J-POWER
EPDC

# Annual Report 2012

# PROFILE

J-POWER (Electric Power Development Co., Ltd.) is the only wholesale power company with a presence throughout Japan. Since its establishment by the government in 1952 to overcome the power shortages in postwar Japan, J-POWER has developed its business in the wholesale supply of hydroelectric and thermal power, conducted a power transmission business through its trunk transmission lines that connect every domestic region, and contributed to the stable supply of electric power in Japan.

Listed on the Tokyo Stock Exchange's First Section and thus becoming fully privatized in 2004, J-POWER is developing both the electric power generation business in foreign countries where growth is expected and such renewable energy sources as wind and geothermal power generation, while working to create new businesses.

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 attaining its steady and farsighted progress on the basis of its "coexistence of energy and the environment" concept.

## 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.

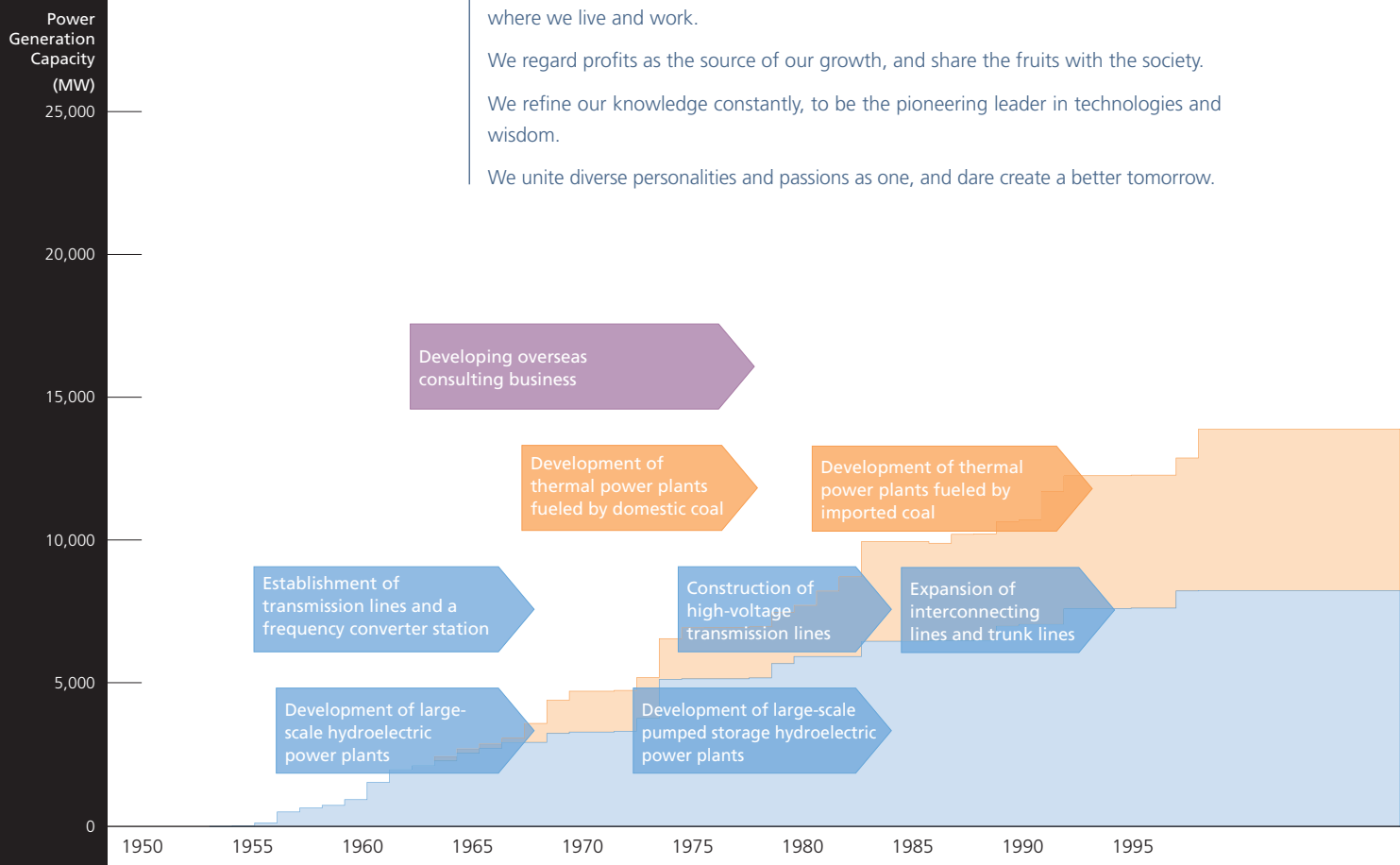
We pursue harmony with the environment, and thrive in the trust of communities where we live and work.

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.

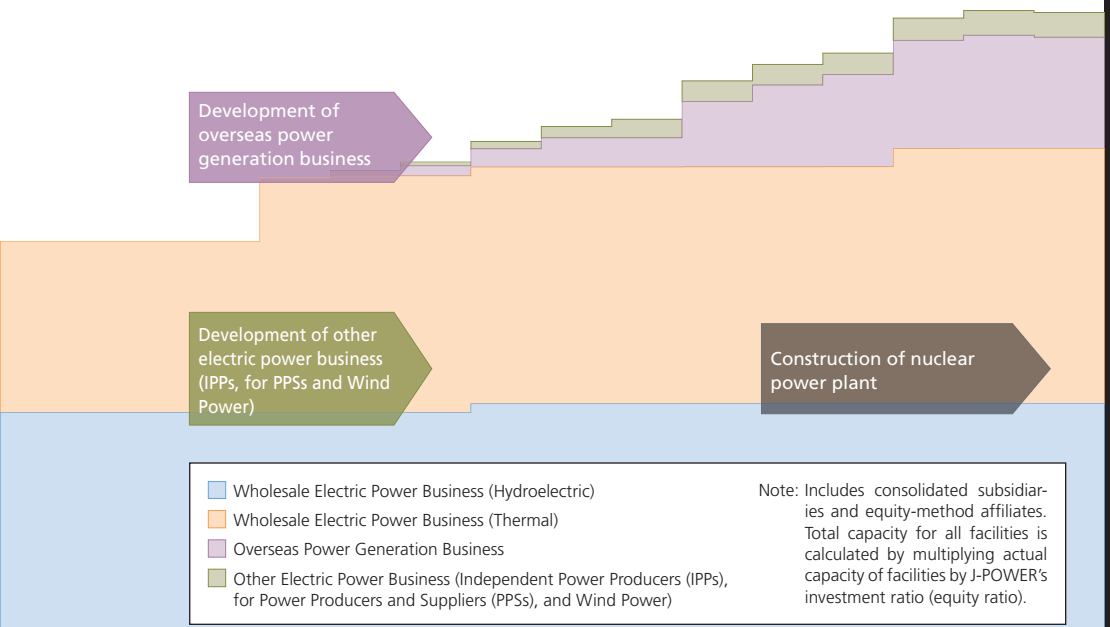
We unite diverse personalities and passions as one, and dare create a better tomorrow.

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



# J-POWER's History

| | |
|---|---|
| **September 1952** | J-POWER established as a government-funded company based on the "Electric Power Development Promotion Law (Law No. 283 of July 31, 1952)." |
| **April 1956** | Began operating the Sakuma Power Plant as J-POWER's first large-scale hydroelectric power plant (350 MW). |
| **November 1962** | Provided consulting services for the Tacna Hydropower Project in Peru, the starting point of overseas consulting operations |
| **October 1965** | Began operating the Sakuma Frequency Converter Station to link the different frequencies of eastern and western Japan |
| **November 1972** | Began operating Shintoyone Power Plant (1,125 MW), J-POWER's first large-scale pumped storage hydroelectric power plant with a capacity over 1,000 MW |
| **December 1979** | Began operating the Kitahon HVDC Link between Hokkaido and Honshu |
| **January 1981** | Began operating Matsushima Thermal Power Plant No. 1 (500 MW), Japan's first power plant fueled primarily with imported coal. Began operating Matsushima Thermal Power Plant No. 2 (500 MW) in December of that year |
| **July 2000** | Began operating Tachibanawan Power Plant No. 1 (1,050 MW), Japan's largest coal-fired power generation unit. Began operating Tachibanawan Power Plant No. 2 (1,050 MW) in December of that year |
| **December 2000** | Acquired an interest in Tianshi Thermal Power Plant in China (50 MW, low-grade coal and coal waste) |
| **December 2000** | Began operating the Tomamae Winvilla Wind Farm (31 MW), J-POWER's first wind power facility |
| **April 2002** | Began operating Isogo New No. 1 Thermal Power Plant (600 MW)<br>Began operating Isogo New No. 2 Thermal Power Plant (600 MW) in July 2009 |
| **October 2004** | Listed on the First Section of Tokyo Stock Exchange |
| **May 2006** | Acquired equity in Tenaska Frontier Power Plant (830 MW, gas), J-POWER's first power plant ownership in the United States |
| **May 2007** | Began operating Kaeng Khoi 2 Power Plant No. 1 (734 MW, gas) in Thailand. No. 2 (734 MW, gas) began operating in March 2008. |
| **May 2008** | Began construction on the Ohma Nuclear Power Plant (1,383 MW), J-POWER's first nuclear power plant |




# Contents



**Forward-Looking Statements**

Statements in this annual report, other than those of historical fact, are forward-looking statements about the future performance of J-POWER that are based on management's assumptions and beliefs in light of information currently available, and involve both known and unknown risks and other uncertainties. Actual events and results may differ materially from those anticipated in these statements.

**Presentation of Monetary Amounts and Other Figures**

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.

# The J-POWER Group's Electric Power Businesses

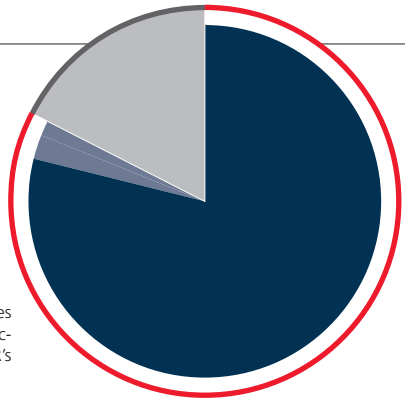
**Supporting Stable Supplies of Electric Power in Japan**

J-POWER's core business is wholesale electric power business operating power plants throughout Japan to supply electricity to the electric power companies (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.

**Consolidated Power Generation Capacity (In operation)**

(As of March 31, 2012)

Overseas **17%** 3,672MW



Domestic **83%** 17,813MW

| | | |
|---|---|---|
| Wholesale Electric Power Business | **16,993** MW | **79%** |
| Thermal | 8,427 MW* | 39% |
| Hydroelectric | 8,566 MW | 40% |
| Other Electric Power Business | **820** MW | **4%** |
| IPPs, for PPSs | 496 MW | 2% |
| Wind Power | 324 MW | 2% |

*Includes geothermal power generation

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).

## Wholesale Electric Power Business

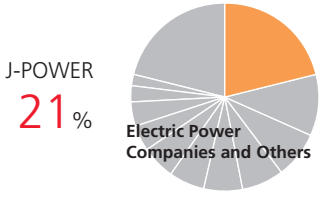
### Thermal Power

#### 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. The special feature of coal-fired thermal power generation is the lower cost per calorie of imported coal compared with crude oil, LNG, and other fossil fuels. 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.

Share of Coal-Fired Power Generation Capacity in Japan

(As of March 31, 2012)




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

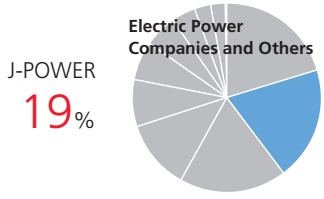
### Hydroelectric Power

#### 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 $CO_2$ 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, 2012)




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 approximately 2,400 km, including trunk 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 Business

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

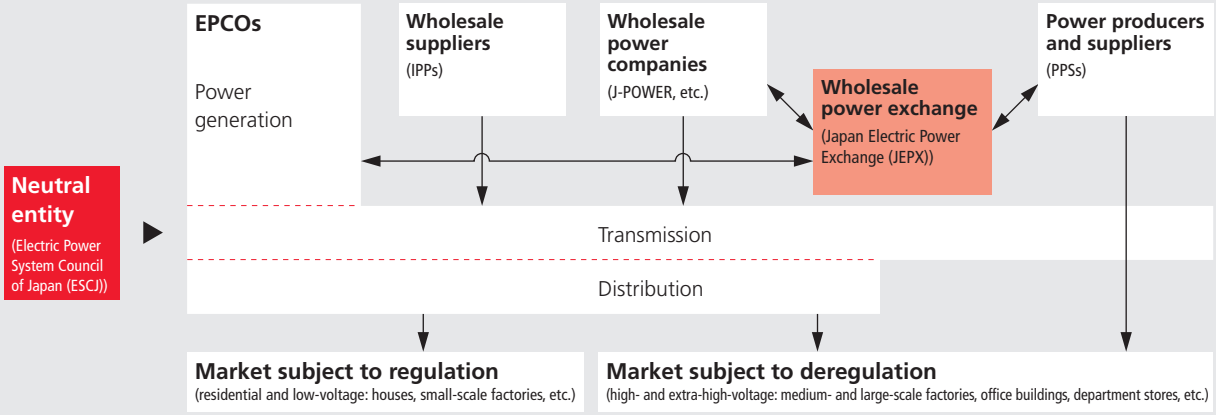
J-POWER provides wholesale power supplies to EPCOs using three IPP facilities throughout Japan with a total capacity of 522 MW and provides wholesale power supplies to PPSs using three facilities throughout Japan with a total capacity of 322 MW. Owning 18 wind farms throughout Japan with a total capacity 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

The Japanese electric power industry comprises the traditional, vertically integrated general electric utilities (EPCOs); wholesale electric utilities, including J-POWER, and wholesale suppliers (IPPs) that supply electricity to EPCOs; and power producers and suppliers (PPSs) that have entered the new retail sector.

Amid the trend to the increasing liberalization of electric 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).

## Organizational Structure




## Progress of Deregulation

**Phase 1** — 1995
- Introduction of wholesale electric power bidding system

**Phase 2** — 2000
- Partial deregulation of electric power retailing (approximately 30% of power sales)

**Phase 3** — 2004
- Expansion of retail deregulation (approximately 40% of power sales)

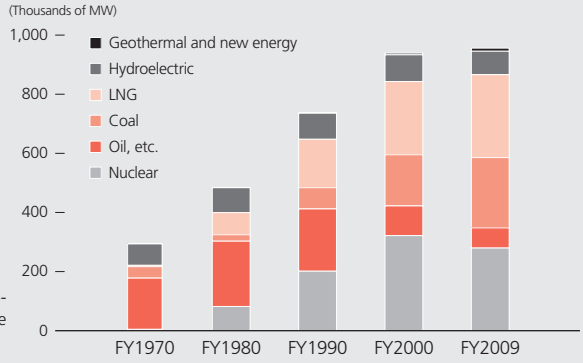
**Phase 4** — 2005
- Expansion of retail deregulation (approximately 60% of power sales)
- Transactions began on the Japan Electric Power Exchange (JEPX)

**Phase 5** — 2008
- Priority given to promoting the establishment of a competitive environment
- To re-examine the advantages and disadvantages of expanding the scope of retail liberalization in around five years' time

* As designing specific systems for the ideal form of an electricity system has been regarded as an urgent issue ever since the Great East Japan Earthquake, an Electricity System Reform Committee was established under the Ministry of Economy, Trade and Industry's Coordination Subcommittee of the Advisory Committee for Natural Resources and Energy in February 2012. The subcommittee is making progress with expert studies into an electricity system, including full retail liberalization (as of September 2012).

## 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, coal- and natural gas-fired thermal power generation as well as nuclear power have been advocated and plans made to diversify power generation methods.

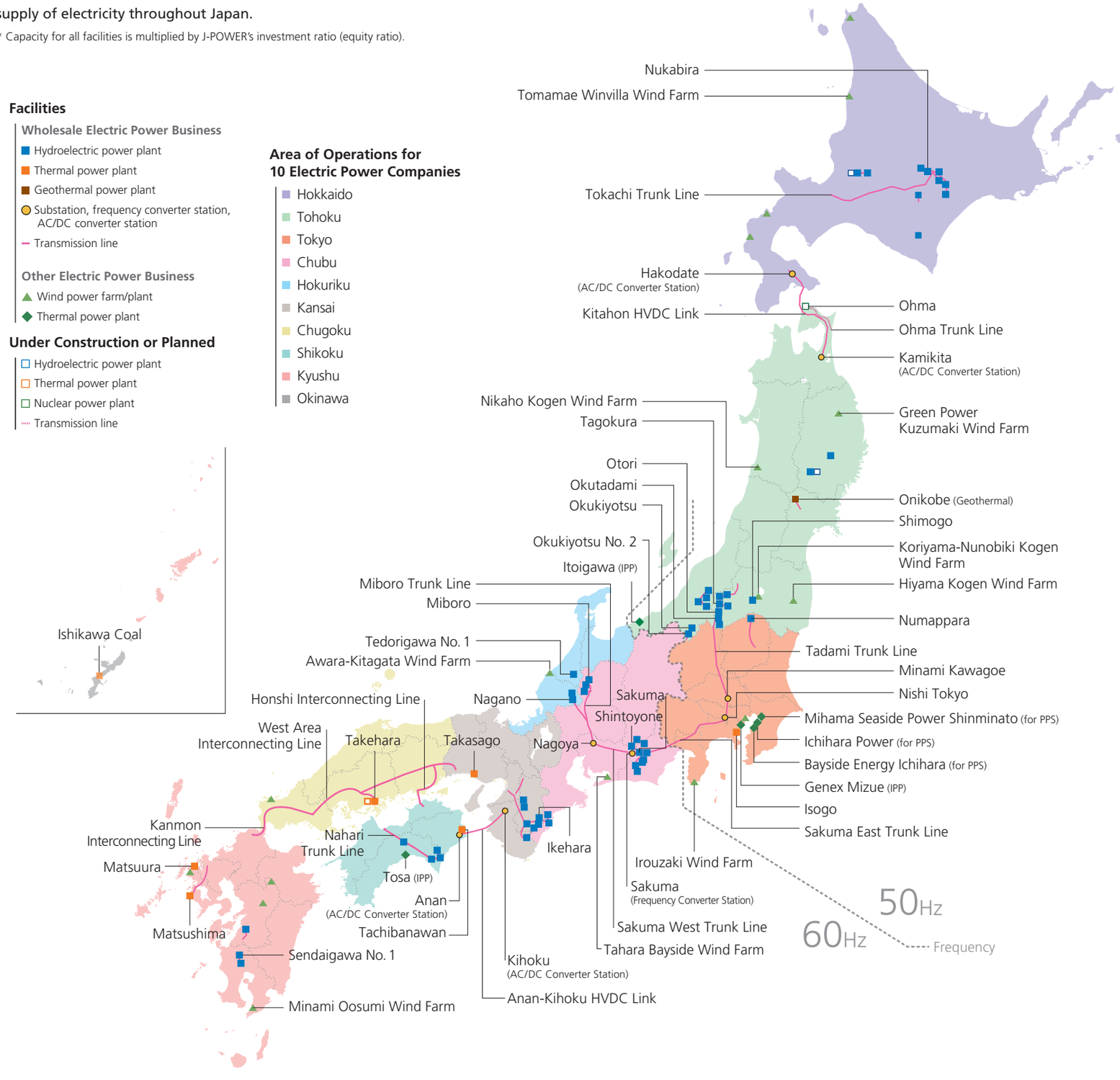



Note: Figures for oil, etc., include figures for other kinds of gas and bituminous substances (including power received). Figures for total power generation volume are for the 10 EPCOs (including power received).
Source: Agency for Natural Resources and Energy

# J-POWER Group Business Development throughout Japan

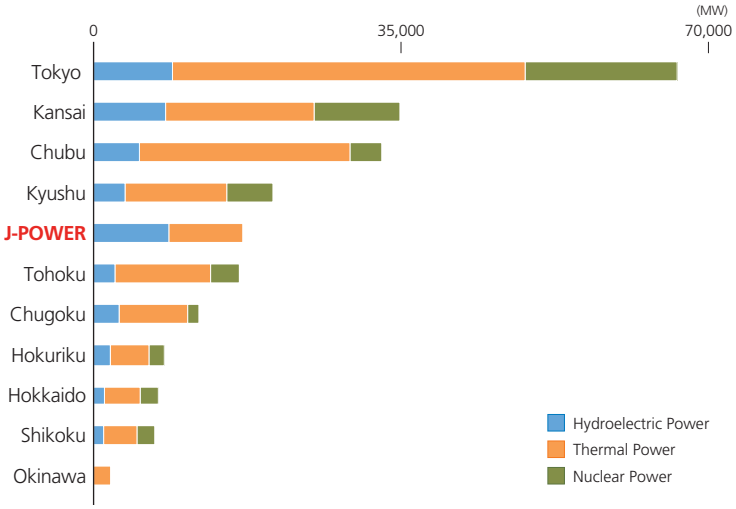
Through its ownership and operation of power plants with a total capacity of 17,813 MW*, transmission lines extending approximately 2,400 km, and substations, the J-POWER Group plays a vital role in maintaining a stable supply of electricity throughout Japan.

* Capacity for all facilities is multiplied by J-POWER's investment ratio (equity ratio).



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

(As of March 31, 2012)




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, 2012)

| 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 |
| AC power transmission lines | | 2,140.5 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 Business* | | |
|---|---|---|
| **Power generation facilities** | | |
| Wind power | 18 | 353 MW |
| IPPs, wholesale power for PPSs | 6 | 844 MW |
| Total | 24 | 1,197 MW |

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

# Global Business Development

The J-POWER Group is leveraging the knowledge and technical capabilities it has accumulated to also engage in new businesses overseas. With a view to bringing a low-carbon society to fruition, J-POWER is contributing to the world's sustainable development.

## Overseas Business

### Overseas Power Generation Business

From the late 1990s, J-POWER has been working on its Overseas Power Generation Business, which invests the Company's funds and technology and participates in electric power generation projects. The J-POWER Group currently owns power generation facilities that are in operation in seven countries and regions, mainly Thailand, the United States, and China. These facilities have a total capacity of 3,672 MW, which accounts for approximately 20% of the Group's consolidated capacity (owned capacity basis).

While advancing nine new power generation projects in Thailand, including two large-scale IPPs*, development of the Company's first overseas high-efficiency coal-fired project is under way in Indonesia, which will consolidate J-POWER's position as the leading power producer in the Asian market.

We will leverage the coal-fired thermal power generation technologies and expertise we have accumulated in Japan with a view to further business expansion centered on the burgeoning Asian region. This will make the Overseas Power Generation Business J-POWER's second major area of business, alongside domestic wholesale electric power business, and strengthen the Company's efforts.

* Independent power producer

Khaeng Khoi 2 Power Plant (Thailand)

### Overseas Consulting Business

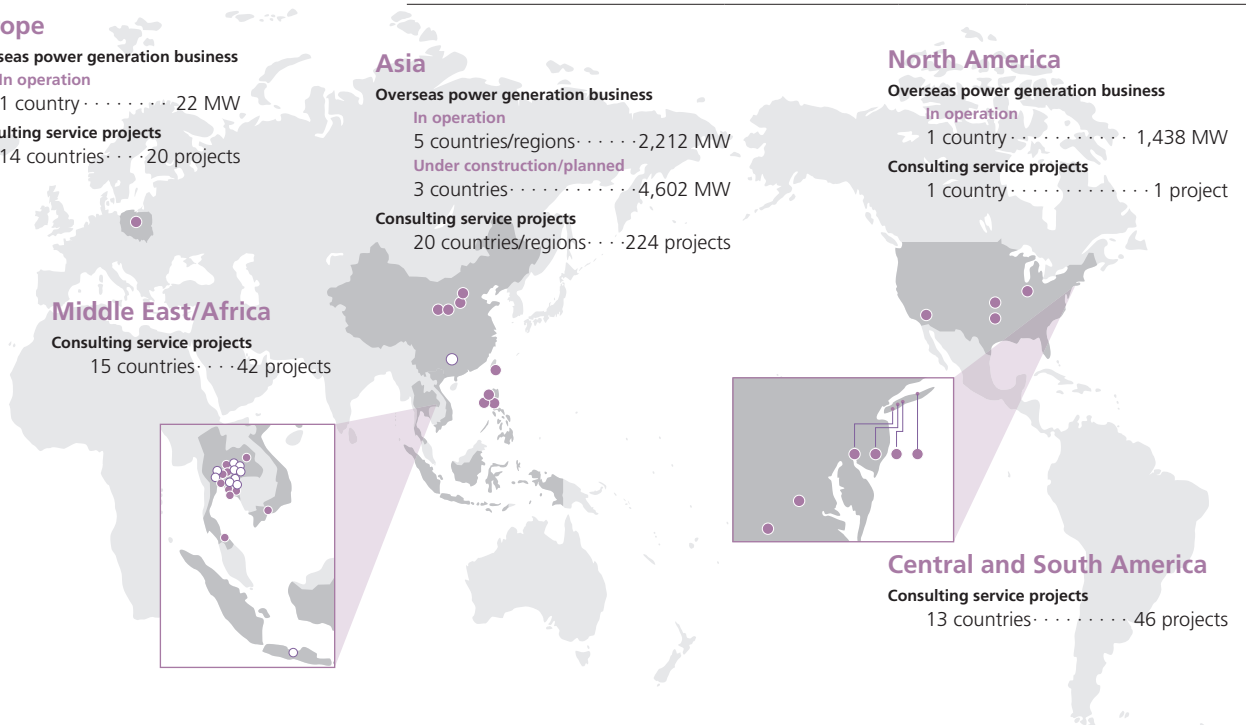
Having initiated its overseas consulting business involving technical cooperation related to electric power development and environmental preservation in the 1960s, J-POWER has executed a cumulative total of 333 projects in 63 countries and regions.

**Overseas power generation business** (As of March 31, 2012)

| | | | |
|---|---|---|---|
| ● In operation | 7 countries/regions | 29 projects | Owned Capacity 3,672 MW |
| ○ Under construction/planned | 3 countries | 11 projects | Owned Capacity 4,602 MW |

**Overseas consulting service projects**

| | |
|---|---|
| 63 countries/regions | 333 projects (cumulative) |



# Consolidated Financial Highlights

(As of for the years ended March 31)

| | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 | |
|---|---|---|---|---|---|---|
| **Power Sales** | | | | | (GWh) | |
| Wholesale Electric Power Business | 60,786 | 57,532 | 55,760 | 64,353 | **64,074** | |
| Hydroelectric (Non-Consolidated) | 8,287 | 8,384 | 9,214 | 10,267 | **10,318** | |
| Water Supply Rate | 85% | 88% | 96% | 106% | **115%** | |
| Thermal (Non-Consolidated) | 52,499 | 49,147 | 46,546 | 54,086 | **53,756** | |
| Load Factor | 81% | 76% | 68% | 78% | **77%** | |
| Other Electric Power Business | 1,682 | 1,616 | 1,477 | 1,462 | **2,010** | |
| Total | 62,469 | 59,148 | 57,238 | 65,815 | **66,084** | |
| **Statements of Income Items** | | | | | (Millions of yen) | (Thousands of U.S. dollars)*5 |
| Operating Revenues | ¥ 587,780 | ¥ 704,936 | ¥ 584,484 | ¥ 635,975 | **¥ 654,600** | **$ 7,964,475** |
| Operating Income | 50,724 | 57,108 | 48,939 | 70,588 | **49,800** | **605,914** |
| Ordinary Income | 42,873 | 39,599 | 41,694 | 56,322 | **36,619** | **445,552** |
| Net Income | 29,311 | 19,457 | 29,149 | 19,583 | **16,113** | **196,056** |
| **Balance Sheet Items** | | | | | (Millions of yen) | (Thousands of U.S. dollars)*5 |
| Total Assets | ¥2,013,131 | ¥2,005,469 | ¥2,024,080 | ¥2,012,386 | **¥2,016,394** | **$24,533,336** |
| Construction in Progress | 327,429 | 321,889 | 309,740 | 301,676 | **380,425** | **4,628,607** |
| Total Shareholders' Equity*1 | 466,383 | 380,128 | 412,677 | 415,762 | **407,384** | **4,956,616** |
| Interest-Bearing Debt Outstanding | 1,423,878 | 1,470,748 | 1,452,515 | 1,429,037 | **1,435,736** | **17,468,508** |
| **Cash Flow Items** | | | | | (Millions of yen) | (Thousands of U.S. dollars)*5 |
| Cash Flows from Operating Activities | ¥ 136,252 | ¥ 158,628 | ¥ 169,148 | ¥ 151,236 | **¥ 125,891** | **$ 1,531,712** |
| Cash Flows from Investing Activities | (152,518) | (132,350) | (129,504) | (124,675) | **(136,852)** | **(1,665,069)** |
| Free Cash Flow | (16,265) | 26,278 | 39,643 | 26,560 | **(10,960)** | **(133,356)** |
| Depreciation (Non-Consolidated) | 109,739 | 109,741 | 115,585 | 106,080 | **100,423** | **1,221,841** |
| Capital Expenditures (Non-Consolidated)*2 | (122,874) | (150,228) | (97,908) | (73,796) | **(68,493)** | **(833,353)** |
| **Principal Financial Indicators** | | | | | | |
| Return on Assets (ROA)*3 | 2.1% | 2.0% | 2.1% | 2.8% | **1.8%** | **—** |
| Return on Equity (ROE)*4 | 6.3% | 4.6% | 7.4% | 4.7% | **3.9%** | **—** |
| | | | | | (Yen) | (U.S. dollars)*5 |
| Net Income per Share (EPS) | ¥ 175.99 | ¥ 121.65 | ¥ 194.26 | ¥ 130.51 | **¥ 107.39** | **$ 1.30** |
| Net Assets per Share (BPS) | 2,800.18 | 2,533.28 | 2,750.20 | 2,770.77 | **2,714.94** | **33.03** |
| Equity Ratio | 23.2% | 19.0% | 20.4% | 20.7% | **20.2%** | **—** |
| Debt Equity Ratio | 3.1 | 3.9 | 3.5 | 3.4 | **3.5** | **—** |
| **Shareholder Returns** | | | | | (Yen) | (U.S. dollars)*5 |
| Cash Dividends per Share | ¥70 | ¥70 | ¥70 | ¥70 | **¥70** | **$0.85** |
| Dividend Payout Ratio | 39.8% | 57.5% | 36.0% | 53.6% | **65.2%** | **—** |
| | | | | | (Thousands) | |
| Number of Common Shares Issued at the End of the Period (excluding treasury stock) | 166,554 | 150,054 | 150,053 | 150,053 | **150,053** | **—** |

*1 Total Shareholders' Equity: Total net assets - minority interests

*2 Non-Consolidated Capital Expenditures: The amount of the increase in tangible noncurrent assets and intangible noncurrent assets

*3 ROA: Ordinary income / Average total assets

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

*5 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 30, 2012, which was ¥82.19 = US$1.00.

# In addition to contributing to the stable supply of electricity in Japan, J-POWER is targeting sustained growth in its corporate value by carrying out business development on a global scale.

More than one and a half years have passed since the Great East Japan Earthquake disaster of March 2011, and the environment surrounding Japan's electric power businesses is increasingly uncertain. Amid the protracted suspension of operations at nuclear power plants, the supply and demand situation remains tight, as is that in the fossil fuel market, and global warming issues are growing. Another unknown is the direction of discussions over environmental and energy policy and electric power system reform.

I believe that the more uncertain the situation, the more the J-POWER Group needs to return consistently to its corporate philosophy, which states: "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."

Because of this, what the J-POWER Group needs to do first is to contribute to providing stable supplies of electric power in Japan. We will fully exert the capabilities of our electric power facilities located throughout the country, which include hydroelectric and coal-fired thermal power plants as well as power transmission facilities, and fulfill our obligations as an electric utility.

In addition, with a view to ensuring Japan's medium-term electric power supply, we intend to make steady progress with development projects, such as the Ohma Nuclear Power Project and the Takehara Thermal Power Replacement Project.

With regard to the Ohma Nuclear Power Project that is now under construction, we are treating with extreme earnestness the accident at the Fukushima Daiichi Nuclear Power Plant and are unfailingly implementing more rigorous safety measures by consistently and properly reflecting the latest findings. We are determined to make concerted efforts to build a safe nuclear power plant in which the local community can have confidence.

Furthermore, we are aiming to disseminate our corporate philosophy on a global scale and from a long-term perspective. We will promote our overseas electric power generation business through our highly efficient coal-fired technologies and other fields of expertise in connection with the needs of developing countries. We will also steadily make ongoing progress in tackling the innovative technological developments needed to transition to a low-carbon society over the long term.

The J-POWER Group will invest its diverse management resources in a well-balanced manner in complex growth industries leading to sustained growth in its corporate value by carrying out business development on a global scale. In conjunction with this plan, we will play our part in the sustainable development of Japan and the rest of the world by fulfilling our mission of stably supplying electricity in the same highly reliable manner as before. We will therefore continue to build a stronger business foundation as measured in terms of technological, human, and financial resources and continue to confront the challenges inherent in undertaking that mission.

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

October 2012
Masayoshi Kitamura
President & CEO

## Stable Supplies of Electric Power

*Please tell us about what J-POWER will be doing to contribute to sustaining the stable supply of electricity in Japan.*

*In the short term, in these times of tight power supply and demand, we will do everything we can to enable the assets we own in coal-fired thermal power, hydroelectric power, transmission facilities, etc., to operate at full equipment capacity. In the medium term, we will continue to make steady progress with the Ohma Nuclear Power Project and the aging thermal power plant replacement projects.*

Focusing on coal-fired thermal and hydroelectric 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 17,813 MW.* We also operate trunk transmission lines and frequency converter stations that contribute to widespread electricity coordination in Japan. Amid the tight power supply and demand situation, there are two issues to which we have to attach the highest priority: playing close attention to the maintenance of our facilities and contributing to the stable supply of electricity by operating at full capacity.

In addition, we will make steady progress with the formation of new facilities with a view to ensuring and enhancing our future supply capabilities, such as the Ohma Nuclear Power Project and the Takehara Thermal Power Project that replaces the aging No. 1 and No. 2 units.

* As of March 31, 2012

# Ohma Nuclear Power Project

*How do you view the progress made with the Ohma Nuclear Power Project?*

*We are treating with extreme earnestness the accident at the Fukushima Daiichi Nuclear Power Plant and are unfailingly implementing more rigorous safety measures. We are taking prompt and appropriate action based on the new technical criteria from Japan's Nuclear Regulation Authority and making concerted efforts to build a safe nuclear power plant in which the local community can have confidence.*

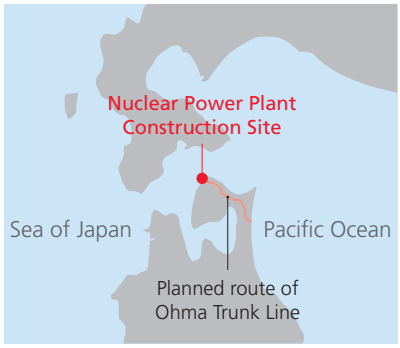
J-POWER has been moving ahead with the Ohma Nuclear Power Project at Ohma-machi, Shimokita-gun in Aomori Prefecture since 1976 and commenced the construction of an Advanced Boiling Water Reactor (ABWR) in May 2008.

Following the Great East Japan Earthquake disaster of March 2011, all construction work was suspended, with the exception of the works necessary for environmental protection, facility maintenance, and quality controls. However, construction was resumed in October 2012.

In response to the Fukushima Daiichi Nuclear Power Plant accident, the Japanese government is issuing directives to all electric power companies with nuclear power plants, including the implementation of emergency safety measures and responses to severe accidents. In addition, Aomori Prefecture made recommendations on safety enhancement measures to nuclear power-related operators in the prefecture. Treating the accident with extreme earnestness, the Company is unfailingly implementing more rigorous safety enhancement measures during construction that are in line with the government and prefectural instructions and recommendations, appropriately responding in line with the Nuclear Regulation Authority's new technical criteria, and making concerted efforts to build a safe nuclear power plant in which the local community can have confidence.

Note: For an overview of the safety enhancement measures and other actions being taken at the Ohma Nuclear Power Project, please see page 14.

**Ohma Nuclear Power Plant Location Map**




**Overview of the Ohma Nuclear Power Project**

Construction status of the Ohma Nuclear Power Project (photographed in August 2012)

| | |
|---|---|
| Location | Ohma-machi, Shimokita-gun, Aomori Prefecture |
| Capacity | 1,383 MW |
| Type of nuclear reactor | Advanced Boiling Water Reactor (ABWR) |
| Fuel | Enriched uranium and uranium-plutonium mixed oxide (MOX) |
| Construction started | May 2008 |
| Degree of completion | Approx. 38% (as of March 2011) |

## Coal-Fired Thermal Power Plant Business

*As Japan's leading company in coal-fired thermal power, the J-POWER Group is strengthening its supply capabilities and increasing thermal efficiency as it contributes to future stable supplies of electricity.*

*Amid the protracted suspension of nuclear power operations, the role of coal-fired thermal power generation as base supply capacity has taken on increased significance. Could you please tell your readers something about the development of J-POWER's coal-fired thermal power plant business?*

The J-POWER Group currently operates seven coal-fired thermal power plants in Japan with a total capacity of 8,410 MW.* In the development of Japan's first coal-fired thermal power plant run on imported coal and in high efficiency power generation by the introduction of the latest technologies, J-POWER has been the leader in coal-fired power generation in Japan.

