loss
	Total value	Portion over one year			Total value	Portion over one year		
Transactions other than market transactions *2								
Stock option transactions, short positions	¥3,399	¥3,399	¥ 751	—	\$40,884	\$40,884	\$ 9,032	—
Stock option transactions, long positions	2,926	2,926	(954)	—	35,193	35,193	(11,484)	—
Total	¥6,325	¥6,325	¥(203)	—	\$76,077	\$76,077	\$ (2,452)	—

\*2 The market price in question is calculated according to the option price calculation model.



## (2) Derivatives transactions subject to hedge accounting

	Millions of yen						Thousands of U.S. dollars		
	2010			2011			2011		
	Contract value, etc.			Contract value, etc.			Contract value, etc.		
	Total value	Portion over one year	Fair value	Total value	Portion over one year	Fair value	Total value	Portion over one year	Fair value
(General settlement method)									
Foreign-currency-denominated debts and receivables									
Foreign exchange forward contracts transactions <sup>*4</sup>	¥ 3,297	—	¥3,251	¥ 278	—	¥ 214	\$ 3,353	—	\$ 2,576
Bonds and loans									
Interest rate swaps pay/fixed, receive/floating <sup>*5</sup>	4,827	¥ 4,552	(225)	18,289	¥ 17,957	911	219,956	\$ 215,965	10,963
Interest rate color transactions <sup>*5</sup>	—	—	—	3,726	3,724	218	44,820	44,787	2,632
Commodity									
Commodity swaps, pay/fixed, receive/floating <sup>*5</sup>	36,932	38	646	37,008	26	2,139	445,081	319	25,729
Commodity swaps, pay/floating, receive/fixed <sup>*5</sup>	8,619	—	(1,294)	—	—	—	—	—	—
(Special interest rate swaps)									
Bonds and loans									
Interest rate swaps, pay/fixed, receive/floating	301,550	276,500	( <sup>*6</sup> )	276,500	243,500	( <sup>*6</sup> )	3,325,315	2,928,442	( <sup>*6</sup> )
Interest rate swaps, pay/floating, receive/fixed	80,000	55,000	( <sup>*6</sup> )	55,000	40,000	( <sup>*6</sup> )	661,455	481,058	( <sup>*6</sup> )
(Allocation of foreign exchange forward contracts, etc.)									
Foreign-currency-denominated debt and receivables									
Foreign exchange forward contracts transactions <sup>*4</sup>	1,371	—	1,347	2,013	—	2,011	24,211	—	24,195
Total	¥436,598	¥336,090	¥3,725	¥392,816	¥305,208	¥5,496	\$4,724,194	\$3,670,573	\$66,097

\*4 The fair value is calculated according to the forward exchange rate.

\*5 The fair value is calculated according to the price, etc. specified by the transacting financial institution.

\*6 Transactions subject to special interest rate swaps are settled as a combined sum with the long-term loan or bonds being hedged so the fair value is included in the fair value of the long-term loan or bonds in question.

## 22. Employee retirement benefit plans

The Company and certain of its domestic consolidated subsidiaries have defined benefit plans, including defined benefit corporate pension plans, tax-qualified pension plans and lump sum retirement benefit plans. Severance payments in addition to the amounts actuarially calculated

under lump-sum retirement benefit plans are sometimes paid to employees upon retirement.

Retirement benefit obligations as of March 31, 2010 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Retirement benefit obligation	¥(131,497)	¥(134,132)	\$ (1,613,144)
Plan assets at fair value	75,980	73,488	883,803
Unfunded retirement benefit obligation	(55,516)	(60,644)	(729,340)
Unrecognized actuarial loss	(2,041)	3,802	45,735
Unrecognized prior service cost	(296)	(227)	(2,736)
Accrued employee retirement benefits	¥ (57,855)	¥ (57,069)	\$ (686,341)

Prior service cost (reduction in liabilities) have arisen for the fiscal year ended March 31, 2005 due to a change in the method of calculation attendant to the change in the system for some consolidated subsidiaries.

Some consolidated subsidiaries use the simplified method for calculating retirement benefit obligations.

Retirement benefit expenses for the years ended March 31, 2009, 2010 and 2011 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2010	2011	2011
Service cost <sup>*2</sup>	¥ 5,048	¥ 5,279	¥4,940	\$59,420
Interest cost	2,509	2,518	2,530	30,437
Expected return on pension assets	(271)	(248)	(1,416)	(17,039)
Amortization of prior service cost <sup>*1</sup>	221	(12)	(69)	(834)
Amortization of actuarial gain or loss	10,941	4,180	(1,868)	(22,471)
Additional severance payments, etc.	1,455	270	1,145	13,774
Total	¥19,904	¥11,988	¥5,262	\$63,286

<sup>\*1</sup> The amount of the amortization for the current consolidated fiscal year pertaining to the prior service cost. Please refer to the note to the above table relating to the retirement benefit obligations as of March 31, 2010 and 2011.

<sup>\*2</sup> The retirement benefit obligations for consolidated subsidiaries using the simplified method are booked as Service cost.

The principal assumptions used in determining the retirement benefit obligations and other components of the plans of the Company and its subsidiaries for the years ended March 31, 2009, 2010 and 2011 were as follows:

	2009	2010	2011
Method of allocation of estimated retirement benefits	Equally over the period	Equally over the period	Equally over the period
Discount rate	Mainly 2.0%	Mainly 2.0%	Mainly 2.0%
Expected rate of return on plan assets	Mainly 0.0%	Mainly 0.0%	Mainly 2.0%
Amortization period of actuarial gain or loss	Mainly amortized by the declining-balance method over a period of two years	Mainly amortized by the declining-balance method over a period of two years from the consolidated fiscal year following the fiscal year incurred	Mainly amortized by the declining-balance method over a period of two years from the consolidated fiscal year following the fiscal year incurred
Amortization period of prior service cost	Mainly amortized by the straight-line method over a period of two years	Mainly amortized by the straight-line method over a period of two years	Mainly amortized by the straight-line method over a period of two years

## 23. Income taxes

Income taxes applicable to the Company and its consolidated subsidiaries comprise corporate income tax, inhabitant tax and enterprise tax, which, in the aggregate, resulted in statutory tax rates of approximately 36% and 40-42%, respectively, for the Company and its consolidated

subsidiaries engaged in the electric power business, and other consolidated subsidiaries.

The significant components of deferred tax assets and liabilities as of March 31, 2010 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Deferred tax assets:			
Excess of accrued employee retirement benefits	¥25,192	<b>¥25,382</b>	<b>\$ 305,264</b>
Tax effect on elimination of unrealized gain on fixed assets	14,645	<b>14,309</b>	<b>172,088</b>
Excess of amortization of deferred charges for tax purposes	6,917	<b>6,507</b>	<b>78,264</b>
Excess of depreciation of fixed assets	2,765	<b>2,893</b>	<b>34,798</b>
Amount assigned but not yet paid	2,332	<b>2,018</b>	<b>24,274</b>
Excess of reserve for fluctuation in water levels	264	<b>279</b>	<b>3,364</b>
Other	24,894	<b>37,884</b>	<b>455,612</b>
Subtotal of deferred tax assets	77,013	<b>89,275</b>	<b>1,073,668</b>
Valuation allowance	(11,450)	<b>(18,797)</b>	<b>(226,062)</b>
Total deferred tax assets	65,562	<b>70,478</b>	<b>847,606</b>
Deferred tax liabilities:			
Other	(6,260)	<b>(13,517)</b>	<b>(162,564)</b>
Total deferred tax liabilities	(6,260)	<b>(13,517)</b>	<b>(162,564)</b>
Net deferred tax assets	¥59,302	<b>¥56,961</b>	<b>\$ 685,041</b>

The breakdown of the main items which caused the difference in the statutory tax rate and the contribution rate of corporate tax after the application of tax effect accounting in the years ended March 31, 2010 and 2011 is as follows:

	2010	2011
Statutory tax rates	36.00%	<b>36.00%</b>
(adjusted)		
Investment profit/loss based on the equity method	(10.02%)	<b>(8.43%)</b>
Valuation allowance	6.04%	<b>18.98%</b>
Items that can never be included in losses	—	<b>6.35%</b>
Variance in tax rates, etc. for consolidated subsidiaries	—	<b>3.91%</b>
Variances due to differing methods for assessment of enterprise tax	—	<b>1.51%</b>
Others	(0.78%)	<b>0.70%</b>
Contribution rate of corporate tax after application of tax effect accounting	31.24%	<b>59.02%</b>

## 24. Shareholders' equity

The corporate law provides that an amount equal to at least 10% of the amount to be disbursed as dividends, or the total of the additional paid-in capital and the legal reserves from 25% of the common stock, whichever is less, be deducted and appropriated into the additional paid-in capital or a legal reserve.

The legal reserves are included in retained earnings in the accompanying consolidated financial statements.

The limit allowed for dividends (potential dividend amount) is calculated as set forth in the Company's individual financial statements in accordance with the corporate law.

The additional paid-in capital and the legal reserves are not included with the potential dividend amount, but under the corporate law, they can be switched to the potential dividend amount by a resolution at the general meeting of shareholders.

The basic guideline is that the Company's surplus funds are distributed twice per year as an interim dividend by a resolution of the board of directors and a term-end dividend by resolution of the general meeting of shareholders.

## 25. Segment information

Effective the current consolidated fiscal year, the Company has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, March 27, 2009) and Implementation Guidance on the Accounting Standard for

Disclosures about Segments of an Enterprise and Related Information (ASBJ Implementation Guidance No. 20, March 21, 2008). The segment information for the year ended March 31, 2010 has been restated in accordance with such according standards for comparative purposes.

### (1) Segment information for the years ended March 31, 2009 and 2010 under the previous accounting standard

#### a. Business segments

Millions of yen						
2009						
	Electric power	Electric power-related	Other	Subtotal	Elimination	Consolidated
Sales to customers	¥ 648,362	¥ 23,488	¥ 33,085	¥ 704,936	—	¥ 704,936
Intersegment sales	3,153	329,388	3,349	335,891	¥(335,891)	—
Total sales	651,515	352,877	36,434	1,040,827	(335,891)	704,936
Operating expenses	606,905	341,307	36,074	984,287	(336,458)	647,828
Operating income	44,610	11,569	360	56,540	567	57,108
Assets	1,862,964	165,582	139,416	2,167,963	(162,494)	2,005,469
Depreciation	113,112	3,406	1,174	117,693	(3,023)	114,669
Loss on impairment of fixed assets	111	327	—	439	—	439
Capital expenditures	¥ 154,096	¥ 13,170	¥ 4,897	¥ 172,164	¥ (36)	¥ 172,128

Millions of yen						
2010						
	Electric power	Electric power-related	Other	Subtotal	Elimination	Consolidated
Sales to customers	¥ 530,289	¥ 24,095	¥ 30,099	¥ 584,484	—	¥ 584,484
Intersegment sales	3,149	264,928	3,067	271,146	¥(271,146)	—
Total sales	533,439	289,023	33,167	855,630	(271,146)	584,484
Operating expenses	495,144	277,816	33,468	806,430	(270,885)	535,544
Operating income	38,294	11,207	(301)	49,200	(260)	48,939
Assets	1,839,486	169,518	158,604	2,167,608	(143,528)	2,024,080
Depreciation	119,241	2,838	1,398	123,478	(3,164)	120,313
Loss on impairment of fixed assets	49	15	320	384	—	384
Capital expenditures	¥ 106,737	¥ 2,507	¥ 6,071	¥ 115,317	¥ (3,084)	¥ 112,233

The main products within each segment were as follows:

Electric Power Business:	Wholesale electric power business, other electric power businesses
Electric Power-related Businesses:	Planning, construction, inspection, maintenance, repair of electric power generation and electric power facilities, harbor transport of fuel and coal ash, development of coal mines, import and transport of coal, procurement and production of biomass fuel, operation of welfare facilities, and computer services, etc.
Other Businesses:	Investing in overseas power generation, waste-fueled power generation, co-generation, environmental businesses, telecommunications businesses, engineering and consulting in the country and abroad, and sales of coal, etc.

As indicated in “2. (3) Accounting policies”, the Company had reported actuarial differences as expenses in the year of their occurrence. However, since the previous consolidated fiscal year actuarial differences have been charged to expenses from the following consolidated fiscal year. This change results in an increase of ¥3,440 million in operating expenses and a decrease in operating income of the same amount for the electricity business segment in the previous consolidated fiscal year. This change has no effect on other segments.

#### b. 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 and assets, geographic segment information is not presented.

#### c. Overseas revenues

Overseas revenues are not presented because revenues from foreign countries account for less than 10% of the Company's total revenues.

### (2) Segment information for the years ended March 31, 2010 and 2011 under the new accounting standard

#### a. Overview of reportable segments

The reportable segments of the J-POWER Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

The J-POWER Group (the Group) is comprised of J-POWER, subsidiaries (84 and 80 affiliates for the year ended March 31, 2010 and 2011) and affiliates (91 and 94 affiliates for the year ended March 31, 2010 and 2011) and our core business is the wholesale electric power business where the Group supplies electricity to Japan's 10 electric power companies (EPCOs) through hydroelectric and thermal power plants which the Group owns. Through our power transmission and transforming facilities we also provide transmission services to 9 EPCOs (excluding Okinawa Electric Power Company).

The Group reports on four segments in our business activities: “Electric Power Business” which consists of wholesale electric power business, wind power plants, the wholesale supply of electricity to EPCOs by IPPs, and the wholesale supply of electricity to PPSS (Power Producers and Suppliers); “Electric Power-Related Businesses” that complement and contribute to the smooth and efficient implementation of our electric power business; “Overseas Business” that engages in electric power plant projects overseas and businesses related to this; and “Other Businesses” which include various business activities including the sale of coal that fully utilize the Group's management resources and know-how.

#### b. Method of calculating amount of sales, income, assets and other items in reportable segments

The method of accounting for reportable segments is the same as stated in “2. (3) Accounting policies”. The income of reportable segments are based on ordinary income. Intersegment internal revenues and transferred amounts are based on current market prices.