Amid the expected comparative reduction in nuclear power generation, the role of coal-fired power generation as base supply capacity is thought of as more important than ever. In the years ahead, renewable energy and, in particular, solar and wind power generation are expected to become more commonplace, but their application as base supply capacity will be difficult because of the instability of their output.

In comparison with oil- or gas-fired power generation, however, coal-fired power generation uses inexpensive coal as fuel. What is more, since it is present in and spread among a number of countries, coal is excellent from the standpoint of both economic efficiency and stability of supply. The J-POWER Group will be contributing to the stable supply of electric power through the development of coal-fired thermal power plants that possess excellent properties.

As part of these efforts, we are planning to replace the No. 1 and No. 2 units at the Takehara Thermal Power Plant. Replacing these two units, which have currently been in service for nearly 40 years, with the state-of-the-art New No. 1 unit, will reduce environmental impact and improve energy utilization. We are currently completing environmental assessment procedures for New No. 1, construction of which is due for completion in 2014 with plans calling for the commencement of operations in 2020.

Following on from Takehara New No. 1, we will pursue the possibilities of replacing other aging coal-fired power plants and of new coal-fired power developments.

* As of March 31, 2012

## Overseas Power Generation Business

*By steadily executing the large-scale projects currently under development, by 2017 we will have expanded J-POWER's owned capacity to around 8,000 MW, or more than double that currently owned, as we aim to make overseas power generation into a major business area alongside J-POWER's domestic business.*

*Please inform us about the prospects for your overseas power generation business.*

The owned capacity of power stations in operation in J-POWER's overseas power generation business comes to total of 3,670 MW,*1 and the aim is to expand this as the Group's growth driver. Once the large-scale projects under development in Thailand and Indonesia commence commercial operations in the period between 2013 and 2017, our owned capacity will expand to around 8,000 MW, more than double that currently held.

In Thailand, J-POWER is advancing seven 100 MW-class gas-fired power development projects under the Thai government's SPP*2 program and two large-scale, gas-fired IPP projects, each of 1,600 MW.

*1 As of March 31, 2012
*2 SPP (Small Power Producer): A system to promote energy-efficient facilities, such as those using cogeneration, under a buyback program with small-scale power producers

Construction of the seven SPP projects is currently proceeding smoothly, and commercial operations are planned to start in a sequence from January to October 2013. As for the two large IPP projects, the Nong Saeng Project is scheduled to commence commercial operations in 2014, and the U-Thai Project is under preparation for groundbreaking with a view to starting commercial operations in 2015. These projects are tied into 25-year power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT) and can be expected to generate stable income after the start of commercial operations.

The Central Java Coal-Fired Thermal Power Project in Indonesia is the J-POWER Group's first overseas large-scale, coal-fired greenfield project. Located in a central Java province, the project incorporates ultra-supercritical (USC) technology and will develop an output of 2,000 MW of coal-fired power, using Indonesian coal. A 25-year, long-term contract has already been signed with Indonesia's state-owned electricity company, and preparations are currently being made toward the start of construction.

In addition to steadily executing the projects that are currently under development, the J-POWER Group will be endeavoring to acquire new projects as it targets making overseas power generation into a second area alongside its domestic business.

## Efforts Related to Global Environmental Issues

**Q** *Could you please tell us about J-POWER's efforts related to global environmental issues?*

**A** *As a response to global environment issues, J-POWER is committed to the expansion of renewable energy in addition to promoting high-efficiency coal-fired power. By developing the latter on a global scale, we are targeting a worldwide reduction in $CO_2$ emissions.*

With regard to global environment issues, our efforts can broadly be divided into two areas. The first is our commitment to expanding renewable energy, and the second is the promotion of high-efficiency coal-fired power on a global scale.

Up until now, the J-POWER Group's active engagement in the introduction of renewable energy has resulted in the ownership of 18 wind farms (208 units) throughout Japan with a total capacity of 320 MW.*[1] Besides continuing to search for favorable wind sites and steadily advancing new developments, we will also engage in the practical use of offshore wind power generation.

Furthermore, in addition to combined combustion of biomass fuels in coal-fired power and advancing the development of new geothermal power plants, in its hydroelectric power business, J-POWER is engaged in the construction of the Isawa No. 1 Hydropower Plant.

As the base power supply, the significance of coal-fired power is increasing, but its $CO_2$ emissions are greater than those of gas-fired power. In parallel with the introduction of the combined combustion of biomass, we are aiming to decrease $CO_2$ emissions by greater efficiency. Specifically, in addition to planning efficiency improvements by replacing aging coal-fired power with facilities that introduce state-of-the-art USC technology, we are promoting the

development of oxygen-blown integrated coal gasification combined cycle (IGCC)*2 technologies. In March 2013, work will start on the 170 MW demonstration plant that J-POWER is advancing jointly with Chugoku Electric Power Co., Inc. at a site in Osaki, Hiroshima Prefecture. Demonstration tests are planned to start from fiscal 2016.

Besides its efforts at home, J-POWER is thus spreading the state-of-the-art clean coal technologies it possesses in Japan to the Central Java Coal-Fired Thermal Power Project in Indonesia I mentioned previously, which is serving as a model case. We are targeting both growth—in Japan as well as elsewhere in Asia—and reduction in $CO_2$ emissions by transferring technology to developing countries primarily in Asia.

*1 As of March 31, 2012
*2 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.

## For Our Shareholders and Investors

*Last, on the subject of your financial strategies and dividend policy, do you have any messages for your shareholders and investors?*

*While striving to continually improve the shareholders' equity ratio, we will not change what has been our policy up to now of aiming to maintain stable shareholder returns over the long term.*

While increased investment in new facilities in Japan and overseas is set to continue for the foreseeable future, I believe that steadily strengthening our financial position will become even more of an important management issue than it has been up to now. For this reason, after having ensured stable business earnings from having improved our competitiveness and made improvements in investment efficiency, we will endeavor to maintain and strengthen our financial position by making ongoing improvements to the shareholders' equity ratio.

With regard to our policy for providing returns to shareholders, we have no plans for changing our existing policy. In keeping with the most prominent characteristic of our business model—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—we will place the greatest importance on maintaining stable dividends and endeavor to increase returns to shareholders through business returns generated over the long term.

In the aftermath of the Great East Japan Earthquake disaster, Japan's energy industry finds itself embroiled in a major paradigm shift. Faced with this situation, however, the J-POWER Group's mission remains unchanged. We intend to improve corporate value and accelerate our responses to the varied challenges at home and abroad toward the fulfillment of our universal 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."

I would like to express my heartfelt thanks to our investors and shareholders for their unwavering support.

# On the basis of the accident at the Fukushima Daiichi Nuclear Power Plant complex, J-POWER is implementing the measures listed below to reinforce safety at the Ohma Nuclear Power Plant.

## I Tsunami Assessment and Plan for Emergency Power Supply

**(1) Tsunami Assessment**

Based on historical records and hypothetical tsunami generating mechanisms, it is estimated that the maximum height of a potential tsunami is +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 +12m.

**(2) Emergency Power Supply**

Three emergency diesel engine generators will be installed inside the reactor building at a site with an elevation of +12m. In addition, there are two 500kV lines and a 66kV line capable of supplying electric power to emergency facilities.

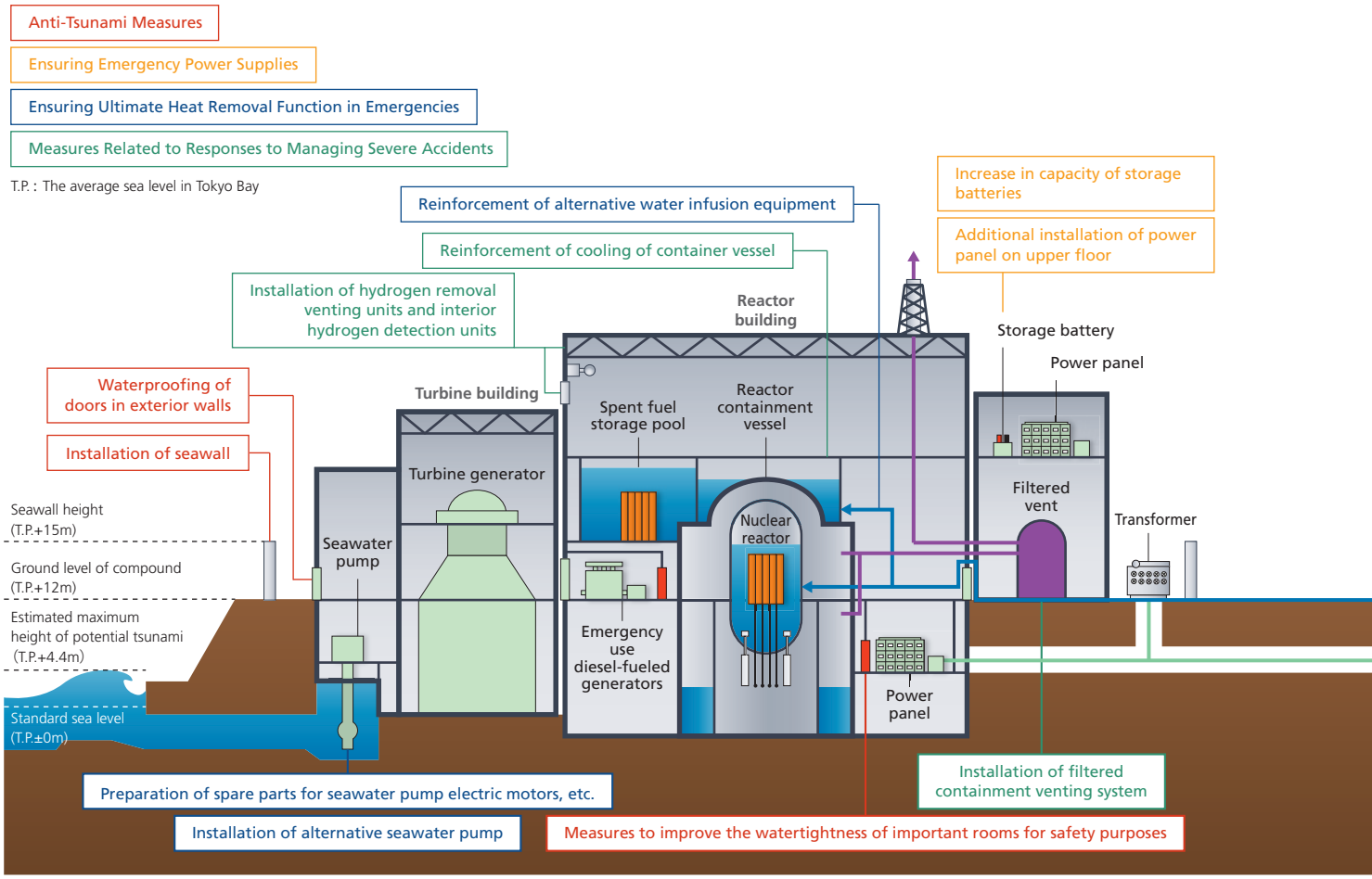
## II Measures to Reinforce Safety

In addition to the above plan, the following measures will be implemented during construction.

**(1) Anti-Tsunami Measures**

The following countermeasures will be implemented to reduce the shock of potential tsunami, prevent the flooding into major structures, and protect equipment in buildings from seawater.

- Installation of seawall around major structures
- Creation of waterproof structures for doors in exterior walls
- Improvement in the watertightness of rooms housing important equipment for safety purposes
- Height extension of oil fences around the oil tanks



**(2) Ensuring Emergency Power Supplies**

The following countermeasures will be implemented in an emergency if power supply from external power sources is cut off and emergency diesel engine generators cannot be utilized.

- Installation of emergency power generators and fuel tanks on elevated ground that will not be affected by impact of tsunami
- Proper installation of power source cables from the emergency power generators
- Deployment of power supply vehicles
- Increase in capacity of storage batteries
- Additional installation of power panel on upper floor

**(3) Ensuring Ultimate Heat Removal Function in Emergencies**

The following countermeasures will be implemented in an emergency to ensure capabilities for cooling the reactor and spent fuel storage pool.

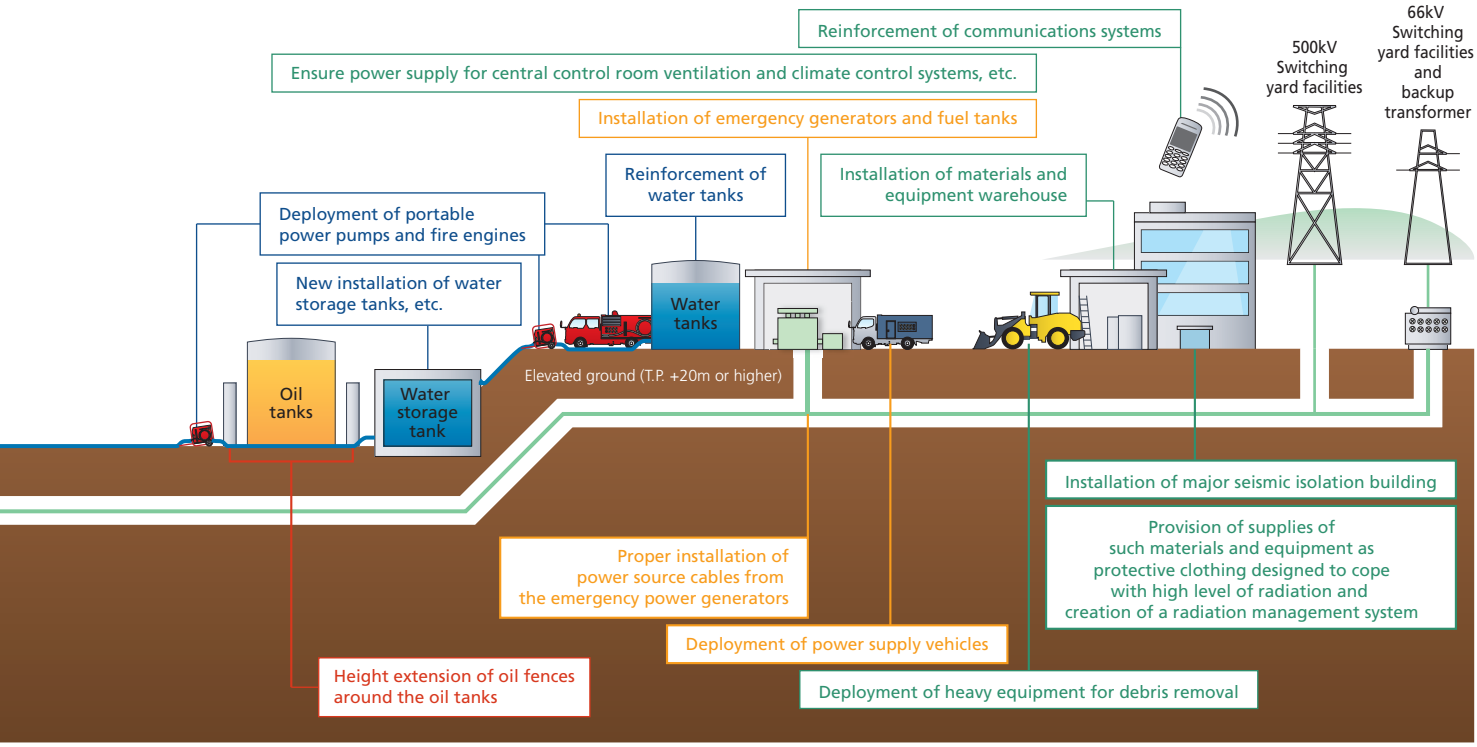
- Ensure alternative water source (reinforcement of water tanks, new installation of water storage tanks, etc.)
- Reinforcement of alternative water infusion equipment
- Deployment of portable power pumps and fire engines
- Deployment of alternative seawater pumps
- Preparation of spare parts for seawater pump electric motors, etc.

**(4) Measures related to Responses to Managing Severe Accidents**

The following measures will be implemented for responding rapidly and managing situations even in the event of a severe accident.

- Installation of filtered containment venting system
- Reinforcement of cooling of containment vessel
- Installation of nuclear reactor building hydrogen venting units and interior hydrogen detection units
- Ensure operating environment for central control room
- Installation of major seismic isolation building
- Installation of materials and equipment warehouse
- Reinforcement of communications systems
- Provision of supplies of such materials and equipment as protective clothing designed to cope with high level of radiation and creation of a radiation management system
- Deployment of heavy equipment for debris removal

Furthermore, in addition to promoting initiatives aimed at disaster prevention based on the reinforcement of cooperation among business operators in Aomori Prefecture, we will actively introduce more advanced safety technology and appropriately reflect necessary countermeasures properly, which will lead to the creation of a safe power plant.



**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.**

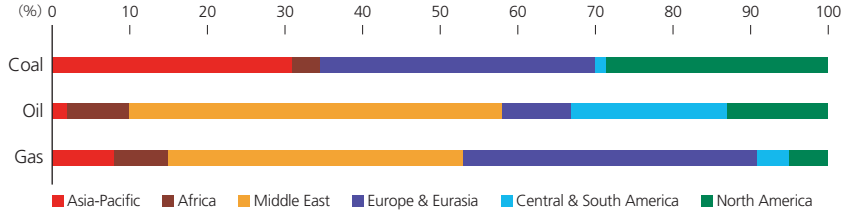
## Coal Is a Major Energy Source for Electric Power Generation

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. On a worldwide basis, coal is the most-prevalent source of energy, accounting for roughly 40% of all electric power generated, 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 a little less than 50%.

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.

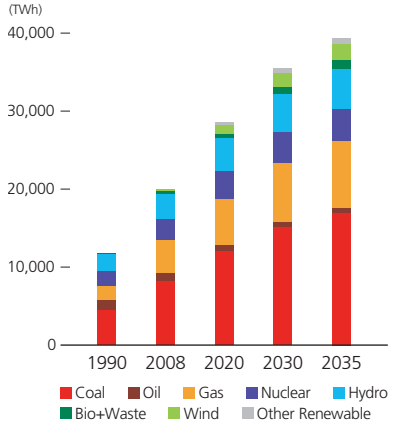
At the same time, the combustion of coal and other fossil fuels generates $CO_2$, a greenhouse gas, and $CO_2$ from coal-fired thermal power plants accounts for roughly 30% of the world's energy-derived $CO_2$ emissions. Because rising demand for energy in such emerging countries as China and India is projected to increase those countries' coal use by a substantial margin, reducing $CO_2$ emissions from coal-fired thermal power generation has become an international issue.

### Geographical Distribution of Resource Reserve




Source: Compiled from *BP Statistical Review of World Energy 2012*

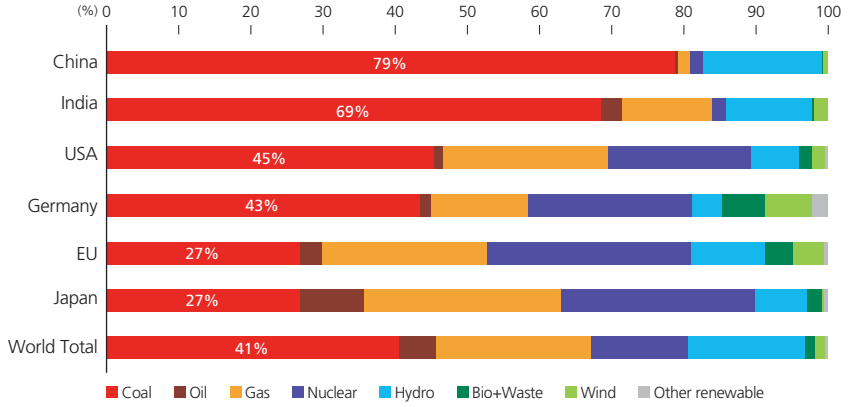
### Estimated Global Power Generation Output by Power Source




Source: Compiled from current policies scenario* in *IEA World Energy Outlook 2011*

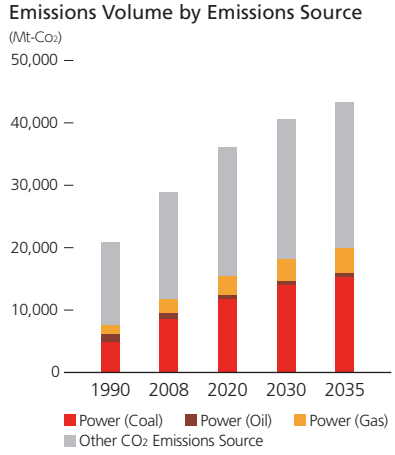
* A scenario that takes into account measures officially adopted as at mid-2011

### Breakdown of Power Generation Volume by Power Source for Each Country/Region (2009)




Source: Compiled from *IEA World Energy Outlook 2011*, except for Germany, which is based on *IEA Electricity Information 2011*.

### Estimated Global Energy-Derived $CO_2$ Emissions Volume by Emissions Source




Source: Compiled from current policies scenario in *IEA World Energy Outlook 2011*

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

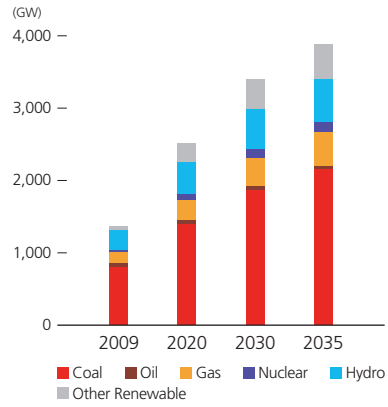
One effective way to reduce $CO_2$ emissions from coal-fired thermal power plants is by increasing generation efficiency. Were power generation made more efficient, this alone would bring down fuel costs and curb $CO_2$ emissions. Japanese coal-fired thermal power plants utilize the ultra-supercritical (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 $CO_2$ 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 $CO_2$ emissions would be reduced by 1.87 billion tons. This is an amount that far exceeds Japan's annual $CO_2$ emission volume, which was 1.19 billion tons in fiscal 2010.

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.

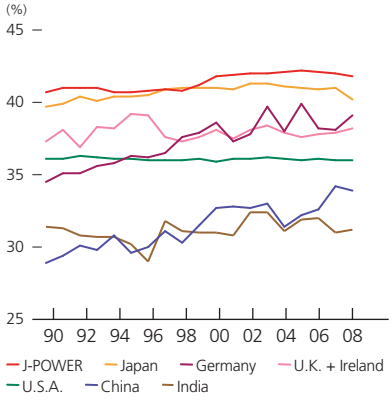
### Estimated Asian Power Plant Capacity by Power Source




Source: Compiled from current policies scenario in *IEA World Energy Outlook 2011*

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

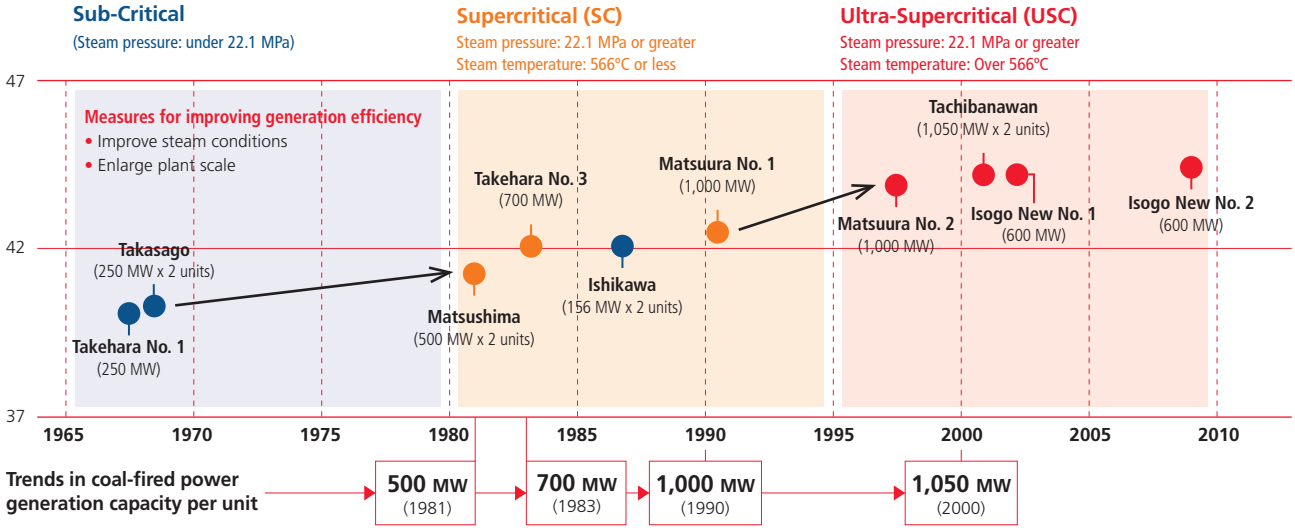
Gross efficiency (LHV)




Source: *Ecofys International Comparison of Fossil Power Efficiency and $CO_2$ Intensity 2011*

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

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



Isogo Thermal Power Plant
(before replacement work)

Isogo Thermal Power Plant
(after replacement work)

Takehara Thermal Power Plant
(Hiroshima Prefecture)

## Case 1 Replacing Older Thermal Power Plants with Cutting-Edge Facilities

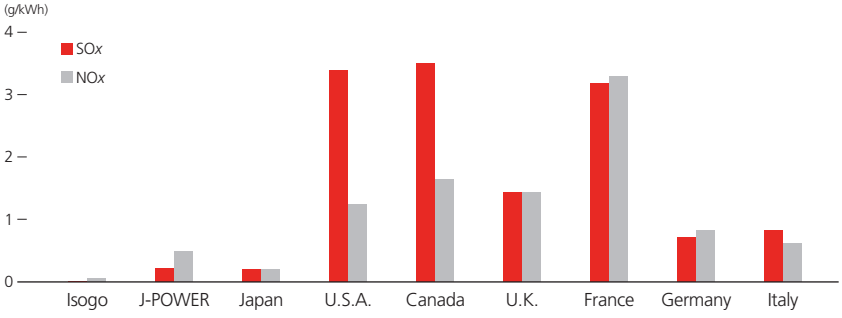
### Replacing the Isogo Thermal Power Plant

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 significant 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 (SO*x*) and nitrogen oxide (NO*x*) 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 on a narrow site covering approximately 12 hectares 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.

**International Comparison of SO*x* and NO*x* Emissions per Unit of Thermal Power Generation**




Sources:
Overseas (2005 results) Emissions: *OECD Environmental Data Compendium 2006/2007*
Amount of power generated: *IEA Energy Balances of OECD Countries, 2008 Edition*
Japan (2010 results) Materials published by The Federation of Electric Power Companies of Japan
Figures for Isogo and J-POWER derived from results for 2011

### Takehara Thermal Power Plant New No. 1 (Facility Replacement) Project

Following on from the Isogo Thermal Power Plant, J-POWER is already moving ahead with replacement plans at the Takehara Thermal Power Plant in Hiroshima Prefecture, where unit Nos. 1–3, which have a total output of 1,300 MW, are currently in operation. As more than 45 years have already elapsed since the 250 MW No. 1 commenced operations in July 1967, and more than 38 years have passed since the 350 MW No. 2 came online in June 1974, it is becoming necessary to address the problems associated with these aging facilities. The plan is to replace Nos. 1 and 2 with a New No. 1 capable of producing 600 MW. From the perspective of responding proactively to the issue of global warming, introducing the new state-of-the-art facility will reduce the environmental impact of SO*x* and NO*x*, significantly improve energy utilization and be a step closer to a low-carbon society. The Company is completing environmental assessment procedures; the plans call for the New No. 1 to come online in 2020.

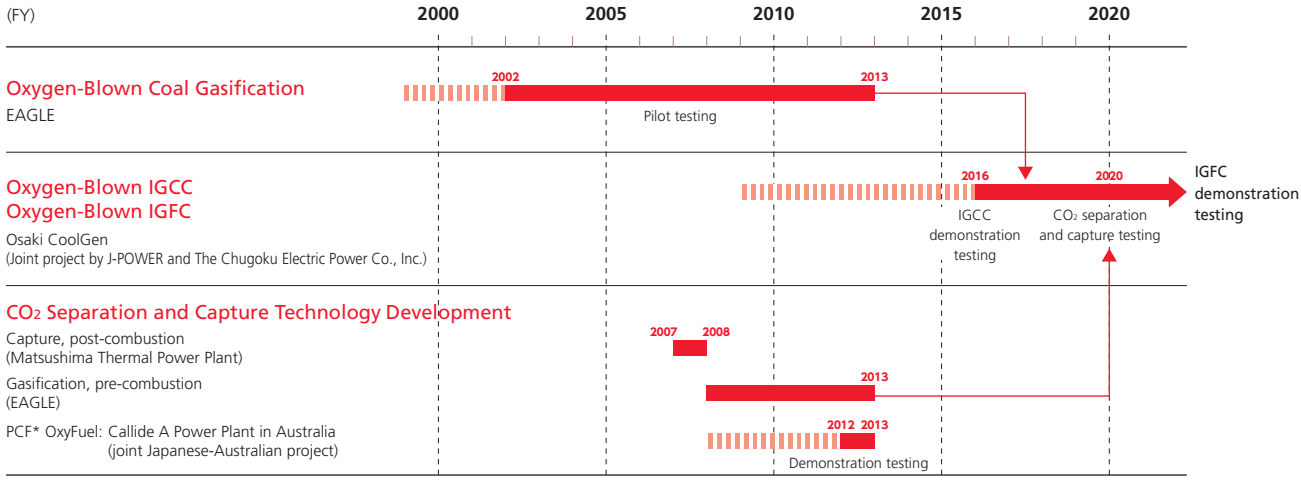
## Aiming to Realize Zero Emissions

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 regard to integrated coal gasification combined cycle (IGCC)*1 systems, J-POWER is planning to build a 170 MW demonstration plant jointly with Chugoku Electric Power Co., Inc. at a site in Osaki, Hiroshima Prefecture, drawing on the result with the EAGLE*2 development program carried out at the Wakamatsu Research Institute. Furthermore, in continuing to develop integrated coal gasification fuel cell combined cycle (IGFC)*3 systems, the Company is aiming to dramatically increase generating efficiency and substantially reduce $CO_2$ emissions. At the present time, J-POWER is also making progress with the development of advanced ultra-supercritical (A-USC)*4 technologies that will further enhance the already high efficiency of cutting-edge USC*5 technology.

Ultimately, we will strive to realize innovative, zero-emission, coal-fired thermal power by combining IGCC and IGFC systems with $CO_2$ capture and storage (CCS) technologies deep in the ground.

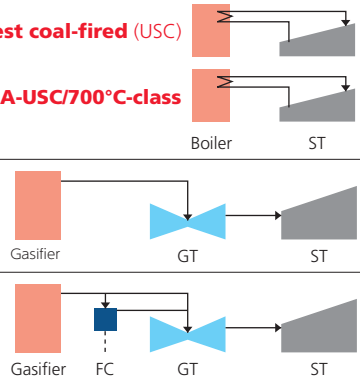
### New Technology Development Schedule for Coal-Fired Thermal Power Generation at J-POWER




*PCF: Pulverized coal-fired

### Coal-Fired Power Technology for the Next Generation

| | | Gross efficiency (LHV): | $CO_2$ reduction: (compared with latest coal-fired) |
|---|---|---|---|
| **Pulverized coal-fired** (USC) | **Latest coal-fired** (USC) | 43% | |
| | **A-USC/700°C-class** | 48% | Approx. 11% |
| **Integrated coal gasification combined cycle** (1,500°C-class) | | 48~50% | Approx. 11%~15% |
| **Integrated coal gasification fuel cell combined cycle** | | 58% or more | Approx. 25% or more |




*1 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

*2 EAGLE
An oxygen-blown coal gasification project being conducted at the Wakamatsu Research Institute. The acronym is taken from Coal Energy Application for Gas, Liquid, & Electricity.

*3 Integrated Coal Gasification Fuel Cell Combined Cycle (IGFC)
A coal-fired power generation highly efficient system combining fuel cells with gas and steam turbines in a triply integrated power generation configuration

*4 Advanced Ultra-Supercritical (A-USC)
Raises thermal efficiency achievable with USC technology by utilizing a steam temperature of 700°C or higher

*5 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 over 566°C

EAGLE Pilot Test Facility
(Fukuoka Prefecture)


Planned layout of Osaki CoolGen test facility
(Hiroshima Prefecture)

## Case 2 Developing the Next Generation of Coal-Fired Thermal Power Technologies

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

**EAGLE Project**

Since fiscal 2002, the Research & Department Dept. at J-POWER's Wakamatsu Research Institute in Fukuoka Prefecture has been heavily involved in the EAGLE project pilot programs with a view to using coal efficiently and reducing $CO_2$ emissions to zero. The aims of the EAGLE project are to develop an oxygen-blown gasifier to verify the oxygen-blown IGCC system and to establish the technology to separate and capture $CO_2$ from the gases generated during the coal gasification process.

Through the EAGLE project, J-POWER has achieved the world's highest cold gas efficiency, verified coal gasifiers that enable the highly efficient gasification of a wide range of coal types—from low-grade coal (sub-bituminous coal and lignite) to high-grade coal (bituminous coal) used in the production of thermal power from pulverized coal—and established oxygen-blown coal gasification technologies. Because they generate a gas mainly composed of CO and $H_2$, a special characteristic of oxygen-blown coal gasification technologies is that they facilitate $CO_2$ separation and capture. As a result, J-POWER is working to establish techniques that will separate and capture the $CO_2$ from gasification more efficiently.

**Osaki CoolGen Project**

Leveraging the expertise and accomplishments obtained with the EAGLE project, J-POWER and the Chugoku Electric Power Co., Inc. established a joint venture, Osaki CoolGen Corporation, in 2009 to carry out large-scale Osaki CoolGen demonstration tests designed to bring about the commercialization of IGCC and $CO_2$ separation and capture technologies. The project plan calls for the commencement of construction of a 170 MW oxygen-blown IGCC demonstration plant (with a coal processing capacity of 1,100 tons per day) in fiscal 2012. From fiscal 2016, demonstration tests will investigate the plant's reliability, economic efficiency, and ease of operation as a system. From 2020, we plan to commence tests and verify the applicability of the most recent $CO_2$ separation and capture technology. Based on these tests, we will set out 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.

* Advocated at the Ministry of Economy, Trade and Industry's Advisory Committee for Natural Resources and Energy in June 2009, 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.

### Development of $CO_2$ Separation and Capture Technology

Several countries are making progress with CCS surveys and trial projects. The CCS process involves separating and capturing $CO_2$ given off by large-scale emission sources and storing it permanently underground. Of the three distinct elements comprising CCS—$CO_2$ separation and capture, transport, and storage—J-POWER has from a user's perspective focused primarily on the former because those technologies must be designed for use at power plants and because $CO_2$ separation and capture is the most cost-intensive component of the entire CCS process. Technologies for separating and capturing $CO_2$ 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 since 2010 have been conducting tests of the physical absorption method in a project that is scheduled to end in fiscal 2013.

J-POWER is also actively working to develop $CO_2$ 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 to conduct demonstration operations from 2012 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.

## Electric Power Business

- Wholesale electric power business (thermal power, hydroelectric power, power transmission/transformation)
- Other electric power business (IPPs, wholesale power for PPSs, and wind power)

## Electric Power-Related Business

- Planning, construction, inspection, maintenance and repair of power generation facilities
- Harbor transport of fuel and coal ash, development of coal mines, import and transport of coal, etc.

**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 major area of business, and other business segment operations that further leverage our resources and know-how.**

## Overseas Business

- Overseas power generation investment and related businesses
- Overseas engineering consulting business, etc.

## Other Business

- Telecommunications business, coal sales business, environment-related business, etc.


# Electric Power Business

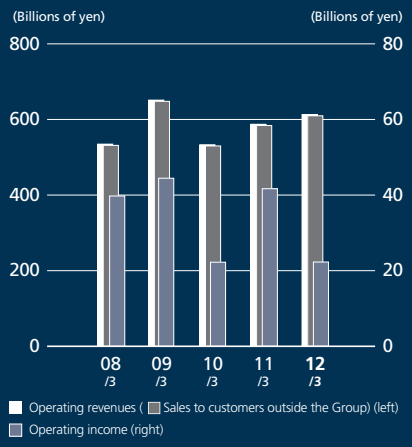
Matsuura Thermal Power Plant
(Nagasaki Prefecture)

Kanmon Interconnecting Line
(Fukuoka Prefecture – Yamaguchi Prefecture )

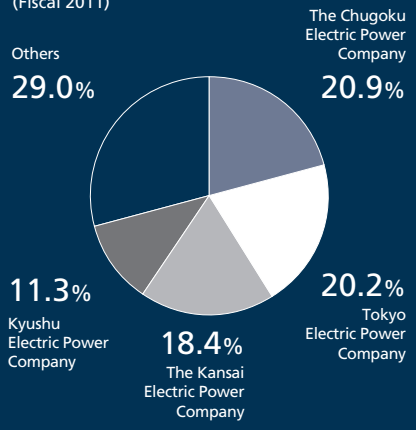
Tomamae Winvilla Wind Farm
(Hokkaido)

Okutadami Power Plant
(Fukushima Prefecture )

### Segment Operating Revenues/ Segment Income*1




### Principal Customers of Electric Power Business*2
(Fiscal 2011)




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

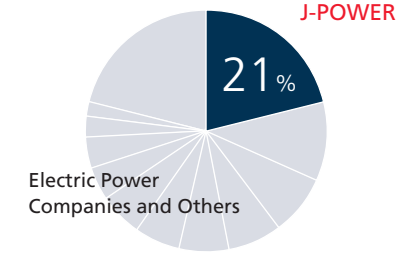
## Wholesale Electric Power Business (Thermal Power)

### Performance Highlights

In the fiscal year ended March 31, 2012, the electricity sales volume remained roughly the same as the previous year at 53.7 billion kWh. Likewise, the load factor was 77% compared with the previous year's 78%. Although operating rates at electric power plants were on the whole satisfactory, this result was due to the suspension of operations at the Isogo Thermal Power Plant for two months following an on-site fire* in November 2011. Operating revenues from thermal power rose 4.4% year on year, to ¥424.4 billion, primarily owing to an increase in the sales unit price in thermal power due to a rise in fuel prices.

* On-site fire at the Isogo Thermal Power Plant
Operations at the Isogo Thermal Power Plant were suspended due to an on-site fire that broke out on November 24, 2011. Operations were resumed at the plant's No. 2 Unit on January 19 and at the No. 1 Unit on January 23, 2012.

### Share of Coal-Fired Power Generation Capacity in Japan
(As of March 31, 2012)




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

### Overview of Operations and Salient Features

J-POWER specializes in coal-fired thermal power generation. 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. The strength of coal-fired power is the high load factor of its facilities that, due to their high cost-competitiveness, represent a power source that fulfills the base demand for electricity.

J-POWER's first coal-fired thermal power plant commenced operations in 1963, in a form that was in keeping with Japan's then policy of using domestically produced coal. Following the oil shocks of the 1970s, the Company responded to government plans for more diversification in the mix of power sources that had previously been centered on oil-fired power generation. In 1981, J-POWER began operating the Matsushima Thermal Power Plant, the first in Japan fueled primarily with imported coal. In addition to subsequently developing a series of large-scale power plants—such as those at Matsuura and Tachibanawan—that run on imported coal and increasing the output of its facilities, the Company worked to improve power generation efficiency by enhancing steam conditions and increasing the size of plants in its efforts to improve competitiveness and decrease environmental impact. Unfailingly carrying out proper maintenance of its power generation

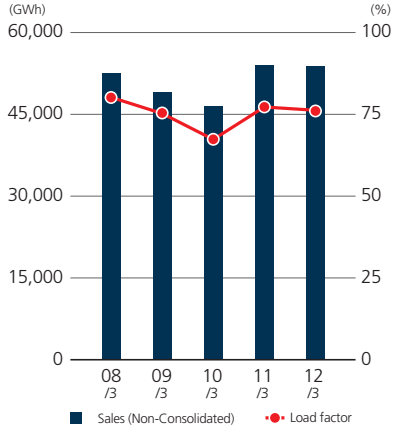
facilities, J-POWER is minimizing decreases in efficiency and technical failures due to facility aging while working to maintain and improve facility and equipment reliability.

J-POWER is maintaining its efforts in geothermal power and is currently continuing with its Onikobe Geothermal Power Plant that is in operation in Miyagi Prefecture and examining a new location in Yuzawa, Akita Prefecture, with a view to its commercialization.

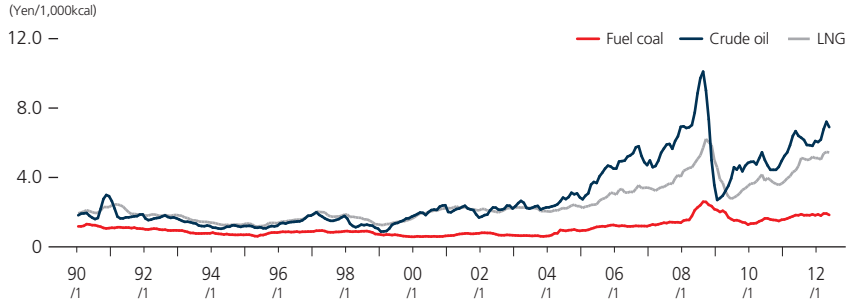
Mostly derived from revenues from the sale of electricity supplied to 10 EPCOs, the earnings of J-POWER's thermal power business are based on electricity supply contracts with individual sites on a cost basis. In undertaking the supply of electric power, J-POWER adopts a cost basis calculated on a fair 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 27.)

Onikobe Geothermal Power Plant
(Miyagi Prefecture)

### Thermal Power: Sales/Load Factor




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




Data charted up to May 31, 2012
Source: The Institute of Energy Economics, Japan

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

(As of March 31, 2012)

| 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*1 | 1967 | Hiroshima Prefecture | 250,000 |
| | No. 2*1 | 1974*2 | | 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, 2012)

| Power Plant | Beginning of Operation | Location | Maximum Capacity (kW) |
|---|---|---|---|
| Onikobe | 1975 | Miyagi Prefecture | 15,000 |

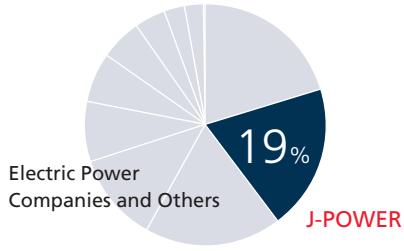
# Wholesale Electric Power Business (Hydroelectric Power)

## Performance Highlights

Although the water supply rate rose from 106% in the previous fiscal year to 115% in the fiscal year under review, the operations of some hydroelectric power plants were suspended as a result of the impact of heavy rains*1 and typhoons.*2 Thus, the electricity sales volume and operating revenues from hydroelectric power plants showed little growth on the previous fiscal year, at 10.3 billion kWh and ¥103.4 billion, respectively.

*1 The heavy rains that fell in Niigata and Fukushima, July 29-30, 2011
*2 Typhoon No. 12 that passed close to western Japan, September 1-4, 2011

Share of Hydroelectric Power Generation Capacity in Japan
(As of March 31, 2012)




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

## Overview of Operations and Salient Features

Currently, J-POWER owns and operates 59 hydroelectric power plants throughout Japan. Their total capacity of 8,570 MW represents 19% of Japan's total hydroelectric power capacity, making J-POWER Japan's second-ranked company. J-POWER boasts a track record in the building and operation of hydroelectric power plants that extends back more than half a century.

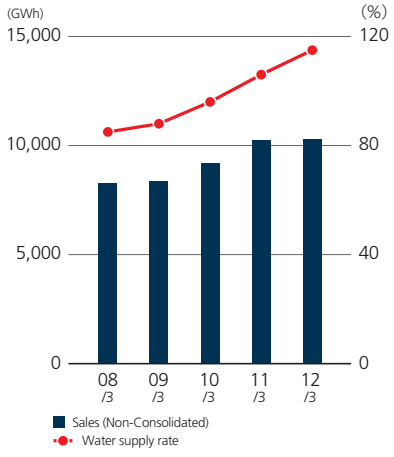
The Sakuma Power Plant that began operating in 1956 in a bid to solve postwar power shortages was the first of the many large-scale, conventional hydroelectric power plants that J-POWER has developed. Subsequently, from the 1970s onward, the Company developed large-scale hydroelectric power plants, such as that at Shintoyone, as a measure to even out the pronounced summer peak in domestic electricity demand. The Company efficiently maintains and manages the power stations that it has built and will be stably operating them for a long time to come.

A salient feature of J-POWER's hydroelectric power plants is their high capacity per power station. As its mainstays are large-scale, conventional hydroelectric power plants—built at water systems endowed with an abundant volume of water capacity—and pumped-storage hydroelectric power plants, the Company is contributing to the power supply around the country. These facilities are 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.

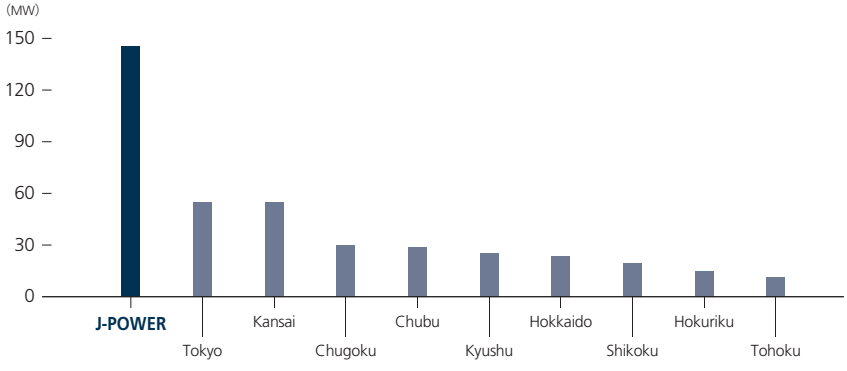
Most of J-POWER's rates for conventional-type facilities and 100% of the rates for facilities of the pumped-storage type are fixed rates. J-POWER sells hydroelectric power to EPCOs under the terms of supply contracts based on costs calculated by water system or plant location, for each type of plant, 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 27.)

Okukiyotsu Power Plant (Niigata Prefecture)

Hydroelectric: Power Sales/ Water Supply Rate




Average Generation Capacity per Hydroelectric Power Plant of J-POWER and EPCOs
(As of March 31, 2012)




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

## Comprehensive Renewal of Hydroelectric Power Plant

J-POWER is undertaking the comprehensive renewal of its main power generating facilities in hydroelectric power plants that have been in operation for some time. This move is designed to not only extend the operating lives of power plants and improve their reliability, but also to improve their power-generating efficiency by optimal design utilizing the latest technologies as the Company does its utmost to maintain a stable power supply.

At the Tagokura Power Plant in Fukushima Prefecture, the Company proceeded with a plan that saw successive upgrades made to the main electrical equipment in each of the facility's four units in the eight-year period between 2004 and 2012. Having completed the work in May 2012, the power plant's total output has been increased from 380 MW to 400 MW. Besides the Tagokura Power Plant, the Nukabira Power Station in Hokkaido has also undergone a comprehensive upgrade.

General view of the comprehensive upgrade work under way at Tagokura Power Plant
(Fukushima Prefecture)

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

(As of March 31, 2012)

| 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
* Output increased from 395,000 kW to 400,000 kW, May 2012

# Wholesale Electric Power Business (Power Transmission/Transformation)

## Performance Highlights

In fiscal 2011, operating revenues from power transmission/transformation business decreased 2.4% year on year, to ¥53.0 billion.

## Overview of Operations and Salient Features

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. In addition to transmitting electric power generated by its own power stations to demand areas, J-POWER supports part of the grid of Japan's power companies and coordinates between the different regional power companies, fulfilling a major role in the overall regionally based operation of Japan's entire power system.

In particular, we operate critical facilities that support the wide-area power interchange in Japan, such as interconnecting lines (Kitahon HVDC Link, Honshi Interconnecting Line, Anan-Kihoku HVDC Link, and Kanmon Interconnecting Line) 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).

J-POWER's power transmission/transformation facilities contributed to alleviating the tight regional electricity supply-demand balances that followed the Great East Japan Earthquake. The Company will maintain facility reliability and focus efforts on ensuring stable operations.

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 plants and the power grid.

### Major Transmission Lines

(As of March 31, 2012)

| 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, 2012)

| 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, 2012)

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

### AC/DC Converter Stations

(As of March 31, 2012)

| 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) |

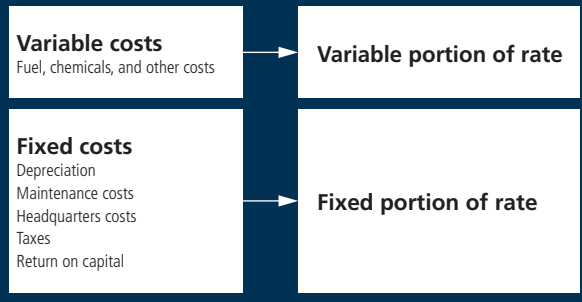
# Rate Structure for Domestic Wholesale Electric Power Business

**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.**

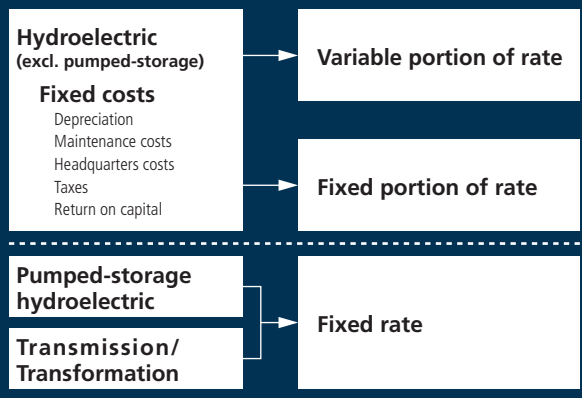
## Thermal Power Generation

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.



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

## Performance Highlights

In fiscal 2011, total electricity sales volume increased 37.5% year on year, to 2.0 billion kWh. Operating revenues increased 63.0% year on year, to ¥22.3 billion.

## Overview of Operations and Salient Features

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).

### Wind Power Generation

The J-POWER Group owns 18 wind farms (208 units) throughout Japan with a total capacity of 353 MW. This accounts for approximately 13% of Japan's total wind power capacity, making J-POWER the second-ranked company in Japan.

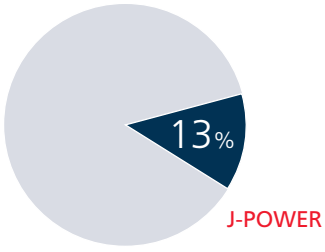
Drawing on its long history of accumulating expertise and technologies in the building, operation, and maintenance of power stations and transmission lines, the J-POWER Group created a system that covers the full gamut of the wind farm business, from surveys of wind conditions to wind farm design, construction, and operation and maintenance (O&M). 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 expanding business opportunities.

With regard to offshore wind power, which is said to be less susceptible to wind disruption in comparison with land-based generation and enables the construction of larger-scale facilities, J-POWER is also advancing research into power generation system technologies and working toward their practical use.

### IPPs, Wholesale Power for PPSs

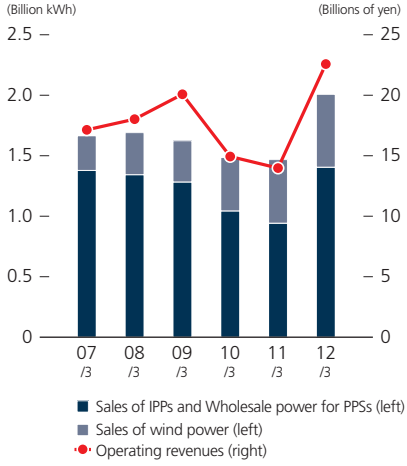
Wholesale electricity supplies to EPCOs through IPPs are a system introduced under the 1995 revision to the Electricity Utilities Industries Law. J-POWER owns and operates three IPP facilities, with a total capacity of 522 MW. Wholesale electricity supplies to PPSs were recognized under the 2000 revision to the Electricity Utilities Industries Law. The Company currently owns and operates three facilities in the Tokyo Bay area, with a total capacity of 322 MW.

**Share of Wind Power Generation Capacity in Japan**
(As of March 31, 2012)




Source: Compiled from Japan Wind Power Association Report

**Electricity Sales Volume: IPPs, Wholesale Power for PPSs, and Wind Power**




Green Power Kuzumaki Wind Farm
(Iwate Prefecture)

Bayside Energy Ichihara
(Chiba Prefecture)

Koriyama-Nunobiki Kogen Wind Farm
(Fukushima Prefecture)

## Wind Power Project List

(As of March 31, 2012)

| Wind Power Farms/Plants | Operating Companies | Location | Ownership | Capacity (kW)*1 | | Completion Date*2 |
|---|---|---|---|---|---|---|
| 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 | J-Wind 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 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 | J-Wind 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)<br>2004 (Sata) (2009) |
| **Total** | | | | **352,860** | **(208)** | |
| Zajaczkowo Wind Farm | Zajaczkowo Windfarm Sp. zo.o. | Poland | 47% | 48,000 | (24) | 2008 |
| **Total including overseas** | | | | **400,860** | **(232)** | |

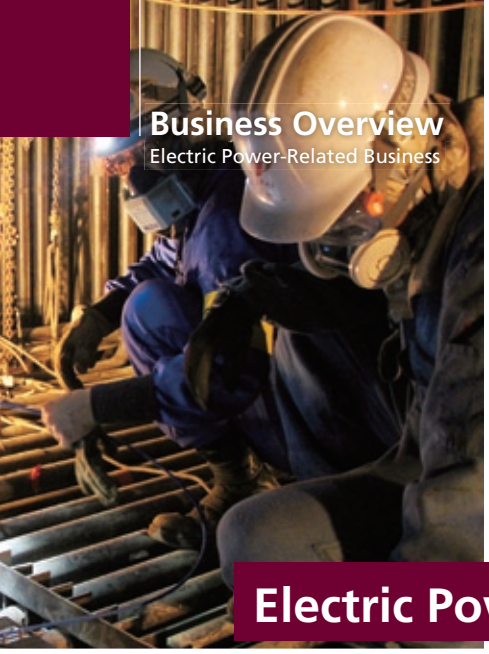
*1 Figures in ( ) are the number of wind turbines. *2 Figures in ( ) are the years when the Company purchased its current holdings of shares from other companies.

## IPPs, Wholesale Power for PPSs List

(As of March 31, 2012)

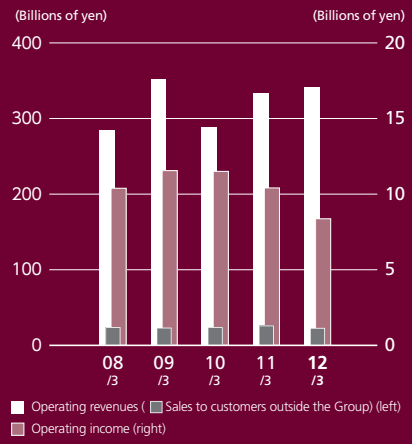
| Plant Name | Operating Companies | Location | Capacity (kW) | Fuel Type | Ownership*3 | Completion Date*4 |
|---|---|---|---|---|---|---|
| **IPPs** | | | | | | |
| Genex Mizue | GENEX Co., Ltd.*5 | Kanagawa Prefecture | 238,000 | Gas Oil Residue | 40%<br>TOA Oil Co., Ltd. | 2003 |
| Itoigawa | ITOIGAWA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

*3 Name of joint venture *4 Date of investment participation by J-POWER *5 Companies accounted for by the equity method *6 Generation method: combined cycle



# Electric Power-Related Business

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 2011, operating revenues edged up 2.0% year on year, to ¥341.3 billion, owing to factors including a rise in consolidated subsidiaries' sales of coal to the parent company. Despite the slight increase in operating revenues, segment income decreased 19.7%, to ¥8.3 billion, reflecting a rise in cost of sales.

## Overview of Operations and Salient Features

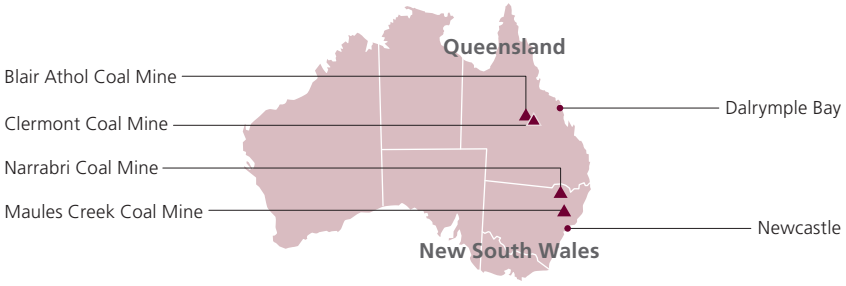
J-POWER develops businesses that support the smooth and efficient implementation of its electric power business. Specifically, these businesses are required for the operation of power generation, transmission, and transformation facilities and include businesses undertaking the design, construction, inspection, and maintenance of power generation facilities; importing coal; and employing their own vessels to transport coal.

J-POWER conducts the maintenance of the power-generation facilities of its domestic wholesale electric power business in close partnership with its subsidiaries.

## Coal Procurement

Japan's largest user, procuring approximately 21 million tons of fuel coal a year, J-POWER imports coal primarily from Australia and Indonesia. In Australia, the Company owns interests in four coal-mining projects through subsidiaries.

While the trend is for coal demand from developing countries, including from China and India, and for energy resources other than coal, such as liquefied natural gas (LNG), major changes are taking place in the global supply and demand of coal due in part to other geopolitical factors. In view of this situation, J-POWER is expanding its upstream presence with respect to ownership of coal mines and securing diversified sources of procurement to stably procure coal as fuel for thermal power generation over the long term.




### Coal Mining Projects

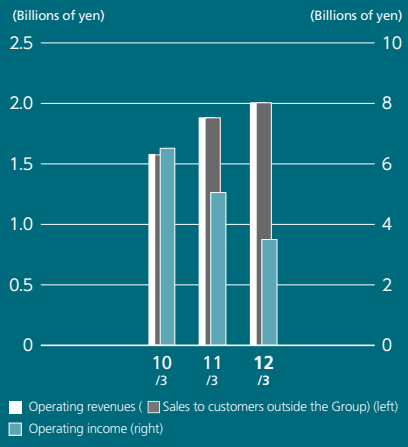
(As of June 30, 2012)

| Mine Name | Location | Loading Port | Production Volume | Investment Ratio | Commercial Production |
|---|---|---|---|---|---|
| Blair Athol | Queensland | Dalrymple Bay | Approx. 2.8 million t/yr | 10% | 1984 |
| Clermont | Queensland | Dalrymple Bay | Approx. 12 million t/yr | 15% | 2010 |
| Narrabri | New South Wales | Newcastle | Approx. 6 million t/yr | 7.5% | 2010 |
| Maules Creek Coal Mine | New South Wales | Newcastle | Approx. 10.7 million t/yr | 10% | 2014 (planned) |

Note: Investment through a subsidiary, J-POWER AUSTRALIA PTY., LTD. Production volume represents figures for peak production.
The production volume given for the Blair Athol Coal Mine is that envisaged for fiscal 2012. The production volumes for the other coal mines represent figures for anticipated peak production.

# Overseas Business

Segment Operating Revenues/
Segment Income*




* Segment income is stated in terms of ordinary income.

## Performance Highlights

Centered mainly on the Company's overseas consulting business, operating revenues increased 6.6% year on year, to ¥2.0 billion.

Reflecting the equity in earnings of affiliates arising from overseas power generation projects, segment income decreased 30.7%, to ¥3.4 billion, due mainly to the impact of currency exchange rates.

## Overview of Operations and Salient Features

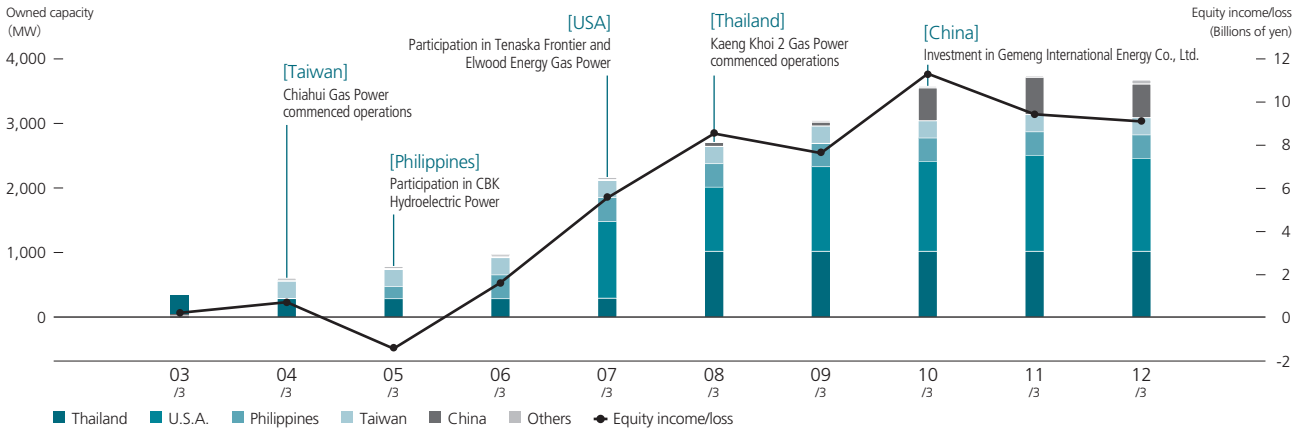
The J-POWER Group has been involved in the overseas consulting business since 1960. Since that time, it has undertaken long-term consulting business throughout the world, including environmental impact assessments, the transfer of desulfurization and denitrification technologies in thermal power generation, 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, J-POWER established a dedicated in-house organization in 1997, commenced activities that would lead to an overseas power generation business that participates in business, and injected capital and technologies into overseas markets where ongoing strong demand was expected.

At first, the focus was on participation in joint venture-model small businesses based on partial involvement in such operations and the building of power plants as comparatively small-scale injections of capital. Amid intense competition, experience and results were steadily gained, and the Company expanded its business participation to major capital investments and green field projects. In 2005, a subsidiary was established in the United States, where full-scale business development was commenced. In 2008, J-POWER began operations at the large-scale Kaeng Khoi 2 gas combined cycle power plant, in which it had been involved since construction.

Through this step-by-step approach, J-POWER is redoubling its efforts to make its overseas power generation business into a second area alongside its domestic business. The Company currently has 29 projects in operation in seven countries and regions worldwide, including Thailand, the United States, China, Taiwan, and the Philippines, bringing its overseas owned capacity to 3,672 MW.

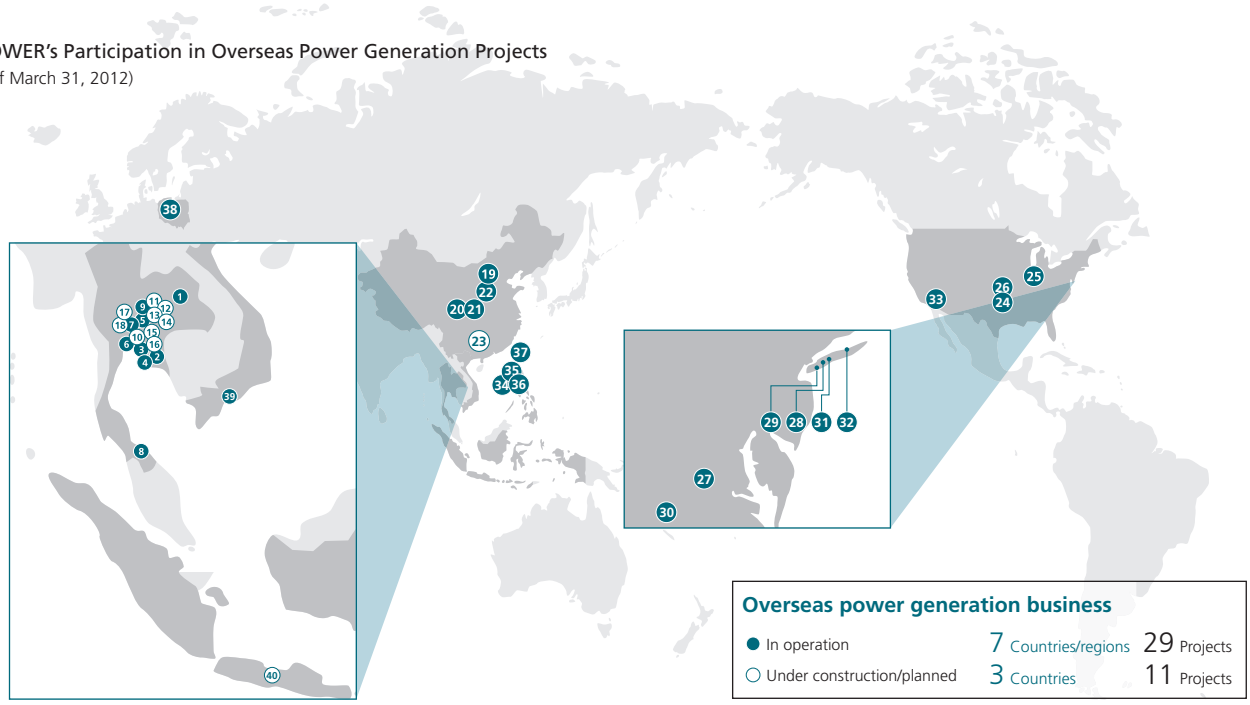
### Owned Capacity (Operating) and Equity Income/Loss of Overseas Power Generation Business




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.

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

(As of March 31, 2012)




| Current Status | Project Name | Electricity Generation Source | Output Capacity (MW) | Ownership | Participation Year | Power Purchaser | Validity of Purchase Agreement |
|---|---|---|---|---|---|---|---|
| | **Thailand** | | | | | | |
| In operation | ① Roi-Et | Biomass (Chaff) | 10 | 24.7% | FY2000 | Electricity Generating Authority of Thailand | 21 years |
| | ② Rayong | Gas (Combined Cycle)*1 | 112 | 20.0% | FY2000 | Electricity Generating Authority of Thailand/ Companies in the industrial park | 21 years |
| | ③ Thaioil Power | Gas (Combined Cycle)*1 | 113 | 19.0% | FY2001 | Electricity Generating Authority of Thailand/Thai Oil Public Co., Ltd., etc. | 25 years |
| | ④ Independent Power | Gas (Combined Cycle) | 700 | 10.6% | FY2001 | Electricity Generating Authority of Thailand | 25 years |
| | ⑤ Gulf Cogeneration (Kaeng Khoi) | Gas (Combined Cycle)*1 | 110 | 49.0% | FY2001 | Electricity Generating Authority of Thailand/ Companies in the industrial park | 21 years |
| | ⑥ Samutprakarn | Gas (Combined Cycle)*1 | 117 | 49.0% | FY2002 | Electricity Generating Authority of Thailand/ Companies in the industrial park | 21 years |
| | ⑦ Nong Khae | Gas (Combined Cycle)*1 | 120 | 49.0% | FY2002 | Electricity Generating Authority of Thailand/ Companies in the industrial park | 21 years |
| | ⑧ Yala | Biomass (Rubber Wood Waste) | 20 | 49.0% | FY2003 | Electricity Generating Authority of Thailand | 25 years |
| | ⑨ 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 | ⑩–⑯ 7 SPP Projects | Gas (Combined Cycle)*1 | Total 780 | 90.0% | FY2007 | Electricity Generating Authority of Thailand/ Companies in the industrial park | 25 years |
| | ⑰ Nong Saeng | Gas (Combined Cycle) | 1,600 | 90.0% | FY2007 | Electricity Generating Authority of Thailand | 25 years |
| In planning stage | ⑱ U-Thai (formerly Samet Tai) | Gas (Combined Cycle) | 1,600 | 90.0% | 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 | ⑲ Tianshi | Coal Waste | 50 | 24.0% | FY2000 | Shanxi Province Power Corporation | Renewed for 1 year*3 |
| | ⑳ ㉑ Hanjiang (Xihe/Shuhe) | Hydroelectric | 450 | 27.0% | FY2007 | Shaanxi Electric Power Company | Renewed for 1 year*3 |
| | ㉒ Gemeng*2 | Mainly Coal | 5,569 | 7.0% | FY2009 | Shanxi Province Power Corporation | — |
| | **Subtotal 4 projects** | | **6,069 (Owned: 523 MW)** | | | | |
| Under construction | ㉓ Hezhou*4 | Coal | 2,000 | 17.0% | FY2007 | Guanxi Power Grid Co. | Renewed for 1 year*3 |

*2 Gemeng International Energy Co., Ltd., is an electric power company that owns 14 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.
*4 Hezhou No. 1 (1,000 MW) commenced operations in August 2012.


Gulf Cogeneration, Kaeng Khoi
(Thailand)


Green Country
(U.S.A.)


Hezhou
(China)


Birchwood
(U.S.A.)


CBK, Kalayaan
(Philippines)

| Current Status | Project Name | Electricity Generation Source | Output Capacity (MW) | Ownership | Participation Year | Power Purchaser | Validity of Purchase Agreement |
|---|---|---|---|---|---|---|---|
| | **U.S.A.** | | | | | | |
| In operation | 24 Tenaska Frontier | Gas (Combined Cycle) | 830 | 31.0% | FY2006 | Exelon Generation Company, LLC | 20 years |
| | 25 Elwood Energy | Gas (Simple Cycle) | 1,350 | 25.0% | FY2006 | Exelon Generation Company, LLC/ Constellation | Valid to 2012/ 2016/2017 |
| | 26 Green Country | Gas (Combined Cycle) | 795 | 50.0% | FY2007 | Exelon Generation Company, LLC | 20 years |
| | 27 Birchwood | Coal | 242 | 50.0% | FY2008 | Virginia Electric and Power Company | 25 years |
| | 28 Pinelawn | Gas (Combined Cycle) | 80 | 50.0% | FY2008 | Long Island Power Authority | Valid to 2025 |
| | 29 Equus | Gas (Simple Cycle) | 48 | 50.0% | FY2008 | Long Island Power Authority | Valid to 2017 |
| | 30 Fluvanna | Gas (Combined Cycle) | 885 | 15.0% | FY2008 | Shell Energy North America | Valid to 2024 |
| | 31 Edgewood | Gas (Simple Cycle) | 80 | 50.0% | FY2009 | Long Island Power Authority | Valid to 2018 |
| | 32 Shoreham | Jet Fuel (Simple Cycle) | 80 | 50.0% | FY2009 | Long Island Power Authority | Valid to 2017 |
| | 33 Orange Grove | Gas (Simple Cycle) | 96 | 50.0% | FY2007 | San Diego Gas & Electric | 25 years |
| | **Subtotal 10 projects** | | **4,486 (Owned: 1,438 MW)** | | | | |
| | **Other Countries/Region** | | | | | | |
| In operation | 34–36 CBK (Philippines) (3 projects) | Hydroelectric | 728 | 50.0% | FY2004 | National Power Corporation | 25 years |
| | 37 Chiahui (Taiwan) | Gas (Combined Cycle) | 670 | 40.0% | FY2002 | Taiwan Power Company | 25 years |
| | 38 Zajaczkowo (Poland) | Wind Power | 48 | 45.0% | FY2006 | ENERGA OBROT S.A. | 15 years |
| | 39 Nhon Trach 2 (Vietnam) | Gas (Combined Cycle) | 750 | 5.0% | FY2008 | Vietnam Electricity | Contract under negotiation |
| | **Subtotal 6 projects** | | **2,196 (Owned: 691 MW)** | | | | |
| In planning stage | 40 Central Java (Indonesia) | Coal | 2,000 | 34.0% | FY2011 | PT PLN | 25 years |

## New Development Projects in Thailand and Indonesia

J-POWER is advancing the development of new power generation development projects, with a total output of 3,980 MW, in a current total of nine locations in Thailand: two IPP projects (at Nong Saeng and U-Thai) each of 1,600 MW and seven Small Power Producer (SPP) projects totaling 780 MW. The commercial operation dates of the seven SPPs are all scheduled for 2013; those of the two IPPs are in 2014 and 2015. Having signed a 25-year power purchase agreement (PPA) with the Electricity Generating Authority of Thailand (EGAT), J-POWER is undertaking the construction, operation and maintenance of these power plants.

In Indonesia, J-POWER won a new coal-fired thermal power IPP project in 2011, following an international competitive tender process in cooperation with other companies. The project involves the building of a coal-fired thermal power plant in central Java that at 2,000 MW will be the largest IPP operations in Asia; commercial operations are expected to start in 2016 or 2017. J-POWER signed a long-term PPA with PT PLN (PLN), Indonesia's state-owned electricity company, and will sell electricity to PLN for 25 years from the start of operations. J-POWER will apply its ultra-supercritical (USC) technology as it undertakes the project's construction as well as operation and maintenance. The project is expected to contribute to the stabilization of Indonesia's power supply, a decrease in environmental impact, and to a shift to and the spread of advanced technologies. The belief is that the project will also serve as a model of high-efficiency power generation in Asia for years to come.

As things stand, in 2017, when all the new power generation projects in Thailand, Indonesia, and elsewhere are planned to have come online, the forecast is that J-POWER's owned capacity will double to around 8,000 MW.

▶ For details about the decision-making and implementation process as well as the management system, including that for overseas business, please see page 38.