#### c. Information concerning amounts in sales, income or loss, assets and others for each reportable segment

	Millions of yen						
	2010						
	Electric power	Electric power-related	Overseas	Other	Total	Adjustments and eliminations*1	Consolidated*2
Sales to customers	¥ 530,289	¥ 24,095	¥ 1,576	¥28,522	¥ 584,484	—	¥ 584,484
Inter-segment sales and transfer	3,149	264,928	—	2,796	270,875	¥(270,875)	—
Total sales	533,439	289,023	1,576	31,319	855,359	(270,875)	584,484
Segment income	22,320	11,521	6,511	1,614	41,968	(273)	41,694
Segment asset	1,825,621	159,640	127,155	17,587	2,130,005	(105,924)	2,024,080
Other items							
Depreciation and amortization	119,241	2,839	48	1,349	123,479	(3,166)	120,313
Amortization of goodwill	162	73	33	—	269	—	269
Interest income	358	97	262	8	727	(146)	581
Interest expenses	22,347	389	400	94	23,231	(146)	23,085
Equity income of affiliates	322	—	11,399	—	11,722	—	11,722
Investment in affiliates	5,596	—	90,541	—	96,138	—	96,138
Increase in the tangible and intangible fixed assets	¥ 106,737	¥ 2,507	¥ 5,727	¥ 344	¥ 115,317	¥ (3,084)	¥ 112,233

	Millions of yen						
	2011						
	Electric power	Electric power-related	Overseas	Other	Total	Adjustments and eliminations* <sup>1</sup>	Consolidated* <sup>2</sup>
Sales to customers	¥ 584,436	¥ 26,294	¥ 1,881	¥23,363	¥ 635,975	—	¥ 635,975
Inter-segment sales and transfer	3,156	308,369	—	2,783	314,309	¥(314,309)	—
Total sales	587,592	334,664	1,881	26,146	950,285	(314,309)	635,975
Segment income	41,832	10,425	5,047	(1,517)	55,788	533	56,322
Segment asset	1,785,592	161,923	155,468	11,184	2,114,168	(101,782)	2,012,386
Other items							
Depreciation and amortization	110,179	3,362	115	1,231	114,888	(3,244)	111,644
Amortization of goodwill	49	—	0	—	50	—	50
Interest income	316	90	927	8	1,341	(121)	1,220
Interest expenses	21,710	132	570	78	22,492	(121)	22,371
Equity income of affiliates	(299)	—	9,371	—	9,072	—	9,072
Investment in affiliates	5,682	—	98,720	—	104,402	—	104,402
Increase in the tangible and intangible fixed assets	¥ 70,742	¥ 5,236	¥ 18,091	¥ 643	¥ 94,713	¥ (1,584)	¥ 93,128

	Thousands of U.S. dollars						
	2011						
	Electric power	Electric power-related	Overseas	Other	Total	Adjustments and eliminations* <sup>1</sup>	Consolidated* <sup>2</sup>
Sales to customers	\$ 7,028,704	\$ 316,226	\$ 22,632	\$280,974	\$ 7,648,538	—	\$ 7,648,538
Inter-segment sales and transfer	37,956	3,708,596	—	33,471	3,780,025	\$(3,780,025)	—
Total sales	7,066,661	4,024,823	22,632	314,446	11,428,563	(3,780,025)	7,648,538
Segment income	503,101	125,384	60,700	(18,247)	670,939	6,418	677,357
Segment asset	21,474,356	1,947,366	1,869,736	134,504	25,425,963	(1,224,082)	24,201,881
Other items							
Depreciation and amortization	1,325,069	40,436	1,383	14,815	1,381,704	(39,016)	1,342,688
Amortization of goodwill	599	—	7	—	607	—	607
Interest income	3,803	1,082	11,154	98	16,139	(1,456)	14,682
Interest expenses	261,101	1,597	6,856	949	270,504	(1,456)	269,048
Equity income of affiliates	(3,601)	—	112,708	—	109,017	—	109,107
Investment in affiliates	68,338	—	1,187,255	—	1,255,593	—	1,255,593
Increase in the tangible and intangible fixed assets	\$ 850,778	\$ 62,979	\$ 217,572	\$ 7,740	\$ 1,139,070	\$ (19,061)	\$ 1,120,008

\*1 The breakdown of adjustments and elimination is as follows.

- (1) The amount of adjustments to segment income (–¥273 million for the fiscal year ended March 31, 2010; ¥533 million for the fiscal year ended March 31, 2011 (US\$6,418 thousand)) includes elimination of intersegment transactions (–¥252 million for the fiscal year ended March 31, 2010; ¥277 million for the fiscal year ended March 31, 2011 (US\$3,341 thousand)) and other adjustments (–¥20 million for the fiscal year ended March 31, 2010; ¥255 million for the fiscal year ended March 31, 2011 (US\$3,076 thousand)).
- (2) The amount of adjustments for segment assets (–¥105,924 million for the fiscal year ended March 31, 2010; –¥101,782 million for the fiscal year ended March 31, 2011 (–US\$1,224,082 thousand)) includes the offset of receivables (–¥101,385 million for the fiscal year ended March 31, 2010; –¥103,098 million for the fiscal year ended March 31, 2011 (–US\$1,239,904 thousand)) and other adjustments (–¥4,539 million for the fiscal year ended March 31, 2010; ¥1,315 million for the fiscal year ended March 31, 2011 (US\$15,822 thousand)).
- (3) Adjustments to depreciation and amortization expenses (–¥3,166 million for the fiscal year ended March 31, 2010; –¥3,244 million for the fiscal year ended March 31, 2011 (–US\$39,016 thousand)) include elimination of intersegment transactions (–¥3,164 million for the fiscal year ended March 31, 2010; –¥3,241 million for the fiscal year ended March 31, 2011 (–US\$38,980 thousand)).
- (4) Intersegment transactions have been eliminated from the adjustments for increases in interest received, interest paid, tangible fixed assets, and intangible fixed assets.

\*2 Segment income is reconciled to ordinary income in the consolidated statements of income.

#### d. Regional information

##### Operating revenue

Since sales to external customers in Japan during the current and previous consolidated year account for more than 90% of operating revenue in the consolidated statements of income, geographic segment information is not presented.

##### Tangible fixed assets

Since tangible fixed assets located in Japan during the current and previous consolidated fiscal year account for more than 90% of tangible fixed assets in the consolidated balance sheet, geographic segment information is not presented.

##### Information regarding main customers

	Related Segment	Millions of yen		Thousands of U.S. dollars
		2010	2011	2011
The Chugoku Electric Power Company, Incorporated	Electric power business	¥101,406	<b>¥127,776</b>	<b>\$1,536,700</b>
The Tokyo Electric Power Company, Incorporated	Electric power business	123,070	<b>127,102</b>	<b>1,528,594</b>
The Kansai Electric Power Company, Incorporated	Electric power business	85,454	<b>107,598</b>	<b>1,294,030</b>
Kyushu Electric Power Company, Incorporated	Electric power business	53,019	<b>58,630</b>	<b>705,115</b>

#### e. Impairment losses on fixed assets in reportable segments

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Loss on impairment of fixed assets			
Electric power business	¥ 49	<b>¥6,872</b>	<b>\$ 82,651</b>
Electric power-related business	15	<b>24</b>	<b>297</b>
Overseas business	—	—	—
Other business	320	<b>2,369</b>	<b>28,493</b>
Total	¥384	<b>¥9,266</b>	<b>\$111,442</b>

#### f. Unamortized goodwill in reportable segments

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Balance at the end of the period			
Electric power business	¥22	<b>¥43</b>	<b>\$519</b>
Electric power-related business	—	—	—
Overseas business	—	—	—
Other business	—	—	—
Total	¥22	<b>¥43</b>	<b>\$519</b>



## 26. Related party transactions

During the fiscal year ended March 31, 2010 and 2011, a key affiliate is Gulf Power Generation Co., Ltd. The abbreviated financial information for this company is shown below:

		Millions of yen	Thousands of U.S. dollars
	2010	2011	2011
Total current assets	¥27,234	<b>¥27,722</b>	<b>\$333,408</b>
Total fixed assets	70,814	<b>66,799</b>	<b>803,356</b>
Total current liabilities	10,212	<b>10,340</b>	<b>124,355</b>
Total long-term liabilities	47,924	<b>39,155</b>	<b>470,900</b>
Total net assets	39,912	<b>45,026</b>	<b>541,508</b>
Revenues	62,117	<b>61,424</b>	<b>738,722</b>
Net income before taxes	11,788	<b>11,480</b>	<b>138,065</b>
Net income	11,788	<b>11,480</b>	<b>138,065</b>

## 27. Business combinations

There were no significant matters to be recorded for the years ended March 31, 2009, 2010 and 2011.

## 28. Special-purpose company

In September 2001, the Company securitized its real estate holdings by placing the building and land of its headquarters in trust, and selling the trust beneficiary interests arising from the entrustment to a special-purpose company. In securitizing these assets, the Company used a limited stock company as the special-purpose company. The content of the real estate securitization is the same as for general securitization of real estate.

In February 2008, a decision was made to purchase the trust beneficiary interests from the special-purpose company, and these interests were transferred in August 2008. As a result, the anonymous association, which was the operator of the special-purpose company,

generated ¥12,170 million (US\$123,902 thousand) in profits and was dissolved in September 2008. Accompanying the dissolution, the Company, which was the investor in the anonymous association, received these profits as a distribution of profits of the anonymous association and recovered the investment capital, etc., in full from the anonymous association in October 2008.

As of March 31, 2009, there were no special-purpose companies with an outstanding transaction balance.

The Company's transactions with the special-purpose company during the consolidated fiscal year ended March 31, 2009 were as follows:

	Outstanding trade balance or balance of the consolidated fiscal year ended in March 2009	Main profit & loss	
		Amount	
	Millions of yen	Items	Millions of yen
Property acquired	¥30,082	Distribution of profits	¥ 103
		Distribution by dissolution of anonymous association	12,170

Note: Property acquired was recognized as power plants. The distribution of profits and distribution by dissolution of an anonymous association relating to the investment in the anonymous association was recognized as other income.

## 29. Significant subsequent event

There was no significant subsequent event after the year ended March 31, 2011.



# Report of Independent Auditors

## **The Board of Directors Electric Power Development Co., Ltd.**

We have audited the accompanying consolidated balance sheets of Electric Power Development Co., Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for each of the three years ended March 31, 2011, and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Electric Power Development Co., Ltd. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years ended March 31, 2011 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Notes 1 and 2.

*Ernst & Young ShinNihon LLC*

June 29, 2011



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# Comparison of Electric Power Companies

## Overall Comparison of Major Electric Power Companies

	Unit	J-POWER	Hokkaido	Tohoku	Tokyo
Area of Supply		Whole of Japan	Hokkaido	Tohoku area	Kanto area
Power Generating Facilities* <sup>1</sup>	MW	17,697	7,514	17,973	64,988
Hydroelectric		8,566	1,294	2,532	8,981
Thermal (including internal combustion)		8,764	4,150	11,906	38,696
Nuclear		—	2,070	3,274	17,308
Renewable (geothermal and wind power)		368	—	262	4
Power Generated and Received (Non-consolidated)* <sup>2</sup>	GWh	70,619	36,265	90,290	316,646
Generated		70,490	32,898	72,657	264,962
Power Received and Transmissions from Other Companies		1,248	3,539	17,732	54,361
Power to Pump Water at Pumped Storage Power Stations		(1,120)	(172)	(99)	(2,677)
Power Sales (Non-consolidated)* <sup>3</sup>	GWh	65,815	32,302	82,706	293,386
Electric Power Revenues (Non-consolidated)* <sup>3</sup>	Millions of yen	528,363	530,489	1,332,200	4,796,557
Number of Customers (Non-consolidated)* <sup>4</sup>	Thousands	—	3,972	7,405	28,730
Net Assets	Millions of yen	414,898	410,741	876,488	1,602,478
Total Assets	Millions of yen	2,012,386	1,641,561	4,028,861	14,790,353
Operating Revenues	Millions of yen	635,975	566,272	1,708,732	5,368,536
Operating Income	Millions of yen	70,588	43,198	114,644	399,624
Ordinary Income	Millions of yen	56,322	29,287	80,287	317,696
Net Income	Millions of yen	19,583	11,982	(33,707)	(1,247,348)
Shareholders' Equity Ratio	%	20.7	24.4	20.5	10.5
Return on Equity (ROE)	%	4.7	3.0	(3.9)	(62.0)
Return on Assets (ROA)	%	2.8	1.8	2.0	2.3
Cash Dividends per Share (Non-consolidated)	Yen	70	50	50	30
Market Capitalization (Non-consolidated) (As of March 31, 2011)	Millions of yen	426,751	347,265	706,550	748,870
Number of Shares Outstanding (Non-consolidated)* <sup>5</sup>	Thousands	166,569	215,291	502,882	1,607,017
Number of Employees		6,774	8,130	22,692	52,970
Operating Revenues per Employee	Millions of yen	94	70	75	101

\*1 The power-generating facilities of J-POWER, Hokkaido Electric Power, Tohoku Electric Power and Hokuriku Electric Power are presented on a consolidated basis, while other facilities are presented on a non-consolidated basis.

\*2 Figures for power generated and received are presented on a consolidated basis for J-POWER only.

\*3 Figures for power sales and electric power revenues include those to large-load customers. These figures don't include those of power interchange and those to EPCOs.

\*4 Figures for number of customers do not include large-load customers and EPCOs. Figures for the number of customers of Kyushu and Okinawa Electric Power include large-load customers.

\*5 Amounts of 1,000 shares or less have been truncated.

## Year ended December 31, 2010

(Figures for Scottish and Southern Energy plc are for the year ended March 31, 2011)

	Unit	Canada	United States		
		Hydro-Quebec	Duke Energy	Southern Company	Con Edison
Area of Supply		Quebec	North Carolina	Atlanta	New York
Total Assets (Consolidated)	Millions of yen	5,474,146	4,874,334	4,539,589	2,981,683
Shareholders' Equity (Consolidated)	Millions of yen	1,542,277	1,857,839	1,336,502	912,421
Total Operating Revenues (Consolidated)	Millions of yen	1,024,917	1,177,297	1,439,945	1,099,179
Net Income (Consolidated)	Millions of yen	208,921	108,886	162,917	81,830
Number of Employees		19,521	18,439	25,940	15,180
Operating Revenues per Employee	Millions of yen	52	63	55	72

Note: Figures have been translated into Japanese yen at the following rates: C\$1.00 = ¥83.07; US\$1.00 = ¥82.49; €1.00 = ¥109.40 (As of December 31, 2010) £1.00 = ¥137.89 (As of March 31, 2011)

Chubu	Hokuriku	Kansai	Chugoku	Shikoku	Kyushu	Okinawa
Chubu area	Hokuriku area	Kansai area	Chugoku area	Shikoku	Kyushu	Okinawa
32,828	8,079	34,877	11,986	6,974	19,830	1,919
5,219	1,933	8,196	2,906	1,141	3,279	—
23,969	4,400	16,907	7,801	3,808	11,075	1,919
3,617	1,746	9,768	1,280	2,022	5,258	—
23	—	6	—	2	218	0
142,339	32,748	164,592	68,307	32,468	95,439	8,504
123,723	35,185	131,523	45,223	29,408	80,580	6,728
19,594	(2,427)	35,895	24,013	3,259	15,637	1,820
(978)	(10)	(2,825)	(929)	(199)	(778)	(44)
130,911	29,543	151,078	62,395	29,100	87,474	7,521
2,093,179	420,653	2,347,618	955,588	462,980	1,326,060	149,683
10,463	2,088	13,497	5,199	2,869	8,552	842
1,698,382	354,646	1,832,416	661,246	351,384	1,079,679	126,056
5,331,966	1,381,163	7,310,178	2,831,128	1,379,859	4,185,460	385,159
2,330,891	494,165	2,769,783	1,094,299	592,123	1,486,083	158,494
174,237	49,989	273,885	48,480	60,022	98,908	14,376
146,274	35,626	237,987	23,863	47,987	66,747	11,042
84,598	19,087	123,143	1,792	23,646	28,729	8,047
31.1	25.7	24.8	23.2	25.4	25.4	32.6
5.1	5.4	6.9	0.3	6.6	2.7	6.6
2.8	2.6	3.3	0.9	3.5	1.6	2.9
60	50	60	50	60	60	60
1,402,300	396,268	1,700,045	570,682	516,159	770,548	66,593
758,000	210,333	938,733	371,055	228,086	474,183	17,524
29,583	6,568	32,418	14,202	8,134	19,768	2,516
79	75	85	77	73	75	63

Source: Financial reports of each company. However, figures for power generated and received of Shikoku Electric Power are based on data in the Agency for Natural Resources and Energy's Report on Electric Power Statistics.