### Project Overview

(As of June 30, 2012)

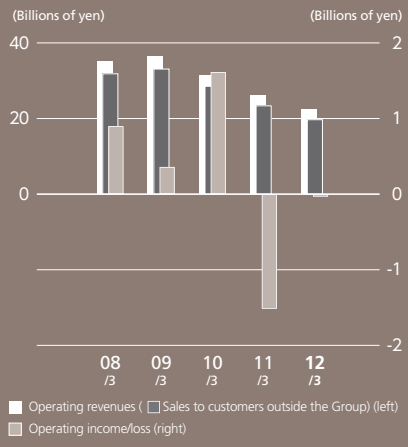
| Country | Project Name/ Type/Output | Operation Commencement | Ownership | Overview | Degree of Completion |
|---|---|---|---|---|---|
| Thailand | SPP<br>Type: Gas-fired<br>Output: 780 MW<br>(110 MW×6; 120 MW×1) | 2013<br>(Planned) | 90% | • Projects based on SPP program<br>• Constructing gas-fired power plants at seven locations in or close to industrial parks in Saraburi Province, etc.<br>• Sale of electricity to EGAT and customers on the industrial parks for 25 years from the commencement of operations (also supply of steam to customers on the industrial parks) | Approx. 70–90% |
| | Nong Saeng IPP<br>Type: Gas-fired<br>Output: 1,600 MW | 2014<br>(Planned) | 90% | • Projects won by tender based on Thailand's 2007 Electric Power Development Plan<br>• Construction of 1,600 MW gas-fired power plants at Nong Saeng in Saraburi Province and at U-Thai in Ayutthaya Province<br>• Sale of electricity to EGAT for 25 years from the commencement of operations | Approx. 30% |
| | U-Thai IPP<br>Type: Gas-fired<br>Output: 1,600 MW | 2015<br>(Planned) | 90% | | Planning stage |
| Indonesia | Central Java<br>Type: Coal-fired<br>Output: 2,000 MW | No. 1 2016<br>No. 2 2017<br>(Planned) | 34% | • Preferential negotiating rights for new coal-fired power plant development project (total cost of around U.S.$4 billion) won by international competitive tender in June 2011<br>• Construction of highly efficient, coal-fired power plant utilizing USC technologies in north central Java<br>• Sale of electricity to PLN for 25 years from the commencement of operations | Planning stage |

KP1 SPP Project
(Thailand)

NNK SPP Project
(Thailand)

Nong Saeng IPP
(Thailand)

Segment Operating Revenues/
Segment Income/Loss*




# Other Business

* 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.

Fuel Production Facilities,
Hiroshima City Seibu Water Reclamation Center
(Hiroshima Prefecture)

## Performance Highlights

In fiscal 2011, operating revenues decreased 14.5% year on year, to ¥22.3 billion, mainly owing to a drop in revenues from telecommunications construction work by consolidated subsidiaries. Segment income increased ¥1.5 billion from the previous consolidated fiscal year to a loss of ¥3 million, due mainly to a decline in sales cost.

## Overview of Operations and Salient Features

Aiming to make full use of the management resources and know-how at its disposal, J-POWER is developing diverse businesses. These include telecommunications, coal sales, and environmental businesses through its consolidated subsidiaries and affiliates.

J-POWER's coal sales business sells coal the Company has procured to users in Japan and overseas, thereby contributing to improvements in the overall coal value chain. With a view to utilizing biomass fuel at its coal-fired thermal power plants, J-POWER's environment-related business undertakes the recycling of sewage sludge into solid fuel.

In addition to these operations, J-POWER is active in a business that generates power from waste materials and innovative power generation businesses—through cogeneration systems—and is also involved in the technical consulting service business in Japan.

### Main Projects under Other Business

(As of March 31, 2012)

| Project Name | Location | Business | Ownership (%) | Year Operation Commenced |
|---|---|---|---|---|
| **Kanamachi Filtration Plant PFI*1 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 Business** | Aichi Prefecture | Repair and maintenance work at Narumi Plant in Nagoya (General waste processing capacity: 530t/day) | 11% | 2009 |
| **Hiroshima City Seibu Water Reclamation Center/ Sewage Sludge Fuel Project** | Hiroshima Prefecture | Integrated DBO-type*2 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 |
| **Kumamoto Sewage Sludge Solid Fuel Project** | Kumamoto Prefecture | Integrated DBO-type*2 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) |
| **Osaka City Hirano Sewage Treatment Plant/Sludge and Solid Fuel Project** | Osaka Prefecture | Integrated PFI-type*1 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) |
| **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 |

*1 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.
*2 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

**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

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

Having built a corporate governance system that centers on two units—the Board of Directors, which has 12 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 representative directors, executive managing officers, and executive officers, 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 Securities Listing Regulations of the Tokyo Stock Exchange.

### Revision of Executive Officer System

We revised our executive officer system as of June 26, 2012 to better define functions and lines of authority in the execution of duties. Under the new system, directors have a supervisory function, and the representative director, who has business administrative authority under the Companies Act, together with managing officers and executive officers, hold executive functions. This has clarified responsibilities and authority, enabling precise and prompt decision-making and efficient corporate management.

### Legal Compliance of Directors in Execution of Their 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.

### System for Execution of Directors' Duties

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 (excluding the outside director), 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 operational execution duties of the president and executive vice presidents 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 representative directors, executive managing officers, 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 the representative directors, executive managing officers, and executive officers to make sound and speedy decisions and conduct efficient corporate management.

The representative directors, executive managing officers, and executive officers 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.

## Advisory Board

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 representative 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 June 30, 2012)

## Audits by Corporate Auditors

J-POWER's corporate auditors audit directors, executive managing officers, and executive officers in the execution of their duties by attending Board of Directors' meetings and other important meetings. 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.

## 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 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 concertedly sharing information and implementing measures, participants make requests and exchange opinions related to those issues.

## 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.

## Response to Internal Control and Reporting System

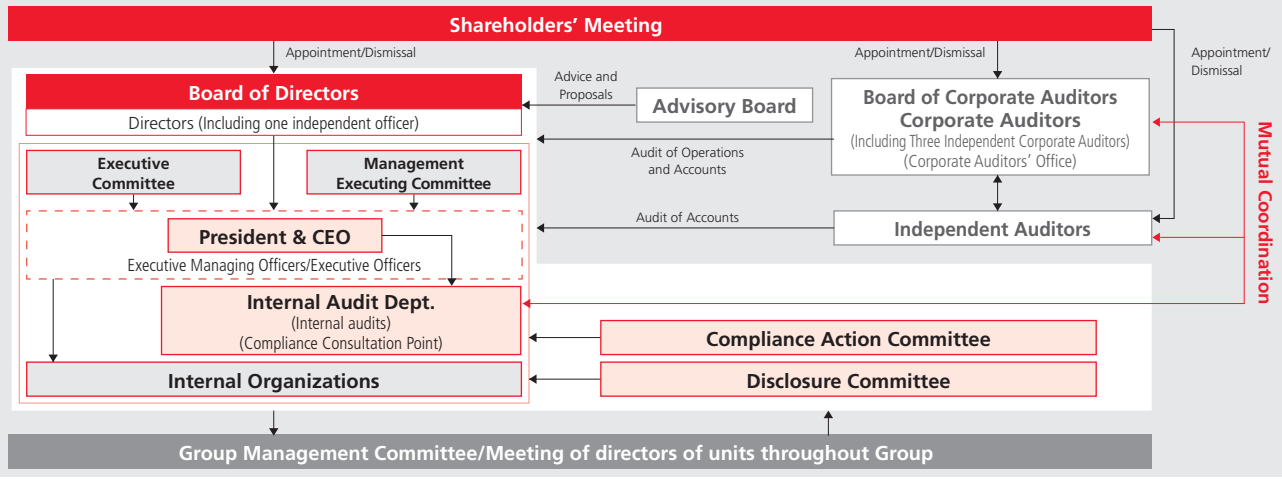
With respect to the financial reporting-related internal control and reporting system stipulated by Japan's Financial Instruments and Exchange Act, the J-POWER Group is establishing, operating, and evaluating internal control systems centered on the Accounting & Finance Department and Internal Audit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

In fiscal 2011, 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 2012.

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

### Corporate Governance Framework and Internal Control System

(As of June 30, 2012)




## 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 power purchase agreements, 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 decision-making authority of the president or vice president are made by those holding decision-making authority at Management Executing Committee meetings, based on deliberations. Other projects undergo additional deliberations and are considered by the Executive Committee 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 and Financing**

| | |
|---|---|
| All executive directors and auditors | **Board of Directors' meeting** |
| All executive directors, executive managing officers, and senior corporate auditors | **Executive Committee** |
| Directors in charge (related divisions) | **Management Executing Committee** |
| Preliminary discussions on projects under consideration | **Business Strategy Committee** |
| Early-stage screening | **Business Divisions** |

## Setting of Stock Purchasing Guidelines

To provide an 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

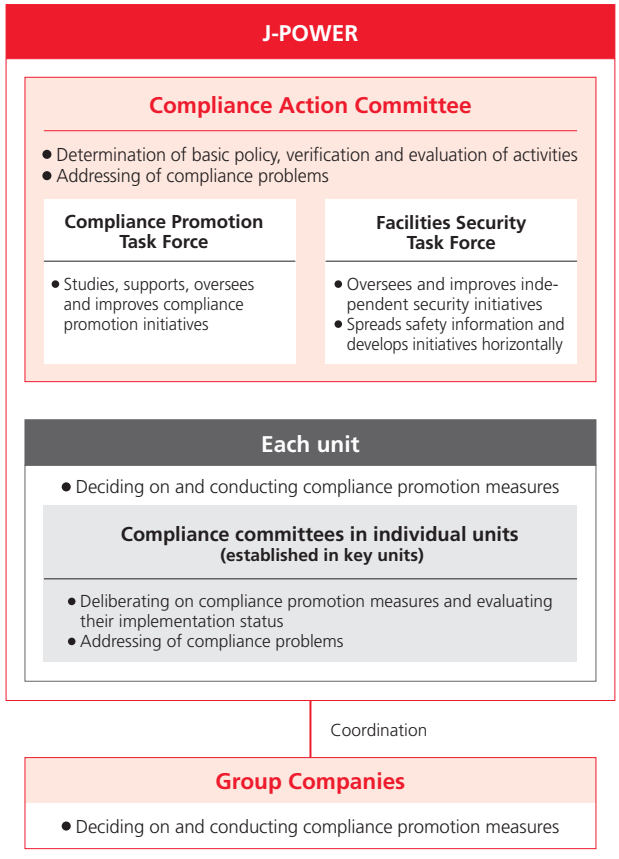
Based on the J-POWER Group corporate philosophy, we have formulated basic guidelines for behavior in line with compliance and business ethics principles that must be observed in the course of implementing business operations. The J-POWER Corporate Conduct Rules set forth basic principles for compliance,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

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 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 violations. To quickly and accurately promote operations pertaining to compliance promotion, two tasks forces have been set up to work on autonomous safety activities—based on Compliance Promotion Task Force company-wide and safety regulations—under the supervision of the Facilities Security Task Force. Two vice presidents have been assigned to chair these task forces.

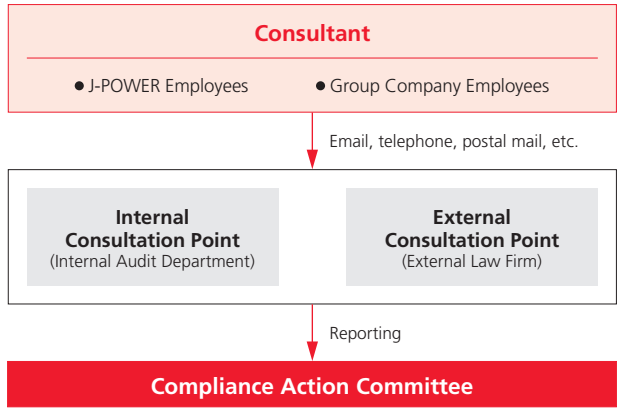
At such major operating units as branches and thermal power plants, J-POWER has also established compliance committees in individual units to carry out compliance activities tailored to the special characteristics of each unit. Group companies also participate in these compliance committees, so that 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



# Directors and Corporate Auditors

(As of June 30, 2012)

Chairman
(Representative Director)
Kiyoshi Sawabe

- Company-wide compliance

President
(Representative Director)
Masayoshi Kitamura

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: Siting & Environment Dept.; Procurement Office; Civil & Architectural Engineering Dept.; Hydropower Dept.; Transmission System & Telecommunications Dept.; and Environment & Energy Business Dept.
- Thermal power engineering, Nuclear power and International 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 Vice President
(Representative Director)
Yoshihiko Sakanashi

- Assistant to the president for businesses described below: Secretarial Affairs & Public Relation 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)

Executive Vice President
(Representative Director)
Minoru Hino

- Assistant to the president for businesses described below: Thermal Power Dept.; Thermal Power Engineering Dept.; Nuclear Power Management Dept.; Nuclear Power Construction Dept.; Ohma General Management Dept.; and Research & Development Dept.
- 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 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 Managing Director
Seigo Mizunuma

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

Executive Managing Director
Kuniharu Takemata

- Siting & Environment Dept.
- Business Planning Dept.
- Procurement Office
- Regional operations (east region)

Executive Managing 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 Director
Hitoshi Murayama

- Thermal Power Dept.
- Thermal Power Engineering Dept.
- Research & Development (matters under special assignment)
- Thermal power business (matters under special assignment)
- Regional operations (west region)

Executive Director
Go Kajitani*1,3

### Senior Corporate Auditors

Kanji Shimada
Takashi Fujiwara*2,3

### Corporate Auditors

Hirotada Tanou
Mutsutake Otsuka*2,3
Kiyoshi Nakanishi*2,3

### Executive Managing Officers

Takeshi Katahira
Akira Samata
Masato Uchiyama
Koichiro Kikuchi
Naori Fukuda
Shiro Otsuka

### Executive Officers

Shuji Etoh
Itaru Nakamura
Yoshiki Onoi
Takashi Inaba
Akihito Urashima

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

# J-POWER Group's Corporate Social Responsibility (CSR)

## J-POWER Group's Corporate Social Responsibility

Our corporate philosophy calls for meeting people's needs for energy without fail, and playing our part for the sustainable development of Japan and the rest of the world. This is fundamental to our ongoing efforts to deliver efficient, reliable electricity while conserving the environment. It is this corporate philosophy that forms the basis of our social responsibility. In addition, the J-POWER Corporate Conduct Rules have been laid down as standard for the conduct of business grounded in our corporate philosophy.

We endeavor to fulfill our corporate social responsibility by adhering to our corporate philosophy and Corporate Conduct Rules as we press forward in our operations.

### J-POWER Group Corporate Conduct Rules (Established January 1, 2001)

| | |
|---|---|
| **Reliable supply of energy** | We will put forth every effort to reliably supply energy both in Japan and abroad utilizing our experienced personnel and cutting-edge technology. |
| **Safety assurance** | Based on an awareness that our business operations are deeply linked with the environment, we will actively engage in environmental conservation activities. |
| **Environmental conservation** | In conducting operations, we will constantly work to raise safety awareness and give the highest priority to public and worker safety. |
| **Communication with society** | To establish communication with society, we will conduct information disclosure and public relations activities in a fair and transparent manner. |
| **Contribution to society** | Aiming to be a good corporate citizen, we will undertake activities to contribute to society and assist in the development of local communities both in Japan and abroad. |
| **Creation of a rewarding corporate culture** | In addition to providing safe and comfortable work environments, we will respect the individuality of our employees and endeavor to establish a rewarding corporate culture that encourages them to take on new challenges. |
| **Compliance with laws, regulations, and corporate ethics** | We will conduct business in good faith and in a fair manner with a strong commitment to compliance and ethics. We will stand firm against anti-social forces that undermine the order and security of civil society. |
| **Role of top management** | Recognizing their responsibility in putting into practice the spirit of these Corporate Conduct Rules, our top management must set an example for others and work to spread awareness of these Rules.<br>Should an event occur that violates the spirit of these Rules, top management must take the initiative in dealing with the problem to determine the causes and prevent recurrence. Top management must also identify and take disciplinary action against those responsible, including themselves. |

## J-POWER Group's Corporate Social Responsibility and Principal Themes of Action Taken

The J-POWER Group carries out its responsibilities to society in line with its corporate philosophy, living up to the expectations of the diverse stakeholders who support it. The following is an outline of the principal themes of the action it has been taking.

| Corporate Philosophy | Theme | Principal Action Taken |
|---|---|---|
| **We value integrity and pride, which drive everything we do.** | Stable supply of electric power | Ensuring supply capacity through proper facilities maintenance |
| | Enhancement of internal controls | Enhancing the corporate governance structure<br>Thorough regulatory compliance |
| | Gaining of the trust of society | Conducting appropriate information disclosure<br>Giving attention to safety in all business activities |
| **We pursue harmony with the environment, and thrive in the trust of communities where we live and work.** | Efforts relating to global environmental issues | Reducing $CO_2$ emissions from power generation<br>Maintaining and improving thermal efficiency of thermal power generation |
| | Efforts relating to local environmental issues | Reducing emissions of SO*x*, NO*x*, etc.<br>Promoting waste recycling<br>Initiatives to protect biodiversity |
| **We regard profits as the source of our growth, and share the fruits with society.** | Return of value to shareholders | Maintaining stable dividends and raising them in line with growth performance |
| | Contribution to society as a whole | J-POWER Group social contribution activities |
| **We refine our knowledge constantly, to be the pioneering leader in technologies and wisdom.** | Nurturing of human resources | Enhancing ability to conduct business by improving basic knowledge and professional capabilities |
| | Promotion of innovation | Human-resource development and organizational generation to foster creation of new concepts |
| **We unite diverse personalities and passions as one, and dare create a better tomorrow.** | Enhancement of workplace environments | Promoting work-life balance |
| | Active participation by diverse human resources | Creating workplace environments and systems that facilitate active participation by senior citizens and women |

# 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 (Revised on July 1, 2011)

### 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.**

- As an energy supplier, the J-POWER Group will strive to bring together its expertise and its technologies in the utilization of a wide variety of energy sources, including fossil fuels, nuclear power, and renewable energies, to ensure the efficient and uninterrupted supply of the power essential to human life and economic activity.
- We will contribute to sustainable development in Japan and the rest of the world as a whole by minimizing the environmental impact of our business activities, reducing environmental risks such as global warming, and improving eco-efficiency by achieving higher productivity with lower environmental load, thus promoting greater environmental responsibility while enhancing economic value.

## Efforts Relating to Global Environmental Issues

Directing our most intensive efforts towards the provision of a stable energy supply, we will also steadily advance initiatives towards the realization of low-carbon technologies both domestically and internationally, and will contribute to the reduction of $CO_2$ emissions on a global scale.

To that end, we will work from mid- and long-term perspectives with technology as our central focus to realize a stable supply of energy and reduce $CO_2$ emissions domestically and internationally through measures including reducing $CO_2$ emissions from coal-fired power generation, conducting research and development of next-generation low-carbon technologies, and expanding $CO_2$-free power generation facilities. Our ultimate aim will be the achievement of zero emissions by means of measures including $CO_2$ capture and storage.

**Reducing $CO_2$ Emissions from Coal-fired Power Generation**

We will maintain high-efficiency operation, and will implement measures including expanding the application of biomass mixed combustion, replacing aging thermal power plants, and deploying high-efficiency coal-fired power generation internationally.

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

**Conducting Research and Development of Next-generation Low-carbon Technologies**

We will conduct research and development in areas including further high-efficiency power generation technologies, $CO_2$ capture and storage technologies, and technologies for ocean-based wind power generation.

**Expanding $CO_2$-free Power Generation Facilities**

While sparing no efforts in continuing to develop nuclear power stations, with safety as our top priority and with the understanding of the local communities in the areas in which the facilities are located, we will also work to expand our use of hydroelectric, wind power, and geothermal power generation.

## Efforts Relating to Local Environmental Issues

In addition to adopting measures to reduce the environmental impact of our operations, we will seek to operate in harmony with the local environments in which our facilities are located by working to save, recycle, and reuse resources in order to limit the amount of waste that we produce.

## Ensuring Transparency and Reliability

We will ensure that our business activities comply with all laws and regulations, disclose a wide range of environmental information, and enhance communication with stakeholders.

# Relations with Communities, Society, and Employees

## J-POWER Group Approach to Social Contribution Activities

"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 society." Under this corporate philosophy, the J-POWER Group has long engaged in social contribution activities as a member of society to help society develop soundly and sustainably.

Handicraft workshop in electrical engineering

### Community Involvement (Principal Themes I)

The J-POWER Group's activities are supported by the communities where our power stations and other facilities are located. Every employee is committed to being a good resident in these local communities. In addition, our business sites and offices strive to be good corporate citizens that benefit communities and society as a whole. We will strive to exist harmoniously with local communities and grow together with society through activities that are accepted and trusted by local residents.

| Theme | Principal Action Taken |
|---|---|
| Participation in regional/traditional events, exchange activities | Cooperation in festivals held in areas where power stations are located; holding of Community Concerts in areas where power stations are located; local cleanup activities, etc. |
| Educating and supporting the next generation | Conducting of lectures; Handicraft workshop in electrical engineering; internships, etc. |
| Activities in support of areas affected by the Great East Japan Earthquake | Contribution of relief donations/supplies; use of agricultural products from affected areas, etc., in purchases/employee canteens; community-building support activities that use composting technologies |
| Communication with society | The holding of electric power plant open days; active receiving of local elementary schoolchildren on tours, etc., of power plants and power transmission facilities; receiving of tour visits by the general public, etc. |
| Efforts overseas | Cooperative assistance for those affected by the floods in Thailand; job training for local residents living close to the Philippine CBK project, etc. |

Ecology and energy experiential learning tour

### Harmonizing Energy Supply with the Environment (Principal Themes II)

People's lives are enriched by energy and the natural environment. In order to achieve a society of sustainable growth that makes effective use of limited energy resources and the bounties of nature, we must cultivate the technology and the state of mind that treats both energy and the natural environment with care as "connections" rather than as antagonistic entities. Drawing on the wealth of discoveries already made and working with a variety of people toward a symbiosis of energy and the environment, J-POWER is encouraging a host of activities that includes the ecology and energy experiential learning tour.

| Theme | Principal Action Taken |
|---|---|
| Provide hands-on energy/environment teaching programs | Ecology and energy experiential learning tour; Ecology and Energy Café; Kaze no Ko (Child of the Wind) school; holding of workshops "Be the Energy Minister", etc. |
| Local environment protection activities | Forest conservation activities; put into effect full flower campaigns/planting activities, etc. |
| Nature observation/science classes | Hold "hands-on" classes and nature observation tours in the areas where power plants are located, etc. |

## Developing Human Resources and Creating a Dynamic Workplace

The J-POWER Group strives to provide safe, comfortable working environments for every one of its employees. We consider human resources to be valuable assets upholding our fundamental sustainability as a corporation. At the same time, we endeavor to create a corporate culture that respects the character and individuality of our employees and makes them feel it worthwhile to constantly take on new challenges.

### J-POWER Group's Basic Philosophy on Human Resources

#### Building a Human Resources Foundation for Sustainable Group Growth

In order to support the sustainable growth of a corporation, it is necessary for all our employees to cultivate their individual skills and abilities and to generate new ideas in order to continue creating added value.

At the J-POWER Group, we place the greatest importance on measures to secure and develop human resources as a way to strengthen the corporate foundation and seek sustainable growth. We are reinforcing the foundation for career development, with a focus on Career Development Programs (CDPs), establishing workplace environments and systems that make advantageous use of diversity, and promoting work-life balance in order to improve individual skills and workforce productivity.


**Developing Group Human Resources and Creating Dynamic Workplaces**

**Securing Human Resources**
- Build a foundation of small groups of independent and highly talented personnel who support sustainable growth
- Promote diversity in line with environmental changes

**Developing Human Resources**
- Ability to perform work to accommodate changing or expanding business opportunities
- Strengthen CDPs for maintaining and raising technical skills (Job rotations, on/off-the-job training, etc.)
- Develop the next generation of leaders

**Improving the Environment to Achieve Invigoration**
- Establish working environments that motivate employees to take on an active role
- Promote work-life balance
- Establish working environments and systems that enable experienced employees and women to flourish

#### Securing and Developing of Human Resources

In addition to undertaking recruitment, the J-POWER Group seeks personnel in a wide range of fields and age-groups, is fully engaged in getting the best from its diversified personnel, and is encouraging the creation of systems and working environments in which people can fully demonstrate their capabilities.

With regard to personnel hiring and utilization, the J-POWER Compliance Code stipulates respect for individuality and human rights and prohibits discrimination. We are also conducting awareness-raising on these matters in level-specific training and in human rights training conducted within each unit.

The J-POWER Group aims to develop all of its employees into independent, highly talented personnel (professional human resources) who refine a multiplicity of specialized skills and knowledge so as to contribute to achievement of organizational objectives from a broad perspective. We have adopted the CDP as an education and training program that is effective for that purpose. The program provides management with specific guidelines for fostering personnel. It provides employees with an interactive development tool that helps them think about their own career trajectories and take the initiative in developing their abilities and raising their value to the Company. We encourage employees to make active use of the program.

#### Energizing the Workforce and Improving Work Environment

J-POWER has established a wide range of options in work and leave programs so that employees will be able to fully demonstrate their abilities in accordance with their life circumstances. We are improving our various systems that provide for a healthy work-life balance by granting leave, arranging shorter working hours, or taking other such measures, in particular for employees who are involved in child-rearing or caring for elderly family members.

We are also developing a framework to support voluntary employee activities by means of a leave system and other measures to allow participation in local exchange activities, volunteer programs, and the like.

For safety and health management, as set forth in our Corporate Conduct Rules, the J-POWER Group "always seeks to heighten safety consciousness in expediting work, and gives highest priority to assuring the safety of the public and of the workers." In addition, we aim for "creation of a safe, healthful workplace that provides job satisfaction as the foundation for business activities," and, to that end, we operate occupational safety and health management systems within the Group, promote overall safety management, and work to raise system levels. In these ways, we are striving to prevent workplace accidents and maintain or improve employee health.

# Financial Section

## Electricity Sales Volume and Operating Revenues

During the fiscal year ended March 31, 2012 (fiscal 2011), electric power demand in Japan fell below that of the previous consolidated fiscal year due mainly to the effects of the slowdown in corporate activities and the widespread penetration of energy-saving measures due to the Great East Japan Earthquake disaster of March 2011 in the previous fiscal year.

Amid these conditions, with regard to sales (operating revenues) for the consolidated fiscal year under review, in the wholesale electric power business, the electricity sales volume from hydroelectric power plants showed little growth on the previous consolidated fiscal year. Sales unit prices for thermal power, however, increased due to a rise in fuel prices and an increase in the load factor in other electric power businesses, resulting in an overall increase in revenues in the electric power business. Including revenues from other businesses, sales (operating revenues) rose ¥18.6 billion (2.9%) year on year, to ¥654.6 billion. 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, although the water supply rate was 115%, up from 106% in the previous year, representing an increase of 50 million kWh, the electricity sales volume for hydroelectric power of 10.3 billion kWh was essentially the same as that of the previous year due to the suspension of operations at some plants caused by heavy rain and typhoons. Operating revenues from hydroelectric power were also on par with the previous fiscal year, at ¥108.4 billion.

Regarding the sales volume of thermal power, although electric power generators operated smoothly overall, the fire on the site of the Isogo Thermal Power Plant (in Yokohama, Kanagawa Prefecture) in November 2011 resulted in the shutdown of that plant for about two months. As a result, thermal power sales volume was 53.7 billion kWh, approximately the same as in the previous year. Operating revenues grew by ¥17.9 billion, or 4.4%, year on year, to ¥424.4 billion, owing to a rise in sales prices prompted by increased fuel costs.

As a result, in the wholesale electric power business, total electricity sales volume from hydroelectric and thermal power plants edged down 0.4% compared with the previous year, to 64.0 billion kWh. Operating revenues increased ¥18.2 billion, or 3.6%, to ¥532.9 billion.

In contrast, operating revenues from the power transmission/transformation business decreased 2.4% year on year, to ¥53.0 billion. This business mainly involves the operation of transmission trunk lines linking regional service areas in Japan.

In the other electric power businesses, electricity sales volume increased 37.5% compared with the previous year, to 2.0 billion kWh, owing to such factors as the increase in the load factor in electric power plants for power producers and suppliers (PPSs). Operating revenues surged ¥8.6 billion, or 63.0%, year on year, to ¥22.3 billion.

Consequently, for the electric power business overall, electricity sales volume edged up 0.4% from the previous year, to 66.0 billion kWh, and operating revenues, including internal sales, were up ¥25.3 billion, or 4.3%, year on year, to ¥612.9 billion.

### Electric Power-Related Businesses

In fiscal 2011, operating revenues of electric power-related businesses increased ¥6.6 billion, or 2.0%, year on year, to ¥341.3 billion. This reflected factors that included higher revenue from coal sales by consolidated subsidiaries.

### Overseas Business

In fiscal 2011, operating revenues of overseas business increased ¥0.1 billion, or 6.6%, year on year, to ¥2.0 billion.

### Other Businesses

In fiscal 2011, operating revenues of other businesses decreased ¥3.7 billion, or 14.5%, compared with the previous year, to ¥22.3 billion. This reflected factors that included a drop in revenues from the telecommunications construction operations of consolidated subsidiaries.

## Operating Expenses and Operating Income

In fiscal 2011, operating expenses grew ¥39.4 billion, or 7.0%, year on year, to ¥604.8 billion, reflecting an increase in fuel expenses accompanying a rise in coal prices. As a result, operating income decreased ¥20.7 billion, or 29.5%, year on year, to ¥49.8 billion. The operating margin dropped by 3.5 percentage points, to 7.6%.

## Non-Operating Revenues and Expenses and Ordinary Income

In fiscal 2011, non-operating income increased ¥0.3 billion, or 2.6%, year on year, to ¥15.3 billion, reflecting such factors as an increase in equity in earnings of affiliates. Non-operating expenses for the year decreased ¥0.6 billion, or 2.4%, year on year, to ¥28.5 billion.

Consequently, ordinary income amounted to ¥36.6 billion, down ¥19.7 billion (35.0%) from the level in the previous year. The ordinary income margin fell 3.3 percentage points, to 5.6%.

### Electric Power Business

Despite an increase in sales, ordinary income decreased 46.7%, to ¥22.2 billion, reflecting such factors as the increase in fuel costs.

### Electric Power-Related Businesses

Despite the increase in sales, ordinary income decreased 19.7% year on year, to ¥8.3 billion, due to such factors as an increase in sales costs.

### Overseas Business

Ordinary income declined 30.7% year on year, to ¥3.4 billion, due mainly to the impact of currency exchange rates.

### Other Businesses

Due to the decrease in sales costs, the ordinary loss showed an improvement of ¥1.5 billion in comparison with the previous year and moved to near the breakeven level (an ordinary loss of ¥3 million).

## Net Income

In fiscal 2011, income before income taxes and minority interests decreased ¥5.5 billion, or 14.2%, compared with the previous year, to ¥33.2 billion. This decrease reflected the decrease in ordinary income and the Company's posting of an extraordinary loss for disaster recovery expenses relating to the fire at the Isogo Thermal Power Plant. Net income decreased ¥3.4 billion, or 17.7%, compared with the previous year, to ¥16.1 billion, due to an increase in income tax adjustment owing to the reversal of deferred tax assets following the passage of legislation lowering the corporate tax rate.

## Net Income per Share

Net income per share was ¥107.39 in fiscal 2011, compared with ¥130.51 in the previous fiscal year.

## 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 been increasingly difficult to anticipate since 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 striving to bolster its earnings power by expanding its operations. In light of these situations and J-POWER's emphasis on maintaining stable shareholder returns over the long term, the Company distributed a year-end dividend of ¥35 per share. Together with the interim dividend of ¥35 per share, total dividends applicable to fiscal 2011 amounted to ¥70 per share.

As a result, the consolidated payout ratio increased 11.5 percentage points compared with the previous year, to 65.2%, while the consolidated dividend on net assets ratio was 2.6%, up 0.1 percentage point.

## Financial Position

### Assets

As of March 31, 2011, total assets amounted to ¥2,016.3 billion, up ¥4.0 billion, or 0.2%, from the previous fiscal year-end.

The value of noncurrent assets increased ¥7.1 billion, or 0.4%, compared with the previous fiscal year-end, to ¥1,849.7 billion.* Although there was a decrease in noncurrent assets due mainly to progression in depreciation, this was offset by capital investment in development projects in Thailand.

* This figure includes investments and other assets amounting to ¥238.2 billion.

### Liabilities

As of March 31, 2011, total liabilities amounted to ¥1,610.2 billion, up ¥12.7 billion, or 0.8% from the previous fiscal year-end.

Included in the above is an increase in interest-bearing debt, which rose ¥6.6 billion from the end of the previous consolidated fiscal year, to ¥1,435.7 billion, and the debt-equity ratio was 3.5 times, down from 3.4 times at the previous fiscal year-end.

### Net Assets and Shareholders' Equity*

As of March 31, 2011, net assets stood at ¥406.1 billion, down ¥8.7 billion from the previous fiscal year-end, reflecting a decline in foreign currency translation adjustments. Shareholders' equity decreased ¥8.3 billion, or 2.0%, year on year, to ¥407.3 billion.

As a result, the shareholders' equity ratio contracted 0.5 percentage point from 20.7% at the end of the previous consolidated fiscal year, to 20.2%.

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

## Capital Expenditures

Capital expenditures in fiscal 2011 amounted to ¥137.7 billion, an increase of ¥44.5 billion, or 47.9%, compared to the previous fiscal year.

Capital expenditures in the electric power business decreased ¥2.4 billion, or 3.5%, year on year, to ¥68.2 billion.

## 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 and long-term debts from financial institutions as a means of maintaining low interest rates and a stable fund procurement platform. The balances of outstanding straight bonds and outstanding borrowings as of March 31, 2012, were ¥734.9 billion and ¥667.9 billion, respectively. In addition, the Company obtains short-term funding as a means of procuring operating funds as well as 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.

## Cash Flows

### Cash Flows from Operating Activities

Net cash provided by operating activities decreased ¥25.3 billion (16.8%) from the previous consolidated fiscal year, to ¥125.8 billion, due mainly to an increase in income tax payments and a decrease in internal reserves for depreciation expenses.

### Cash Flows from Investing Activities

Net cash used in investing activities increased ¥12.1 billion (9.8%) from the previous consolidated fiscal year, to ¥136.8 billion, due mainly to the increase in investment in the projects currently under development in Thailand.

As a result, free cash flow was a negative ¥10.9 billion.

### Cash Flows from Financing Activities

Net cash provided by financing activities amounted to ¥9.2 billion, an increase of ¥38.4 billion (131.9%) from the ¥29.1 billion used in financing activities in the previous fiscal year. This was due mainly to the increase in borrowing.

As a result of these activities, cash and cash equivalents as of March 31, 2012, totaled ¥35.3 billion, a decrease of ¥2.6 billion, or 7.0%, compared with the end of the previous fiscal year.

## 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 27, 2012) 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 costs. Since the March 2000 partial liberalization of retail supply, the Company has reduced its fees for both hydroelectric power and power transmission/transformation facilities on five occasions, between 2.9% and 9.1%. In the event of an additional reduction in our contract rates going forward, there could potentially be an 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 an adverse effect on the results of our operations.

In addition, there remains the possibility that competition will intensify as a result of systemic reforms in the electric power industry. Debate toward the reform of the electric power business system is under way, for example at the Electricity System Reform Expert Committee, which comes under the Advisory Committee for Energy and Natural Resources. Should their review result in new systemic reforms, this could potentially have an adverse effect on business and on the results of our operations.

### Delay or Discontinuation of Power Plant Construction Plans

Slackening growth in electricity demand forecast 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 cancelled the planned construction of power plants to supply EPCOs based on consultations with our EPCO clients. Due to difficulties in acquiring

land, there have been cases in which plans were cancelled in consultation with the power receiving companies. The Company bears the appropriate amount for these cancellations and the expenses arising from them in consultation with the planned power receiving company.

Going forward, the cancellation of construction plans as a result of declining demand for electric power, other developments or major changes in the operating environment, or unforeseen circumstances could potentially have an 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 are working on a raft of measures 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 an 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 an adverse effect on the results of our operations. These businesses also include some that the Company operates in the form of joint ventures, in which the Company retains a minority interest. 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 an adverse effect on our business development and profitability.

## Ohma Nuclear Power Plant Construction Plan

With regard to the Ohma Nuclear Power Plant Plan, following the August 1995 decision of the Japan Atomic Energy Commission, the plan was considered to have been in the political position, under the auspices of the state and electricity utility companies, to expand the flexibility of the plan to use MOX fuel in a light water reactor—an advanced boiling water reactor—with a view to using MOX fuel for the entire core. The Company was identified as having to bear responsibility for this. Having already concluded basic agreements with nine general electric utility companies, excluding the Okinawa Electric Power Company, all nine companies had agreed to the total amount of electricity to be received at a fair cost.

J-POWER commenced construction of the Ohma Nuclear Power Plant 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. Construction work, however, was suspended directly after the Great East Japan Earthquake that struck in March 2011.

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 have an effect on the results of our operations.

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 similar unforeseen accidents at other power generation facilities. 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 have an adverse effect on the results of our operations.

## 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 year, 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 is reflected in electricity rates. This could have a temporary adverse effect on the results of our operations.

## 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 an adverse effect on the surrounding environment. In addition, should a J-POWER facility halt operations, for example, due to an accident, and should that accident have an adverse effect on the surrounding environment, there exists the possibility that this could have an adverse effect on the results of our operations.

## 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 an adverse effect on our business operations and performance.

Furthermore, on August 10, 2011, the Nuclear Damage Compensation Facilitation Corporation Act was promulgated and enacted. As a nuclear operator, J-POWER is required to make contributions to the corporation's operating costs and, depending on the amounts involved, these contributions could have a negative impact on our performance. Should operations according to our Ohma Nuclear Power Plant Plan in which we will proceed with be commenced as set out in the Act on Compensation for Nuclear Damage, we will be required to make such contributions.

## 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, the results of our operations 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 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 have an adverse effect on J-POWER's reputation and the results of our operations.

Note: Ohma Nuclear Power Plant construction work was suspended after March 2011, however, construction is being resumed in October 2012.

## Consolidated Balance Sheets

As of March 31, 2011 and 2012

| | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| **ASSETS** | 2011 | **2012** | **2012** |
| **Property, plant and equipment** | ¥1,591,783 | **¥1,611,491** | **$19,606,909** |
| Power plants (Note 2, 3, 7, 13 and 26) | 1,178,492 | **1,111,251** | **13,520,522** |
| Other property, plant and equipment (Note 2, 3, 7, 13, 18 and 26) | 64,920 | **65,657** | **798,853** |
| Construction in progress (Note 2, 7 and 26) | 301,676 | **380,425** | **4,628,607** |
| Nuclear fuel (Note 26) | 46,693 | **54,157** | **658,925** |
| **Investments and other assets** | 250,875 | **238,295** | **2,899,319** |
| Long-term investments (Note 2, 4, 7, 18, 20, 21, 22, 26 and 27) | 181,934 | **181,132** | **2,203,828** |
| Deferred tax assets (Note 2 and 24) | 56,843 | **52,571** | **639,629** |
| Others, less allowance for doubtful accounts (Note 2, 7, 18 and 19) | 12,096 | **4,591** | **55,862** |
| **Current assets** | 169,727 | **166,607** | **2,027,107** |
| Cash and bank deposits (Note 7, 18 and 20) | 37,202 | **35,112** | **427,209** |
| Notes and accounts receivable, less allowance for doubtful accounts (Note 2, 7, 18 and 20) | 57,772 | **59,219** | **720,514** |
| Inventories (Note 2, 5, 7 and 18) | 32,400 | **34,972** | **425,509** |
| Others (Note 2, 7, 18, 19, 20, 22 and 24) | 42,351 | **37,303** | **453,873** |
| **Total assets** | ¥2,012,386 | **¥2,016,394** | **$24,533,336** |

| | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| **LIABILITIES** | 2011 | **2012** | **2012** |
| **Long-term liabilities** | ¥1,319,146 | **¥1,324,663** | **$16,117,089** |
| Long-term debt and lease obligations, less current portion (Note 7, 18 and 20) | 1,236,905 | **1,238,305** | **15,066,376** |
| Accrued employee retirement benefits (Note 2, 9 and 23) | 57,069 | **58,015** | **705,875** |
| Others (Note 2, 6, 18 and 24) | 25,172 | **28,342** | **344,838** |
| **Current liabilities** | 277,563 | **284,761** | **3,464,672** |
| Current portion of long-term debt and other (Note 7, 18 and 20) | 162,958 | **166,342** | **2,023,881** |
| Short-term loans (Note 7 and 20) | 17,528 | **18,443** | **224,404** |
| Commercial paper (Note 7 and 20) | 11,999 | **12,999** | **158,162** |
| Income and other taxes payable | 21,322 | **11,408** | **138,810** |
| Others (Note 2, 6, 18, 20, 22 and 24) | 63,754 | **75,566** | **919,413** |
| **Reserve for fluctuation in water levels** (Note 2) | 777 | **777** | **9,455** |
| **Contingent liabilities** (Note 8) | | | |
| **Total liabilities** | 1,597,487 | **1,610,202** | **19,591,217** |
| **NET ASSETS** | | | |
| **Shareholders' equity** (Note 25) | 435,760 | **441,369** | **5,370,112** |
| Common stock | 152,449 | **152,449** | **1,854,843** |
| Capital surplus | 81,849 | **81,849** | **995,858** |
| Retained earnings | 264,724 | **270,334** | **3,289,139** |
| Treasury stock | (63,263) | **(63,264)** | **(769,729)** |
| **Accumulated other comprehensive income** | (19,997) | **(33,985)** | **(413,495)** |
| Unrealized gain on available-for-sale securities, net (Note 2) | (137) | **(772)** | **(9,393)** |
| Deferred hedging gain and loss (Note 2, 20 and 22) | 611 | **(4,209)** | **(51,216)** |
| Foreign currency translation adjustments (Note 2) | (20,471) | **(29,003)** | **(352,886)** |
| **Minority interests** | (863) | **(1,191)** | **(14,497)** |
| **Total net assets** | 414,898 | **406,192** | **4,942,119** |
| **Total liabilities and net assets** | ¥2,012,386 | **¥2,016,394** | **$24,533,336** |

| | Yen | | U.S. dollars (Note 2) |
|---|---|---|---|
| **Shareholders' equity per share** | ¥2,770.77 | **¥2,714.94** | **$33.03** |

## Consolidated Statements of Income

For the years ended March 31, 2011 and 2012

| | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| **Operating revenues** (Note 2 and 26) | ¥635,975 | **¥654,600** | **$7,964,475** |
| Electric power | 584,436 | **609,775** | **7,419,092** |
| Other | 51,539 | **44,825** | **545,382** |
| **Operating expenses** (Note 2, 9, 10, 11, 12, 23 and 26) | 565,387 | **604,800** | **7,358,561** |
| Electric power | 509,116 | **553,873** | **6,738,936** |
| Other | 56,271 | **50,927** | **619,625** |
| **Operating income** | 70,588 | **49,800** | **605,914** |
| **Non-operating income (expenses)** (Note 13, 21 and 26) | (14,266) | **(13,180)** | **(160,361)** |
| Interest expenses | (22,371) | **(22,005)** | **(267,744)** |
| Other, net | 8,105 | **8,825** | **107,383** |
| **Ordinary income** (Note 26) | 56,322 | **36,619** | **445,552** |
| **Special gains (losses)** (Note 2, 13, 14, 15 and 26) | (17,582) | **(3,382)** | **(41,152)** |
| Provision or reversal of reserve for fluctuation in water levels | (42) | **—** | **—** |
| Disaster recovery expenses | — | **(3,382)** | **(41,152)** |
| Unrealized loss on valuation of securities | (5,359) | **—** | **—** |
| Loss on liquidation of business | (4,550) | **—** | **—** |
| Impairment loss | (9,266) | **—** | **—** |
| Gain on sales of securities | 1,635 | **—** | **—** |
| **Income before income taxes and minority interests** | 38,739 | **33,237** | **404,400** |
| **Income taxes** (Note 2, 11 and 24) | 22,863 | **17,324** | **210,785** |
| Current | 20,403 | **12,953** | **157,607** |
| Deferred | 2,459 | **4,370** | **53,177** |
| **Income before minority interests** | 15,876 | **15,913** | **193,615** |
| **Minority interests** | (3,707) | **(200)** | **(2,441)** |
| **Net income** | ¥ 19,583 | **¥ 16,113** | **$ 196,056** |

| | Yen | | U.S. dollars (Note 2) |
|---|---|---|---|
| **Amounts per share:** | | | |
| Net income (Note 2) | ¥130.51 | **¥107.39** | **$1.31** |
| Cash dividends applicable to the year (Note 17) | 70.00 | **70.00** | **0.85** |

## Consolidated Statements of Comprehensive Income

For the years ended March 31, 2011 and 2012

| | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Income before minority interests | ¥15,876 | **¥15,913** | **$193,615** |
| Other comprehensive income (Note 16) | | | |
| Unrealized gain on available-for-sale securities, net | (3,098) | **(640)** | **(7,793)** |
| Deferred hedging gain and loss | 2,507 | **(4,786)** | **(58,235)** |
| Foreign currency translation adjustments | (5,118) | **(4,192)** | **(51,013)** |
| Share of other comprehensive income of associates accounted for using equity method | (210) | **(4,897)** | **(59,583)** |
| Total other comprehensive income | (5,920) | **(14,516)** | **(176,625)** |
| Comprehensive income (Note 16) | 9,955 | **1,396** | **16,989** |
| (Comprehensive income attributable to-abstract) | | | |
| Comprehensive income attributable to owners of the parent | 13,590 | **2,126** | **25,869** |
| Comprehensive income attributable to minority interests | ¥ (3,634) | **¥ (729)** | **$ (8,880)** |

# Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2011 and 2012

## Shareholders' equity

Millions of yen

| | Number of shares issued of common stock (thousands) | Common stock | Capital surplus | Retained earnings | Treasury stock*1 | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **Balance at March 31, 2010** | ¥166,569 | ¥152,449 | ¥81,849 | ¥255,643 | ¥(63,262) | ¥426,680 |
| Net income | | | | 19,583 | | 19,583 |
| Dividends | | | | (10,503) | | (10,503) |
| Acquisition of treasury stock | | | | | (0) | (0) |
| Net change during the year | | | | | | |
| **Balance at March 31, 2011** | 166,569 | 152,449 | 81,849 | 264,724 | (63,263) | 435,760 |
| **Net income** | | | | **16,113** | | **16,113** |
| **Dividends** (Note 17) | | | | **(10,503)** | | **(10,503)** |
| **Acquisition of treasury stock** | | | | | **(0)** | **(0)** |
| **Net change during the year** | | | | | | |
| **Balance at March 31, 2012** | **¥166,569** | **¥152,449** | **¥81,849** | **¥270,334** | **¥(63,264)** | **¥441,369** |

Thousands of U.S. dollars (Note 2)

| | Common stock | Capital surplus | Retained earnings | Treasury stock*1 | Total shareholders' equity |
|---|---|---|---|---|---|
| **Balance at March 31, 2011** | $1,854,843 | $995,858 | $3,220,881 | $(769,721) | $5,301,862 |
| **Net income** | | | **196,056** | | **196,056** |
| **Dividends** (Note 17) | | | **(127,797)** | | **(127,797)** |
| **Acquisition of treasury stock** | | | | **(8)** | **(8)** |
| **Net change during the year** | | | | | |
| **Balance at March 31, 2012** | **$1,854,843** | **$995,858** | **$3,289,139** | **$(769,729)** | **$5,370,112** |

*1 Number of treasury stock as of March 31, 2012: 16,516,790 shares

## Accumulated other comprehensive income

Millions of yen

| | Unrealized gain (loss) on available-for-sale securities, net | Deferred hedging gain and loss | Foreign currency translation adjustments | Total accumulated other comprehensive income | Minority interests | Total net assets |
|---|---|---|---|---|---|---|
| **Balance at March 31, 2010** | ¥2,960 | ¥(3,747) | ¥(13,217) | ¥(14,003) | ¥ 2,304 | ¥414,981 |
| Net income | | | | | | 19,583 |
| Dividends | | | | | | (10,503) |
| Acquisition of treasury stock | | | | | | (0) |
| Net change during the year | (3,098) | 4,358 | (7,254) | (5,993) | (3,168) | (9,162) |
| **Balance at March 31, 2011** | (137) | 611 | (20,471) | (19,997) | (863) | 414,898 |
| **Net income** | | | | | | **16,113** |
| **Dividends** (Note 17) | | | | | | **(10,503)** |
| **Acquisition of treasury stock** | | | | | | **(0)** |
| **Net change during the year** | **(634)** | **(4,821)** | **(8,532)** | **(13,987)** | **(327)** | **(14,315)** |
| **Balance at March 31, 2012** | **¥ (772)** | **¥(4,209)** | **¥(29,003)** | **¥(33,985)** | **¥(1,191)** | **¥406,192** |

Thousands of U.S. dollars (Note 2)

| | Unrealized gain (loss) on available-for-sale securities, net | Deferred hedging gain and loss | Foreign currency translation adjustments | Total accumulated other comprehensive income | Minority interests | Total net assets |
|---|---|---|---|---|---|---|
| **Balance at March 31, 2011** | $(1,675) | $ 7,443 | $(249,077) | $(243,308) | $(10,511) | $5,048,041 |
| **Net income** | | | | | | **196,056** |
| **Dividends** | | | | | | **(127,797)** |
| **Acquisition of treasury stock** | | | | | | **(8)** |
| **Net change during the year** | **(7,718)** | **(58,659)** | **(103,808)** | **(170,186)** | **(3,985)** | **(174,172)** |
| **Balance at March 31, 2012** | **$(9,393)** | **$(51,216)** | **$(352,886)** | **$(413,495)** | **$(14,497)** | **$4,942,119** |

## Consolidated Statements of Cash Flows

For the years ended March 31, 2011 and 2012

| | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2011 | 2012 | 2012 |
| **Cash flows from operating activities:** | | | |
| Income before income taxes and minority interests | ¥ 38,739 | **¥ 33,237** | **$ 404,400** |
| Depreciation (Note 2) | 111,644 | **105,271** | **1,280,831** |
| Impairment loss (Note 13) | 9,266 | **946** | **11,521** |
| Loss on disposal of property, plant and equipment | 2,941 | **2,434** | **29,618** |
| Disaster recovery expenses (Note 15) | — | **3,382** | **41,152** |
| Loss on liquidation of business (Note 14) | 4,550 | **—** | **—** |
| Increase (decrease) in accrued employee retirement benefits | (779) | **971** | **11,817** |
| Increase (decrease) in reserve for fluctuation in water levels | 42 | **—** | **—** |
| Interest and dividends income | (2,720) | **(2,284)** | **(27,791)** |
| Interest expenses | 22,371 | **22,005** | **267,744** |
| (Increase) decrease in notes and accounts receivable | (10,753) | **(1,607)** | **(19,558)** |
| (Increase) decrease in inventories | (6,132) | **(2,488)** | **(30,276)** |
| Increase (decrease) in notes and accounts payable | 3,171 | **3,148** | **38,302** |
| Loss (gain) on sales of securities | (1,450) | **(484)** | **(5,898)** |
| Unrealized loss (gain) on valuation of securities | 5,359 | **1,791** | **21,792** |
| Investment income on equity method | (9,072) | **(9,565)** | **(116,386)** |
| Loss (gain) on sales of property, plant and equipment | 432 | **747** | **9,088** |
| Others (Note 2) | 8,355 | **8,526** | **103,736** |
| Subtotal | 175,965 | **166,031** | **2,020,096** |
| Interest and dividends received | 7,644 | **6,869** | **83,581** |
| Interest paid | (22,881) | **(21,765)** | **(264,821)** |
| Income taxes paid | (9,492) | **(25,244)** | **(307,143)** |
| Net cash provided by operating activities | 151,236 | **125,891** | **1,531,712** |
| **Cash flows from investing activities:** | | | |
| Payments for purchase of property, plant and equipment | (115,827) | **(133,711)** | **(1,626,855)** |
| Proceeds from contributions grants | 7,068 | **3,102** | **37,749** |
| Proceeds from sales of property, plant and equipment | 2,453 | **2,285** | **27,809** |
| Payments for investments and loans | (14,184) | **(6,068)** | **(73,836)** |
| Proceeds from collections of investments and loans | 5,235 | **4,915** | **59,812** |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation (Note 18) | — | **1,425** | **17,345** |
| Others | (9,419) | **(8,802)** | **(107,093)** |
| Net cash used in investing activities | (124,675) | **(136,852)** | **(1,665,069)** |
| **Cash flows from financing activities:** | | | |
| Proceeds from issuance of bonds | 79,726 | **—** | **—** |
| Redemption of bonds | (88,000) | **(35,000)** | **(425,842)** |
| Proceeds from long-term loans | 49,036 | **176,745** | **2,150,453** |
| Repayment of long-term loans | (53,988) | **(127,173)** | **(1,547,311)** |
| Proceeds from short-term loans | 84,880 | **103,760** | **1,262,452** |
| Repayment of short-term loans | (80,680) | **(103,070)** | **(1,254,047)** |
| Proceeds from issuance of commercial paper | 392,965 | **359,968** | **4,379,715** |
| Redemption of commercial paper | (406,000) | **(359,000)** | **(4,367,927)** |
| Dividends paid | (10,503) | **(10,502)** | **(127,781)** |
| Dividends paid to minority interests | (8) | **(196)** | **(2,394)** |
| Others | 3,398 | **3,764** | **45,798** |
| Net cash provided by (used in) financing activities | (29,172) | **9,296** | **113,115** |
| **Foreign currency translation adjustments on cash and cash equivalents** | 285 | **(585)** | **(7,118)** |
| **Net increase (decrease) in cash and cash equivalents** | (2,326) | **(2,248)** | **(27,360)** |
| **Cash and cash equivalents at beginning of the year** | 40,329 | **38,002** | **462,377** |
| **Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation** | — | **(394)** | **(4,798)** |
| **Cash and cash equivalents at end of the year** (Note 2 and 18) | ¥ 38,002 | **¥ 35,359** | **$ 430,219** |

# Notes to Consolidated Financial Statements

For the years ended March 31, 2011 and 2012

## 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 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 69 subsidiaries controlled directly or indirectly by the Company.

Biocoal Osaka-Hirano Co., Ltd. and J-Wind Service Co., Ltd., which were established during the current consolidated fiscal year, were newly included within the scope of consolidation.

In April 2011, Green Power Setana Co., Ltd. absorbed the following seven companies: Dream-up Tomamae Co., Ltd., Green Power Kuzumaki Co., Ltd., J-Wind Tokio Co., Ltd., J-Wind Tahara Co., Ltd., Green Power Koriyama Nunobiki Co., Ltd., Hamanasu Windpower Co., Ltd. and Yuya Wind Power Co., Ltd. Following the absorption, Green Power Setana Co., Ltd. changed its business name to J-Wind Co., Ltd.

In May 2011, J-POWER Orange Grove Consolidation GP, LLC and four other consolidated subsidiaries were transferred to J-POWER USA Generation L.P., in which J-POWER and John Hancock Life Insurance Company each hold a 50% stake. Due to the decrease in J-POWER's ownership ratio accompanying the transfer, those companies are no longer considered as consolidated subsidiaries.

In addition, JM Energy Co., Ltd., which became a consolidated subsidiary through the acquisition of shares in the previous consolidated fiscal year, ceased to be a consolidated subsidiary in December 2011 due to a decrease in J-POWER's ownership ratio accompanying Mitsui & Co., Ltd.'s underwriting of a capital increase.

All of the consolidated subsidiaries, except for J-POWER AUSTRALIA PTY. LTD. and 29 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 29 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)

Eighty-three affiliates, which have a significant influence on the Company's operations, are accounted for by the equity method.

For the current consolidated fiscal year, PT. BHIMASENA POWER INDONESIA was newly included within the scope of equity affiliates as a company of importance from the perspective of the medium- to long-term management strategy. In addition, due to a decrease in J-POWER's ownership ratio in J-POWER Orange Grove Consolidation GP, LLC and four other subsidiaries as well as JM Energy Co., Ltd., which had been consolidated subsidiaries of J-POWER, those companies are now 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.

The above-mentioned 78 affiliates, excluding Mihama Seaside Power Co., Ltd., TOSA POWER Inc., 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.

## (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 as prescribed in the Corporation Tax Law of Japan. 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 available-for-sale securities, net. Unrealized gain (loss) on available-for-sale 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.

**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. With the elimination of receivable and payables, the allowances are adjusted 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.

**g. 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 a 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. Revenue for construction contracts**

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

**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 balance sheet accounts, revenue and expenses accounts of overseas consolidated subsidiaries 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 including foreign exchange forward contracts, foreign currency swaps and interest rate swaps, to manage its exposure to fluctuations in foreign exchange, interest rates and commodity prices. 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 principal 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 color 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 the Company's 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 has been omitted if the substantial terms and conditions of the hedge instruments and the hedged forecasted transactions are the same.

**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. However, most of the enterprise tax imposed on the Company is computed based on sales and such enterprise tax is included in operating expenses (electric power) in the Company's consolidated statements of income. The provision for corporate 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.

Additional Information

Effective from the beginning of the current consolidated fiscal year, the Company applied Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24 of December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24 of December 4, 2009).

## (4) Per share information

Net income per share (excluding the value not attributable to ordinary shareholders) 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 30, 2012, which was ¥82.19 = 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, 2011 and 2012, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Hydroelectric power plants | ¥ 389,892 | **¥ 374,510** | **$ 4,556,648** |
| Thermal power plants | 454,823 | **423,049** | **5,147,217** |
| Internal combustion power generation facilities | 4,694 | **4,296** | **52,270** |
| Renewable power production facilities | 38,436 | **34,479** | **419,503** |
| Transmission facilities | 197,163 | **186,274** | **2,266,387** |
| Conversion facilities | 34,456 | **31,774** | **386,599** |
| Communication facilities | 9,539 | **9,065** | **110,302** |
| General facilities | 49,486 | **47,801** | **581,593** |
| Total | ¥1,178,492 | **¥1,111,251** | **$13,520,522** |

Construction grants, which were deducted from the cost of property, plant and equipment as of March 31, 2011 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Construction grants | ¥112,763 | **¥112,213** | **$1,365,299** |

Accumulated depreciation of property, plant and equipment as of March 31, 2011 and 2012 was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Accumulated depreciation | ¥2,620,902 | **¥2,699,602** | **$32,845,877** |

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

Equity investments in non-consolidated subsidiaries and affiliated companies included in "Long-term investments" at the end of March 2011 and March 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Shares | ¥105,152 | **¥105,136** | **$1,279,193** |

## 5. Inventories

Inventories at the end of March 2011 and the end of March 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Merchandise and finished goods | ¥ 1,485 | **¥ 799** | **$ 9,730** |
| Work in process | 911 | **639** | **7,780** |
| Raw materials and supplies | 30,003 | **33,533** | **407,997** |
| Total | ¥32,400 | **¥34,972** | **$425,509** |

## 6. Provisions

Provisions for directors' bonuses stated by subsidiaries are included in Others of Long-term and current liabilities (¥333 million as of March 31, 2011 and ¥350 million (US$4,268 thousand) as of March 31, 2012).

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

Short-term loans, long-term debts and lease obligations as of March 31, 2011 and 2012 consisted of the following:

| | | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|---|
| | | 2011 | **2012** | **2012** |
| Loans from banks and Japanese government agencies, due on varying dates through 2034 | | ¥ 657,639 | **¥ 699,369** | **$ 8,509,177** |
| Interest rates: | | | | |
| Long-term loans, excluding current portion | 2.119% (average) | | | |
| Current portion of long-term loans | 1.480% (average) | | | |
| Short-term loans | 0.438% (average) | | | |
| Commercial paper | 0.110% (average) | | | |
| Domestic bonds guaranteed by the Government of Japan, due on varying dates through 2011 | 1.4% | 35,000 | — | — |
| Domestic straight bonds, due on varying dates through 2028 | 0.93% to 2.24% | 734,898 | **734,914** | **8,941,649** |
| Lease obligations | | 1,498 | **1,453** | **17,681** |
| Subtotal | | 1,429,037 | **1,435,736** | **17,468,508** |
| Less current portion | | (192,131) | **(197,431)** | **(2,402,131)** |
| Total | | ¥1,236,905 | **¥1,238,305** | **$15,066,376** |

The annual maturities of bonds, long-term debts and lease obligations subsequent to March 31, 2012 are summarized as follows:

| Year ending March 31 | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| 2013 | **¥ 197,431** | **$ 2,402,131** |
| 2014 | **195,231** | **2,375,373** |
| 2015 | **196,745** | **2,393,786** |
| 2016 | **147,910** | **1,799,613** |
| 2017 | **121,816** | **1,482,128** |
| 2018 and thereafter | **576,601** | **7,015,474** |
| Total | **¥1,435,736** | **$17,468,508** |

All of the Company's assets are subject to certain statutory liens as security for bonds. The outstanding amount of such bonds amounted to ¥75,000 million and ¥40,000 million (US$486,677 thousand) as of March 31, 2011 and 2012, respectively. Some long-term investments amounted to ¥2,853 million and ¥2,472 million (US$30,077 thousand) as of March 31, 2011 and 2012, respectively, were used as collateral for loans of other companies.

Some long-term investments of consolidated subsidiaries amounted to ¥1,709 million and ¥2,353 million (US$28,630 thousand) as of March 31, 2011 and 2012, respectively, were used as collateral for loans of other companies.

The book value of consolidated subsidiaries' assets pledged as collateral for the debt of certain consolidated subsidiaries, which totaled ¥19,542 million and ¥86,479 million (US$1,052,193 thousand) as of March 31, 2011 and 2012, respectively, was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Construction in progress | — | **¥64,240** | **$781,604** |
| Long-term investments | ¥12,210 | **18,718** | **227,751** |
| Power plants | 14,590 | **13,379** | **162,783** |
| Other property, plant and equipment | — | **3,634** | **44,226** |
| Cash and deposits | 938 | **536** | **6,522** |
| Others (Investments and other assets) | 9,921 | **—** | **—** |
| Others (Current assets) | 1,036 | **—** | **—** |
| Notes and accounts receivable–trade | 84 | **—** | **—** |
| Inventories | 50 | **—** | **—** |

## 8. Contingent liabilities

Contingent liabilities as of March 31, 2011 and 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Guarantees given for loans of companies below: | | | |
| TOSA POWER Inc. | ¥ 3,021 | **¥ 2,496** | **$ 30,379** |
| Zajaczkowo Windfarm Sp. z o. o. | 2,698 | **2,429** | **29,562** |
| PT. BHIMASENA POWER INDONESIA | — | **1,397** | **17,000** |
| SAHARA COOLING Ltd. | 106 | **104** | **1,268** |
| Okutadami Kanko Co., Ltd. | 80 | **98** | **1,194** |
| Kanda Eco Plant Co., Ltd. | 52 | **33** | **406** |
| Guarantees given in connection with housing loans to Company employees | 3,852 | **3,130** | **38,093** |
| Subtotal | 9,812 | **9,690** | **117,905** |
| Guarantees given to certain banks of the companies below for performance bonds under power purchase agreements | | | |
| Gulf JP UT Co., Ltd. | 5,329 | **5,174** | **62,961** |
| PT. BHIMASENA POWER INDONESIA | — | **838** | **10,200** |
| Gulf JP NS Co., Ltd. | 2,200 | **—** | **—** |
| Gulf JP NK2 Co., Ltd. (Combined Heat and Power Co., Ltd.)*1 | 1,259 | **—** | **—** |
| Gulf JP NLL Co., Ltd. | 1,259 | **—** | **—** |
| Gulf JP CRN Co., Ltd. | 1,259 | **—** | **—** |
| Gulf JP NNK Co., Ltd. | 1,259 | **—** | **—** |
| Subtotal | 12,568 | **6,013** | **73,161** |
| Guarantees on revenues from electricity sales (using an incremental unit price structure) of the companies below: | | | |
| J-Wind Co., Ltd. (Green Power Kuzumaki Co., Ltd.)*2 | 468 | **456** | **5,553** |
| Nikaho-kogen Wind Power Co., Ltd. | 422 | **365** | **4,443** |
| Subtotal | 890 | **821** | **9,996** |
| Guarantees to EPC contractors on EPC contracts of companies below: | | | |
| Gulf JP NS Co., Ltd. | — | **4,931** | **60,000** |
| PT. BHIMASENA POWER INDONESIA | — | **1,901** | **23,132** |
| Gulf JP NK2 Co., Ltd. (Combined Heat and Power Co., Ltd.)*1 | 717 | **—** | **—** |
| Gulf JP NLL Co., Ltd. | 574 | **—** | **—** |
| Gulf JP NNK Co., Ltd. | 574 | **—** | **—** |
| Gulf JP CRN Co., Ltd. | 360 | **—** | **—** |
| Subtotal | 2,226 | **6,832** | **83,132** |
| Total | ¥25,499 | **¥23,358** | **$284,195** |

*1 The name in parentheses is the former company name which was changed on April 20, 2011.
*2 The name in parentheses is the former company name which was changed on April 1, 2011 due to the merger of eight wind power companies.

## 9. Provision of reserves

Provisions included in operating expenses for the years ended March 31, 2011 and 2012, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Accrued employee retirement benefits | ¥3,757 | **¥7,882** | **$95,905** |

## 10. Operating expenses

Operating expenses (electric power) for the years ended March 31, 2011 and 2012, were summarized as follows:

Total

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Personnel expense | ¥ 31,354 | **¥ 34,536** | **$ 420,202** |
| Fuel cost | 214,261 | **249,421** | **3,034,696** |
| Repair expense | 46,035 | **52,915** | **643,814** |
| Consignment cost | 31,491 | **34,700** | **422,198** |
| Taxes and duties | 27,259 | **27,608** | **335,915** |
| Depreciation and amortization cost | 106,929 | **101,139** | **1,230,555** |
| Others | 51,783 | **53,551** | **651,552** |
| Total | ¥509,116 | **¥553,873** | **$6,738,936** |

Selling, general and administrative expenses included in operating expenses (electric power) for the years ended March 31, 2011 and 2012, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Personnel expense | ¥20,283 | **¥22,952** | **$279,266** |
| Fuel cost | — | **—** | **—** |
| Repair expense | 1,150 | **1,395** | **16,976** |
| Consignment cost | 7,062 | **7,647** | **93,045** |
| Taxes and duties | 740 | **748** | **9,102** |
| Depreciation and amortization cost | 2,237 | **2,025** | **24,645** |
| Others | 13,226 | **11,129** | **135,410** |
| Total | ¥44,701 | **¥45,898** | **$558,446** |

## 11. Enterprise taxes

Most of the enterprise taxes of the Company and 13 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 ¥7,488 million and ¥7,823 million (US$95,185 thousand) for the years ended March 31, 2011 and 2012, 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 income taxes, excluding the 12 consolidated subsidiaries that operate electric power business.

## 12. Research and development costs

Research and development costs are presented in a total amount pursuant to the 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, 2011 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Research and development costs | ¥6,065 | **¥5,534** | **$67,332** |

## 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. (Power plants are grouped by business department and other property, plant and equipment are grouped by control management department or site.)

For the current fiscal year, due to the deterioration in the business environment and other factors, the Company examined the potential for future collection, consequently determined that it would be difficult to collect on investments relating to special asset groups and therefore wrote the book value down to the level it would be possible to collect. Moreover, idle assets for which no immediate use was foreseen and others were grouped individually, depreciated to their recoverable value. 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 | Thousands of U.S. dollars |
|---|---|---|
| | **2012** | **2012** |
| Buildings and structures | **¥ 33** | **$ 406** |
| Land | **61** | **751** |
| Machinery | **851** | **10,361** |
| Others | **0** | **1** |
| Total | **¥946** | **$11,521** |

For the year ended March 31, 2011, due to the deterioration in the business environment and other factors, 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, and therefore wrote the book value down to the level it would be possible to collect and booked the reduced amount as an impairment loss of ¥9,266 million under extraordinary loss. The major impairment losses were as follows:

| | | Millions of yen |
|---|---|---|
| Power generation plant | Buildings and structures | ¥ 775 |
| Ichihara Power Co., Ltd. (Ichihara city, Chiba Prefecture) | Machinery | 5,749 |
| | Others | 347 |
| | Total | 6,872 |
| Fertilizer plant | Buildings and structures | 1,164 |
| Kaihatsu Hiryou Co., Ltd. (Takehara city, Hiroshima Prefecture) | Machinery | 705 |
| | Others | 19 |
| | Total | ¥1,889 |

(Calculation of the recoverable amount)

The recoverable value of specified asset groups during the current consolidated fiscal year was measured according to value of use and calculated at a 2.34% and 2.26% discount to future cash flow.

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.

For the previous consolidated fiscal year, the recoverable 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 recoverable 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.

## 14. Loss on liquidation of business

Gulf JP UT Co., Ltd., a subsidiary of the Company, was engaged in an IPP (Independent Power Producer) project in the Samet Tai subdistrict in Thailand. However, at the Cabinet meeting of the Thai government 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 in relation to the project for the previous consolidated fiscal year.

The main loss relating to the project resulted from an anticipated irrecoverable amount of ¥4,007 million in loan receivables.

## 15. Disaster recovery expenses

The Company booked losses of ¥3,382 million (US$41,152 thousand) as disaster recovery expenses due to a fire at the Company's Isogo Thermal Power Plant on November 24, 2011. The breakdown of the losses is ¥2,513 million (US$30,577 thousand) for the restoration and removal of damaged equipment and ¥869 million (US$10,575 thousand) for other disaster-related expenses.

## 16. Consolidated statements of comprehensive income

Reclassification adjustments and tax effects relating to other comprehensive income for the current consolidated fiscal year are as follows:

| | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| Unrealized gain on available-for-sale securities, net | | |
| Amount accrued for the current year | **¥ (1,429)** | **$ (17,397)** |
| Reclassification adjustment | **1,110** | **13,509** |
| Amount before tax effect | **(319)** | **(3,888)** |
| Tax effect | **(320)** | **(3,905)** |
| Unrealized gain on available-for-sale securities, net | **(640)** | **(7,793)** |
| Deferred hedging gain and loss | | |
| Amount accrued for the current year | **(5,734)** | **(69,776)** |
| Reclassification adjustment | **(12)** | **(146)** |
| Amount before tax effect | **(5,747)** | **(69,923)** |
| Tax effect | **960** | **11,687** |
| Deferred hedging gain and loss | **(4,786)** | **(58,235)** |
| Foreign currency translation adjustments | | |
| Amount accrued for the current year | **(4,213)** | **(51,267)** |
| Reclassification adjustment | **20** | **254** |
| Amount before tax effect | **(4,192)** | **(51,013)** |
| Foreign currency translation adjustments | **(4,192)** | **(51,013)** |
| Share of other comprehensive income of associates accounted for using equity method | | |
| Amount accrued for the current year | **(5,457)** | **(66,398)** |
| Reclassification adjustment | **560** | **6,814** |
| Share of other comprehensive income of associates accounted for using equity method | **(4,897)** | **(59,583)** |
| Other comprehensive income | **¥(14,516)** | **$(176,625)** |

## 17. 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, 2012, was approved at the general meeting of the shareholders held on June 26, 2012:

| | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| Cash dividends (¥35 (US$0.43) per share) | **¥5,251** | **$63,898** |

## 18. 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, 2011 and 2012 was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Cash and bank deposits on the consolidated balance sheets | ¥37,202 | **¥35,112** | **$427,209** |
| Time deposits with a maturity of more than three months | (539) | **(602)** | **(7,332)** |
| Marketable securities with a redemption period of three months or less from the date of acquisition, included in the short-term investments account | 1,340 | **850** | **10,341** |
| Cash and cash equivalents on the consolidated statements of cash flows | ¥38,002 | **¥35,359** | **$430,219** |

The breakdown of the main assets and liabilities at the time of exclusion from consolidation of J-POWER Orange Grove Consolidation GP, LLC and four other companies that ceased to be consolidated subsidiaries during the current consolidated fiscal year due to the sale of shares, and the relationship between the proceeds from the sale of shares and income (net) from the sale of the said subsidiaries.

| | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| Property, plant and equipment, net | **¥ 9,926** | **$120,778** |
| Current assets | **1,559** | **18,971** |
| Long-term liabilities | **(5,350)** | **(65,093)** |
| Investment account after sale of shares | **(2,916)** | **(35,487)** |
| Others | **(445)** | **(5,422)** |
| Proceeds from sale of shares | **2,773** | **33,747** |
| Cash and cash equivalents of companies that ceased to be consolidated subsidiaries | **(1,348)** | **(16,402)** |
| Less: Income from sale | **¥ 1,425** | **$ 17,345** |

## 19. Leases

### Financing and lease transactions

As a lessor:

Amount of leasing fees due on lease receivables for the fiscal years ended March 31, 2011 and 2012 expected to be collected after the close of the fiscal year

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| (Current assets) | | | |
| Due within one year or less | ¥ 1,391 | — | — |
| (Investments and other assets) | | | |
| Due after one year through two years | 1,391 | — | — |
| Due after two years through three years | 1,391 | — | — |
| Due after three years through four years | 1,391 | — | — |
| Due after four years through five years | 1,391 | — | — |
| Due after five years | 26,921 | — | — |

## 20. Financial instruments

### (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. Redemption term of bonds is 17 years at the longest after the fiscal year settlement date. 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 "2. (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.

When derivative transactions are used, they are conducted only with financial and other institutions with bearing high credit ratings to mitigate counter party risk.