United Kingdom (U.K.)	France	Germany	China
Scottish and Southern Energy plc	EDF	RWE	CLP
U.K.	Europe	Europe	Europe
2,957,795	26,317,154	10,182,623	16,725,181
717,028	4,037,188	1,905,419	4,986,999
3,907,002	7,129,051	5,833,208	10,159,212
207,455	136,640	361,895	687,141
20,249	158,764	70,856	85,105
192	44	82	119
			104

Source: Annual Reports 2010 of each company and Annual Report 2011 of Scottish and Southern Energy plc

# Consolidated Financial Statements

## Consolidated Balance Sheets

	2002/ <sub>3</sub>	2003/ <sub>3</sub>	2004/ <sub>3</sub>
<b>Assets</b>			
<b>Noncurrent Assets</b>	<b>2,080,763</b>	<b>2,013,870</b>	<b>1,945,140</b>
<b>Electric Utility Plant and Equipment</b>	<b>1,783,126</b>	<b>1,672,846</b>	<b>1,623,367</b>
Hydroelectric Power Production Facilities	495,273	475,200	506,703
Thermal Power Production Facilities	871,781	803,105	746,203
Internal Combustion Engine Power Production Facilities	—	—	—
Renewable Power Production Facilities	—	—	—
Transmission Facilities	326,315	307,963	289,771
Transformation Facilities	50,168	47,320	43,795
Communication Facilities	11,289	11,730	10,983
General Facilities	28,297	27,527	25,909
<b>Other Noncurrent Assets</b>	<b>30,744</b>	<b>28,598</b>	<b>28,982</b>
<b>Construction in Progress</b>	<b>185,493</b>	<b>189,173</b>	<b>160,832</b>
Construction and Retirement in Progress	185,493	189,173	160,832
<b>Nuclear Fuel</b>	<b>—</b>	<b>—</b>	<b>—</b>
Nuclear Fuel in Processing	—	—	—
<b>Investments and Other Assets</b>	<b>81,399</b>	<b>123,252</b>	<b>131,958</b>
Long-Term Investments	38,690	77,438	86,081
Deferred Tax Assets	40,507	43,319	44,270
Other	2,230	2,592	1,688
Allowance for Doubtful Accounts	(29)	(98)	(81)
<b>Current Assets</b>	<b>233,956</b>	<b>182,027</b>	<b>130,967</b>
Cash and Deposits	21,939	60,136	27,804
Notes and Accounts Receivable—Trade	52,560	50,757	49,722
Short-Term Investments	3,529	2,049	7,918
Inventories	12,033	11,201	11,750
Deferred Tax Assets	3,960	7,827	4,943
Other	140,323	50,118	28,844
Allowance for Doubtful Accounts	(391)	(63)	(17)
<b>Total Assets</b>	<b>2,314,720</b>	<b>2,195,897</b>	<b>2,076,107</b>

Note: In accordance with revisions in Electric Utility Accounting Regulations, wind power and geothermal power generation facilities are now recorded as "Renewable Power Production Facilities" from the fiscal year ended March 31, 2010.

(Millions of yen)

2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
<b>1,890,001</b>	<b>1,827,868</b>	<b>1,861,818</b>	<b>1,864,374</b>	<b>1,843,143</b>	<b>1,879,804</b>	<b>1,842,658</b>
<b>1,547,374</b>	<b>1,438,443</b>	<b>1,351,994</b>	<b>1,265,497</b>	<b>1,235,044</b>	<b>1,226,640</b>	<b>1,178,492</b>
499,017	481,068	469,750	450,635	441,694	403,329	389,892
686,072	613,349	555,959	504,468	463,682	482,045	454,823
10,071	16,931	15,471	14,141	12,906	11,764	4,694
—	—	—	—	—	24,334	38,436
276,661	257,253	242,675	229,312	217,723	207,948	197,163
41,605	38,605	36,581	34,310	36,615	35,089	34,456
9,985	9,170	9,626	9,289	9,591	9,339	9,539
23,961	22,065	21,928	23,339	52,830	52,789	49,486
<b>27,877</b>	<b>28,336</b>	<b>33,682</b>	<b>40,270</b>	<b>46,634</b>	<b>49,619</b>	<b>64,920</b>
<b>170,613</b>	<b>199,524</b>	<b>248,710</b>	<b>327,429</b>	<b>321,889</b>	<b>309,740</b>	<b>301,676</b>
170,613	199,524	248,710	327,429	321,889	309,740	301,676
—	—	—	<b>10,310</b>	<b>27,650</b>	<b>38,688</b>	<b>46,693</b>
—	—	—	10,310	27,650	38,688	46,693
<b>144,135</b>	<b>161,564</b>	<b>227,430</b>	<b>220,866</b>	<b>211,923</b>	<b>255,115</b>	<b>250,875</b>
95,031	114,600	180,325	165,015	150,332	195,414	181,934
46,150	42,944	43,094	51,777	58,711	57,207	56,843
2,954	4,018	4,223	4,222	3,414	2,964	13,292
(1)	(0)	(213)	(149)	(534)	(471)	(1,196)
<b>131,654</b>	<b>136,798</b>	<b>137,976</b>	<b>148,756</b>	<b>162,325</b>	<b>144,276</b>	<b>169,727</b>
30,351	28,961	35,029	33,961	27,628	38,749	37,202
52,150	56,484	47,204	44,650	50,014	47,003	57,781
1,551	1,556	376	2,983	2,592	2,253	2,346
13,158	18,160	20,783	25,329	43,110	25,717	32,400
5,083	5,635	5,421	5,655	6,264	5,560	5,998
29,383	25,999	29,214	36,253	32,718	24,995	34,006
(24)	—	(53)	(77)	(2)	(2)	(9)
<b>2,021,655</b>	<b>1,964,667</b>	<b>1,999,794</b>	<b>2,013,131</b>	<b>2,005,469</b>	<b>2,024,080</b>	<b>2,012,386</b>



(Millions of yen)

	2002/3	2003/3	2004/3	2005/3	2006/3
<b>Liabilities</b>					
<b>Noncurrent Liabilities</b>	<b>1,844,535</b>	<b>1,783,728</b>	<b>1,510,088</b>	<b>1,286,912</b>	<b>1,215,033</b>
Bonds Payable	829,761	804,751	829,751	591,171	521,684
Long-Term Loans Payable	964,467	928,375	625,116	639,929	644,340
Lease Obligations	—	—	—	—	—
Provision for Retirement Benefits	47,091	49,138	49,546	45,729	36,233
Other Provision	—	—	404	460	417
Deferred Tax Liabilities	334	329	254	314	602
Other	2,881	1,133	5,014	9,307	11,756
<b>Current Liabilities</b>	<b>316,930</b>	<b>242,487</b>	<b>205,165</b>	<b>340,405</b>	<b>313,999</b>
Current Portion of Noncurrent Liabilities	116,340	105,845	57,595	111,163	106,772
Short-Term Loans Payable	96,919	56,717	40,466	50,750	24,436
Commercial Paper	—	—	40,000	105,000	111,000
Notes and Accounts Payable—Trade	10,476	9,324	12,776	11,053	9,936
Accrued Taxes	22,624	19,082	14,515	21,783	20,867
Other Provision	321	338	95	90	273
Deferred Tax Liabilities	—	—	1	0	0
Other	70,247	51,179	39,713	40,562	40,713
<b>Reserves under Special Laws</b>	<b>—</b>	<b>—</b>	<b>689</b>	<b>1,798</b>	<b>1,399</b>
Reserve for Fluctuation in Water Levels	—	—	689	1,798	1,399
<b>Total Liabilities</b>	<b>2,161,466</b>	<b>2,026,216</b>	<b>1,715,943</b>	<b>1,629,115</b>	<b>1,530,432</b>
<b>Minority Interests</b>	<b>949</b>	<b>1,379</b>	<b>519</b>	<b>1,212</b>	<b>1,206</b>

**Shareholders' Equity**

Common Stock	70,600	—	—	—	—
Capital Surplus	83,127	—	—	—	—
Unrealized Gain on Other Securities	296	—	—	—	—
Foreign Currency Translation Adjustments	(1,719)	—	—	—	—
<b>Total Shareholders' Equity</b>	<b>152,304</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>2,314,720</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**Shareholders' Equity**

Common Stock	—	70,600	152,449	152,449	152,449
Capital Surplus	—	—	81,849	81,849	81,849
Retained Earnings	—	99,528	123,213	152,121	182,760
Unrealized Gain on Other Securities	—	(31)	3,738	6,207	14,050
Foreign Currency Translation Adjustments	—	(1,795)	(1,605)	(1,299)	1,935
Treasury Stock	—	—	—	(1)	(17)
<b>Total Shareholders' Equity</b>	<b>—</b>	<b>168,301</b>	<b>359,645</b>	<b>391,327</b>	<b>433,028</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>—</b>	<b>2,195,897</b>	<b>2,076,107</b>	<b>2,021,655</b>	<b>1,964,667</b>

(Millions of yen)

	2007/3	2008/3	2009/3	2010/3	2011/3
<b>Liabilities</b>					
<b>Noncurrent Liabilities</b>	<b>1,193,139</b>	<b>1,276,354</b>	<b>1,304,830</b>	<b>1,346,526</b>	<b>1,319,146</b>
Bonds Payable	573,229	602,903	717,867	689,883	734,898
Long-Term Loans Payable	576,615	624,495	513,239	580,925	500,913
Lease Obligations	—	—	520	811	1,093
Provision for Retirement Benefits	32,611	39,083	51,931	57,855	57,069
Other Provision	474	553	1,098	1,111	16
Asset Retirement Obligations	—	—	—	—	3,620
Deferred Tax Liabilities	1,260	1,462	2,352	3,459	5,869
Other	8,948	7,856	17,820	12,479	15,666
<b>Current Liabilities</b>	<b>341,844</b>	<b>267,097</b>	<b>317,379</b>	<b>261,837</b>	<b>277,563</b>
Current Portion of Noncurrent Liabilities	173,638	101,565	120,700	142,923	162,958
Short-Term Loans Payable	2,115	6,126	9,098	13,327	17,528
Commercial Paper	95,944	88,949	109,971	24,998	11,999
Notes and Accounts Payable—Trade	13,248	14,790	10,144	14,804	20,112
Accrued Taxes	8,752	11,407	16,317	7,952	21,322
Other Provision	528	555	713	855	317
Asset Retirement Obligations	—	—	—	—	473
Deferred Tax Liabilities	21	2	9	5	11
Other	47,595	43,700	50,423	56,970	42,839
<b>Reserves under Special Laws</b>	<b>2,155</b>	<b>1,560</b>	<b>1,146</b>	<b>734</b>	<b>777</b>
Reserve for Fluctuation in Water Levels	2,155	1,560	1,146	734	777
<b>Total Liabilities</b>	<b>1,537,140</b>	<b>1,545,012</b>	<b>1,623,356</b>	<b>1,609,099</b>	<b>1,597,487</b>
<b>Net Assets</b>					
<b>Shareholders' Equity</b>	<b>444,956</b>	<b>464,266</b>	<b>408,036</b>	<b>426,680</b>	<b>435,760</b>
Capital Stock	152,449	152,449	152,449	152,449	152,449
Capital Surplus	81,849	81,849	81,849	81,849	81,849
Retained Earnings	210,713	230,032	236,998	255,643	264,724
Treasury Stock	(56)	(64)	(63,260)	(63,262)	(63,263)
<b>Accumulated Other Comprehensive Income</b>	<b>16,230</b>	<b>2,116</b>	<b>(27,908)</b>	<b>(14,003)</b>	<b>(19,997)</b>
Valuation Difference on Available-for-Sale Securities	14,271	1,934	(404)	2,960	(137)
Deferred Gains or Losses on Hedges	(4,131)	(6,759)	(6,285)	(3,747)	611
Foreign Currency Translation Adjustment	6,090	6,941	(21,217)	(13,217)	(20,471)
<b>Minority Interests</b>	<b>1,468</b>	<b>1,735</b>	<b>1,984</b>	<b>2,304</b>	<b>(863)</b>
<b>Total Net Assets</b>	<b>462,654</b>	<b>468,118</b>	<b>382,112</b>	<b>414,981</b>	<b>414,898</b>
<b>Total Liabilities and Net Assets</b>	<b>1,999,794</b>	<b>2,013,131</b>	<b>2,005,469</b>	<b>2,024,080</b>	<b>2,012,386</b>

Consolidated Statements of Income	2002/3	2003/3	2004/3
<b>Operating Revenues</b>	<b>593,343</b>	<b>584,122</b>	<b>569,854</b>
Electric Utility Operating Revenue	547,333	545,824	522,922
Other Business Operating Revenue	46,010	38,297	46,931
<b>Operating Expenses</b>	<b>473,753</b>	<b>449,920</b>	<b>437,715</b>
Electric Utility Operating Expenses	421,816	407,131	386,463
Other Business Operating Expenses	51,937	42,789	51,251
<b>Operating Income</b>	<b>119,590</b>	<b>134,201</b>	<b>132,138</b>
<b>Non-Operating Income</b>	<b>2,134</b>	<b>3,228</b>	<b>4,067</b>
Dividends Income	558	750	912
Interest Income	359	518	794
Gain on Sales of Securities	—	—	—
Equity in Earnings of Affiliates	—	275	804
Other	1,217	1,684	1,556
<b>Non-Operating Expenses</b>	<b>77,702</b>	<b>101,908</b>	<b>91,759</b>
Interest Expenses	68,160	87,136	83,519
Equity in Losses of Affiliates	—	—	—
Other	9,542	14,771	8,239
<b>Total Ordinary Revenue</b>	<b>595,478</b>	<b>587,351</b>	<b>573,921</b>
<b>Total Ordinary Expenses</b>	<b>551,456</b>	<b>551,828</b>	<b>529,475</b>
<b>Ordinary Income</b>	<b>44,022</b>	<b>35,522</b>	<b>44,446</b>
<b>Provision or Reversal of Reserve for Fluctuation in Water Levels</b>	<b>(349)</b>	<b>—</b>	<b>689</b>
Provision of Reserve for Fluctuation in Water Levels	—	—	689
Reversal of Reserve for Fluctuation in Water Levels	(349)	—	—
<b>Extraordinary Income</b>	<b>—</b>	<b>—</b>	<b>—</b>
Distribution by Dissolution of Anonymous Association	—	—	—
Gain on Sales of Securities	—	—	—
<b>Extraordinary Loss</b>	<b>13,845</b>	<b>—</b>	<b>—</b>
Loss on Sale of Fixed Assets	7,894	—	—
Loss on Valuation of Securities	5,951	—	—
Amortization of Net Retirement Obligation at Transition	—	—	—
Loss on Liquidation of Business	—	—	—
Impairment Loss	—	—	—
<b>Income before Income Taxes and Minority Interests</b>	<b>30,526</b>	<b>35,522</b>	<b>43,757</b>
<b>Income Taxes—Current</b>	<b>16,386</b>	<b>20,850</b>	<b>16,222</b>
<b>Income Taxes—Deferred</b>	<b>(3,899)</b>	<b>(6,480)</b>	<b>(309)</b>
<b>Total Income Taxes</b>	<b>12,486</b>	<b>14,370</b>	<b>15,912</b>
<b>Income before Minority Interests</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Minority Interests in Income (Losses)</b>	<b>400</b>	<b>426</b>	<b>220</b>
<b>Net Income</b>	<b>17,638</b>	<b>20,725</b>	<b>27,623</b>

(Millions of yen)

2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
<b>594,375</b>	<b>621,933</b>	<b>573,277</b>	<b>587,780</b>	<b>704,936</b>	<b>584,484</b>	<b>635,975</b>
547,960	573,198	523,782	531,764	648,362	530,289	584,436
46,414	48,734	49,494	56,016	56,574	54,194	51,539
<b>482,489</b>	<b>520,464</b>	<b>496,136</b>	<b>537,056</b>	<b>647,828</b>	<b>535,544</b>	<b>565,387</b>
431,678	469,720	444,463	477,869	588,808	478,644	509,116
50,810	50,744	51,673	59,186	59,019	56,899	56,271
<b>111,885</b>	<b>101,469</b>	<b>77,141</b>	<b>50,724</b>	<b>57,108</b>	<b>48,939</b>	<b>70,588</b>
<b>3,880</b>	<b>7,620</b>	<b>13,011</b>	<b>21,543</b>	<b>13,282</b>	<b>18,734</b>	<b>14,965</b>
1,241	1,937	1,384	1,567	1,706	1,406	1,499
846	711	899	1,213	960	581	1,220
—	—	—	3,911	—	—	—
—	2,042	5,560	8,879	7,470	11,722	9,072
1,792	2,928	5,167	5,972	3,145	5,024	3,172
<b>58,673</b>	<b>41,182</b>	<b>34,639</b>	<b>29,394</b>	<b>30,791</b>	<b>25,979</b>	<b>29,231</b>
50,881	35,732	22,585	22,749	22,616	23,085	22,371
1,311	—	—	—	—	—	—
6,479	5,449	12,054	6,644	8,174	2,894	6,860
<b>598,255</b>	<b>629,553</b>	<b>586,289</b>	<b>609,324</b>	<b>718,219</b>	<b>603,218</b>	<b>650,941</b>
<b>541,162</b>	<b>561,646</b>	<b>530,775</b>	<b>566,450</b>	<b>678,619</b>	<b>561,524</b>	<b>594,619</b>
<b>57,093</b>	<b>67,906</b>	<b>55,513</b>	<b>42,873</b>	<b>39,599</b>	<b>41,694</b>	<b>56,322</b>
<b>1,108</b>	<b>(399)</b>	<b>756</b>	<b>(595)</b>	<b>(413)</b>	<b>(411)</b>	<b>42</b>
1,108	—	756	—	—	—	42
—	(399)	—	(595)	(413)	(411)	—
—	—	—	—	<b>12,170</b>	—	<b>1,635</b>
—	—	—	—	12,170	—	—
—	—	—	—	—	—	1,635
—	—	—	—	<b>19,648</b>	—	<b>19,176</b>
—	—	—	—	—	—	—
—	—	—	—	19,648	—	5,359
—	—	—	—	—	—	—
—	—	—	—	—	—	4,550
—	—	—	—	—	—	9,266
<b>55,984</b>	<b>68,305</b>	<b>54,757</b>	<b>43,469</b>	<b>32,536</b>	<b>42,105</b>	<b>38,739</b>
<b>22,909</b>	<b>26,151</b>	<b>18,461</b>	<b>15,962</b>	<b>17,928</b>	<b>11,270</b>	<b>20,403</b>
<b>(2,511)</b>	<b>(1,488)</b>	<b>1,431</b>	<b>(1,829)</b>	<b>(4,945)</b>	<b>1,883</b>	<b>2,459</b>
<b>20,397</b>	<b>24,663</b>	<b>19,893</b>	<b>14,132</b>	<b>12,982</b>	<b>13,153</b>	<b>22,863</b>
—	—	—	—	—	—	<b>15,876</b>
<b>27</b>	<b>65</b>	<b>(302)</b>	<b>24</b>	<b>95</b>	<b>(197)</b>	<b>(3,707)</b>
<b>35,559</b>	<b>43,577</b>	<b>35,167</b>	<b>29,311</b>	<b>19,457</b>	<b>29,149</b>	<b>19,583</b>

Consolidated Statements of Cash Flows	2002/3	2003/3	2004/3
<b>Cash Flows from Operating Activities</b>			
Income before Income Taxes and Minority Interests	30,526	35,522	43,757
Depreciation and Amortization	149,145	137,148	131,380
Impairment Loss	—	—	—
Loss on Liquidation of Business	—	—	—
Loss on Retirement of Noncurrent Assets	8,117	2,914	2,464
Increase (Decrease) in Provision for Retirement Benefits	6,054	2,047	407
Increase (Decrease) in Reserve for Fluctuation in Water Levels	—	—	689
Interest and Dividends Income	(917)	(1,268)	(1,707)
Interest Expenses	68,160	87,136	83,519
Decrease (Increase) in Notes and Accounts Receivable–Trade	663	3,126	94
Decrease (Increase) in Inventories	468	1,142	(326)
Increase (Decrease) in Notes and Accounts Payable–Trade	(194)	(2,850)	4,406
Loss (Gain) on Sales of Securities	—	—	—
Loss (Gain) on Valuation of Securities	—	—	—
Equity in (Earnings) Losses of Affiliates	—	(275)	(804)
Loss (Gain) on Sale of Noncurrent Assets	7,911	649	49
Distribution by Dissolution of Anonymous Association	—	—	—
Other, Net	21,091	3,981	23,639
Sub-total	291,026	269,273	287,572
Interest and Dividends Income Received	917	1,140	1,323
Interest Expenses Paid	(69,279)	(87,383)	(87,223)
Income Taxes Paid	(21,956)	(15,661)	(21,724)
<b>Net Cash Provided by Operating Activities</b>	<b>200,708</b>	<b>167,368</b>	<b>179,948</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Noncurrent Assets	(97,150)	(78,877)	(52,337)
Proceeds from Contribution Received for Construction	11,883	3,958	3,124
Proceeds from Sales of Noncurrent Assets	21,887	101,775	258
Payments of Investments and Loans Receivable	(15,403)	(42,207)	(22,250)
Collections of Investments and Receivable	2,350	5,069	7,056
Purchase of Investments in Subsidiaries Resulting in Change in Scope of Consolidation	—	—	—
Proceeds from Purchase of Investments in Subsidiaries, Net of Cash Acquired	—	—	—
Proceeds from Sales of Investments in Subsidiaries Resulting in Change in Scope of Consolidation	—	—	—
Other, Net	(815)	(749)	(359)
<b>Net Cash Used in Investing Activities</b>	<b>(77,248)</b>	<b>(11,030)</b>	<b>(64,507)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Issuance of Bonds	35,000	20,000	49,988
Redemption of Bonds	(68,034)	(33,500)	(45,010)
Proceeds from Long-Term Loans Payable	791	246,256	166,035
Repayment of Long-Term Loans Payable	(116,718)	(306,020)	(499,603)
Increase in Short-Term Loans Payable	252,221	117,194	239,730
Decrease in Short-Term Loans Payable	(224,591)	(157,397)	(256,087)
Proceeds from Issuance of Commercial Paper	—	—	83,998
Redemption of Commercial Paper	—	—	(44,000)
Issuance of Common Stock	—	—	163,115
Proceeds from Stock Issuance to Minority Shareholders	—	—	—
Payments for Acquisition of Shares from Minority Shareholders	—	—	(1,439)
Purchase of Treasury Stock	—	—	—
Cash Dividends Paid	(4,236)	(4,236)	(4,236)
Cash Dividends Paid to Minority Shareholders	(5)	(6)	(7)
Other, Net	—	—	—
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(125,572)</b>	<b>(117,709)</b>	<b>(147,516)</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<b>54</b>	<b>29</b>	<b>(184)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,057)</b>	<b>38,658</b>	<b>(32,260)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>23,186</b>	<b>21,128</b>	<b>59,787</b>
<b>Increase in Cash from the Addition of Consolidated Subsidiaries</b>	<b>—</b>	<b>—</b>	<b>147</b>
<b>Cash and Cash Equivalents at the End of Period</b>	<b>21,128</b>	<b>59,787</b>	<b>27,673</b>

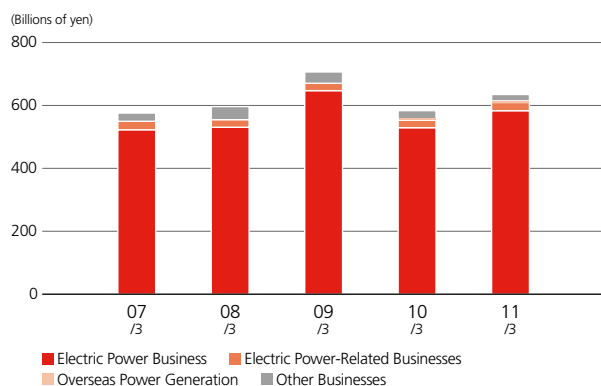
(Millions of yen)

2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
55,984	68,305	54,757	43,469	32,536	42,105	38,739
125,339	135,019	123,083	115,021	114,669	120,313	111,644
1,959	729	347	267	439	384	9,266
—	—	—	—	—	—	4,550
3,748	2,735	2,710	2,611	4,182	2,516	2,941
(3,817)	(9,495)	(4,076)	6,471	12,848	5,923	(779)
1,108	(399)	756	(595)	(413)	(411)	42
(2,087)	(2,649)	(2,284)	(2,780)	(2,666)	(1,987)	(2,720)
50,881	35,732	22,585	22,749	22,616	23,085	22,371
(2,874)	(3,244)	11,383	2,120	(6,040)	6,311	(10,753)
(1,471)	(5,080)	(2,205)	(4,375)	(17,637)	17,645	(6,132)
1,151	(1,810)	2,295	4,027	(1,109)	7,034	3,171
—	—	—	(3,911)	2	(231)	(1,450)
—	—	—	—	19,648	—	5,359
1,311	(2,042)	(5,560)	(8,879)	(7,470)	(11,722)	(9,072)
303	(167)	(379)	(1,004)	38	(590)	432
—	—	—	—	(12,170)	—	—
6,504	15,987	2,250	(6,398)	24,235	(10,205)	8,355
238,042	233,621	205,665	168,792	183,709	200,170	175,965
1,857	2,606	2,661	3,370	15,368	5,845	7,644
(51,940)	(36,472)	(21,934)	(22,453)	(22,079)	(22,987)	(22,881)
(15,322)	(25,800)	(29,151)	(13,458)	(18,369)	(13,880)	(9,492)
<b>172,637</b>	<b>173,954</b>	<b>157,241</b>	<b>136,252</b>	<b>158,628</b>	<b>169,148</b>	<b>151,236</b>
(57,825)	(68,449)	(95,889)	(134,723)	(173,119)	(114,967)	(115,827)
4,386	7,881	8,383	7,509	8,619	9,962	7,068
543	1,396	1,520	1,552	58,657	1,860	2,453
(19,952)	(14,180)	(70,345)	(35,965)	(27,643)	(23,456)	(14,184)
13,678	2,931	3,484	6,650	7,901	3,896	5,235
—	—	—	(1,280)	(2,611)	(495)	—
8	—	24	—	—	—	—
—	—	—	8,064	—	—	—
(1,424)	(1,905)	(2,585)	(4,325)	(4,154)	(6,305)	(9,419)
<b>(60,586)</b>	<b>(72,326)</b>	<b>(155,407)</b>	<b>(152,518)</b>	<b>(132,350)</b>	<b>(129,504)</b>	<b>(124,675)</b>
89,952	149,360	89,636	89,675	114,570	59,792	79,726
(279,910)	(234,090)	(59,067)	(38,384)	(60,300)	—	(88,000)
73,600	131,587	62,811	114,864	9,803	122,794	49,036
(64,497)	(117,473)	(47,749)	(135,532)	(41,287)	(121,555)	(53,988)
198,485	128,547	22,084	18,551	193,040	42,500	84,880
(188,902)	(154,964)	(44,436)	(14,549)	(190,023)	(38,294)	(80,680)
348,994	580,977	416,666	586,322	639,380	475,905	392,965
(284,000)	(575,000)	(432,000)	(594,000)	(619,000)	(561,000)	(406,000)
—	—	—	—	—	—	—
—	—	—	266	—	—	—
—	—	—	—	—	—	—
—	—	—	(7)	(63,195)	—	—
(5,410)	(12,472)	(9,989)	(9,989)	(12,499)	(10,503)	(10,503)
(108)	(71)	(84)	(42)	(20)	(2)	(8)
(1)	(15)	(39)	(7)	(83)	11	3,398
<b>(111,798)</b>	<b>(103,613)</b>	<b>(2,168)</b>	<b>17,174</b>	<b>(29,615)</b>	<b>(30,351)</b>	<b>(29,172)</b>
<b>17</b>	<b>291</b>	<b>331</b>	<b>147</b>	<b>(2,764)</b>	<b>1,506</b>	<b>285</b>
<b>270</b>	<b>(1,693)</b>	<b>(3)</b>	<b>1,056</b>	<b>(6,101)</b>	<b>10,798</b>	<b>(2,326)</b>
<b>27,673</b>	<b>30,221</b>	<b>28,874</b>	<b>34,575</b>	<b>35,631</b>	<b>29,530</b>	<b>40,329</b>
<b>2,276</b>	<b>346</b>	<b>5,704</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>30,221</b>	<b>28,874</b>	<b>34,575</b>	<b>35,631</b>	<b>29,530</b>	<b>40,329</b>	<b>38,002</b>

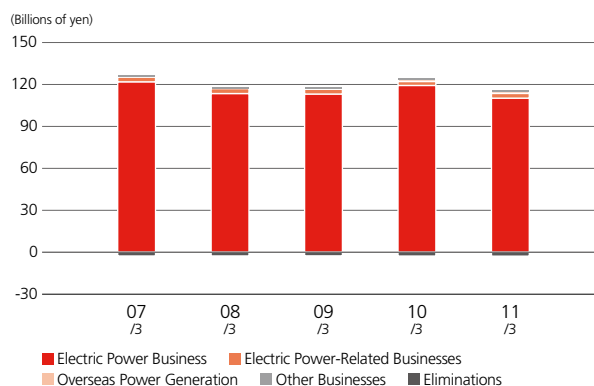
Segment Information	2002/3	2003/3	2004/3
<b>Sales to Customers</b>			
Electric Power Business	547,333	545,824	522,922
Electric Power-Related Business	—	—	—
Overseas Power Generation	—	—	—
Other Businesses	46,010	38,297	46,931
Consolidated	593,343	584,122	569,854
<b>Operating Income</b>			
Electric Power Business	113,492	124,459	119,404
Electric Power-Related Businesses	—	—	—
Other Businesses	7,629	8,328	12,785
Eliminations	(1,531)	1,414	(50)
Consolidated	119,590	134,201	132,138
<b>Ordinary Income*<sup>1</sup></b>			
Electric Power Business	—	—	—
Electric Power-Related Businesses	—	—	—
Overseas Power Generation	—	—	—
Other Businesses	—	—	—
Eliminations	—	—	—
Consolidated	—	—	—
<b>Depreciation</b>			
Electric Power Business	149,175	137,736	131,869
Electric Power-Related Businesses	—	—	—
Overseas Power Generation	—	—	—
Other Businesses	3,468	3,104	3,001
Eliminations	(3,499)	(3,692)	(3,489)
Consolidated	149,145	137,148	131,380
<b>Increase in Tangible and Intangible Noncurrent Assets*<sup>2</sup></b>			
Electric Power Business	78,787	54,885	44,896
Electric Power-Related Businesses	—	—	—
Overseas Power Generation	—	—	—
Other Businesses	1,802	1,347	3,837
Eliminations	(3,947)	(2,790)	(2,531)
Consolidated	76,641	53,443	46,202

Notes: 1. From the fiscal year ended March 31, 2007, the segment that had been called "Other Business" has been divided into "Electric Power-Related Businesses" and "Other Businesses."  
2. From the fiscal year ended March 31, 2011, the Company has increased the detail of its segmentation by shifting from a three-segment structure ("Electric Power Business," "Electric Power-Related Businesses," and "Other Businesses") to a four-segment structure ("Electric Power Business," "Electric Power-Related Businesses," "Overseas Power Generation," and "Other Businesses").