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

As of March 31, 2012, 85% of the operating receivables were from the 10 electric power companies.

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

The book values, fair value, and differences between those 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 (see "b. Financial instruments for which it is extremely difficult to determine the fair value").

| | Millions of yen | | |
|---|---|---|---|
| As of March 31, 2011 | Carrying value | Estimated fair value | Difference |
| Cash and bank deposits | ¥ 37,202 | ¥ 37,202 | — |
| Notes and accounts receivable | 57,781 | 57,781 | — |
| Short-term investments | 2,346 | 2,346 | — |
| Marketable securities and investment securities | 27,544 | 27,544 | — |
| Available-for-sale securities *1 | 27,544 | 27,544 | — |
| Total assets | 124,875 | 124,875 | — |
| Notes and accounts payable | 20,112 | 20,112 | — |
| Short-term loans | 17,528 | 17,528 | — |
| Commercial paper | 11,999 | 11,999 | — |
| Bonds *2 | 769,898 | 793,208 | ¥(23,309) |
| Long-term loans *2 | 628,111 | 637,820 | (9,709) |
| Total liabilities | 1,447,651 | 1,480,670 | ¥(33,019) |
| Derivatives transactions *3 | | | |
| Transactions not subject to hedge accounting | 18,151 | 18,151 | — |
| Transactions subject to hedge accounting | 5,496 | 5,496 | — |
| Total derivatives transactions | ¥ 23,647 | ¥ 23,647 | — |

*1 Includes long-term investments on the consolidated balance sheet.
*2 Includes bonds and long-term loans due within one year.
*3 Indicates the net amount of receivables and payables incurred for derivatives transactions.

| | Millions of yen | | | Thousands of U.S. dollars | | |
|---|---|---|---|---|---|---|
| **As of March 31, 2012** | Carrying value | Estimated fair value | Difference | Carrying value | Estimated fair value | Difference |
| Cash and bank deposits | **¥ 35,112** | **¥ 35,112** | **—** | **$ 427,209** | **$ 427,209** | **—** |
| Notes and accounts receivable | **59,283** | **59,283** | **—** | **721,293** | **721,293** | **—** |
| Short-term investments | **1,331** | **1,331** | **—** | **16,195** | **16,195** | **—** |
| Marketable securities and investment securities | **23,819** | **23,819** | **—** | **289,810** | **289,810** | **—** |
| Available-for-sale securities *1 | **23,819** | **23,819** | **—** | **289,810** | **289,810** | **—** |
| Total assets | **119,546** | **119,546** | **—** | **1,454,508** | **1,454,508** | **—** |
| Notes and accounts payable | **20,011** | **20,011** | **—** | **243,478** | **243,478** | **—** |
| Short-term loans | **18,443** | **18,443** | **—** | **224,404** | **224,404** | **—** |
| Commercial paper | **12,999** | **12,999** | **—** | **158,162** | **158,162** | **—** |
| Bonds *2 | **734,914** | **756,421** | **¥(21,506)** | **8,941,649** | **9,203,323** | **$(261,674)** |
| Long-term loans *2 | **667,926** | **680,002** | **(12,075)** | **8,126,610** | **8,273,537** | **(146,926)** |
| Total liabilities | **1,454,294** | **1,487,877** | **¥(33,582)** | **17,694,305** | **18,102,906** | **$(408,601)** |
| Derivatives transactions *3 | | | | | | |
| Transactions not subject to hedge accounting | **177** | **177** | **—** | **2,160** | **2,160** | **—** |
| Transactions subject to hedge accounting | **(2,962)** | **(2,962)** | **—** | **(36,040)** | **(36,040)** | **—** |
| Total derivatives transactions | **¥ (2,784)** | **¥ (2,784)** | **—** | **$ (33,879)** | **$ (33,879)** | **—** |

*1 Includes long-term investments on the consolidated balance sheet.
*2 Includes bonds and long-term loans due within one year.
*3 Indicates 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 almost the same as the book value so the carrying value is used.

② *Investment securities*

The fair value of shares is based on quoted market prices. For information of securities by holding purposes, please refer to "Note 21. Securities."

Liabilities:

③ *Notes and accounts payable, short-term loans, and commercial paper*

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

④ *Bonds*

The fair value of bonds issued by the Company is calculated by taking the current value of the sum of the principal and interest or, in cases subject to special handling with interest rate swaps, the total principal and interest with the interest rate swap combined, discounted by an interest rate which takes the time remaining on the bonds and the credit risk into consideration.

⑤ *Long-term loans*

The fair value of long-term loans is calculated by taking the current value of sum of the principal and interest or, in cases subject to special handling with interest rate swaps, the total principal and interest with the interest rate swaps combined, discounted by the assumed interest rate for an equivalent level of new borrowing.

Derivatives transactions:

Refer to "Note 22. Derivative transactions."

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

Amounts booked on the consolidated balance sheet

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Unlisted share (excluding stock sold on the OTC market) | ¥12,036 | **¥12,047** | **$146,577** |
| Unlisted foreign share | 11,188 | **11,171** | **135,922** |
| Capital contribution | 1,490 | **1,668** | **20,304** |
| Foreign capital contribution | 9,012 | **9,231** | **112,315** |
| Other | 965 | **1,010** | **12,293** |

The above do not have a market value and estimation of future cash flows from them would incur substantial cost for estimating fair value. Therefore, they are not included in the table which compares the carrying value and estimated fair value. Please note that the shares of non-consolidated subsidiaries and affiliates have been omitted from the table above 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**

| As of March 31, 2011 | Millions of yen<br>Due in one year or less |
|---|---|
| Cash and bank deposits* | ¥37,202 |
| Notes and accounts receivable | 57,781 |
| Short-term investments | 2,346 |
| Marketable securities and investment securities | |
| Available-for-sale securities with maturities | — |
| Total | ¥97,330 |

| **As of March 31, 2012** | Millions of yen<br>Due in one year or less | Thousands of U.S. dollars<br>Due in one year or less |
|---|---|---|
| Cash and bank deposits* | **¥35,112** | **$ 427,209** |
| Notes and accounts receivable | **59,283** | **721,293** |
| Short-term investments | **1,331** | **16,195** |
| Marketable securities and investment securities | | |
| Available-for-sale securities with maturities | **—** | **—** |
| Total | **¥95,726** | **$1,164,698** |

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

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

| As of March 31, 2011 | Millions of yen<br>Short-term loans | Commercial paper | Bonds | Long-term loans |
|---|---|---|---|---|
| Due in one year or less | ¥17,528 | ¥11,999 | ¥ 35,000 | ¥127,198 |
| Due after one year through two years | — | — | 20,000 | 145,521 |
| Due after two years through three years | — | — | 60,000 | 107,212 |
| Due after three years through four years | — | — | 80,000 | 68,725 |
| Due after four years through five years | — | — | 60,000 | 84,779 |
| Due after five years | — | — | 515,000 | 94,674 |

| **As of March 31, 2012** | Millions of yen<br>Short-term loans | Commercial paper | Bonds | Long-term loans | Thousands of U.S. dollars<br>Short-term loans | Commercial paper | Bonds | Long-term loans |
|---|---|---|---|---|---|---|---|---|
| Due in one year or less | **¥18,443** | **¥12,999** | **¥ 20,000** | **¥145,518** | **$224,404** | **$158,162** | **$ 243,338** | **$1,770,510** |
| Due after one year through two years | **—** | **—** | **60,000** | **134,820** | **—** | **—** | **730,015** | **1,640,349** |
| Due after two years through three years | **—** | **—** | **80,000** | **116,439** | **—** | **—** | **973,354** | **1,416,707** |
| Due after three years through four years | **—** | **—** | **60,000** | **87,741** | **—** | **—** | **730,015** | **1,067,543** |
| Due after four years through five years | **—** | **—** | **90,000** | **31,752** | **—** | **—** | **1,095,023** | **386,331** |
| Due after five years | **—** | **—** | **425,000** | **151,654** | **—** | **—** | **5,170,945** | **1,845,167** |

## 21. Securities

**a. Available-for-sale securities**

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

| | | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|---|
| | Type | 2011 | **2012** | **2012** |
| Acquisition cost | Stocks | ¥ 8,866 | **¥4,088** | **$49,748** |
| Amount booked on the consolidated balance sheet | Stocks | 12,435 | **6,429** | **78,230** |
| Unrealized gain | | ¥ 3,568 | **¥2,340** | **$28,482** |

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

| | | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|---|
| | Type | 2011 | **2012** | **2012** |
| Acquisition cost | Stocks | ¥19,176 | **¥20,884** | **$254,102** |
| Amount booked on the consolidated balance sheet | Stocks | 15,109 | **17,389** | **211,579** |
| Unrealized gain | | ¥ (4,066) | **¥ (3,494)** | **$ (42,523)** |

**b. Available-for-sale securities sold during the current consolidated fiscal year**

| | Millions of yen | | | Thousands of U.S. dollars | | |
|---|---|---|---|---|---|---|
| | Proceeds from sale | Gain on sale | Loss on sale | Proceeds from sale | Gain on sale | Loss on sale |
| Stocks | **¥1,961** | **¥685** | **¥4** | **$23,860** | **$8,335** | **$55** |

**c. Available-for-sale securities recognized as impairment loss during the current consolidated fiscal year**

An impairment loss of ¥1,790 million (US$21,790 thousand) was recognized for stocks in available-for-sale securities.

## 22. Derivatives transactions

Derivatives transactions for the years ended March 31, 2011 and 2012 are as follows:

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

**a. Currencies**

| | Millions of yen | | | |
|---|---|---|---|---|
| | Contract value, etc. | | Fair value | Valuation gain/loss |
| As of March 31, 2011 | Total value | Portion over one year | | |
| Transactions other than market transactions *1 | | | | |
| Forward exchange contracts, short positions | ¥18,104 | ¥5,206 | ¥18,355 | ¥251 |
| Total | ¥18,104 | ¥5,206 | ¥18,355 | ¥251 |

| | Millions of yen | | | | Thousands of U.S. dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | Contract value, etc. | | Fair value | Valuation gain/loss | Contract value, etc. | | Fair value | Valuation gain/loss |
| **As of March 31, 2012** | Total value | Portion over one year | | | Total value | Portion over one year | | |
| Transactions other than market transactions *1 | | | | | | | | |
| Forward exchange contracts, short positions | **¥13,235** | **¥6,376** | **¥177** | **¥177** | **$161,029** | **$77,586** | **$2,160** | **$2,160** |
| Total | **¥13,235** | **¥6,376** | **¥177** | **¥177** | **$161,029** | **$77,586** | **$2,160** | **$2,160** |

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

**b. Stocks**

| | Millions of yen | | | |
|---|---|---|---|---|
| | Contract value, etc. | | Fair value | Valuation gain/loss |
| As of March 31, 2011 | Total value | Portion over one year | | |
| Transactions other than market transactions *2 | | | | |
| Stock option transactions, short positions | ¥3,399 | ¥3,399 | ¥ 751 | — |
| Stock option transactions, long positions | 2,926 | 2,926 | (954) | — |
| Total | ¥6,325 | ¥6,325 | ¥(203) | — |

*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 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | | | **2012** | | | **2012** | | |
| | 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 *3 | ¥ 278 | — | ¥ 214 | **¥ 7,625** | **—** | **¥ 135** | **$ 92,782** | **—** | **$ 1,646** |
| Bonds and loans | | | | | | | | | |
| Interest rate swaps pay/fixed, receive/floating *4 | 18,289 | ¥ 17,957 | 911 | **56,149** | **¥ 55,809** | **(3,114)** | **683,165** | **$ 679,033** | **(37,891)** |
| Interest rate color transactions *4 | 3,726 | 3,724 | 218 | **12,904** | **12,904** | **(542)** | **157,009** | **157,009** | **(6,602)** |
| Commodity | | | | | | | | | |
| Commodity swaps, pay/fixed, receive/floating *4 | 37,008 | 26 | 2,139 | **51,917** | **—** | **559** | **631,674** | **—** | **6,807** |
| (Special interest rate swaps) | | | | | | | | | |
| Bonds and loans | | | | | | | | | |
| Interest rate swaps, pay/fixed, receive/floating | 276,500 | 243,500 | (*5) | **264,000** | **200,700** | (*5) | **3,212,069** | **2,441,902** | (*5) |
| Interest rate swaps, pay/floating, receive/fixed | 55,000 | 40,000 | (*5) | **40,000** | **20,000** | (*5) | **486,677** | **243,338** | (*5) |
| (Allocation of foreign exchange forward contracts, etc.) | | | | | | | | | |
| Foreign-currency-denominated debt and receivables | | | | | | | | | |
| Foreign exchange forward contracts transactions *3 | 2,013 | — | 2,011 | **—** | **—** | **—** | **—** | **—** | **—** |
| Total | ¥392,816 | ¥305,208 | ¥5,496 | **¥432,597** | **¥289,414** | **¥ (2,962)** | **$5,263,379** | **$3,521,284** | **$ (36,040)** |

*3 The fair value is calculated according to the forward exchange rate.
*4 The fair value is calculated according to the price, etc. specified by the transacting financial institution.
*5 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.

## 23. Employee retirement benefit plans

The Company and certain of its domestic consolidated subsidiaries have defined benefit plans, including defined benefit corporate pension plans, and lump sum retirement benefit plans. Premium severance payments in addition to the retirement benefit plans may be paid to employees upon retirement.

Retirement benefit obligations as of March 31, 2011 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Retirement benefit obligation | ¥(134,132) | **¥(133,352)** | **$(1,622,496)** |
| Plan assets at fair value | 73,488 | **73,440** | **893,546** |
| Unfunded retirement benefit obligation | (60,644) | **(59,912)** | **(728,949)** |
| Unrecognized actuarial loss | 3,802 | **2,054** | **24,999** |
| Unrecognized prior service cost*1 | (227) | **(158)** | **(1,924)** |
| Accrued employee retirement benefits | ¥ (57,069) | **¥ (58,015)** | **$ (705,875)** |

*1 Prior service cost (reduction in liabilities) occurred 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.
*2 Some consolidated subsidiaries use the simplified method for calculating retirement benefit obligations.

Retirement benefit expenses for the years ended March 31, 2011 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Service cost *4 | ¥4,940 | **¥ 5,016** | **$ 61,037** |
| Interest cost | 2,530 | **2,549** | **31,016** |
| Expected return on pension assets | (1,416) | **(1,371)** | **(16,681)** |
| Amortization of prior service cost *3 | (69) | **(69)** | **(844)** |
| Amortization of actuarial gain or loss | (1,868) | **2,161** | **26,304** |
| Additional severance payments, etc. | 1,145 | **219** | **2,672** |
| Total | ¥5,262 | **¥ 8,507** | **$103,505** |

*3 The amount of the amortization for the current consolidated fiscal year pertaining to the prior service cost.
*4 The retirement benefit expenses for consolidated subsidiaries using the simplified method are included in Service cost.

The principal assumptions used in determining the retirement benefit obligations and other components of the retirement benefit plans of the Company and its subsidiaries for the years ended March 31, 2011 and 2012 were as follows:

| | 2011 | **2012** |
|---|---|---|
| Method of allocation of estimated retirement benefits | Equally over the period | **Equally over the period** |
| Discount rate | Mainly 2.0% | **Mainly 2.0%** |
| Expected rate of return on plan assets | Mainly 2.0% | **Mainly 2.0%** |
| Amortization of actuarial gain or loss | 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 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** |

## 24. 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 for the years ended March 31, 2011 and 2012.

The significant components of deferred tax assets and liabilities as of March 31, 2011 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Deferred tax assets: | | | |
| Excess of accrued employee retirement benefits | ¥ 25,382 | **¥ 22,048** | **$ 268,262** |
| Tax effect on elimination of unrealized gain on fixed assets | 14,309 | **13,497** | **164,221** |
| Excess of depreciation of fixed assets | 6,507 | **6,184** | **75,250** |
| Amount assigned for bonuses, etc. but not yet paid | 2,893 | **2,648** | **32,219** |
| Excess of amortization of deferred assets for tax purposes | 2,018 | **1,581** | **19,237** |
| Excess of reserve for fluctuation in water levels | 279 | **259** | **3,151** |
| Other | 37,884 | **37,257** | **453,303** |
| Subtotal of deferred tax assets | 89,275 | **83,476** | **1,015,647** |
| Valuation allowance | (18,797) | **(16,339)** | **(198,805)** |
| Total deferred tax assets | 70,478 | **67,136** | **816,842** |
| Deferred tax liabilities: | | | |
| Other | (13,517) | **(14,271)** | **(173,641)** |
| Total deferred tax liabilities | (13,517) | **(14,271)** | **(173,641)** |
| Net deferred tax assets | ¥ 56,961 | **¥ 52,864** | **$ 643,200** |

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, 2011 and 2012 is as follows:

| | 2011 | **2012** |
|---|---|---|
| Statutory tax rates | 36.00% | **36.00%** |
| (adjusted) | | |
| Downward adjustment of deferred tax assets due to change in tax rate | — | **17.69%** |
| Investment profit/loss based on the equity method | (8.43%) | **(10.36%)** |
| Valuation allowance | 18.98% | **6.16%** |
| Non-deductible expenses | 6.35% | **3.23%** |
| Others | 6.12% | **(0.60%)** |
| Contribution rate of corporate tax after application of tax effect accounting | 59.02% | **52.12%** |

Adjustment of deferred tax assets and deferred tax liabilities due to change in tax rate

Following the promulgation on December 2, 2011 of the Act for the Partial Revision of the Income Tax Act, etc. in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure (Law No. 114 of 2011) and the Act on Special Measures for Securing Financial Resources to Implement Measures for Reconstruction Following the Tohoku Earthquake (Law No. 117 of 2011), the effective statutory tax rate to be applied in the calculation of deferred tax assets and deferred tax liabilities for the current consolidated year was amended from 36.00% to 33.33% for temporary differences expected to be reversed from April 1, 2012, and to 30.78% for temporary differences expected to be reversed from April 1, 2015.

These changes in effective statutory tax rates resulted in a ¥5,956 million (US$72,476 thousand) decrease in deferred tax assets (after deducting deferred tax liabilities) and a ¥5,881 million (US$71,553 thousand) increase in income taxes-deferred.

## 25. 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.

## 26. Segment information

**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 the Company, 69 subsidiaries and 101 affiliates (for the year ended March 31, 2012) and our core business is the wholesale electric power business where the Company supplies electricity to Japan's 10 electric power companies (EPCOs) from hydroelectric and thermal power plants which the Company owns. Through our power transmission and transforming facilities we also provide transmission services to nine 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 primarily, wind power business, the wholesale supply of electricity to EPCOs by IPPs, and the wholesale supply of electricity to PPSs (Power Producers and Suppliers); "Electric Power-Related Business" which complements and contributes to the smooth and efficient implementation of the electric power business; "Overseas Business" which 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 which fully utilize the Group's management resources and know-how.

**b. Method of calculating amount of sales, income or loss, 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 is 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

| | 2011 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Electric power | Electric power-related | Overseas | Other | Total | Adjustments and eliminations*1 | Consolidated*2 |
| Sales to external 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 (loss) | 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 (loss) | (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 |

Millions of yen

| | 2012 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Electric power | Electric power-related | Overseas | Other | Total | Adjustments and eliminations*1 | Consolidated*2 |
| Sales to external customers | ¥ 609,775 | ¥ 23,133 | ¥ 2,005 | ¥19,686 | ¥ 654,600 | — | ¥ 654,600 |
| Inter-segment sales and transfer | 3,151 | 318,199 | — | 2,669 | 324,020 | ¥(324,020) | — |
| Total sales | 612,927 | 341,332 | 2,005 | 22,355 | 978,620 | (324,020) | 654,600 |
| Segment income (loss) | 22,290 | 8,373 | 3,499 | (3) | 34,159 | 2,460 | 36,619 |
| Segment asset | 1,730,754 | 170,665 | 212,117 | 9,798 | 2,123,336 | (106,941) | 2,016,394 |
| Other items | | | | | | | |
| Depreciation and amortization | 104,344 | 3,514 | 55 | 521 | 108,436 | (3,164) | 105,271 |
| Amortization of goodwill | 51 | — | — | — | 51 | — | 51 |
| Interest income | 285 | 98 | 687 | 7 | 1,077 | (109) | 968 |
| Interest expenses | 20,841 | 127 | 1,098 | 48 | 22,115 | (109) | 22,005 |
| Equity income of affiliates | 337 | — | 9,228 | — | 9,565 | — | 9,565 |
| Investment in affiliates | 6,094 | — | 98,297 | — | 104,391 | — | 104,391 |
| Increase in the tangible and intangible fixed assets | ¥ 68,286 | ¥ 7,119 | ¥ 62,548 | ¥ 340 | ¥ 138,296 | ¥ (570) | ¥ 137,725 |

Thousands of U.S. dollars

| | 2012 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Electric power | Electric power-related | Overseas | Other | Total | Adjustments and eliminations*1 | Consolidated*2 |
| Sales to external customers | $ 7,419,092 | $ 281,459 | $ 24,399 | $239,523 | $ 7,964,475 | — | $ 7,964,475 |
| Inter-segment sales and transfer | 38,347 | 3,871,512 | — | 32,477 | 3,942,337 | $(3,942,337) | — |
| Total sales | 7,457,440 | 4,152,971 | 24,399 | 272,000 | 11,906,812 | (3,942,337) | 7,964,475 |
| Segment income (loss) | 271,208 | 101,876 | 42,579 | (44) | 415,619 | 29,933 | 445,552 |
| Segment asset | 21,057,973 | 2,076,475 | 2,580,813 | 119,219 | 25,834,482 | (1,301,145) | 24,533,336 |
| Other items | | | | | | | |
| Depreciation and amortization | 1,269,556 | 42,762 | 672 | 6,343 | 1,319,334 | (38,503) | 1,280,831 |
| Amortization of goodwill | 621 | — | — | — | 621 | — | 621 |
| Interest income | 3,469 | 1,194 | 8,361 | 88 | 13,114 | (1,332) | 11,781 |
| Interest expenses | 253,572 | 1,549 | 13,362 | 592 | 269,077 | (1,332) | 267,744 |
| Equity income of affiliates | 4,104 | — | 112,282 | — | 116,386 | — | 116,386 |
| Investment in affiliates | 74,147 | — | 1,195,978 | — | 1,270,126 | — | 1,270,126 |
| Increase in the tangible and intangible fixed assets | $ 830,834 | $ 86,627 | $ 761,029 | $ 4,147 | $ 1,682,638 | $ (6,940) | $ 1,675,698 |

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

(1) The amount of adjustments to segment income (¥533 million and ¥2,460 million (US$29,933 thousand) for the fiscal years ended March 31, 2011 and 2012, respectively) includes elimination of intersegment transactions (¥277 million and ¥1,708 million (US$20,791 thousand) for the fiscal years ended March 31, 2011 and 2012, respectively).

(2) The amount of adjustments for segment assets (-¥101,782 million and -¥106,941 million (-US$1,301,145 thousand) for the fiscal years ended March 31, 2011 and 2012 respectively) includes the offset of receivables (-¥103,098 million and -¥106,350 million (-US$1,293,953 thousand) for the fiscal years ended March 31, 2011 and 2012, respectively).

(3) Adjustments to depreciation and amortization expenses (-¥3,244 million and -¥3,164 million (-US$38,503 thousand) for the fiscal years ended March 31, 2011 and 2012, respectively) include elimination of intersegment transactions (-¥3,241 million and -¥3,159 million (US$38,442 thousand) for the fiscal years ended March 31, 2011 and 2012, respectively).

(4) Intersegment transactions have been eliminated from the adjustments for increases in interest income, interest expenses, 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 consolidated fiscal years ended March 31, 2011 and 2012 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 consolidated fiscal years ended March 31, 2011 and 2012 account for more than 90% of tangible fixed assets in the consolidated balance sheet, geographic segment information is not presented.

Information regarding main customers

| | | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|---|
| | Related segment | 2011 | **2012** | **2012** |
| The Chugoku Electric Power Company, Incorporated | Electric power business | ¥127,776 | **¥127,245** | **$1,548,186** |
| The Tokyo Electric Power Company, Incorporated | Electric power business | 127,102 | **123,419** | **1,501,637** |
| The Kansai Electric Power Company, Incorporated | Electric power business | 107,598 | **112,470** | **1,368,415** |
| Kyushu Electric Power Company, Incorporated | Electric power business | 58,630 | **68,718** | **836,087** |

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

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Loss on impairment of fixed assets | | | |
| Electric power business | ¥6,872 | **¥851** | **$10,361** |
| Electric power-related business | 24 | **—** | **—** |
| Overseas business | — | **—** | **—** |
| Other business | 2,369 | **95** | **1,159** |
| Total | ¥9,266 | **¥946** | **$11,521** |

**f. Unamortized goodwill in reportable segments**

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Balance at the end of the period | | | |
| Electric power business | ¥43 | **—** | **—** |
| Electric power-related business | — | **—** | **—** |
| Overseas business | — | **—** | **—** |
| Other business | — | **—** | **—** |
| Total | ¥43 | **—** | **—** |

## 27. Related party transactions

During the fiscal year ended March 31, 2011 and 2012, 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 |
|---|---|---|---|
| | 2011 | **2012** | **2012** |
| Total current assets | ¥27,722 | **¥23,898** | **$290,769** |
| Total fixed assets | 66,799 | **59,248** | **720,866** |
| Total current liabilities | 10,340 | **10,085** | **122,707** |
| Total long-term liabilities | 39,155 | **31,488** | **383,117** |
| Total net assets | 45,026 | **41,572** | **505,811** |
| Revenues | 61,424 | **55,504** | **675,320** |
| Net income before taxes | 11,480 | **7,452** | **90,677** |
| Net income | 11,480 | **7,452** | **90,677** |

## 28. Significant subsequent event

Acquisition of an interest in the Maules Creek Coal Mine, Australia

At the September 30, 2011 board of directors' meeting J-POWER made a decision to acquire through its subsidiary J-POWER AUSTRALIA PTY. LTD. (JPA) a 10% interest in Maules Creek Coal Mine in New South Wales, Australia, which is currently being developed by Aston Resources Ltd. (Aston), at AUS$370 million (approximately ¥29 billion, approximately US$360 million) and to sign a long-term steaming coal purchase agreement to buy coal from the mine, and signed the agreement with Aston on the same day.

With the abandonment of the exercise of pre-emptive rights in the mine by other stakeholders (rights of stakeholders other than Aston to purchase rights in the mine under the same conditions) and the fulfillment of various other conditions including obtaining permits from relevant authorities, the acquisition and purchase agreements became effective on June 19, 2012.

In line with the above agreements, J-POWER proceeded with the additional investment in JPA on June 18, 2012 by the above amount.

Maules Creek Mine is a coal mine under development in New South Wales, Australia, where Aston intends to commence production in 2013 and expects to produce about 10.7 million t/year of semi-soft coking coal (slightly caking coal) and high quality steaming coal at the mine's peak period.

## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Electric Power Development Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Electric Power Development Co., Ltd. and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

*Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Notes 1 and 2.

June 27, 2012
Tokyo, Japan

Ernst & Young ShinNihon LLC

# Fact Data

# Financial Highlights

| | 2003/3 | 2004/3 | 2005/3 |
|---|---|---|---|
| **Consolidated: Operating Revenues and Expenses** | | | |
| **Operating Revenues** | **584,122** | **569,854** | **594,375** |
| **Electric Utility Operating Revenue** | **545,824** | **522,922** | **547,960** |
| Wholesale Electric Power Business (Non-Consolidated) | 473,567 | 453,478 | 476,335 |
| Other Electric Power Businesses | — | 4,472 | 8,679 |
| Transmission Revenue (Non-Consolidated) | 66,739 | 63,398 | 61,194 |
| Other | *1 | 1,573 | 1,751 |
| **Other Business Operating Revenue** | **38,297** | **46,931** | **46,414** |
| **Operating Expenses** | **449,920** | **437,715** | **482,489** |
| **Electric Utility Operating Expenses** | **407,131** | **386,463** | **431,678** |
| Personnel Expenses | 49,923 | 42,220 | 33,764 |
| Fuel Cost | 86,438 | 85,927 | 116,622 |
| Repair Expenses | 36,189 | 28,652 | 47,452 |
| Consignment Costs | 25,126 | 26,193 | 34,000 |
| Taxes and Duties | 23,312 | 23,984 | 24,974 |
| Depreciation and Amortization Costs | 134,043 | 128,395 | 122,016 |
| Other | 52,097 | 51,089 | 52,846 |
| **Other Business Operating Expenses** | **42,789** | **51,251** | **50,810** |
| **Operating Income** | **134,201** | **132,138** | **111,885** |
| **Non-Operating Income** | **3,228** | **4,067** | **3,880** |
| **Equity Income of Affiliates** | **275** | **804** | **—** |
| **Other** | **2,952** | **3,263** | **3,880** |
| **Non-Operating Expenses** | **101,908** | **91,759** | **58,673** |
| **Interest Expenses** | **87,136** | **83,519** | **50,881** |
| **Equity Loss of Affiliates** | **—** | **—** | **1,311** |
| **Other** | **14,771** | **8,239** | **6,479** |
| **Ordinary Income** | **35,522** | **44,446** | **57,093** |
| **Extraordinary Income** | **—** | **—** | **—** |
| **Extraordinary Loss** | **—** | **—** | **—** |
| **Net Income** | **20,725** | **27,623** | **35,559** |
| **Consolidated: Balance Sheet Items** | | | |
| **Total Assets** | **2,195,897** | **2,076,107** | **2,021,655** |
| Construction in Progress | 189,173 | 160,832 | 170,613 |
| **Total Shareholders' Equity***2 | **168,301** | **359,645** | **391,327** |
| **Interest-Bearing Debt Outstanding** | **1,893,902** | **1,592,908** | **1,498,010** |
| **Consolidated: Cash Flow Items** | | | |
| **Cash Flows from Operating Activities** | **167,368** | **179,948** | **172,637** |
| **Cash Flows from Investing Activities** | **(11,030)** | **(64,507)** | **(60,586)** |
| (for reference) Capital Expenditures on a Non-Consolidated Basis*3 | *1 | *1 | *1 |
| **Free Cash Flow** | **156,337** | **115,440** | **112,051** |

*1. Not released publicly
*2. Definition of shareholders' equity is total shareholders' 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. Non-Consolidated Capital Expenditures: The amount of the increase in tangible noncurrent assets and intangible noncurrent assets

| 2006/3 | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| | | | | | | (Millions of yen) |
| **621,933** | **573,277** | **587,780** | **704,936** | **584,484** | **635,975** | **654,600** |
| **573,198** | **523,782** | **531,764** | **648,362** | **530,289** | **584,436** | **609,775** |
| 495,061 | 450,034 | 457,292 | 571,282 | 458,688 | 514,640 | 532,915 |
| 16,495 | 16,868 | 17,702 | 20,055 | 14,754 | 13,723 | 22,371 |
| 58,255 | 55,184 | 54,934 | 55,414 | 54,402 | 54,343 | 53,059 |
| 3,386 | 1,694 | 1,833 | 1,610 | 2,444 | 1,729 | 1,429 |
| **48,734** | **49,494** | **56,016** | **56,574** | **54,194** | **51,539** | **44,825** |
| **520,464** | **496,136** | **537,056** | **647,828** | **535,544** | **565,387** | **604,800** |
| **469,720** | **444,463** | **477,869** | **588,808** | **478,644** | **509,116** | **553,873** |
| 21,273 | 27,235 | 37,768 | 43,651 | 36,264 | 31,354 | 34,536 |
| 160,823 | 149,865 | 191,579 | 264,397 | 178,048 | 214,261 | 249,421 |
| 38,712 | 41,175 | 30,403 | 51,476 | 44,480 | 46,035 | 52,915 |
| 31,418 | 31,785 | 30,289 | 33,244 | 32,058 | 31,491 | 34,700 |
| 29,959 | 28,566 | 27,753 | 29,162 | 26,507 | 27,259 | 27,608 |
| 131,511 | 118,588 | 110,393 | 110,122 | 116,095 | 106,929 | 101,139 |
| 56,022 | 47,246 | 49,681 | 56,752 | 45,190 | 51,783 | 53,551 |
| **50,744** | **51,673** | **59,186** | **59,019** | **56,899** | **56,271** | **50,927** |
| **101,469** | **77,141** | **50,724** | **57,108** | **48,939** | **70,588** | **49,800** |
| **7,620** | **13,011** | **21,543** | **13,282** | **18,734** | **14,965** | **15,356** |
| **2,042** | **5,560** | **8,879** | **7,470** | **11,722** | **9,072** | **9,565** |
| **5,577** | **7,451** | **12,664** | **5,812** | **7,011** | **5,893** | **5,790** |
| **41,182** | **34,639** | **29,394** | **30,791** | **25,979** | **29,231** | **28,536** |
| **35,732** | **22,585** | **22,749** | **22,616** | **23,085** | **22,371** | **22,005** |
| **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **5,449** | **12,054** | **6,644** | **8,174** | **2,894** | **6,860** | **6,530** |
| **67,906** | **55,513** | **42,873** | **39,599** | **41,694** | **56,322** | **36,619** |
| **—** | **—** | **—** | **12,170** | **—** | **1,635** | **—** |
| **—** | **—** | **—** | **19,648** | **—** | **19,176** | **3,382** |
| **43,577** | **35,167** | **29,311** | **19,457** | **29,149** | **19,583** | **16,113** |
| | | | | | | (Millions of yen) |
| **1,964,667** | **1,999,794** | **2,013,131** | **2,005,469** | **2,024,080** | **2,012,386** | **2,016,394** |
| 199,524 | 248,710 | 327,429 | 321,889 | 309,740 | 301,676 | 380,425 |
| **433,028** | **461,186** | **466,383** | **380,128** | **412,677** | **415,762** | **407,384** |
| **1,408,232** | **1,421,542** | **1,423,878** | **1,470,748** | **1,452,515** | **1,429,037** | **1,435,736** |
| | | | | | | (Millions of yen) |
| **173,954** | **157,241** | **136,252** | **158,628** | **169,148** | **151,236** | **125,891** |
| **(72,326)** | **(155,407)** | **(152,518)** | **(132,350)** | **(129,504)** | **(124,675)** | **(136,852)** |
| (62,365) | (86,898) | (122,874) | (150,228) | (97,908) | (73,796) | **(68,493)** |
| **101,628** | **1,834** | **(16,265)** | **26,278** | **39,643** | **26,560** | **(10,960)** |

| | 2003/3 | 2004/3 | 2005/3 |
|---|---|---|---|
| **Consolidated: Capacity of Power Generation Facilities (In Operation)** | | | |
| **Domestic: Wholesale Electric Power Business (Non-Consolidated)** | **16,085** | **16,375** | **16,375** |
| Hydroelectric | 8,261 | 8,551 | 8,551 |
| Thermal | 7,825 | 7,825 | 7,825 |
| **Domestic: Other Electric Power Businesses*1** | **—** | **134** | **375** |
| IPPs, Wholesale Power for PPSs | — | 134 | 244 |
| Wind Power | — | — | 131 |
| **Overseas: Power Generation Output*2** | **330** | **600** | **964** |
| **Consolidated: Power Sales** | | | |
| **Wholesale Electric Power Business (Non-Consolidated)** | **54,429** | **58,787** | **60,517** |
| Hydroelectric | 8,902 | 10,850 | 11,172 |
| Water Supply Rate | 91% | 109% | 118% |
| Thermal | 45,527 | 47,937 | 49,345 |
| Load Factor | 71% | 75% | 77% |
| **Other Electric Power Businesses** | **—** | **517** | **965** |
| **Total** | **54,429** | **59,304** | **61,482** |
| **Other Business Data** | | | |
| Coal Consumption (Non-Consolidated) (1,000 tons) | 1,728 | 1,841 | 1,907 |
| Australian Coal*3 (FOB price, US$ per ton) | 32 | 27 | 45 |
| Average Exchange Rates*4 (Yen per US$) | 122 | 113 | 108 |
| **Non-Consolidated: Operating Revenues and Expenditures** | | | |
| **Operating Revenues** | **546,209** | **522,595** | **546,702** |
| **Electric Utility Operating Revenue** | **546,209** | **518,978** | **540,665** |
| Wholesale Electric Power Business | 473,567 | 453,478 | 476,335 |
| Hydroelectric | 138,195 | 135,758 | 137,106 |
| Thermal | 335,371 | 317,719 | 339,228 |
| Transmission Revenues | 66,739 | 63,398 | 61,194 |
| Other Electricity Revenues | 5,902 | 2,100 | 3,136 |
| **Incidental Business Operating Revenue** | **—** | **3,617** | **6,037** |
| **Operating Expenses** | **421,541** | **403,807** | **447,964** |
| **Electric Power Business Operating Expenses** | **421,541** | **400,754** | **442,754** |
| Fixed Expenses | 320,288 | 298,681 | 312,064 |
| Personnel Expenses | 50,057 | 43,461 | 33,823 |
| Repair Expenses | 39,570 | 30,874 | 52,018 |
| Taxes and Duties | 28,379 | 29,182 | 29,945 |
| Depreciation | 137,736 | 130,376 | 122,825 |
| Other | 64,545 | 64,786 | 73,451 |
| Variable Expenses | 101,252 | 102,072 | 130,689 |
| Fuel Cost | 88,494 | 87,435 | 115,838 |
| Waste Disposal Costs | 12,758 | 14,636 | 14,850 |
| **Incidental Business Operating Expenses** | **—** | **3,053** | **5,210** |
| **Operating Income** | **124,668** | **118,788** | **98,738** |