### Composition of Sales to Customers



### Composition of Depreciation





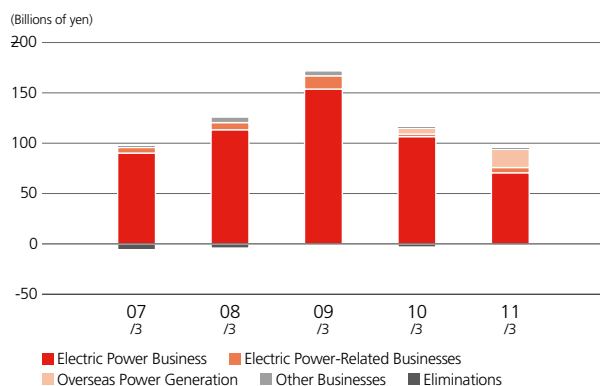
(Millions of yen)

2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
547,960	573,198	523,782	531,764	648,362	530,289	584,436
—	—	26,996	24,185	23,488	24,095	26,294
—	—	—	—	—	1,576	1,881
46,414	48,734	22,497	31,831	33,085	28,522	23,363
594,375	621,933	573,277	587,780	704,936	584,484	635,975
99,270	87,057	61,436	39,897	44,610	38,294	—
—	—	15,604	10,403	11,569	11,207	—
12,026	13,797	1,156	900	360	(301)	—
589	613	(1,056)	(478)	567	(260)	—
111,885	101,469	77,141	50,724	57,108	48,939	—
—	—	—	—	—	22,320	41,832
—	—	—	—	—	11,521	10,425
—	—	—	—	—	6,511	5,047
—	—	—	—	—	1,614	(1,517)
—	—	—	—	—	(273)	533
—	—	—	—	—	41,694	56,322
125,371	134,747	121,853	113,468	113,112	119,241	110,179
—	—	3,387	3,573	3,406	2,839	3,362
—	—	—	—	—	48	115
3,322	3,507	963	1,061	1,174	1,349	1,231
(3,354)	(3,235)	(3,121)	(3,082)	(3,023)	(3,166)	(3,244)
125,339	135,019	123,083	115,021	114,669	120,313	111,644
50,454	55,125	90,378	113,566	154,096	106,737	70,742
—	—	5,470	7,125	13,170	2,507	5,236
—	—	—	—	—	5,727	18,091
3,962	8,441	542	5,457	4,897	344	643
(3,492)	(2,705)	(5,687)	(4,093)	(36)	(3,084)	(1,584)
50,925	60,861	90,704	122,056	172,128	112,233	93,128

\*1 From the fiscal year ended March 31, 2011, segment income is stated in terms of ordinary income rather than operating income.

\*2 From the fiscal year ended March 31, 2011, segment investment is stated in terms of "increase in tangible and intangible noncurrent assets" rather than "capital expenditure."

### Composition of Increase in Tangible and Intangible Noncurrent Assets

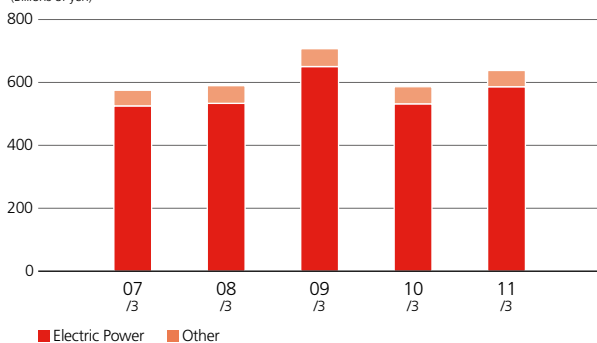


## Composition of Consolidated Revenues and Expenses

	2002/3	2003/3	2004/3
<b>Operating Revenues</b>	<b>593,343</b>	<b>584,122</b>	<b>569,854</b>
Electric Utility Operating Revenue	547,333	545,824	522,922
Other Business Operating Revenue	46,010	38,297	46,931
<b>Operating Expenses</b>	<b>473,753</b>	<b>449,920</b>	<b>437,715</b>
Electric Utility Operating Expenses	421,816	407,131	386,463
Personnel Expenses	54,230	49,923	42,220
Fuel Cost	92,876	86,438	85,927
Repair Expenses	30,366	36,189	28,652
Consignment Costs	22,958	25,126	26,193
Taxes and Duties	23,754	23,312	23,984
Depreciation and Amortization Costs	145,676	134,043	128,395
Other	51,953	52,097	51,089
Other Business Operating Expenses	51,937	42,789	51,251
<b>Operating Income</b>	<b>119,590</b>	<b>134,201</b>	<b>132,138</b>
<b>Non-Operating Revenue</b>	<b>2,134</b>	<b>3,228</b>	<b>4,067</b>
Dividends Income	558	750	912
Interest Income	359	518	794
Gain on Sales of Securities	—	—	—
Equity in Earnings of Affiliates	—	275	804
Other	1,217	1,684	1,556
<b>Non-Operating Expenses</b>	<b>77,702</b>	<b>101,908</b>	<b>91,759</b>
Interest Expenses	68,160	87,136	83,519
Equity in Losses of Affiliates	—	—	—
Other	9,542	14,771	8,239
<b>Ordinary Income</b>	<b>44,022</b>	<b>35,522</b>	<b>44,446</b>

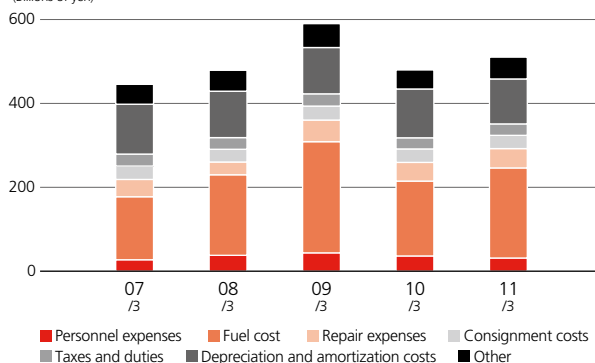
## Composition of Operating Revenues

(Billions of yen)



## Composition of Electric Power Operating Expenses

(Billions of yen)



(Millions of yen)

2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
<b>594,375</b>	<b>621,933</b>	<b>573,277</b>	<b>587,780</b>	<b>704,936</b>	<b>584,484</b>	<b>635,975</b>
547,960	573,198	523,782	531,764	648,362	530,289	584,436
46,414	48,734	49,494	56,016	56,574	54,194	51,539
<b>482,489</b>	<b>520,464</b>	<b>496,136</b>	<b>537,056</b>	<b>647,828</b>	<b>535,544</b>	<b>565,387</b>
431,678	469,720	444,463	477,869	588,808	478,644	509,116
33,764	21,273	27,235	37,768	43,651	36,264	31,354
116,622	160,823	149,865	191,579	264,397	178,048	214,261
47,452	38,712	41,175	30,403	51,476	44,480	46,035
34,000	31,418	31,785	30,289	33,244	32,058	31,491
24,974	29,959	28,566	27,753	29,162	26,507	27,259
122,016	131,511	118,588	110,393	110,122	116,095	106,929
52,846	56,022	47,246	49,681	56,752	45,190	51,783
50,810	50,744	51,673	59,186	59,019	56,899	56,271
<b>111,885</b>	<b>101,469</b>	<b>77,141</b>	<b>50,724</b>	<b>57,108</b>	<b>48,939</b>	<b>70,588</b>
<b>3,880</b>	<b>7,620</b>	<b>13,011</b>	<b>21,543</b>	<b>13,282</b>	<b>18,734</b>	<b>14,965</b>
1,241	1,937	1,384	1,567	1,706	1,406	1,499
846	711	899	1,213	960	581	1,220
—	—	—	3,911	—	—	—
—	2,042	5,560	8,879	7,470	11,722	9,072
1,792	2,928	5,167	5,972	3,145	5,024	3,172
<b>58,673</b>	<b>41,182</b>	<b>34,639</b>	<b>29,394</b>	<b>30,791</b>	<b>25,979</b>	<b>29,231</b>
50,881	35,732	22,585	22,749	22,616	23,085	22,371
1,311	—	—	—	—	—	—
6,479	5,449	12,054	6,644	8,174	2,894	6,860
<b>57,093</b>	<b>67,906</b>	<b>55,513</b>	<b>42,873</b>	<b>39,599</b>	<b>41,694</b>	<b>56,322</b>

## Non-Consolidated Financial Highlights

	2002/3	2003/3	2004/3
Operating Revenue	547,733	546,209	522,595
Operating Income	113,492	124,668	118,788
Ordinary Income	36,883	27,275	33,522
Net Income	14,711	17,121	21,718
Net Assets* <sup>1</sup>	141,143	153,603	338,336
Total Assets	2,260,233	2,137,705	2,004,703
Equity Ratio (%) <sup>*2</sup>	6.2	7.2	16.9
Number of Employees	3,297	3,070	2,386
Return on Equity (ROE) (%) <sup>*3</sup>	10.8	11.6	8.8
Return on Assets (ROA) (%) <sup>*4</sup>	1.6	1.2	1.6
Net Income per Share (EPS) (Yen) <sup>*5</sup>	208.38	241.69	240.25
Net Assets per Share (BPS) (Yen)	1,999.20	2,174.85	2,437.04
Price Earnings Ratio (PER) (Times) <sup>*5 *6</sup>	—	—	—
Price Book-Value Ratio (PBR) (Times) <sup>*6</sup>	—	—	—
Number of Shares Outstanding (Thousands) <sup>*7</sup>	70,600	70,600	138,808
Cash Dividends per Share (Yen)	60.00	60.00	60.00
Payout Ratio (%) <sup>*8</sup>	28.8	24.7	24.9

\*1 Prior to the fiscal year ended March 2006: total shareholders' equity

\*2 Definition of shareholders' equity is total shareholder's equity prior to the fiscal year ended March 2006. From the fiscal year ended March 2007 onward, it is "total net assets - minority interests."

\*3 ROE: Net income / Average total shareholders' equity

\*4 ROA: Ordinary income / Average total assets

\*5 J-POWER carried out a 1.2-for-1 stock split on March 1, 2006. Calculations assume that this stock split was carried out at the beginning of the fiscal year.

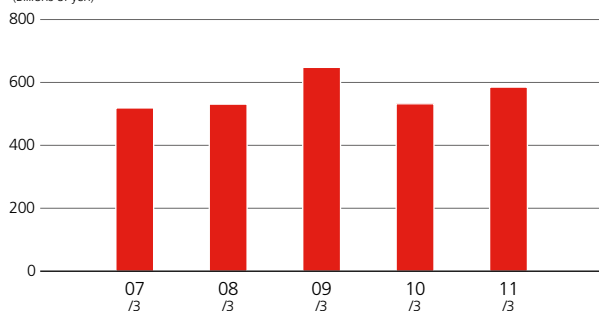
\*6 J-POWER shares listed on the First Section of the Tokyo Stock Exchange in the fiscal year ended March 31, 2005. The share price used for computation purposes is the closing price of the Company's shares at the end of the fiscal year.

\*7 Figures are rounded down to 1,000 shares. In fiscal year ended March 2004, capital increases were implemented through allocating 68,208 thousand shares to third parties.

\*8 Payout Ratio: Dividends paid / Net income

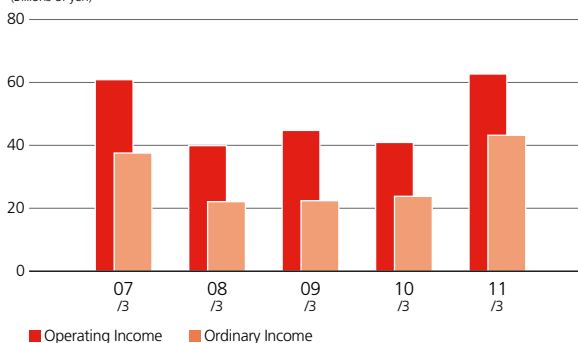
### Operating Revenues

(Billions of yen)



### Operating Income/Ordinary Income

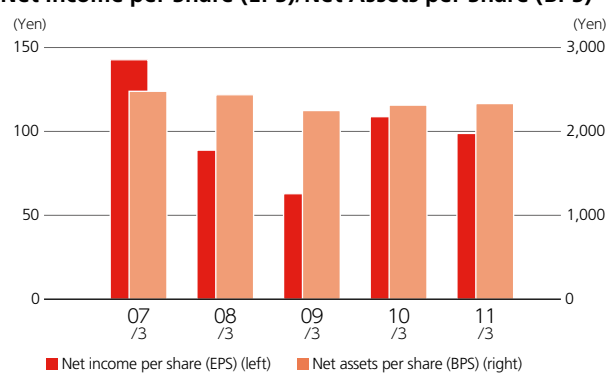
(Billions of yen)



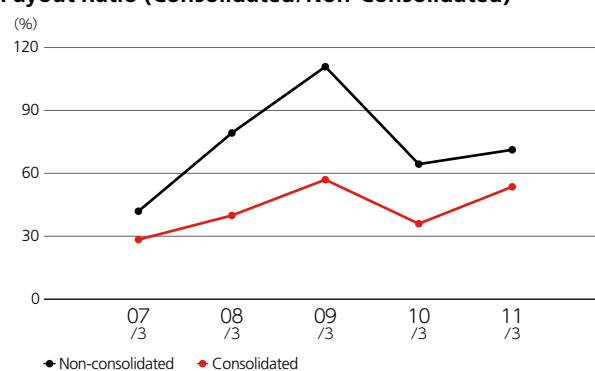
(Millions of yen)

2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
546,702	566,016	517,273	529,250	645,850	530,436	583,213
98,738	85,974	60,840	39,887	44,728	40,904	62,644
47,415	51,234	37,540	22,083	22,395	23,791	43,191
31,266	33,382	23,897	14,761	10,026	16,372	14,785
370,137	398,717	411,789	404,842	336,594	346,099	349,079
1,949,660	1,888,333	1,893,678	1,910,290	1,910,592	1,902,504	1,884,830
19.0	21.1	21.7	21.2	17.6	18.2	18.5
2,144	2,132	2,174	2,201	2,224	2,257	2,299
8.8	8.7	5.9	3.6	2.7	4.8	4.3
2.4	2.7	2.0	1.2	1.2	1.2	2.3
224.89	200.08	143.48	88.63	62.68	109.11	98.53
2,666.19	2,393.44	2,472.38	2,430.69	2,243.15	2,306.51	2,326.37
14.7	18.6	41.3	40.5	46.6	28.2	26.0
1.2	1.6	2.4	1.5	1.3	1.3	1.1
138,808	166,569	166,569	166,569	166,569	166,569	166,569
60.00	60.00	60.00	70.00	70.00	70.00	70.00
26.6	27.4	41.8	79.0	110.5	64.2	71.0

Net Income per Share (EPS)/Net Assets per Share (BPS)



Payout Ratio (Consolidated/Non-Consolidated)



# Non-Consolidated Financial Statements

## Non-Consolidated Balance Sheets

	2002/3	2003/3	2004/3
<b>Assets</b>			
<b>Noncurrent Assets</b>	<b>2,061,262</b>	<b>1,996,701</b>	<b>1,918,851</b>
<b>Electric Utility Plant and Equipment</b>	<b>1,815,694</b>	<b>1,703,333</b>	<b>1,644,724</b>
Hydroelectric Power Production Facilities	502,410	482,406	515,781
Thermal Power Production Facilities	890,102	819,345	751,760
Renewable Power Production Facilities	—	—	—
Transmission Facilities	330,653	312,208	293,841
Transformation Facilities	51,243	48,387	44,870
Communication Facilities	12,200	12,630	11,811
General Facilities	29,082	28,354	26,659
<b>Incidental Business Facilities</b>	<b>—</b>	<b>—</b>	<b>35</b>
<b>Non-Operating Facilities</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Construction in Progress</b>	<b>190,249</b>	<b>193,798</b>	<b>164,696</b>
Construction in Progress	189,757	193,674	163,837
Retirement in Progress	492	123	858
<b>Nuclear Fuel</b>	<b>—</b>	<b>—</b>	<b>—</b>
Nuclear Fuel in Processing	—	—	—
<b>Investments and Other Assets</b>	<b>55,317</b>	<b>99,569</b>	<b>109,395</b>
Long-Term Investments	15,287	31,794	37,233
Long-Term Investment for Subsidiaries and Affiliates	17,561	40,747	45,205
Long-Term Prepaid Expenses	2,165	2,541	1,659
Deferred Tax Assets	20,324	24,500	25,296
Allowance for Doubtful Accounts	(20)	(14)	—
<b>Current Assets</b>	<b>198,971</b>	<b>141,003</b>	<b>85,852</b>
Cash and Deposits	9,389	41,630	6,299
Acceptance Receivable	2	—	3
Accounts Receivable—Trade	47,548	46,499	44,877
Other Accounts Receivable	112,409	22,576	3,839
Short-Term Investments	—	—	7,281
Supplies	11,040	10,116	8,167
Prepaid Expenses	1,384	947	1,005
Short-Term Receivables from Subsidiaries and Affiliates	4,449	2,762	2,246
Deferred Tax Assets	2,974	6,416	3,068
Other Current Assets	10,025	9,994	9,061
Accounts Receivable—Overseas Technical Services	114	107	—
Allowance for Doubtful Accounts	(367)	(48)	—
<b>Total Assets</b>	<b>2,260,233</b>	<b>2,137,705</b>	<b>2,004,703</b>

Notes: 1. Owing to the abolition of the Electric Power Development Promotion Law during the fiscal year ended March 31, 2004, "accounts receivable—overseas technical services" and "overseas technical service charge in advance" are now recorded as "other current assets" and "other current liabilities," in accordance with Electric Utility Accounting Regulations.

2. In accordance with revisions in Electric Utility Accounting Regulations, geothermal power generation facilities are now recorded as "Renewable Power Production Facilities" from the fiscal year ended March 31, 2010.

(Millions of yen)

2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
<b>1,856,227</b>	<b>1,791,860</b>	<b>1,802,277</b>	<b>1,819,393</b>	<b>1,796,175</b>	<b>1,808,678</b>	<b>1,768,302</b>
<b>1,545,226</b>	<b>1,428,485</b>	<b>1,338,430</b>	<b>1,254,172</b>	<b>1,220,808</b>	<b>1,215,919</b>	<b>1,159,857</b>
494,625	475,920	458,977	441,129	428,270	413,221	399,744
691,781	619,059	562,071	510,443	469,618	489,556	462,070
—	—	—	—	—	2,084	1,765
280,726	261,139	246,578	233,026	221,274	211,312	200,373
42,733	39,744	37,819	35,559	37,929	36,360	35,721
10,748	9,919	10,423	10,125	10,384	10,121	10,274
24,609	22,701	22,559	23,887	53,331	53,261	49,907
<b>399</b>	<b>493</b>	<b>1,825</b>	<b>2,504</b>	<b>2,321</b>	<b>2,070</b>	<b>2,297</b>
<b>513</b>	<b>917</b>	<b>626</b>	<b>607</b>	<b>461</b>	<b>248</b>	<b>335</b>
<b>174,187</b>	<b>200,807</b>	<b>251,250</b>	<b>326,336</b>	<b>313,664</b>	<b>287,204</b>	<b>295,682</b>
173,466	200,645	251,193	326,175	313,542	286,540	295,449
720	161	56	161	121	664	233
—	—	—	<b>10,310</b>	<b>27,650</b>	<b>38,688</b>	<b>46,693</b>
—	—	—	10,310	27,650	38,688	46,693
<b>135,901</b>	<b>161,155</b>	<b>210,144</b>	<b>225,462</b>	<b>231,268</b>	<b>264,546</b>	<b>263,435</b>
43,186	56,109	77,343	72,069	46,787	72,083	62,572
63,263	78,577	106,808	117,195	143,118	152,399	164,876
2,730	3,017	2,678	3,256	2,164	1,824	2,480
26,721	23,796	23,759	33,515	40,084	39,079	38,992
—	(344)	(446)	(574)	(886)	(840)	(5,485)
<b>93,432</b>	<b>96,473</b>	<b>91,400</b>	<b>90,896</b>	<b>114,416</b>	<b>93,826</b>	<b>116,528</b>
7,505	6,501	5,008	4,051	4,973	5,151	4,362
—	3	—	—	—	—	—
47,207	51,244	41,661	39,036	44,178	39,848	49,264
6,667	5,721	5,424	7,198	5,186	4,870	4,845
—	—	—	—	22	—	—
11,999	16,471	18,439	21,800	38,414	19,087	28,529
1,122	1,228	1,125	1,355	1,002	1,219	1,672
7,142	5,124	6,521	5,793	4,880	9,516	11,637
3,346	3,801	3,232	3,482	4,150	2,993	3,732
8,440	6,376	10,005	8,198	11,622	11,138	12,604
—	—	—	—	—	—	—
—	—	(17)	(20)	(14)	—	(121)
<b>1,949,660</b>	<b>1,888,333</b>	<b>1,893,678</b>	<b>1,910,290</b>	<b>1,910,592</b>	<b>1,902,504</b>	<b>1,884,830</b>



(Millions of yen)

	2002/3	2003/3	2004/3	2005/3	2006/3
<b>Liabilities</b>					
<b>Noncurrent Liabilities</b>	<b>1,825,121</b>	<b>1,766,650</b>	<b>1,487,194</b>	<b>1,253,566</b>	<b>1,182,685</b>
Bonds Payable	829,761	804,751	829,751	591,171	521,684
Long-Term Loans Payable	957,078	923,200	614,784	619,495	625,039
Long-Term Accrued Liabilities	2,852	1,105	1,092	956	961
Long-Term Debt to Subsidiaries and Affiliates	69	—	—	—	—
Provision for Retirement Benefits	35,351	37,587	38,237	34,409	25,089
Other Noncurrent Liabilities	8	5	3,328	7,533	9,910
<b>Current Liabilities</b>	<b>293,968</b>	<b>217,450</b>	<b>178,484</b>	<b>324,157</b>	<b>305,531</b>
Current Portion of Noncurrent Liabilities	114,000	103,487	54,960	107,593	103,954
Short-Term Loans Payable	90,900	52,900	38,600	47,000	23,000
Commercial Paper	—	—	40,000	105,000	111,000
Accounts Payable—Trade	1,809	2,161	1,853	3,446	3,495
Accounts Payable—Other	28,893	5,787	4,473	4,309	4,254
Accrued Expenses	17,303	16,415	12,845	10,994	9,961
Accrued Taxes	21,024	16,751	8,994	18,708	16,699
Deposits Received	285	258	487	236	229
Short-Term Debt to Subsidiaries and Affiliates	15,491	15,171	15,171	24,857	30,099
Other Advances	904	493	423	399	413
Other Current Liabilities	3,324	3,970	674	1,610	2,424
Overseas Technical Service Charge in Advance	30	53	—	—	—
<b>Reserves under Special Laws</b>	<b>—</b>	<b>—</b>	<b>689</b>	<b>1,798</b>	<b>1,399</b>
Reserve for Fluctuation in Water Levels	—	—	689	1,798	1,399
<b>Total Liabilities</b>	<b>2,119,090</b>	<b>1,984,101</b>	<b>1,666,367</b>	<b>1,579,522</b>	<b>1,489,616</b>
<b>Shareholders' Equity</b>					
<b>Common Stock</b>	<b>70,600</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Legal Reserve</b>	<b>5,138</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Legal Reserve	5,138	—	—	—	—
<b>Retained Earnings</b>	<b>65,302</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Reserve for Loss from Overseas Investment	11	—	—	—	—
Reserve for Special Depreciation	—	—	—	—	—
Exchange-Fluctuation Preparation Reserve	1,960	—	—	—	—
General Reserve	35,000	—	—	—	—
Unappropriated Retained Earnings at the End of the Term	28,330	—	—	—	—
Net Income (Included)	(14,711)	—	—	—	—
<b>Unrealized Gain on Securities</b>	<b>102</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Shareholders' Equity</b>	<b>141,143</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,260,233</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Shareholders' Equity</b>					
<b>Common Stock</b>	<b>—</b>	<b>70,600</b>	<b>152,449</b>	<b>152,449</b>	<b>152,449</b>
<b>Capital Surplus</b>	<b>—</b>	<b>—</b>	<b>81,849</b>	<b>81,852</b>	<b>81,852</b>
Additional Paid-in Capital	—	—	81,849	81,852	81,852
<b>Retained Earnings</b>	<b>—</b>	<b>83,259</b>	<b>100,683</b>	<b>129,979</b>	<b>150,819</b>
Legal Reserve	—	5,569	5,999	6,029	6,029
Voluntary Reserve	—	46,997	57,022	74,887	94,897
Reserve for Loss from Overseas Investment, etc.	—	30	51	51	56
Reserve for Special Disaster	—	6	10	14	19
Exchange-Fluctuation Preparation Reserve	—	1,960	1,960	1,960	1,960
General Reserve	—	45,000	55,000	72,861	92,861
Unappropriated Retained Earnings at the End of the Term	—	30,692	37,661	49,062	49,892
<b>Unrealized Gain on Securities</b>	<b>—</b>	<b>(255)</b>	<b>3,353</b>	<b>5,858</b>	<b>13,613</b>
<b>Treasury Stock</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>(17)</b>
<b>Total Shareholders' Equity</b>	<b>—</b>	<b>153,603</b>	<b>338,336</b>	<b>370,137</b>	<b>398,717</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>—</b>	<b>2,137,705</b>	<b>2,004,703</b>	<b>1,949,660</b>	<b>1,888,333</b>

(Millions of yen)

	2007/3	2008/3	2009/3	2010/3	2011/3
<b>Liabilities</b>					
<b>Noncurrent Liabilities</b>	<b>1,136,290</b>	<b>1,241,004</b>	<b>1,256,467</b>	<b>1,302,695</b>	<b>1,257,747</b>
Bonds Payable	573,229	602,903	717,867	689,883	734,898
Long-Term Loans Payable	533,539	599,350	481,577	550,955	461,256
Long-Term Accrued Liabilities	4	3	2	1	0
Lease Obligations	—	—	133	218	314
Long-Term Debt to Subsidiaries and Affiliates	17	2,767	3,073	4,887	5,709
Provision for Retirement Benefits	21,543	28,585	41,439	46,351	45,259
Assets Retirement Obligations	—	—	—	—	158
Other Noncurrent Liabilities	7,955	7,395	12,373	10,396	10,149
<b>Current Liabilities</b>	<b>343,441</b>	<b>262,882</b>	<b>316,383</b>	<b>252,974</b>	<b>277,226</b>
Current Portion of Noncurrent Liabilities	170,884	98,995	117,815	136,703	159,747
Short-Term Loans Payable	2,000	6,000	9,000	12,750	17,350
Commercial Paper	95,944	88,949	109,971	24,998	11,999
Accounts Payable—Trade	3,713	3,649	1,220	4,452	5,055
Accounts Payable—Other	12,219	4,771	8,040	9,892	2,970
Accrued Expenses	10,643	9,598	11,349	10,407	9,760
Accrued Taxes	4,404	8,920	13,539	3,790	18,821
Deposits Received	389	279	261	278	282
Short-Term Debt to Subsidiaries and Affiliates	41,041	39,932	42,331	47,298	47,634
Other Advances	334	444	938	583	1,034
Other Current Liabilities	1,865	1,341	1,916	1,818	2,569
<b>Reserves Under Special Laws</b>	<b>2,155</b>	<b>1,560</b>	<b>1,146</b>	<b>734</b>	<b>777</b>
Reserve for Fluctuation in Water Levels	2,155	1,560	1,146	734	777
<b>Total Liabilities</b>	<b>1,481,888</b>	<b>1,505,447</b>	<b>1,573,998</b>	<b>1,556,404</b>	<b>1,535,751</b>
<b>Net Assets</b>					
<b>Shareholders' Equity</b>	<b>398,912</b>	<b>403,672</b>	<b>338,012</b>	<b>343,879</b>	<b>348,159</b>
<b>Capital Stock</b>	<b>152,449</b>	<b>152,449</b>	<b>152,449</b>	<b>152,449</b>	<b>152,449</b>
<b>Capital Surplus</b>	<b>81,852</b>	<b>81,852</b>	<b>81,852</b>	<b>81,852</b>	<b>81,852</b>
Legal Capital Surplus	81,852	81,852	81,852	81,852	81,852
<b>Retained Earnings</b>	<b>164,667</b>	<b>169,436</b>	<b>166,971</b>	<b>172,839</b>	<b>177,121</b>
Legal Retained Earnings	6,029	6,029	6,029	6,029	6,029
Other Retained Earnings	158,638	163,406	160,941	166,810	171,092
Reserve for Special Disaster	38	47	50	53	57
Exchange-Fluctuation Preparation Reserve	1,960	1,960	1,960	1,960	1,960
General Reserve	117,861	132,861	137,861	137,861	142,861
Retained Earnings Brought Forward	38,778	28,538	21,070	26,935	26,213
<b>Treasury Stock</b>	<b>(56)</b>	<b>(64)</b>	<b>(63,260)</b>	<b>(63,262)</b>	<b>(63,263)</b>
<b>Valuation and Translation Adjustments</b>	<b>12,877</b>	<b>1,169</b>	<b>(1,417)</b>	<b>2,220</b>	<b>919</b>
Valuation Difference on Available-for-Sale Securities	12,761	1,068	(1,214)	2,634	(479)
Deferred Gains or Losses on Hedges	116	101	(203)	(414)	1,399
<b>Total Net Assets</b>	<b>411,789</b>	<b>404,842</b>	<b>336,594</b>	<b>346,099</b>	<b>349,079</b>
<b>Total Liabilities and Net Assets</b>	<b>1,893,678</b>	<b>1,910,290</b>	<b>1,910,592</b>	<b>1,902,504</b>	<b>1,884,830</b>