*1. Output of facilities of Consolidated subsidiaries (The Company's ownership ratio has not been taken into consideration.)
*2. The output of all project facilities in which the Company has an equity interest times the Company's equity interest (equity share output)
*3. Reference price
*4. Telegraphic Transfer Middle Rate

(Millions of yen)

| 2006/3 | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| | | | | | | (MW) |
| **16,375** | **16,380** | **16,380** | **16,385** | **16,988** | **16,993** | **16,993** |
| 8,551 | 8,556 | 8,556 | 8,561 | 8,561 | 8,566 | 8,566 |
| 7,825 | 7,825 | 7,825 | 7,825 | 8,427 | 8,427 | 8,427 |
| **495** | **560** | **560** | **606** | **623** | **705** | **705** |
| 352 | 352 | 352 | 352 | 352 | 352 | 352 |
| 143 | 209 | 209 | 254 | 271 | 353 | 353 |
| **964** | **2,162** | **2,705** | **3,043** | **3,574** | **3,738** | **3,672** |
| | | | | | | (GWh) |
| **62,627** | **58,672** | **60,786** | **57,532** | **55,760** | **64,353** | **64,074** |
| 8,583 | 10,633 | 8,287 | 8,384 | 9,214 | 10,267 | 10,318 |
| 90% | 112% | 85% | 88% | 96% | 106% | 115% |
| 54,044 | 48,039 | 52,499 | 49,147 | 46,546 | 54,086 | 53,756 |
| 84% | 75% | 81% | 76% | 68% | 78% | 77% |
| **1,701** | **1,657** | **1,682** | **1,616** | **1,477** | **1,462** | **2,010** |
| **64,328** | **60,329** | **62,469** | **59,148** | **57,238** | **65,815** | **66,084** |
| | | | | | | |
| 2,076 | 1,857 | 2,023 | 1,941 | 1,814 | 2,115 | 2,079 |
| 52.5-54 | 52-53 | 55-56 | 125 | 71 | 97-98 | 130 |
| 113 | 117 | 114 | 101 | 93 | 86 | 79 |
| | | | | | | (Millions of yen) |
| **566,016** | **517,273** | **529,250** | **645,850** | **530,436** | **583,213** | **599,973** |
| **558,306** | **510,248** | **517,318** | **631,452** | **518,682** | **573,878** | **590,553** |
| 495,061 | 450,034 | 457,292 | 571,282 | 458,688 | 514,640 | 532,915 |
| 126,810 | 123,490 | 114,557 | 110,945 | 108,994 | 108,152 | 108,479 |
| 368,250 | 326,543 | 342,734 | 460,336 | 349,693 | 406,488 | 424,436 |
| 58,255 | 55,184 | 54,934 | 55,414 | 54,402 | 54,343 | 53,059 |
| 4,989 | 5,029 | 5,090 | 4,755 | 5,591 | 4,894 | 4,579 |
| **7,709** | **7,024** | **11,932** | **14,398** | **11,753** | **9,335** | **9,419** |
| **480,041** | **456,433** | **489,363** | **601,122** | **489,531** | **520,569** | **557,628** |
| **473,056** | **450,203** | **478,579** | **588,224** | **479,085** | **513,395** | **549,010** |
| 299,429 | 289,497 | 275,420 | 314,140 | 285,847 | 280,891 | 285,864 |
| 21,489 | 27,180 | 37,689 | 43,571 | 36,187 | 31,276 | 34,441 |
| 42,565 | 46,477 | 32,757 | 55,419 | 45,390 | 50,635 | 54,286 |
| 29,366 | 27,800 | 27,044 | 28,380 | 25,792 | 26,594 | 26,755 |
| 130,844 | 117,973 | 109,739 | 109,741 | 115,585 | 106,080 | 100,423 |
| 75,163 | 70,064 | 68,188 | 77,026 | 62,892 | 66,304 | 69,958 |
| 173,626 | 160,706 | 203,159 | 274,083 | 193,237 | 232,503 | 263,146 |
| 155,977 | 144,053 | 185,357 | 255,156 | 173,957 | 209,967 | 238,497 |
| 17,648 | 16,652 | 17,801 | 18,927 | 19,280 | 22,536 | 24,649 |
| **6,985** | **6,229** | **10,783** | **12,897** | **10,446** | **7,174** | **8,617** |
| **85,974** | **60,840** | **39,887** | **44,728** | **40,904** | **62,644** | **42,344** |

| | 2003/3 | 2004/3 | 2005/3 |
|---|---|---|---|
| **Non-Consolidated: Composition of Operating Expenses** | | | |
| **Personnel Expenses** | **50,057** | **43,461** | **33,823** |
| Amortization of the Actuarial Gains or Losses on Pension Plan Assets Measured at Fair Value*1 | 8,477 | 3,846 | (104) |
| Other Personnel Expenses | 41,580 | 39,615 | 33,927 |
| **Repair Expenses** | **39,570** | **30,874** | **52,018** |
| Hydroelectric | 8,085 | 8,757 | 12,854 |
| Thermal | 28,706 | 19,433 | 34,930 |
| Transmission/Transformation | 1,515 | 1,539 | 2,128 |
| Others | 1,262 | 1,144 | 2,105 |
| **Depreciation***2 | **137,736** | **130,376** | **122,825** |
| Hydroelectric | 26,901 | 28,749 | 28,230 |
| Thermal | 80,929 | 73,583 | 68,220 |
| Transmission/Transformation | 25,405 | 23,647 | 22,157 |
| Others | 4,500 | 4,396 | 4,217 |
| **Consolidated: Principal Financial Indicators** | | | |
| Return on Assets (ROA)*3 | 1.6% | 2.1% | 2.8% |
| ROA (after exclusion of the construction in progress of tangible fixed assets)*4 | 1.7% | 2.3% | 3.0% |
| Return on Equity (ROE)*5 | 12.9% | 10.5% | 9.5% |
| Net Income per Share (EPS)*6 (Yen) | 291.40 | 304.88 | 255.01 |
| Net Assets per Share (BPS) (Yen) | 2,381.71 | 2,590.00 | 2,818.04 |
| Equity Ratio | 7.7% | 17.3% | 19.4% |
| Debt Equity Ratio | 11.3 | 4.4 | 3.8 |
| **Shareholder Returns (Returns to Shareholders)** | | | |
| Cash Dividends per Share (Yen) | 60 | 60 | 60 |
| Dividend Payout Ratio | 20.6% | 19.7% | 23.5% |
| Number of Common Shares Issued at the End of the Period (Thousands) (excluding treasury stock)*7 | 70,600 | 138,808 | 138,808 |
| Number of Employees | | | |
| Consolidated | 6,543 | 5,871 | 5,925 |
| Non-Consolidated | 3,070 | 2,386 | 2,144 |

*1. Prior to the fiscal year ended March 31, 2009, actuarial gains or losses were treated as expenses in the fiscal year when they were accrued, but from the fiscal year ended March 31, 2010, they have been treated as expenses in the fiscal year following the fiscal year when they accrue.
*2. Depreciation charges on fixed assets in the electric power business
*3. ROA: Ordinary income/Average total assets
*4. ROA: Ordinary income/(Average total assets during the period - Average construction in progress of fixed assets)
*5. ROE: Net income/Average total shareholders' equity
*6. 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.
*7. In the fiscal year ended March 2004, capital increases were implemented through allocating 68,208 thousand shares to third parties. J-POWER carried out a 1.2-for-1 stock split on March 1, 2006.

| 2006/3 | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| | | | | | | (Millions of yen) |
| **21,489** | **27,180** | **37,689** | **43,571** | **36,187** | **31,276** | **34,441** |
| (8,993) | (3,865) | 6,355 | 10,787 | 3,408 | (2,213) | 1,752 |
| 30,483 | 31,045 | 31,334 | 32,783 | 32,778 | 33,490 | 32,689 |
| **42,565** | **46,477** | **32,757** | **55,419** | **45,390** | **50,635** | **54,286** |
| 15,649 | 8,659 | 6,893 | 14,572 | 8,009 | 8,112 | 13,039 |
| 23,889 | 34,534 | 22,436 | 36,195 | 33,242 | 38,765 | 35,733 |
| 1,623 | 1,547 | 1,875 | 2,518 | 2,327 | 2,259 | 3,761 |
| 1,403 | 1,736 | 1,553 | 2,133 | 1,811 | 1,496 | 1,753 |
| **130,844** | **117,973** | **109,739** | **109,741** | **115,585** | **106,080** | **100,423** |
| 27,029 | 26,122 | 25,425 | 24,921 | 24,054 | 23,553 | 23,418 |
| 77,936 | 67,899 | 61,069 | 61,970 | 69,307 | 61,318 | 56,707 |
| 21,583 | 20,202 | 19,021 | 18,470 | 17,752 | 16,849 | 16,053 |
| 4,295 | 3,748 | 4,222 | 4,379 | 4,470 | 4,359 | 4,242 |
| | | | | | | |
| 3.4% | 2.8% | 2.1% | 2.0% | 2.1% | 2.8% | 1.8% |
| 3.8% | 3.2% | 2.5% | 2.4% | 2.5% | 3.3% | 2.2% |
| 10.6% | 7.9% | 6.3% | 4.6% | 7.4% | 4.7% | 3.9% |
| 260.76 | 211.14 | 175.99 | 121.65 | 194.26 | 130.51 | 107.39 |
| 2,598.90 | 2,768.95 | 2,800.18 | 2,533.28 | 2,750.20 | 2,770.77 | 2,714.94 |
| 22.0% | 23.1% | 23.2% | 19.0% | 20.4% | 20.7% | 20.2% |
| 3.3 | 3.1 | 3.1 | 3.9 | 3.5 | 3.4 | 3.5 |
| | | | | | | |
| 60 | 60 | 70 | 70 | 70 | 70 | 70 |
| 23.0% | 28.4% | 39.8% | 57.5% | 36.0% | 53.6% | 65.2% |
| | | | | | | |
| 166,565 | 166,556 | 166,554 | 150,054 | 150,053 | 150,053 | 150,053 |
| | | | | | | |
| 5,868 | 6,494 | 6,524 | 6,581 | 6,701 | 6,774 | 6,983 |
| 2,132 | 2,174 | 2,201 | 2,224 | 2,257 | 2,299 | 2,321 |

## Consolidated Balance Sheets

| | 2003/3 | 2004/3 | 2005/3 |
|---|---|---|---|
| **Assets** | | | |
| **Noncurrent Assets** | **2,013,870** | **1,945,140** | **1,890,001** |
| **Electric Utility Plant and Equipment** | **1,672,846** | **1,623,367** | **1,547,374** |
| Hydroelectric Power Production Facilities | 475,200 | 506,703 | 499,017 |
| Thermal Power Production Facilities | 803,105 | 746,203 | 686,072 |
| Internal Combustion Engine Power Production Facilities | — | — | 10,071 |
| Renewable Power Production Facilities | — | — | — |
| Transmission Facilities | 307,963 | 289,771 | 276,661 |
| Transformation Facilities | 47,320 | 43,795 | 41,605 |
| Communication Facilities | 11,730 | 10,983 | 9,985 |
| General Facilities | 27,527 | 25,909 | 23,961 |
| **Other Noncurrent Assets** | **28,598** | **28,982** | **27,877** |
| **Construction in Progress** | **189,173** | **160,832** | **170,613** |
| Construction and Retirement in Progress | 189,173 | 160,832 | 170,613 |
| **Nuclear Fuel** | **—** | **—** | **—** |
| Nuclear Fuel in Processing | — | — | — |
| **Investments and Other Assets** | **123,252** | **131,958** | **144,135** |
| Long-Term Investments | 77,438 | 86,081 | 95,031 |
| Deferred Tax Assets | 43,319 | 44,270 | 46,150 |
| Other | 2,592 | 1,688 | 2,954 |
| Allowance for Doubtful Accounts | (98) | (81) | (1) |
| **Current Assets** | **182,027** | **130,967** | **131,654** |
| Cash and Deposits | 60,136 | 27,804 | 30,351 |
| Notes and Accounts Receivable–Trade | 50,757 | 49,722 | 52,150 |
| Short-Term Investments | 2,049 | 7,918 | 1,551 |
| Inventories | 11,201 | 11,750 | 13,158 |
| Deferred Tax Assets | 7,827 | 4,943 | 5,083 |
| Other | 50,118 | 28,844 | 29,383 |
| Allowance for Doubtful Accounts | (63) | (17) | (24) |
| **Total Assets** | **2,195,897** | **2,076,107** | **2,021,655** |

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)

| 2006/3 | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| **1,827,868** | **1,861,818** | **1,864,374** | **1,843,143** | **1,879,804** | **1,842,658** | **1,849,786** |
| **1,438,443** | **1,351,994** | **1,265,497** | **1,235,044** | **1,226,640** | **1,178,492** | **1,111,251** |
| 481,068 | 469,750 | 450,635 | 441,694 | 403,329 | 389,892 | 374,510 |
| 613,349 | 555,959 | 504,468 | 463,682 | 482,045 | 454,823 | 423,049 |
| 16,931 | 15,471 | 14,141 | 12,906 | 11,764 | 4,694 | 4,296 |
| — | — | — | — | 24,334 | 38,436 | 34,479 |
| 257,253 | 242,675 | 229,312 | 217,723 | 207,948 | 197,163 | 186,274 |
| 38,605 | 36,581 | 34,310 | 36,615 | 35,089 | 34,456 | 31,774 |
| 9,170 | 9,626 | 9,289 | 9,591 | 9,339 | 9,539 | 9,065 |
| 22,065 | 21,928 | 23,339 | 52,830 | 52,789 | 49,486 | 47,801 |
| **28,336** | **33,682** | **40,270** | **46,634** | **49,619** | **64,920** | **65,657** |
| **199,524** | **248,710** | **327,429** | **321,889** | **309,740** | **301,676** | **380,425** |
| 199,524 | 248,710 | 327,429 | 321,889 | 309,740 | 301,676 | 380,425 |
| **—** | **—** | **10,310** | **27,650** | **38,688** | **46,693** | **54,157** |
| — | — | 10,310 | 27,650 | 38,688 | 46,693 | 54,157 |
| **161,564** | **227,430** | **220,866** | **211,923** | **255,115** | **250,875** | **238,295** |
| 114,600 | 180,325 | 165,015 | 150,332 | 195,414 | 181,934 | 181,132 |
| 42,944 | 43,094 | 51,777 | 58,711 | 57,207 | 56,843 | 52,571 |
| 4,018 | 4,223 | 4,222 | 3,414 | 2,964 | 13,292 | 5,653 |
| (0) | (213) | (149) | (534) | (471) | (1,196) | (1,062) |
| **136,798** | **137,976** | **148,756** | **162,325** | **144,276** | **169,727** | **166,607** |
| 28,961 | 35,029 | 33,961 | 27,628 | 38,749 | 37,202 | 35,112 |
| 56,484 | 47,204 | 44,650 | 50,014 | 47,003 | 57,781 | 59,283 |
| 1,556 | 376 | 2,983 | 2,592 | 2,253 | 2,346 | 1,331 |
| 18,160 | 20,783 | 25,329 | 43,110 | 25,717 | 32,400 | 34,972 |
| 5,635 | 5,421 | 5,655 | 6,264 | 5,560 | 5,998 | 6,688 |
| 25,999 | 29,214 | 36,253 | 32,718 | 24,995 | 34,006 | 29,284 |
| — | (53) | (77) | (2) | (2) | (9) | (63) |
| **1,964,667** | **1,999,794** | **2,013,131** | **2,005,469** | **2,024,080** | **2,012,386** | **2,016,394** |

(Millions of yen)

| | 2003/3 | 2004/3 | 2005/3 | 2006/3 |
|---|---|---|---|---|
| **Liabilities** | | | | |
| **Noncurrent Liabilities** | **1,783,728** | **1,510,088** | **1,286,912** | **1,215,033** |
| Bonds Payable | 804,751 | 829,751 | 591,171 | 521,684 |
| Long-Term Loans Payable | 928,375 | 625,116 | 639,929 | 644,340 |
| Lease Obligations | — | — | — | — |
| Provision for Retirement Benefits | 49,138 | 49,546 | 45,729 | 36,233 |
| Other Provision | — | 404 | 460 | 417 |
| Deferred Tax Liabilities | 329 | 254 | 314 | 602 |
| Other | 1,133 | 5,014 | 9,307 | 11,756 |
| **Current Liabilities** | **242,487** | **205,165** | **340,405** | **313,999** |
| Current Portion of Noncurrent Liabilities | 105,845 | 57,595 | 111,163 | 106,772 |
| Short-Term Loans Payable | 56,717 | 40,466 | 50,750 | 24,436 |
| Commercial Paper | — | 40,000 | 105,000 | 111,000 |
| Notes and Accounts Payable–Trade | 9,324 | 12,776 | 11,053 | 9,936 |
| Accrued Taxes | 19,082 | 14,515 | 21,783 | 20,867 |
| Other Provision | 338 | 95 | 90 | 273 |
| Deferred Tax Liabilities | — | 1 | 0 | 0 |
| Other | 51,179 | 39,713 | 40,562 | 40,713 |
| **Reserves under Special Laws** | **—** | **689** | **1,798** | **1,399** |
| Reserve for Fluctuation in Water Levels | — | 689 | 1,798 | 1,399 |
| **Total Liabilities** | **2,026,216** | **1,715,943** | **1,629,115** | **1,530,432** |
| **Minority Interests** | **1,379** | **519** | **1,212** | **1,206** |
| **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) |
| **Total Shareholders' Equity** | **168,301** | **359,645** | **391,327** | **433,028** |
| **Total Liabilities, Minority Interests and Shareholders' Equity** | **2,195,897** | **2,076,107** | **2,021,655** | **1,964,667** |

(Millions of yen)

| | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| **Noncurrent Liabilities** | **1,193,139** | **1,276,354** | **1,304,830** | **1,346,526** | **1,319,146** | **1,324,663** |
| Bonds Payable | 573,229 | 602,903 | 717,867 | 689,883 | 734,898 | 714,914 |
| Long-Term Loans Payable | 576,615 | 624,495 | 513,239 | 580,925 | 500,913 | 522,407 |
| Lease Obligations | — | — | 520 | 811 | 1,093 | 983 |
| Provision for Retirement Benefits | 32,611 | 39,083 | 51,931 | 57,855 | 57,069 | 58,015 |
| Other Provision | 474 | 553 | 1,098 | 1,111 | 16 | 25 |
| Asset Retirement Obligations | — | — | — | — | 3,620 | 4,585 |
| Deferred Tax Liabilities | 1,260 | 1,462 | 2,352 | 3,459 | 5,869 | 6,390 |
| Other | 8,948 | 7,856 | 17,820 | 12,479 | 15,666 | 17,339 |
| **Current Liabilities** | **341,844** | **267,097** | **317,379** | **261,837** | **277,563** | **284,761** |
| Current Portion of Noncurrent Liabilities | 173,638 | 101,565 | 120,700 | 142,923 | 162,958 | 166,342 |
| Short-Term Loans Payable | 2,115 | 6,126 | 9,098 | 13,327 | 17,528 | 18,443 |
| Commercial Paper | 95,944 | 88,949 | 109,971 | 24,998 | 11,999 | 12,999 |
| Notes and Accounts Payable–Trade | 13,248 | 14,790 | 10,144 | 14,804 | 20,112 | 20,011 |
| Accrued Taxes | 8,752 | 11,407 | 16,317 | 7,952 | 21,322 | 11,408 |
| Other Provision | 528 | 555 | 713 | 855 | 317 | 325 |
| Asset Retirement Obligations | — | — | — | — | 473 | 626 |
| Deferred Tax Liabilities | 21 | 2 | 9 | 5 | 11 | 4 |
| Other | 47,595 | 43,700 | 50,423 | 56,970 | 42,839 | 54,599 |
| **Reserves under Special Laws** | **2,155** | **1,560** | **1,146** | **734** | **777** | **777** |
| Reserve for Fluctuation in Water Levels | 2,155 | 1,560 | 1,146 | 734 | 777 | 777 |
| **Total Liabilities** | **1,537,140** | **1,545,012** | **1,623,356** | **1,609,099** | **1,597,487** | **1,610,202** |
| **Net Assets** | | | | | | |
| **Shareholders' Equity** | **444,956** | **464,266** | **408,036** | **426,680** | **435,760** | **441,369** |
| Capital Stock | 152,449 | 152,449 | 152,449 | 152,449 | 152,449 | 152,449 |
| Capital Surplus | 81,849 | 81,849 | 81,849 | 81,849 | 81,849 | 81,849 |
| Retained Earnings | 210,713 | 230,032 | 236,998 | 255,643 | 264,724 | 270,334 |
| Treasury Stock | (56) | (64) | (63,260) | (63,262) | (63,263) | (63,264) |
| **Accumulated Other Comprehensive Income** | **16,230** | **2,116** | **(27,908)** | **(14,003)** | **(19,997)** | **(33,985)** |
| Valuation Difference on Available-for-Sale Securities | 14,271 | 1,934 | (404) | 2,960 | (137) | (772) |
| Deferred Gains or Losses on Hedges | (4,131) | (6,759) | (6,285) | (3,747) | 611 | (4,209) |
| Foreign Currency Translation Adjustment | 6,090 | 6,941 | (21,217) | (13,217) | (20,471) | (29,003) |
| **Minority Interests** | **1,468** | **1,735** | **1,984** | **2,304** | **(863)** | **(1,191)** |
| **Total Net Assets** | **462,654** | **468,118** | **382,112** | **414,981** | **414,898** | **406,192** |
| **Total Liabilities and Net Assets** | **1,999,794** | **2,013,131** | **2,005,469** | **2,024,080** | **2,012,386** | **2,016,394** |

| Consolidated Statements of Income | 2003/3 | 2004/3 | 2005/3 |
|---|---|---|---|
| **Operating Revenues** | **584,122** | **569,854** | **594,375** |
| Electric Utility Operating Revenue | 545,824 | 522,922 | 547,960 |
| Other Business Operating Revenue | 38,297 | 46,931 | 46,414 |
| **Operating Expenses** | **449,920** | **437,715** | **482,489** |
| Electric Utility Operating Expenses | 407,131 | 386,463 | 431,678 |
| Other Business Operating Expenses | 42,789 | 51,251 | 50,810 |
| **Operating Income** | **134,201** | **132,138** | **111,885** |
| **Non-Operating Income** | **3,228** | **4,067** | **3,880** |
| Dividends Income | 750 | 912 | 1,241 |
| Interest Income | 518 | 794 | 846 |
| Gain on Sales of Securities | — | — | — |
| Equity Income of Affiliates | 275 | 804 | — |
| Other | 1,684 | 1,556 | 1,792 |
| **Non-Operating Expenses** | **101,908** | **91,759** | **58,673** |
| Interest Expenses | 87,136 | 83,519 | 50,881 |
| Equity Loss of Affiliates | — | — | 1,311 |
| Other | 14,771 | 8,239 | 6,479 |
| **Total Ordinary Revenue** | **587,351** | **573,921** | **598,255** |
| **Total Ordinary Expenses** | **551,828** | **529,475** | **541,162** |
| **Ordinary Income** | **35,522** | **44,446** | **57,093** |
| **Provision or Reversal of Reserve for Fluctuation in Water Levels** | **—** | **689** | **1,108** |
| Provision of Reserve for Fluctuation in Water Levels | — | 689 | 1,108 |
| Reversal of Reserve for Fluctuation in Water Levels | — | — | — |
| **Extraordinary Income** | **—** | **—** | **—** |
| Distribution by Dissolution of Anonymous Association | — | — | — |
| Gain on Sales of Securities | — | — | — |
| **Extraordinary Loss** | **—** | **—** | **—** |
| Disaster Recovery Expenses | — | — | — |
| Loss on Valuation of Securities | — | — | — |
| Loss on Liquidation of Business | — | — | — |
| Impairment Loss | — | — | — |
| **Income before Income Taxes and Minority Interests** | **35,522** | **43,757** | **55,984** |
| **Income Taxes–Current** | **20,850** | **16,222** | **22,909** |
| **Income Taxes–Deferred** | **(6,480)** | **(309)** | **(2,511)** |
| **Total Income Taxes** | **14,370** | **15,912** | **20,397** |
| **Income before Minority Interests** | **—** | **—** | **—** |
| **Minority Interests in Income (Losses)** | **426** | **220** | **27** |
| **Net Income** | **20,725** | **27,623** | **35,559** |

(Millions of yen)

| 2006/3 | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| **621,933** | **573,277** | **587,780** | **704,936** | **584,484** | **635,975** | **654,600** |
| 573,198 | 523,782 | 531,764 | 648,362 | 530,289 | 584,436 | 609,775 |
| 48,734 | 49,494 | 56,016 | 56,574 | 54,194 | 51,539 | 44,825 |
| **520,464** | **496,136** | **537,056** | **647,828** | **535,544** | **565,387** | **604,800** |
| 469,720 | 444,463 | 477,869 | 588,808 | 478,644 | 509,116 | 553,873 |
| 50,744 | 51,673 | 59,186 | 59,019 | 56,899 | 56,271 | 50,927 |
| **101,469** | **77,141** | **50,724** | **57,108** | **48,939** | **70,588** | **49,800** |
| **7,620** | **13,011** | **21,543** | **13,282** | **18,734** | **14,965** | **15,356** |
| 1,937 | 1,384 | 1,567 | 1,706 | 1,406 | 1,499 | 1,315 |
| 711 | 899 | 1,213 | 960 | 581 | 1,220 | 968 |
| — | — | 3,911 | — | — | — | — |
| 2,042 | 5,560 | 8,879 | 7,470 | 11,722 | 9,072 | 9,565 |
| 2,928 | 5,167 | 5,972 | 3,145 | 5,024 | 3,172 | 3,506 |
| **41,182** | **34,639** | **29,394** | **30,791** | **25,979** | **29,231** | **28,536** |
| 35,732 | 22,585 | 22,749 | 22,616 | 23,085 | 22,371 | 22,005 |
| — | — | — | — | — | — | — |
| 5,449 | 12,054 | 6,644 | 8,174 | 2,894 | 6,860 | 6,530 |
| **629,553** | **586,289** | **609,324** | **718,219** | **603,218** | **650,941** | **669,957** |
| **561,646** | **530,775** | **566,450** | **678,619** | **561,524** | **594,619** | **633,337** |
| **67,906** | **55,513** | **42,873** | **39,599** | **41,694** | **56,322** | **36,619** |
| **(399)** | **756** | **(595)** | **(413)** | **(411)** | **42** | **—** |
| — | 756 | — | — | — | 42 | — |
| (399) | — | (595) | (413) | (411) | — | — |
| **—** | **—** | **—** | **12,170** | **—** | **1,635** | **—** |
| — | — | — | 12,170 | — | — | — |
| — | — | — | — | — | 1,635 | — |
| **—** | **—** | **—** | **19,648** | **—** | **19,176** | **3,382** |
| — | — | — | — | — | — | 3,382 |
| — | — | — | 19,648 | — | 5,359 | — |
| — | — | — | — | — | 4,550 | — |
| — | — | — | — | — | 9,266 | — |
| **68,305** | **54,757** | **43,469** | **32,536** | **42,105** | **38,739** | **33,237** |
| **26,151** | **18,461** | **15,962** | **17,928** | **11,270** | **20,403** | **12,953** |
| **(1,488)** | **1,431** | **(1,829)** | **(4,945)** | **1,883** | **2,459** | **4,370** |
| **24,663** | **19,893** | **14,132** | **12,982** | **13,153** | **22,863** | **17,324** |
| **—** | **—** | **—** | **—** | **—** | **15,876** | **15,913** |
| **65** | **(302)** | **24** | **95** | **(197)** | **(3,707)** | **(200)** |
| **43,577** | **35,167** | **29,311** | **19,457** | **29,149** | **19,583** | **16,113** |

| Consolidated Statements of Cash Flows | 2003/3 | 2004/3 | 2005/3 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Income before Income Taxes and Minority Interests | 35,522 | 43,757 | 55,984 |
| Depreciation and Amortization | 137,148 | 131,380 | 125,339 |
| Impairment Loss | — | — | 1,959 |
| Loss on Liquidation of Business | — | — | — |
| Loss on Retirement of Noncurrent Assets | 2,914 | 2,464 | 3,748 |
| Disaster Recovery Expenses | — | — | — |
| Increase (Decrease) in Provision for Retirement Benefits | 2,047 | 407 | (3,817) |
| Increase (Decrease) in Reserve for Fluctuation in Water Levels | — | 689 | 1,108 |
| Interest and Dividends Income | (1,268) | (1,707) | (2,087) |
| Interest Expenses | 87,136 | 83,519 | 50,881 |
| Decrease (Increase) in Notes and Accounts Receivable–Trade | 3,126 | 94 | (2,874) |
| Decrease (Increase) in Inventories | 1,142 | (326) | (1,471) |
| Increase (Decrease) in Notes and Accounts Payable–Trade | (2,850) | 4,406 | 1,151 |
| Loss (Gain) on Sales of Securities | — | — | — |
| Loss (Gain) on Valuation of Securities | — | — | — |
| Equity (Income) Loss of Affiliates | (275) | (804) | 1,311 |
| Loss (Gain) on Sale of Noncurrent Assets | 649 | 49 | 303 |
| Distribution by Dissolution of Anonymous Association | — | — | — |
| Other, Net | 3,981 | 23,639 | 6,504 |
| Sub-Total | 269,273 | 287,572 | 238,042 |
| Interest and Dividends Income Received | 1,140 | 1,323 | 1,857 |
| Interest Expenses Paid | (87,383) | (87,223) | (51,940) |
| Income Taxes Paid | (15,661) | (21,724) | (15,322) |
| **Net Cash Provided by Operating Activities** | **167,368** | **179,948** | **172,637** |
| **Cash Flows from Investing Activities** | | | |
| Purchase of Noncurrent Assets | (78,877) | (52,337) | (57,825) |
| Proceeds from Contribution Received for Construction | 3,958 | 3,124 | 4,386 |
| Proceeds from Sales of Noncurrent Assets | 101,775 | 258 | 543 |
| Payments of Investments and Loans Receivable | (42,207) | (22,250) | (19,952) |
| Collections of Investments and Receivable | 5,069 | 7,056 | 13,678 |
| Purchase of Investments in Subsidiaries Resulting in Change in Scope of Consolidation | — | — | — |
| Proceeds from Purchase of Investments in Subsidiaries, Net of Cash Acquired | — | — | 8 |
| Proceeds from Sales of Investments in Subsidiaries Resulting in Change in Scope of Consolidation | — | — | — |
| Other, Net | (749) | (359) | (1,424) |
| **Net Cash Used in Investing Activities** | **(11,030)** | **(64,507)** | **(60,586)** |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from Issuance of Bonds | 20,000 | 49,988 | 89,952 |
| Redemption of Bonds | (33,500) | (45,010) | (279,910) |
| Proceeds from Long-Term Loans Payable | 246,256 | 166,035 | 73,600 |
| Repayment of Long-Term Loans Payable | (306,020) | (499,603) | (64,497) |
| Increase in Short-Term Loans Payable | 117,194 | 239,730 | 198,485 |
| Decrease in Short-Term Loans Payable | (157,397) | (256,087) | (188,902) |
| Proceeds from Issuance of Commercial Paper | — | 83,998 | 348,994 |
| Redemption of Commercial Paper | — | (44,000) | (284,000) |
| 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) | (5,410) |
| Cash Dividends Paid to Minority Shareholders | (6) | (7) | (108) |
| Other, Net | — | — | (1) |
| **Net Cash Provided by (Used in) Financing Activities** | **(117,709)** | **(147,516)** | **(111,798)** |
| **Effect of Exchange Rate Change on Cash and Cash Equivalents** | **29** | **(184)** | **17** |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | **38,658** | **(32,260)** | **270** |
| **Cash and Cash Equivalents at Beginning of Period** | **21,128** | **59,787** | **27,673** |
| **Increase (Decrease) in Cash from the Addition of Consolidated Subsidiaries** | **—** | **147** | **2,276** |
| **Cash and Cash Equivalents at the End of Period** | **59,787** | **27,673** | **30,221** |

(Millions of yen)

| 2006/3 | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| 68,305 | 54,757 | 43,469 | 32,536 | 42,105 | 38,739 | 33,237 |
| 135,019 | 123,083 | 115,021 | 114,669 | 120,313 | 111,644 | 105,271 |
| 729 | 347 | 267 | 439 | 384 | 9,266 | 946 |
| — | — | — | — | — | 4,550 | — |
| 2,735 | 2,710 | 2,611 | 4,182 | 2,516 | 2,941 | 2,434 |
| — | — | — | — | — | — | 3,382 |
| (9,495) | (4,076) | 6,471 | 12,848 | 5,923 | (779) | 971 |
| (399) | 756 | (595) | (413) | (411) | 42 | — |
| (2,649) | (2,284) | (2,780) | (2,666) | (1,987) | (2,720) | (2,284) |
| 35,732 | 22,585 | 22,749 | 22,616 | 23,085 | 22,371 | 22,005 |
| (3,244) | 11,383 | 2,120 | (6,040) | 6,311 | (10,753) | (1,607) |
| (5,080) | (2,205) | (4,375) | (17,637) | 17,645 | (6,132) | (2,488) |
| (1,810) | 2,295 | 4,027 | (1,109) | 7,034 | 3,171 | 3,148 |
| — | — | (3,911) | 2 | (231) | (1,450) | (484) |
| — | — | — | 19,648 | — | 5,359 | 1,791 |
| (2,042) | (5,560) | (8,879) | (7,470) | (11,722) | (9,072) | (9,565) |
| (167) | (379) | (1,004) | 38 | (590) | 432 | 747 |
| — | — | — | (12,170) | — | — | — |
| 15,987 | 2,250 | (6,398) | 24,235 | (10,205) | 8,355 | 8,526 |
| 233,621 | 205,665 | 168,792 | 183,709 | 200,170 | 175,965 | 166,031 |
| 2,606 | 2,661 | 3,370 | 15,368 | 5,845 | 7,644 | 6,869 |
| (36,472) | (21,934) | (22,453) | (22,079) | (22,987) | (22,881) | (21,765) |
| (25,800) | (29,151) | (13,458) | (18,369) | (13,880) | (9,492) | (25,244) |
| **173,954** | **157,241** | **136,252** | **158,628** | **169,148** | **151,236** | **125,891** |
| | | | | | | |
| (68,449) | (95,889) | (134,723) | (173,119) | (114,967) | (115,827) | (133,711) |
| 7,881 | 8,383 | 7,509 | 8,619 | 9,962 | 7,068 | 3,102 |
| 1,396 | 1,520 | 1,552 | 58,657 | 1,860 | 2,453 | 2,285 |
| (14,180) | (70,345) | (35,965) | (27,643) | (23,456) | (14,184) | (6,068) |
| 2,931 | 3,484 | 6,650 | 7,901 | 3,896 | 5,235 | 4,915 |
| — | — | (1,280) | (2,611) | (495) | — | — |
| — | 24 | — | — | — | — | — |
| — | — | 8,064 | — | — | — | 1,425 |
| (1,905) | (2,585) | (4,325) | (4,154) | (6,305) | (9,419) | (8,802) |
| **(72,326)** | **(155,407)** | **(152,518)** | **(132,350)** | **(129,504)** | **(124,675)** | **(136,852)** |
| | | | | | | |
| 149,360 | 89,636 | 89,675 | 114,570 | 59,792 | 79,726 | — |
| (234,090) | (59,067) | (38,384) | (60,300) | — | (88,000) | (35,000) |
| 131,587 | 62,811 | 114,864 | 9,803 | 122,794 | 49,036 | 176,745 |
| (117,473) | (47,749) | (135,532) | (41,287) | (121,555) | (53,988) | (127,173) |
| 128,547 | 22,084 | 18,551 | 193,040 | 42,500 | 84,880 | 103,760 |
| (154,964) | (44,436) | (14,549) | (190,023) | (38,294) | (80,680) | (103,070) |
| 580,977 | 416,666 | 586,322 | 639,380 | 475,905 | 392,965 | 359,968 |
| (575,000) | (432,000) | (594,000) | (619,000) | (561,000) | (406,000) | (359,000) |
| — | — | — | — | — | — | — |
| — | — | 266 | — | — | — | — |
| — | — | — | — | — | — | — |
| — | — | (7) | (63,195) | — | — | — |
| (12,472) | (9,989) | (9,989) | (12,499) | (10,503) | (10,503) | (10,502) |
| (71) | (84) | (42) | (20) | (2) | (8) | (196) |
| (15) | (39) | (7) | (83) | 11 | 3,398 | 3,764 |
| **(103,613)** | **(2,168)** | **17,174** | **(29,615)** | **(30,351)** | **(29,172)** | **9,296** |
| **291** | **331** | **147** | **(2,764)** | **1,506** | **285** | **(585)** |
| **(1,693)** | **(3)** | **1,056** | **(6,101)** | **10,798** | **(2,326)** | **(2,248)** |
| **30,221** | **28,874** | **34,575** | **35,631** | **29,530** | **40,329** | **38,002** |
| **346** | **5,704** | **—** | **—** | **—** | **—** | **(394)** |
| **28,874** | **34,575** | **35,631** | **29,530** | **40,329** | **38,002** | **35,359** |

| Segment Information | 2003/3 | 2004/3 | 2005/3 |
|---|---|---|---|
| **Sales to Customers** | | | |
| **Electric Power Business** | **545,824** | **522,922** | **547,960** |
| **Electric Power-Related Business** | **—** | **—** | **—** |
| **Overseas Power Generation** | **—** | **—** | **—** |
| **Other Businesses** | **38,297** | **46,931** | **46,414** |
| Consolidated | 584,122 | 569,854 | 594,375 |
| **Operating Income** | | | |
| **Electric Power Business** | **124,459** | **119,404** | **99,270** |
| **Electric Power-Related Businesses** | **—** | **—** | **—** |
| **Other Businesses** | **8,328** | **12,785** | **12,026** |
| Eliminations | 1,414 | (50) | 589 |
| Consolidated | 134,201 | 132,138 | 111,885 |
| **Ordinary Income*[1]** | | | |
| **Electric Power Business** | **—** | **—** | **—** |
| **Electric Power-Related Businesses** | **—** | **—** | **—** |
| **Overseas Power Generation** | **—** | **—** | **—** |
| **Other Businesses** | **—** | **—** | **—** |
| Eliminations | — | — | — |
| Consolidated | — | — | — |
| **Depreciation** | | | |
| **Electric Power Business** | **137,736** | **131,869** | **125,371** |
| **Electric Power-Related Businesses** | **—** | **—** | **—** |
| **Overseas Power Generation** | **—** | **—** | **—** |
| **Other Businesses** | **3,104** | **3,001** | **3,322** |
| Eliminations | (3,692) | (3,489) | (3,354) |
| Consolidated | 137,148 | 131,380 | 125,339 |
| **Increase in Tangible and Intangible Noncurrent Assets*[2]** | | | |
| **Electric Power Business** | **54,885** | **44,896** | **50,454** |
| **Electric Power-Related Businesses** | **—** | **—** | **—** |
| **Overseas Power Generation** | **—** | **—** | **—** |
| **Other Businesses** | **1,347** | **3,837** | **3,962** |
| Eliminations | (2,790) | (2,531) | (3,492) |
| Consolidated | 53,443 | 46,202 | 50,925 |

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").