# Non-Consolidated Statements of Income

	2002/3	2003/3	2004/3
<b>Operating Revenue</b>	—	<b>546,209</b>	<b>522,595</b>
<b>Electric Utility Operating Revenue</b>	<b>547,733</b>	<b>546,209</b>	<b>518,978</b>
Sold Power to Other Suppliers	477,849	473,567	453,478
Transmission Revenue	67,183	66,739	63,398
Other Electricity Revenue	2,701	5,902	2,100
<b>Incidental Business Operating Revenue</b>	—	—	<b>3,617</b>
<b>Operating Expenses</b>	—	<b>421,541</b>	<b>403,807</b>
<b>Electric Utility Operating Expenses</b>	<b>434,241</b>	<b>421,541</b>	<b>400,754</b>
Hydroelectric Power Production Expenses	64,999	62,309	64,292
Thermal Power Production Expenses	251,755	241,524	226,968
Renewable Power Production Expenses	—	—	—
Purchased Power from Other Suppliers	—	—	—
Transmission Expenses	34,488	32,963	32,529
Transformation Expenses	8,419	8,157	7,711
Selling Expenses	947	958	922
Communicating Expenses	4,732	4,955	4,880
General and Administrative Expenses	61,757	63,574	56,662
Enterprise Tax	7,140	7,097	6,787
<b>Incidental Business Operating Expenses</b>	—	—	<b>3,053</b>
<b>Operating Income</b>	<b>113,492</b>	<b>124,668</b>	<b>118,788</b>
<b>Non-Operating Income</b>	—	<b>3,654</b>	<b>2,839</b>
<b>Financial Revenue</b>	<b>613</b>	<b>1,089</b>	<b>1,788</b>
Dividends Income	421	699	1,077
Interest Income	192	390	711
<b>Income from Overseas Technical Services</b>	<b>1,592</b>	<b>1,675</b>	—
Income from Overseas Technical Services	1,592	1,675	—
<b>Non-Operating Revenue</b>	<b>631</b>	<b>888</b>	<b>1,050</b>
Gain on Sales of Noncurrent Assets	120	54	18
Miscellaneous Revenue	511	834	1,031
<b>Non-Operating Expenses</b>	—	<b>101,047</b>	<b>88,104</b>
<b>Financial Expenses</b>	<b>68,022</b>	<b>86,946</b>	<b>84,024</b>
Interest Expenses	67,778	86,866	83,236
Amortization of Stock Issue Expenses	—	—	583
Bond Issue Cost	—	—	—
Amortization of Bond Issue Expenses	244	80	192
Amortization of Bond Issue Discount	—	—	12
<b>Expenses on Overseas Technical Services</b>	<b>1,306</b>	<b>1,372</b>	—
Expenses on Overseas Technical Services	1,306	1,372	—
<b>Non-Operating Expenses</b>	<b>10,117</b>	<b>12,728</b>	<b>4,080</b>
Loss on Sales of Noncurrent Assets	10	598	10
Miscellaneous Expenses	10,106	12,129	4,069
<b>Total Ordinary Revenue</b>	<b>550,571</b>	<b>549,864</b>	<b>525,434</b>
<b>Total Ordinary Expenses</b>	<b>513,687</b>	<b>522,588</b>	<b>491,911</b>
<b>Ordinary Income</b>	<b>36,883</b>	<b>27,275</b>	<b>33,522</b>
<b>Provision or Reversal of Reserve for Fluctuation in Water Levels</b>	<b>(349)</b>	—	<b>689</b>
Provision of Reserve for Fluctuation in Water Levels	—	—	689
Reversal of Reserve for Fluctuation in Water Levels	(349)	—	—
<b>Extraordinary Income</b>	—	—	—
Distribution by Dissolution of Anonymous Association	—	—	—
Gain on Extinguishment of Tie-in Shares	—	—	—
Gain on Sales of Securities	—	—	—
<b>Extraordinary Loss</b>	<b>13,845</b>	—	—
Reversal of Provision for Employee Retirement Benefits	—	—	—
Loss on Sale of Fixed Assets	7,894	—	—
Loss on Valuation of Securities	5,951	—	—
Provision of Allowance for Doubtful Accounts for Subsidiaries and Affiliates	—	—	—
Loss on Liquidation of Business	—	—	—
<b>Income before Income Taxes</b>	<b>23,386</b>	<b>27,275</b>	<b>32,833</b>
Income Taxes—Current	13,819	17,570	10,592
Income Taxes—Deferred	(5,144)	(7,417)	522
Total Income Taxes	8,675	10,153	11,114
<b>Net Income</b>	<b>14,711</b>	<b>17,121</b>	<b>21,718</b>

Notes: 1. Corresponding to the revision of Electric Utility Accounting Regulations, the disclosure of “operating revenues” and “operating expenses” began and “electricity financial revenues and expenses” were renamed as “financial revenue and expense,” which became included under “non-operating income and expenses” from the year ended March 31, 2003. Also “income from and expenses on overseas technical services” became included under “non-operating income and expenses.”

(Millions of yen)

2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
546,702	566,016	517,273	529,250	645,850	530,436	583,213
540,665	558,306	510,248	517,318	631,452	518,682	573,878
476,335	495,061	450,034	457,292	571,282	458,688	514,640
61,194	58,255	55,184	54,934	55,414	54,402	54,343
3,136	4,989	5,029	5,090	4,755	5,591	4,894
6,037	7,709	7,024	11,932	14,398	11,753	9,335
447,964	480,041	456,433	489,363	601,122	489,531	520,569
442,754	473,056	450,203	478,579	588,224	479,085	513,395
68,883	69,844	63,728	61,114	68,281	60,904	60,005
262,271	308,191	290,013	312,292	402,159	319,569	358,156
—	—	—	—	—	802	976
—	81	433	1,214	80	15	1,388
32,391	35,250	30,502	28,680	28,475	27,523	26,943
7,577	6,737	6,595	6,621	7,020	6,785	6,453
948	1,439	1,237	1,546	1,307	1,225	1,223
5,384	5,655	6,191	6,000	6,242	6,275	6,480
58,229	38,571	44,837	54,353	66,407	49,349	44,466
7,067	7,285	6,662	6,756	8,250	6,634	7,300
5,210	6,985	6,229	10,783	12,897	10,446	7,174
98,738	85,974	60,840	39,887	44,728	40,904	62,644
3,871	5,218	8,386	9,844	6,617	6,463	6,348
2,683	3,327	4,521	5,332	4,933	3,547	4,649
1,841	2,521	3,586	4,275	3,775	2,346	3,403
842	806	935	1,057	1,158	1,200	1,246
—	—	—	—	—	—	—
—	—	—	—	—	—	—
1,187	1,890	3,865	4,512	1,683	2,916	1,699
16	111	370	1,067	5	600	82
1,171	1,779	3,494	3,444	1,678	2,316	1,616
55,193	39,958	31,686	27,648	28,950	23,576	25,800
51,044	35,737	21,565	21,937	22,294	22,175	21,627
50,374	35,088	21,276	21,648	21,915	21,967	21,353
—	10	—	—	—	—	—
—	—	288	288	379	207	273
621	590	—	—	—	—	—
48	49	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
4,149	4,220	10,121	5,710	6,655	1,400	4,173
23	126	4	2	32	—	625
4,126	4,094	10,117	5,708	6,622	1,400	3,547
550,573	571,234	525,659	539,095	652,468	536,899	589,561
503,158	520,000	488,119	517,011	630,072	513,107	546,370
47,415	51,234	37,540	22,083	22,395	23,791	43,191
1,108	(399)	756	(595)	(413)	(411)	42
1,108	—	756	—	—	—	42
—	(399)	—	(595)	(413)	(411)	—
—	—	—	—	14,472	—	1,635
—	—	—	—	12,170	—	—
—	—	—	—	2,301	—	—
—	—	—	—	—	—	1,635
—	—	—	—	19,647	—	13,757
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	6,092
—	—	—	—	—	—	4,255
—	—	—	—	—	—	3,408
46,306	51,633	36,783	22,678	17,635	24,203	31,027
18,151	20,143	11,865	11,338	13,389	6,660	16,395
(3,111)	(1,892)	1,020	(3,421)	(5,781)	1,170	(153)
15,039	18,250	12,886	7,917	7,608	7,831	16,242
31,266	33,382	23,897	14,761	10,026	16,372	14,785

2. Owing to the abolition of the Electric Power Development Promotion Law during the year ended March 31, 2004, incidental business revenues and expenses that formerly had been recorded in "income from and expenses on overseas technical services," "other electricity revenues" and "general and administrative expenses" were renamed "incidental business revenues and expenses" and became included under "operating revenues and expenses" in accordance with Electric Utility Accounting Regulations.

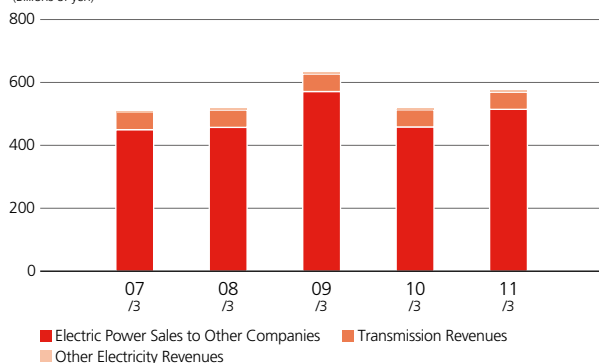
3. In accordance with revisions in Electric Utility Accounting Regulations, geothermal power generation facilities-related costs are now recorded as "Renewable Power Production Expenses" from the fiscal year ended March 31, 2010.

## Composition of Electric Power Operating Revenues

	2002/ <sub>3</sub>	2003/ <sub>3</sub>	2004/ <sub>3</sub>
<b>Operating Revenues of Electric Power Business</b>	<b>547,733</b>	<b>546,209</b>	<b>518,978</b>
<b>Electric Power Sales to Other Companies</b>	<b>477,849</b>	<b>473,567</b>	<b>453,478</b>
Hydro	137,901	138,195	135,758
Thermal	339,947	335,371	317,719
<b>Transmission Revenues</b>	<b>67,183</b>	<b>66,739</b>	<b>63,398</b>
<b>Other Electricity Revenues</b>	<b>2,701</b>	<b>5,902</b>	<b>2,100</b>
<b>Operating Expenses of Electric Power Business</b>	<b>434,241</b>	<b>421,541</b>	<b>400,754</b>
<b>Fixed Expenses</b>	<b>327,122</b>	<b>320,288</b>	<b>298,681</b>
Personnel Expenses	54,367	50,057	43,461
Repair Expenses	32,718	39,570	30,874
Taxes and Duties	28,824	28,379	29,182
Depreciation and Amortization Costs	149,175	137,736	130,376
Other	62,035	64,545	64,786
<b>Variable Expenses</b>	<b>107,118</b>	<b>101,252</b>	<b>102,072</b>
Fuel Cost	94,753	88,494	87,435
Waste Disposal Costs	12,364	12,758	14,636

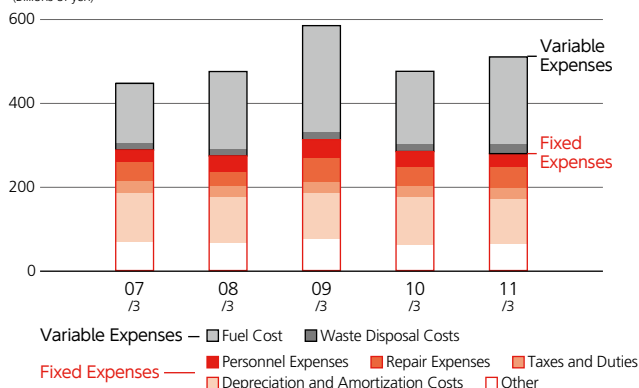
### Composition of Non-Consolidated Operating Revenues of Electric Power Business

(Billions of yen)



### Composition of Non-Consolidated Operating Expenses of Electric Power Business

(Billions of yen)



(Millions of yen)

2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3
540,665	558,306	510,248	517,318	631,452	518,682	573,878
476,335	495,061	450,034	457,292	571,282	458,688	514,640
137,106	126,810	123,490	114,557	110,945	108,994	108,152
339,228	368,250	326,543	342,734	460,336	349,693	406,488
61,194	58,255	55,184	54,934	55,414	54,402	54,343
3,136	4,989	5,029	5,090	4,755	5,591	4,894
442,754	473,056	450,203	478,579	588,224	479,085	513,395
312,064	299,429	289,497	275,420	314,140	285,847	280,891
33,823	21,489	27,180	37,689	43,571	36,187	31,276
52,018	42,565	46,477	32,757	55,419	45,390	50,635
29,945	29,366	27,800	27,044	28,380	25,792	26,594
122,825	130,844	117,973	109,739	109,741	115,585	106,080
73,451	75,163	70,064	68,188	77,026	62,892	66,304
130,689	173,626	160,706	203,159	274,083	193,237	232,503
115,838	155,977	144,053	185,357	255,156	173,957	209,967
14,850	17,648	16,652	17,801	18,927	19,280	22,536

# Major Group Companies

(As of March 31, 2011)

	Company Name	Capital (Millions of yen)	Equity Stake (%)	Main Businesses
Consolidated Subsidiaries	Bay Side Energy Co., Ltd.	2,400	100	Electric power supply
	Green Power Kuzumaki Co., Ltd.	490	100	Construction and operation of wind power plants
	Green Power Awara Co., Ltd.	310	100	Construction and operation of wind power plants
	Hamanasu Windpower Co., Ltd.	271	100	Construction and operation of wind power plants
	J-Wind Tokio Co., Ltd.	250	100	Construction and operation of wind power plants
	J-Wind TAHARA Co., Ltd.	245	100	Construction and operation of wind power plants
	J-Wind IROUZAKI Co., Ltd.	200	100	Construction and operation of wind power plants
	Green Power Setana Co., Ltd.	100	100	Construction and operation of wind power plants
	Green Power Koriyama Nunobiki Co., Ltd.	100	100	Construction and operation of wind power plants
	Dream-Up Tomamae Co., Ltd.	10	100	Construction and operation of wind power plants
	Yuya Wind Power Co., Ltd.	10	100	Construction and operation of wind power plants
	Green Power TOKIWA Co., Ltd.	450	97	Construction and operation of wind power plants
	Green Power Aso Co., Ltd.	490	87	Construction and operation of wind power plants
	ITOIGAWA POWER Inc.	1,006	80	Electric power supply
	Minami Kyushu Wind Power Co., Ltd.	20	80	Construction and operation of wind power plants
	Nagasaki-Shikamachi Wind Power Co., Ltd.	490	70	Construction and operation of wind power plants
	Nikaho-Kogen Wind Power Co., Ltd.	100	67	Construction and operation of wind power plants
	Ichihara Power Co., Ltd.	600	60	Electric power supply
	Sarakitomanai Wind Power Co., Ltd.	30	49	Construction and operation of wind power plants
	J-POWER AUSTRALIA PTY., LTD. (Australia)	118 (millions of A\$)	100	Investments in coal mines in Australia
	JPec Co., Ltd.	500	100	Construction, technical development, design, consulting, maintenance, and research for thermal and nuclear power plants; unloading and transporting of coal to thermal power plants; sale of fly ash; shipping of coal for thermal power plants; research and planning of environmental conservation
	JPHYTECH Co., Ltd.	500	100	Construction, technical development, design, consulting, maintenance, and research for hydroelectric power plants, substations, and transmission lines; surveying and compensation of construction sites;civil engineering, construction management, and construction services
	JP Business Service Corporation	450	100	Operation of welfare facilities; facility maintenance; business process outsourcing; development of computer software
	J-POWER RESOURCES Co., Ltd.	450	100	Import, sales, and transportation of coal
	J-POWER EnTech Co., Inc.	177	100	Engineering of equipment for removal of atmospheric and water pollutants
	KEC Corporation	110	100	Construction and maintenance of electronic and communications facilities
	JPOWER GENEX CAPITAL Co., Ltd.	100	100	Management of IPP projects
	JP Design Co., Ltd.	20	100	Design, management, and research for electric power facilities and other facilities and construction consulting
	EPDC CoalTech and Marine Co., Ltd.	20	100 (100)	Marine transportation of ash and fly ash from thermal power plants
	Miyazaki Wood Pellet Co., Ltd.	300	98	Operation of manufacturing facilities of wood pellets
	J-Power Investment Netherlands B.V. (Netherlands)	66 (millions of US\$)	100	Management of overseas investments
	J-POWER Consulting (China) Co., Ltd. (China)	6 (millions of yuan)	100	Management of overseas investments and research and development projects
	J-Power North America Holdings Co., Ltd. (U.S.A.)	1 (US\$)	100	Management of overseas investments
J-POWER Holdings (Thailand) Co., Ltd. (Thailand)	10,619 (millions of baht)	100 (100)	Management of overseas investments	
J-POWER Generation (Thailand) Co., Ltd. (Thailand)	39 (millions of baht)	100 (100)	Management of overseas investments and research and development projects	
J-POWER USA Investment Co., Ltd. (U.S.A.)	32 (US\$)	100 (100)	Management of overseas investments	
J-POWER USA Development Co., Ltd. (U.S.A.)	1 (US\$)	100 (100)	Research and development of overseas investments	
Orange Grove Energy L.P.	—	100 (100)	Electric power supply	
Kaihatsu Hiryou Co., Ltd.	450	100	Production of fertilizer using ash	
Japan Network Engineering Co., Ltd.	50	100	Telecommunications; operation and maintenance of telecommunications facilities	
Omuta Plant Service Co., Ltd.	50	100	Operation and maintenance of waste-fueled power generation plant	
and 39 companies				



Affiliates Accounted for by the Equity Method	Company Name	Capital (Millions of yen)	Equity Stake (%)	Main Businesses
	Mihama Seaside Power Co., Ltd.	490	50	Electric power supply
	Osaki CoolGen Corporation	490	50	Testing of integrated coal gasification combined cycle and separation and capture of CO <sub>2</sub>
	Yuzawa Geothermal Power Generation Corporation	389	50	Research for commercial development of geothermal resources, development and supply of geothermal resources, and electric power supply
	Setouchi Power Corporation	100	50	Electric power supply
	TOSA POWER Inc.	2,755	45	Electric power supply
	GENEX Co., Ltd.	2,800	40 (40)	Electric power supply
	Shaanxi Hanjiang Investment & Development Co., Ltd. (China)	805 (millions of yuan)	27	Electric power supply
	ShanXi TianShi Power Generation Co., Ltd. (China)	99 (millions of yuan)	24	Electric power supply
	CBK Netherlands Holdings B.V. (Netherlands)	26 (thousands of US\$)	50 (50)	Management of overseas investments
	J-POWER USA Generation, L.P. (U.S.A.)	—	50 (50)	Management of overseas investments
	Birchwood Power Partners, L.P. (U.S.A.)	—	50 (50)	Electric power supply
	Gulf Electric Public Co., Ltd. (Thailand)	13,784 (millions of baht)	49 (49)	Holding company for thermal power generation companies
	Zajaczkowo Windfarm Sp. z o.o. (Poland)	45 (millions of zloty)	45 (45)	Construction and operation of wind power plants
	Chiahui Power Corporation (Taiwan)	4,700 (millions of NT\$)	40 (40)	Electric power supply
	EGCO Green Energy Co., Ltd. (Thailand)	175 (millions of baht)	26 (26)	Management of overseas investments
	EGCO Cogeneration Co., Ltd. (Thailand)	1,060 (millions of baht)	20 (20)	Electric power supply
	Thaioil Power Co., Ltd. (Thailand)	2,810 (millions of baht)	19 (19)	Electric power supply
	CBK Power Co., Ltd. (Philippines)	137 (millions of US\$)	— [100]	Operation of hydroelectric and pumped-storage electric power plants
	Green Country Energy, LLC (U.S.A.)	—	— [100]	Electric power supply
	Pinelawn Power LLC (U.S.A.)	—	— [100]	Electric power supply
	Equus Power I, L.P. (U.S.A.)	—	— [100]	Electric power supply
	Edgewood Energy, LLC	—	— [100]	Electric power supply
	Shoreham Energy, LLC	—	— [100]	Electric power supply
	Roi-Et Green Co., Ltd. (Thailand)	180 (millions of baht)	— [95]	Electric power supply
	Elwood Energy, LLC (U.S.A.)	—	— [50]	Electric power supply
	Tenaska Virginia Partners, L.P. (U.S.A.)	—	— [30]	Electric power supply
	Tenaska Frontier Partners, Ltd. (U.S.A.)	—	— [25]	Electric power supply
	and 49 companies			

Notes: 1. The equity stake values in percentages are indirect holding ratios, while those shown in brackets are the ratios held by a closely related party or parties in agreement.

2. JPec Co., Ltd., J-POWER RESOURCES Co., Ltd. and J-POWER Holdings (Thailand) Co., Ltd. are specified subsidiaries.

3. Because the Limited Liability Company (LLC) and Limited Partnership (L.P.) under U.S. law do not have anything that exactly coincides with the concept of capital, the amount of capital has not been listed.



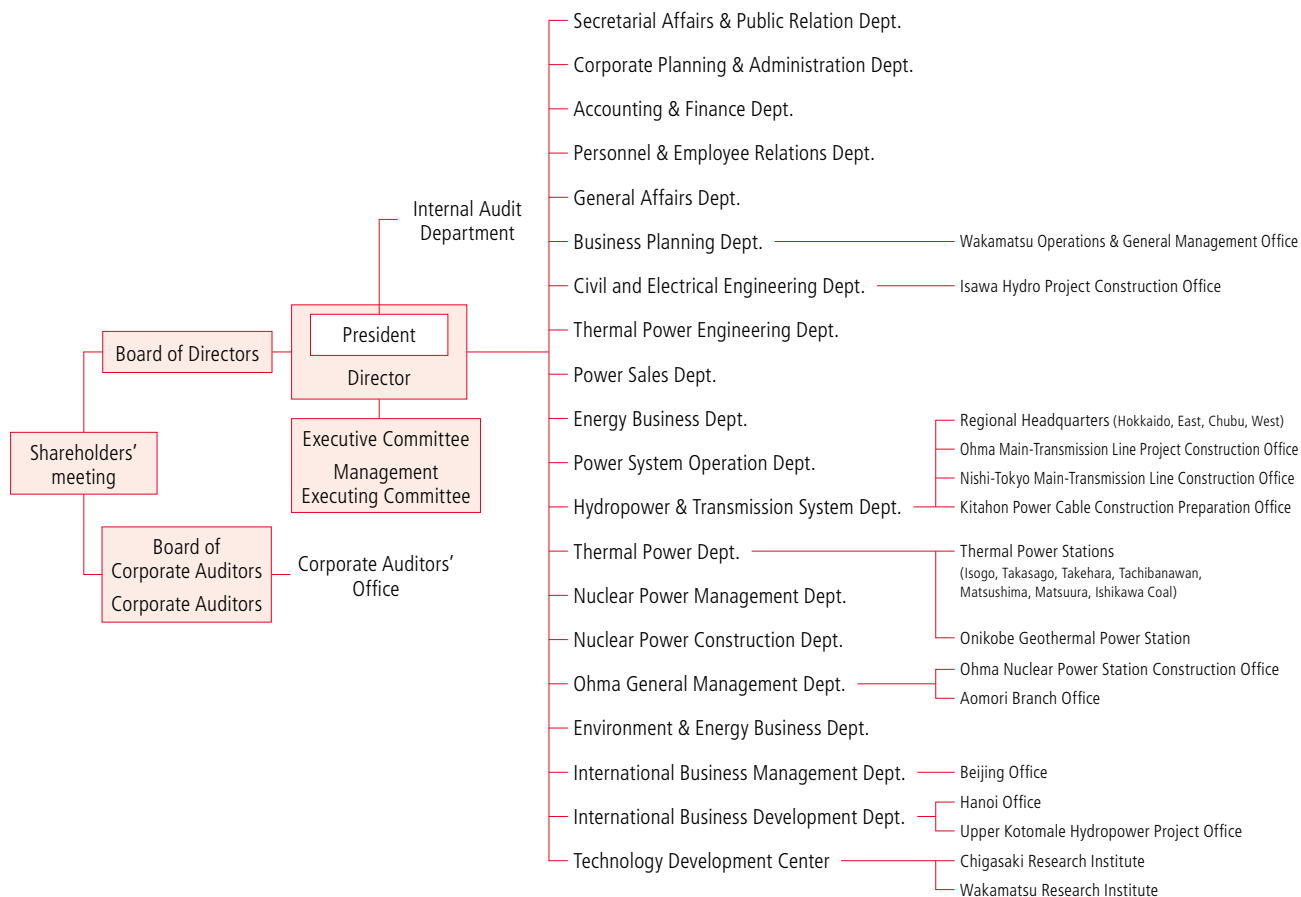
# Corporate Profile/Stock Information

(As of March 31, 2011)

Corporate Name	Electric Power Development Co., Ltd.
Communication Name	J-POWER
Date of Establishment	Sept. 16, 1952
Headquarters Address	15-1, Ginza 6-chome, Chuo-ku, Tokyo 104-8165, Japan
Paid-in Capital	¥152,449,600,000
Number of Shares Authorized	660,000,000
Number of Shares Outstanding	166,569,600
Number of Shareholders	38,484
Stock Exchange Listing	Tokyo
Independent Public Accountants	Ernst & Young ShinNihon
Transfer Agent	The Sumitomo Trust and Banking Co., Ltd.

## Organization Chart

(As of July 1, 2011)



## Main Subsidiaries

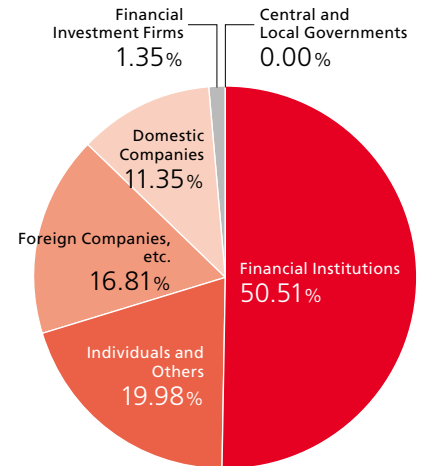
- J-POWER USA Development Co., Ltd.
- J-POWER Generation (Thailand) Co., Ltd.
- J-POWER Consulting (China) Co., Ltd.

## Major Shareholders (Top 10)

Name or Designation	Number of Shares Held (Thousands of Shares)	Percentage of Total Shares Outstanding (%)
Nippon Life Insurance Company	9,120	5.48
Japan Trustee Services Bank, Ltd. (Trust Account)	7,616	4.57
Mizuho Corporate Bank, Ltd.	7,465	4.48
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,731	4.04
Sumitomo Mitsui Banking Corporation	4,295	2.58
Japan Trustee Services Bank, Ltd. (Trust Account 9)	4,251	2.55
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,736	2.24
J-POWER Employees Shareholding Association	3,602	2.16
National Mutual Insurance Federation of Agricultural Cooperatives	2,949	1.77
Fukoku Life Insurance Company	2,750	1.65

Note: In addition to above, J-POWER holds 16,516,450 shares.

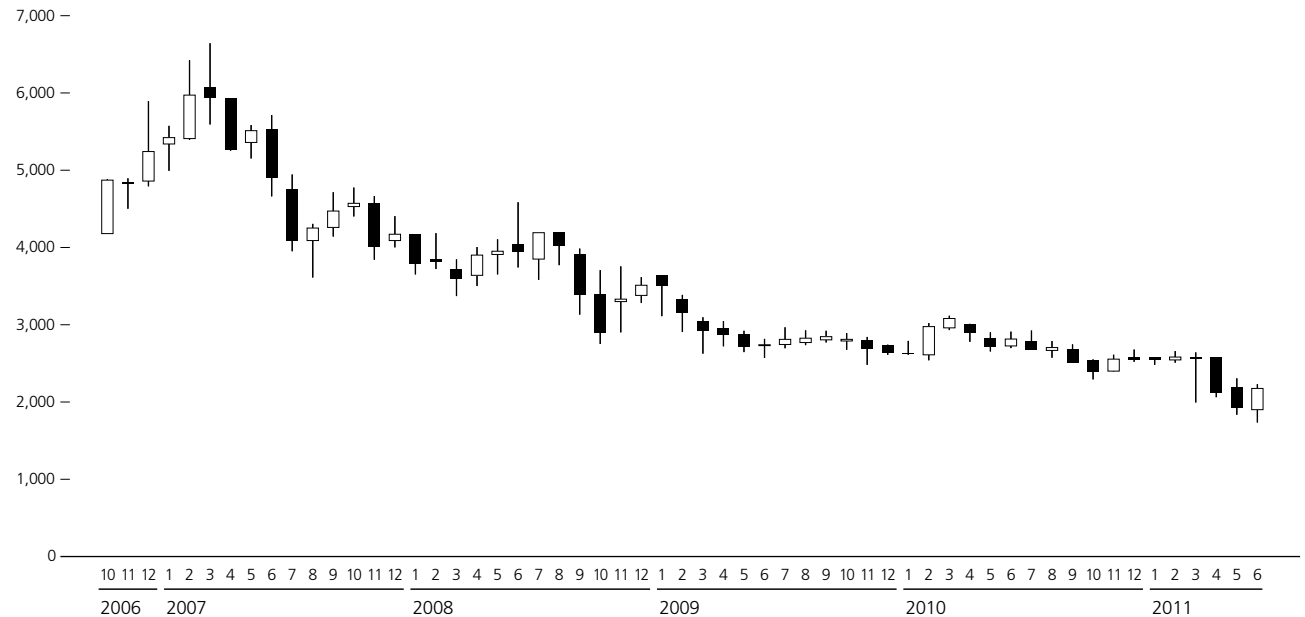
## Breakdown of Issued Shares by Type of Shareholders



Note: Treasury stock of 16,516,450 shares is included in "Individuals and Others."

## Common Stock Price Range

Stock Price (Yen)  
8,000 —





**Electric Power Development Company Co., Ltd.**

Corporate Planning & Administration Department  
Investor Relations Group

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