(Millions of yen)

| 2006/3 | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| | | | | | | |
| **573,198** | **523,782** | **531,764** | **648,362** | **530,289** | **584,436** | **609,775** |
| **—** | **26,996** | **24,185** | **23,488** | **24,095** | **26,294** | **23,133** |
| **—** | **—** | **—** | **—** | **1,576** | **1,881** | **2,005** |
| **48,734** | **22,497** | **31,831** | **33,085** | **28,522** | **23,363** | **19,686** |
| 621,933 | 573,277 | 587,780 | 704,936 | 584,484 | 635,975 | 654,600 |
| | | | | | | |
| **87,057** | **61,436** | **39,897** | **44,610** | **38,294** | **—** | **—** |
| **—** | **15,604** | **10,403** | **11,569** | **11,207** | **—** | **—** |
| **13,797** | **1,156** | **900** | **360** | **(301)** | **—** | **—** |
| 613 | (1,056) | (478) | 567 | (260) | — | — |
| 101,469 | 77,141 | 50,724 | 57,108 | 48,939 | — | — |
| | | | | | | |
| **—** | **—** | **—** | **—** | **22,320** | **41,832** | **22,290** |
| **—** | **—** | **—** | **—** | **11,521** | **10,425** | **8,373** |
| **—** | **—** | **—** | **—** | **6,511** | **5,047** | **3,499** |
| **—** | **—** | **—** | **—** | **1,614** | **(1,517)** | **(3)** |
| — | — | — | — | (273) | 533 | 2,460 |
| — | — | — | — | 41,694 | 56,322 | 36,619 |
| | | | | | | |
| **134,747** | **121,853** | **113,468** | **113,112** | **119,241** | **110,179** | **104,344** |
| **—** | **3,387** | **3,573** | **3,406** | **2,839** | **3,362** | **3,514** |
| **—** | **—** | **—** | **—** | **48** | **115** | **55** |
| **3,507** | **963** | **1,061** | **1,174** | **1,349** | **1,231** | **521** |
| (3,235) | (3,121) | (3,082) | (3,023) | (3,166) | (3,244) | (3,164) |
| 135,019 | 123,083 | 115,021 | 114,669 | 120,313 | 111,644 | 105,271 |
| | | | | | | |
| **55,125** | **90,378** | **113,566** | **154,096** | **106,737** | **70,742** | **68,286** |
| **—** | **5,470** | **7,125** | **13,170** | **2,507** | **5,236** | **7,119** |
| **—** | **—** | **—** | **—** | **5,727** | **18,091** | **62,548** |
| **8,441** | **542** | **5,457** | **4,897** | **344** | **643** | **340** |
| (2,705) | (5,687) | (4,093) | (36) | (3,084) | (1,584) | (570) |
| 60,861 | 90,704 | 122,056 | 172,128 | 112,233 | 93,128 | 137,725 |

*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."

| Non-Consolidated Balance Sheets | 2003/3 | 2004/3 | 2005/3 |
|---|---|---|---|
| **Assets** | | | |
| **Noncurrent Assets** | **1,996,701** | **1,918,851** | **1,856,227** |
| **Electric Utility Plant and Equipment** | **1,703,333** | **1,644,724** | **1,545,226** |
| Hydroelectric Power Production Facilities | 482,406 | 515,781 | 494,625 |
| Thermal Power Production Facilities | 819,345 | 751,760 | 691,781 |
| Renewable Power Production Facilities | — | — | — |
| Transmission Facilities | 312,208 | 293,841 | 280,726 |
| Transformation Facilities | 48,387 | 44,870 | 42,733 |
| Communication Facilities | 12,630 | 11,811 | 10,748 |
| General Facilities | 28,354 | 26,659 | 24,609 |
| **Incidental Business Facilities** | **—** | **35** | **399** |
| **Non-Operating Facilities** | **—** | **—** | **513** |
| **Construction in Progress** | **193,798** | **164,696** | **174,187** |
| Construction in Progress | 193,674 | 163,837 | 173,466 |
| Retirement in Progress | 123 | 858 | 720 |
| **Nuclear Fuel** | **—** | **—** | **—** |
| Nuclear Fuel in Processing | — | — | — |
| **Investments and Other Assets** | **99,569** | **109,395** | **135,901** |
| Long-Term Investments | 31,794 | 37,233 | 43,186 |
| Long-Term Investments for Subsidiaries and Affiliates | 40,747 | 45,205 | 63,263 |
| Long-Term Prepaid Expenses | 2,541 | 1,659 | 2,730 |
| Deferred Tax Assets | 24,500 | 25,296 | 26,721 |
| Allowance for Doubtful Accounts | (14) | — | — |
| **Current Assets** | **141,003** | **85,852** | **93,432** |
| Cash and Deposits | 41,630 | 6,299 | 7,505 |
| Acceptance Receivable | — | 3 | — |
| Accounts Receivable–Trade | 46,499 | 44,877 | 47,207 |
| Other Accounts Receivable | 22,576 | 3,839 | 6,667 |
| Short-Term Investments | — | 7,281 | — |
| Supplies | 10,116 | 8,167 | 11,999 |
| Prepaid Expenses | 947 | 1,005 | 1,122 |
| Short-Term Receivables from Subsidiaries and Affiliates | 2,762 | 2,246 | 7,142 |
| Deferred Tax Assets | 6,416 | 3,068 | 3,346 |
| Other Current Assets | 9,994 | 9,061 | 8,440 |
| Accounts Receivable–Overseas Technical Services | 107 | — | — |
| Allowance for Doubtful Accounts | (48) | — | — |
| **Total Assets** | **2,137,705** | **2,004,703** | **1,949,660** |

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)

| 2006/3 | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| **1,791,860** | **1,802,277** | **1,819,393** | **1,796,175** | **1,808,678** | **1,768,302** | **1,728,454** |
| **1,428,485** | **1,338,430** | **1,254,172** | **1,220,808** | **1,215,919** | **1,159,857** | **1,095,654** |
| 475,920 | 458,977 | 441,129 | 428,270 | 413,221 | 399,744 | 384,125 |
| 619,059 | 562,071 | 510,443 | 469,618 | 489,556 | 462,070 | 429,797 |
| — | — | — | — | 2,084 | 1,765 | 1,526 |
| 261,139 | 246,578 | 233,026 | 221,274 | 211,312 | 200,373 | 189,304 |
| 39,744 | 37,819 | 35,559 | 37,929 | 36,360 | 35,721 | 32,944 |
| 9,919 | 10,423 | 10,125 | 10,384 | 10,121 | 10,274 | 9,767 |
| 22,701 | 22,559 | 23,887 | 53,331 | 53,261 | 49,907 | 48,187 |
| **493** | **1,825** | **2,504** | **2,321** | **2,070** | **2,297** | **2,186** |
| **917** | **626** | **607** | **461** | **248** | **335** | **260** |
| **200,807** | **251,250** | **326,336** | **313,664** | **287,204** | **295,682** | **315,318** |
| 200,645 | 251,193 | 326,175 | 313,542 | 286,540 | 295,449 | 314,737 |
| 161 | 56 | 161 | 121 | 664 | 233 | 580 |
| **—** | **—** | **10,310** | **27,650** | **38,688** | **46,693** | **54,157** |
| — | — | 10,310 | 27,650 | 38,688 | 46,693 | 54,157 |
| **161,155** | **210,144** | **225,462** | **231,268** | **264,546** | **263,435** | **260,877** |
| 56,109 | 77,343 | 72,069 | 46,787 | 72,083 | 62,572 | 60,522 |
| 78,577 | 106,808 | 117,195 | 143,118 | 152,399 | 164,876 | 169,582 |
| 3,017 | 2,678 | 3,256 | 2,164 | 1,824 | 2,480 | 1,548 |
| 23,796 | 23,759 | 33,515 | 40,084 | 39,079 | 38,992 | 35,411 |
| (344) | (446) | (574) | (886) | (840) | (5,485) | (6,188) |
| **96,473** | **91,400** | **90,896** | **114,416** | **93,826** | **116,528** | **115,806** |
| 6,501 | 5,008 | 4,051 | 4,973 | 5,151 | 4,362 | 4,295 |
| 3 | — | — | — | — | — | — |
| 51,244 | 41,661 | 39,036 | 44,178 | 39,848 | 49,264 | 50,745 |
| 5,721 | 5,424 | 7,198 | 5,186 | 4,870 | 4,845 | 507 |
| — | — | — | 22 | — | — | — |
| 16,471 | 18,439 | 21,800 | 38,414 | 19,087 | 28,529 | 31,565 |
| 1,228 | 1,125 | 1,355 | 1,002 | 1,219 | 1,672 | 2,388 |
| 5,124 | 6,521 | 5,793 | 4,880 | 9,516 | 11,637 | 6,876 |
| 3,801 | 3,232 | 3,482 | 4,150 | 2,993 | 3,732 | 4,599 |
| 6,376 | 10,005 | 8,198 | 11,622 | 11,138 | 12,604 | 14,895 |
| — | — | — | — | — | — | — |
| — | (17) | (20) | (14) | — | (121) | (65) |
| **1,888,333** | **1,893,678** | **1,910,290** | **1,910,592** | **1,902,504** | **1,884,830** | **1,844,261** |

(Millions of yen)

| | 2003/3 | 2004/3 | 2005/3 | 2006/3 |
|---|---|---|---|---|
| **Liabilities** | | | | |
| **Noncurrent Liabilities** | **1,766,650** | **1,487,194** | **1,253,566** | **1,182,685** |
| Bonds Payable | 804,751 | 829,751 | 591,171 | 521,684 |
| Long-Term Loans Payable | 923,200 | 614,784 | 619,495 | 625,039 |
| Long-Term Accrued Liabilities | 1,105 | 1,092 | 956 | 961 |
| Long-Term Debt to Subsidiaries and Affiliates | — | — | — | — |
| Provision for Retirement Benefits | 37,587 | 38,237 | 34,409 | 25,089 |
| Other Noncurrent Liabilities | 5 | 3,328 | 7,533 | 9,910 |
| **Current Liabilities** | **217,450** | **178,484** | **324,157** | **305,531** |
| Current Portion of Noncurrent Liabilities | 103,487 | 54,960 | 107,593 | 103,954 |
| Short-Term Loans Payable | 52,900 | 38,600 | 47,000 | 23,000 |
| Commercial Paper | — | 40,000 | 105,000 | 111,000 |
| Accounts Payable–Trade | 2,161 | 1,853 | 3,446 | 3,495 |
| Accounts Payable–Other | 5,787 | 4,473 | 4,309 | 4,254 |
| Accrued Expenses | 16,415 | 12,845 | 10,994 | 9,961 |
| Accrued Taxes | 16,751 | 8,994 | 18,708 | 16,699 |
| Deposits Received | 258 | 487 | 236 | 229 |
| Short-Term Debt to Subsidiaries and Affiliates | 15,171 | 15,171 | 24,857 | 30,099 |
| Other Advances | 493 | 423 | 399 | 413 |
| Other Current Liabilities | 3,970 | 674 | 1,610 | 2,424 |
| Overseas Technical Service Charge in Advance | 53 | — | — | — |
| **Reserves under Special Laws** | **—** | **689** | **1,798** | **1,399** |
| Reserve for Fluctuation in Water Levels | — | 689 | 1,798 | 1,399 |
| **Total Liabilities** | **1,984,101** | **1,666,367** | **1,579,522** | **1,489,616** |
| **Shareholders' Equity** | | | | |
| **Common Stock** | **70,600** | **152,449** | **152,449** | **152,449** |
| **Capital Surplus** | **—** | **81,849** | **81,852** | **81,852** |
| Additional Paid-in Capital | — | 81,849 | 81,852 | 81,852 |
| **Retained Earnings** | **83,259** | **100,683** | **129,979** | **150,819** |
| 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 |
| **Unrealized Gain on Securities** | **(255)** | **3,353** | **5,858** | **13,613** |
| **Treasury Stock** | **—** | **—** | **(1)** | **(17)** |
| **Total Shareholders' Equity** | **153,603** | **338,336** | **370,137** | **398,717** |
| **Total Liabilities and Shareholders' Equity** | **2,137,705** | **2,004,703** | **1,949,660** | **1,888,333** |

(Millions of yen)

| | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| **Noncurrent Liabilities** | **1,136,290** | **1,241,004** | **1,256,467** | **1,302,695** | **1,257,747** | **1,211,719** |
| Bonds Payable | 573,229 | 602,903 | 717,867 | 689,883 | 734,898 | 714,914 |
| Long-Term Loans Payable | 533,539 | 599,350 | 481,577 | 550,955 | 461,256 | 429,373 |
| Long-Term Accrued Liabilities | 4 | 3 | 2 | 1 | 0 | — |
| Lease Obligations | — | — | 133 | 218 | 314 | 392 |
| Long-Term Debt to Subsidiaries and Affiliates | 17 | 2,767 | 3,073 | 4,887 | 5,709 | 5,192 |
| Provision for Retirement Benefits | 21,543 | 28,585 | 41,439 | 46,351 | 45,259 | 46,053 |
| Assets Retirement Obligations | — | — | — | — | 158 | 175 |
| Other Noncurrent Liabilities | 7,955 | 7,395 | 12,373 | 10,396 | 10,149 | 15,617 |
| **Current Liabilities** | **343,441** | **262,882** | **316,383** | **252,974** | **277,226** | **285,725** |
| Current Portion of Noncurrent Liabilities | 170,884 | 98,995 | 117,815 | 136,703 | 159,747 | 163,166 |
| Short-Term Loans Payable | 2,000 | 6,000 | 9,000 | 12,750 | 17,350 | 18,350 |
| Commercial Paper | 95,944 | 88,949 | 109,971 | 24,998 | 11,999 | 12,999 |
| Accounts Payable–Trade | 3,713 | 3,649 | 1,220 | 4,452 | 5,055 | 2,194 |
| Accounts Payable–Other | 12,219 | 4,771 | 8,040 | 9,892 | 2,970 | 3,094 |
| Accrued Expenses | 10,643 | 9,598 | 11,349 | 10,407 | 9,760 | 10,191 |
| Accrued Taxes | 4,404 | 8,920 | 13,539 | 3,790 | 18,821 | 8,877 |
| Deposits Received | 389 | 279 | 261 | 278 | 282 | 454 |
| Short-Term Debt to Subsidiaries and Affiliates | 41,041 | 39,932 | 42,331 | 47,298 | 47,634 | 60,697 |
| Other Advances | 334 | 444 | 938 | 583 | 1,034 | 666 |
| Other Current Liabilities | 1,865 | 1,341 | 1,916 | 1,818 | 2,569 | 5,032 |
| **Reserves Under Special Laws** | **2,155** | **1,560** | **1,146** | **734** | **777** | **777** |
| Reserve for Fluctuation in Water Levels | 2,155 | 1,560 | 1,146 | 734 | 777 | 777 |
| **Total Liabilities** | **1,481,888** | **1,505,447** | **1,573,998** | **1,556,404** | **1,535,751** | **1,498,222** |
| **Net Assets** | | | | | | |
| **Shareholders' Equity** | **398,912** | **403,672** | **338,012** | **343,879** | **348,159** | **346,824** |
| **Capital Stock** | **152,449** | **152,449** | **152,449** | **152,449** | **152,449** | **152,449** |
| **Capital Surplus** | **81,852** | **81,852** | **81,852** | **81,852** | **81,852** | **81,852** |
| Legal Capital Surplus | 81,852 | 81,852 | 81,852 | 81,852 | 81,852 | 81,852 |
| **Retained Earnings** | **164,667** | **169,436** | **166,971** | **172,839** | **177,121** | **175,787** |
| Legal Retained Earnings | 6,029 | 6,029 | 6,029 | 6,029 | 6,029 | 6,029 |
| Other Retained Earnings | 158,638 | 163,406 | 160,941 | 166,810 | 171,092 | 169,758 |
| Reserve for Special Disaster | 38 | 47 | 50 | 53 | 57 | 70 |
| Exchange-Fluctuation Preparation Reserve | 1,960 | 1,960 | 1,960 | 1,960 | 1,960 | 1,960 |
| General Reserve | 117,861 | 132,861 | 137,861 | 137,861 | 142,861 | 147,861 |
| Retained Earnings Brought Forward | 38,778 | 28,538 | 21,070 | 26,935 | 26,213 | 19,866 |
| **Treasury Stock** | **(56)** | **(64)** | **(63,260)** | **(63,262)** | **(63,263)** | **(63,264)** |
| **Valuation and Translation Adjustments** | **12,877** | **1,169** | **(1,417)** | **2,220** | **919** | **(785)** |
| Valuation Difference on Available-for-Sale Securities | 12,761 | 1,068 | (1,214) | 2,634 | (479) | (1,158) |
| Deferred Gains or Losses on Hedges | 116 | 101 | (203) | (414) | 1,399 | 373 |
| **Total Net Assets** | **411,789** | **404,842** | **336,594** | **346,099** | **349,079** | **346,039** |
| **Total Liabilities and Net Assets** | **1,893,678** | **1,910,290** | **1,910,592** | **1,902,504** | **1,884,830** | **1,844,261** |

| Non-Consolidated Statements of Income | 2003/3 | 2004/3 | 2005/3 |
|---|---|---|---|
| **Operating Revenue** | **546,209** | **522,595** | **546,702** |
| **Electric Utility Operating Revenue** | **546,209** | **518,978** | **540,665** |
| Sold Power to Other Suppliers | 473,567 | 453,478 | 476,335 |
| Transmission Revenue | 66,739 | 63,398 | 61,194 |
| Other Electricity Revenue | 5,902 | 2,100 | 3,136 |
| **Incidental Business Operating Revenue** | **—** | **3,617** | **6,037** |
| **Operating Expenses** | **421,541** | **403,807** | **447,964** |
| **Electric Utility Operating Expenses** | **421,541** | **400,754** | **442,754** |
| Hydroelectric Power Production Expenses | 62,309 | 64,292 | 68,883 |
| Thermal Power Production Expenses | 241,524 | 226,968 | 262,271 |
| Renewable Power Production Expenses | — | — | — |
| Purchased Power from Other Suppliers | — | — | — |
| Transmission Expenses | 32,963 | 32,529 | 32,391 |
| Transformation Expenses | 8,157 | 7,711 | 7,577 |
| Selling Expenses | 958 | 922 | 948 |
| Communicating Expenses | 4,955 | 4,880 | 5,384 |
| General and Administrative Expenses | 63,574 | 56,662 | 58,229 |
| Enterprise Tax | 7,097 | 6,787 | 7,067 |
| **Incidental Business Operating Expenses** | **—** | **3,053** | **5,210** |
| **Operating Income** | **124,668** | **118,788** | **98,738** |
| **Non-Operating Income** | **3,654** | **2,839** | **3,871** |
| **Financial Revenue** | **1,089** | **1,788** | **2,683** |
| Dividends Income | 699 | 1,077 | 1,841 |
| Interest Income | 390 | 711 | 842 |
| **Income from Overseas Technical Services** | **1,675** | **—** | **—** |
| Income from Overseas Technical Services | 1,675 | — | — |
| **Non-Operating Revenue** | **888** | **1,050** | **1,187** |
| Gain on Sales of Noncurrent Assets | 54 | 18 | 16 |
| Miscellaneous Revenue | 834 | 1,031 | 1,171 |
| **Non-Operating Expenses** | **101,047** | **88,104** | **55,193** |
| **Financial Expenses** | **86,946** | **84,024** | **51,044** |
| Interest Expenses | 86,866 | 83,236 | 50,374 |
| Amortization of Stock Issue Expenses | — | 583 | — |
| Bond Issue Cost | — | — | — |
| Amortization of Bond Issue Expenses | 80 | 192 | 621 |
| Amortization of Bond Issue Discount | — | 12 | 48 |
| **Expenses on Overseas Technical Services** | **1,372** | **—** | **—** |
| Expenses on Overseas Technical Services | 1,372 | — | — |
| **Non-Operating Expenses** | **12,728** | **4,080** | **4,149** |
| Loss on Sales of Noncurrent Assets | 598 | 10 | 23 |
| Miscellaneous Expenses | 12,129 | 4,069 | 4,126 |
| **Total Ordinary Revenue** | **549,864** | **525,434** | **550,573** |
| **Total Ordinary Expenses** | **522,588** | **491,911** | **503,158** |
| **Ordinary Income** | **27,275** | **33,522** | **47,415** |
| **Provision or Reversal of Reserve for Fluctuation in Water Levels** | **—** | **689** | **1,108** |
| Provision of Reserve for Fluctuation in Water Levels | — | 689 | 1,108 |
| Reversal of Reserve for Fluctuation in Water Levels | — | — | — |
| **Extraordinary Income** | **—** | **—** | **—** |
| Distribution by Dissolution of Anonymous Association | — | — | — |
| Gain on Extinguishment of Tie-in Shares | — | — | — |
| Gain on Sales of Securities | — | — | — |
| **Extraordinary Loss** | **—** | **—** | **—** |
| Disaster Recovery Expenses | — | — | — |
| Loss on Valuation of Securities | — | — | — |
| Provision of Allowance for Doubtful Accounts for Subsidiaries and Affiliates | — | — | — |
| Loss on Liquidation of Business | — | — | — |
| **Income before Income Taxes** | **27,275** | **32,833** | **46,306** |
| Income Taxes–Current | 17,570 | 10,592 | 18,151 |
| Income Taxes–Deferred | (7,417) | 522 | (3,111) |
| Total Income Taxes | 10,153 | 11,114 | 15,039 |
| **Net Income** | **17,121** | **21,718** | **31,266** |

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)

| 2006/3 | 2007/3 | 2008/3 | 2009/3 | 2010/3 | 2011/3 | 2012/3 |
|---|---|---|---|---|---|---|
| **566,016** | **517,273** | **529,250** | **645,850** | **530,436** | **583,213** | **599,973** |
| **558,306** | **510,248** | **517,318** | **631,452** | **518,682** | **573,878** | **590,553** |
| 495,061 | 450,034 | 457,292 | 571,282 | 458,688 | 514,640 | 532,915 |
| 58,255 | 55,184 | 54,934 | 55,414 | 54,402 | 54,343 | 53,059 |
| 4,989 | 5,029 | 5,090 | 4,755 | 5,591 | 4,894 | 4,579 |
| **7,709** | **7,024** | **11,932** | **14,398** | **11,753** | **9,335** | **9,419** |
| **480,041** | **456,433** | **489,363** | **601,122** | **489,531** | **520,569** | **557,628** |
| **473,056** | **450,203** | **478,579** | **588,224** | **479,085** | **513,395** | **549,010** |
| 69,844 | 63,728 | 61,114 | 68,281 | 60,904 | 60,005 | 66,325 |
| 308,191 | 290,013 | 312,292 | 402,159 | 319,569 | 358,156 | 381,201 |
| — | — | — | — | 802 | 976 | 2,274 |
| 81 | 433 | 1,214 | 80 | 15 | 1,388 | 3,428 |
| 35,250 | 30,502 | 28,680 | 28,475 | 27,523 | 26,943 | 29,031 |
| 6,737 | 6,595 | 6,621 | 7,020 | 6,785 | 6,453 | 5,968 |
| 1,439 | 1,237 | 1,546 | 1,307 | 1,225 | 1,223 | 1,482 |
| 5,655 | 6,191 | 6,000 | 6,242 | 6,275 | 6,480 | 6,360 |
| 38,571 | 44,837 | 54,353 | 66,407 | 49,349 | 44,466 | 45,429 |
| 7,285 | 6,662 | 6,756 | 8,250 | 6,634 | 7,300 | 7,508 |
| **6,985** | **6,229** | **10,783** | **12,897** | **10,446** | **7,174** | **8,617** |
| **85,974** | **60,840** | **39,887** | **44,728** | **40,904** | **62,644** | **42,344** |
| **5,218** | **8,386** | **9,844** | **6,617** | **6,463** | **6,348** | **9,089** |
| **3,327** | **4,521** | **5,332** | **4,933** | **3,547** | **4,649** | **6,726** |
| 2,521 | 3,586 | 4,275 | 3,775 | 2,346 | 3,403 | 5,401 |
| 806 | 935 | 1,057 | 1,158 | 1,200 | 1,246 | 1,325 |
| **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| — | — | — | — | — | — | — |
| **1,890** | **3,865** | **4,512** | **1,683** | **2,916** | **1,699** | **2,362** |
| 111 | 370 | 1,067 | 5 | 600 | 82 | 76 |
| 1,779 | 3,494 | 3,444 | 1,678 | 2,316 | 1,616 | 2,286 |
| **39,958** | **31,686** | **27,648** | **28,950** | **23,576** | **25,800** | **25,756** |
| **35,737** | **21,565** | **21,937** | **22,294** | **22,175** | **21,627** | **20,525** |
| 35,088 | 21,276 | 21,648 | 21,915 | 21,967 | 21,353 | 20,525 |
| 10 | — | — | — | — | — | — |
| — | 288 | 288 | 379 | 207 | 273 | — |
| 590 | — | — | — | — | — | — |
| 49 | — | — | — | — | — | — |
| **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| — | — | — | — | — | — | — |
| **4,220** | **10,121** | **5,710** | **6,655** | **1,400** | **4,173** | **5,230** |
| 126 | 4 | 2 | 32 | — | 625 | 643 |
| 4,094 | 10,117 | 5,708 | 6,622 | 1,400 | 3,547 | 4,587 |
| **571,234** | **525,659** | **539,095** | **652,468** | **536,899** | **589,561** | **609,062** |
| **520,000** | **488,119** | **517,011** | **630,072** | **513,107** | **546,370** | **583,384** |
| **51,234** | **37,540** | **22,083** | **22,395** | **23,791** | **43,191** | **25,677** |
| **(399)** | **756** | **(595)** | **(413)** | **(411)** | **42** | **—** |
| — | 756 | — | — | — | 42 | — |
| (399) | — | (595) | (413) | (411) | — | — |
| **—** | **—** | **—** | **14,472** | **—** | **1,635** | **—** |
| — | — | — | 12,170 | — | — | — |
| — | — | — | 2,301 | — | — | — |
| — | — | — | — | — | 1,635 | — |
| **—** | **—** | **—** | **19,647** | **—** | **13,757** | **3,434** |
| — | — | — | — | — | — | 3,434 |
| — | — | — | 19,647 | — | 6,092 | — |
| — | — | — | — | — | 4,255 | — |
| — | — | — | — | — | 3,408 | — |
| **51,633** | **36,783** | **22,678** | **17,635** | **24,203** | **31,027** | **22,243** |
| 20,143 | 11,865 | 11,338 | 13,389 | 6,660 | 16,395 | 10,148 |
| (1,892) | 1,020 | (3,421) | (5,781) | 1,170 | (153) | 2,924 |
| 18,250 | 12,886 | 7,917 | 7,608 | 7,831 | 16,242 | 13,073 |
| **33,382** | **23,897** | **14,761** | **10,026** | **16,372** | **14,785** | **9,169** |

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.

## Major Group Companies

(As of March 31, 2012)

| | Company Name | Main Businesses | Equity Stake (%) |
|---|---|---|---|
| Consolidated Subsidiaries | **Electric Power Business** | | |
| | Bay Side Energy Co., Ltd. | Electric power supply | 100.0 |
| | ITOIGAWA POWER Inc. | Electric power supply | 80.0 |
| | Ichihara Power Co., Ltd. | Electric power supply | 60.0 |
| | Green Power TOKIWA Co., Ltd. | Construction and operation of wind power plants | 100.0 |
| | Green Power Awara Co., Ltd. | Construction and operation of wind power plants | 100.0 |
| | J-Wind IROUZAKI Co., Ltd. | Construction and operation of wind power plants | 100.0 |
| | J-Wind Co., Ltd. | Construction and operation of wind power plants | 100.0 |
| | Green Power Aso Co., Ltd. | Construction and operation of wind power plants | 87.8 |
| | Minami Kyushu Wind Power Co., Ltd. | Construction and operation of wind power plants | 80.0 |
| | Nagasaki-Shikamachi Wind Power Co., Ltd. | Construction and operation of wind power plants | 70.0 |
| | Nikaho-Kogen Wind Power Co., Ltd. | Construction and operation of wind power plants | 67.0 |
| | Sarakitomanai Wind Power Co., Ltd. | Construction and operation of wind power plants | 49.0 |
| | **Electric Power-Related Business** | | |
| | JPec Co., Ltd. | 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 | 100.0 |
| | JPHYTECH Co., Ltd. | 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 | 100.0 |
| | JP Business Service Corporation | Operation of welfare facilities; facility maintenance; business process outsourcing; development of computer software | 100.0 |
| | KEC Corporation | Construction and maintenance of electronic and communications facilities | 100.0 |
| | JP Design Co., Ltd. | Design, management, and research for electric power facilities and other facilities and construction consulting | 100.0 |
| | J-POWER RESOURCES Co., Ltd. | Import, sales, and transportation of coal | 100.0 |
| | J-POWER AUSTRALIA PTY., LTD. | Investments in coal mines in Australia | 100.0 |
| | JPOWER GENEX CAPITAL Co., Ltd. | Management of IPP projects | 100.0 |
| | J-Wind Service Co., Ltd. | Maintenance and operation of wind power plants | 100.0 |
| | J-POWER EnTech Co., Inc. | Engineering services for atmospheric and water pollutant removal equipment | 100.0 |
| | Miyazaki Wood Pellet Co., Ltd. | Operation of manufacturing facilities of wood pellets | 98.3 |
| | JM Activated Coke, Inc. | Manufacturing, sales and marketing of activated coke | 90.0 |
| | EPDC CoalTech and Marine Co., Ltd. | Marine transportation of ash and fly ash from thermal power plants | 100.0<br>(100.0) |
| | and 12 companies | | |
| | **Overseas Business** | | |
| | J-Power Investment Netherlands B.V. | Management of overseas investments | 100.0 |
| | J-POWER Holdings (Thailand) Co., Ltd. | Management of overseas investments | 100.0<br>(100.0) |
| | J-POWER Generation (Thailand) Co., Ltd. | Management of overseas investments and research and development projects | 100.0<br>(100.0) |
| | Gulf JP Co., Ltd. | Management of overseas investments | 90.0<br>(90.0) |
| | J-POWER North America Holdings Co., Ltd. | Management of overseas investments | 100.0 |
| | J-POWER USA Investment Co., Ltd. | Management of overseas investments | 100.0<br>(100.0) |
| | J-POWER USA Development Co., Ltd. | Research and development of overseas investments | 100.0<br>(100.0) |
| | J-POWER Consulting (China) Co., Ltd. | Management of overseas investments and research and development projects | 100.0 |
| | and 19 companies | | |
| | **Other Businesses** | | |
| | Kaihatsu Hiryou Co., Ltd. | Production and sales of fertilizer using ash | 100.0 |
| | Japan Network Engineering Co., Ltd. | Telecommunications; operation and maintenance of telecommunications facilities | 100.0 |
| | Omuta Plant Service Co., Ltd. | Operation and maintenance of waste-fueled power generation plant | 100.0 |
| | Biocoal Osaka-Hirano Co., Ltd. | Construction, operation, and other services for facilities that process sewage into fuel | 60.0 |
| | and 1 company | | |

| | Company Name | Main Businesses | Equity Stake (%) |
|---|---|---|---|
| Affiliates Accounted for by the Equity Method | **Electric Power Business** | | |
| | Mihama Seaside Power Co., Ltd. | Electric power supply | 50.0 |
| | Setouchi Power Corporation | Electric power supply | 50.0 |
| | TOSA POWER Inc. | Electric power supply | 45.0 |
| | GENEX Co., Ltd. | Electric power supply | 40.0<br>(40.0) |
| | Osaki CoolGen Corporation | Testing of integrated coal gasification combined cycle and separation and capture of $CO_2$ | 50.0 |
| | Yuzawa Geothermal Power Generation Corporation | Research for commercial development of geothermal resources, development and supply of geothermal resources, and electric power supply | 50.0 |
| | **Overseas Business** | | |
| | Gulf Electric Public Co., Ltd. | Management of overseas investments | 49.0<br>(49.0) |
| | EGCO Green Energy Co., Ltd. | Management of overseas investments | 26.0<br>(26.0) |
| | EGCO Cogeneration Co., Ltd. | Electric power supply | 20.0<br>(20.0) |
| | Thaioil Power Co., Ltd. | Management of overseas investments | 19.0<br>(19.0) |
| | Roi-Et Green Co., Ltd. | Electric power supply | —<br>[95.0] |
| | J-POWER USA Generation, L.P. | Management of overseas investments | 50.0<br>(50.0) |
| | Birchwood Power Partners, L.P. | Electric power supply | 50.0<br>(50.0) |
| | Green Country Energy, LLC | Electric power supply | —<br>[100.0] |
| | Pinelawn Power LLC | Electric power supply | —<br>[100.0] |
| | Equus Power I, L.P. | Electric power supply | —<br>[100.0] |
| | Edgewood Energy, LLC | Electric power supply | —<br>[100.0] |
| | Shoreham Energy, LLC | Electric power supply | —<br>[100.0] |
| | Orange Grove Energy, L.P. | Electric power supply | —<br>[100.0] |
| | Elwood Energy, LLC | Electric power supply | —<br>[50.0] |
| | Tenaska Virginia Partners, L.P. | Electric power supply | —<br>[30.0] |
| | Tenaska Frontier Partners, Ltd. | Electric power supply | —<br>[25.0] |
| | Shaanxi Hanjiang Investment & Development Co., Ltd. | Electric power supply | 27.0 |
| | ShanXi TianShi Power Generation Co., Ltd. | Electric power supply | 24.0 |
| | Chiahui Power Corporation | Electric power supply | 40.0<br>(40.0) |
| | CBK Netherlands Holdings B.V. | Management of overseas investments | 50.0<br>(50.0) |
| | CBK Power Co., Ltd. | Operation of hydroelectric and pumped-storage electric power plants | —<br>[100.0] |
| | Zajaczkowo Windfarm Sp. z o.o. | Construction and operation of wind power plants | 46.8<br>(46.8) |
| | and 55 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. J-POWER RESOURCES Co., Ltd., J-POWER Holdings (Thailand) Co., Ltd. and Gulf JP Co., Ltd. are specified subsidiaries.

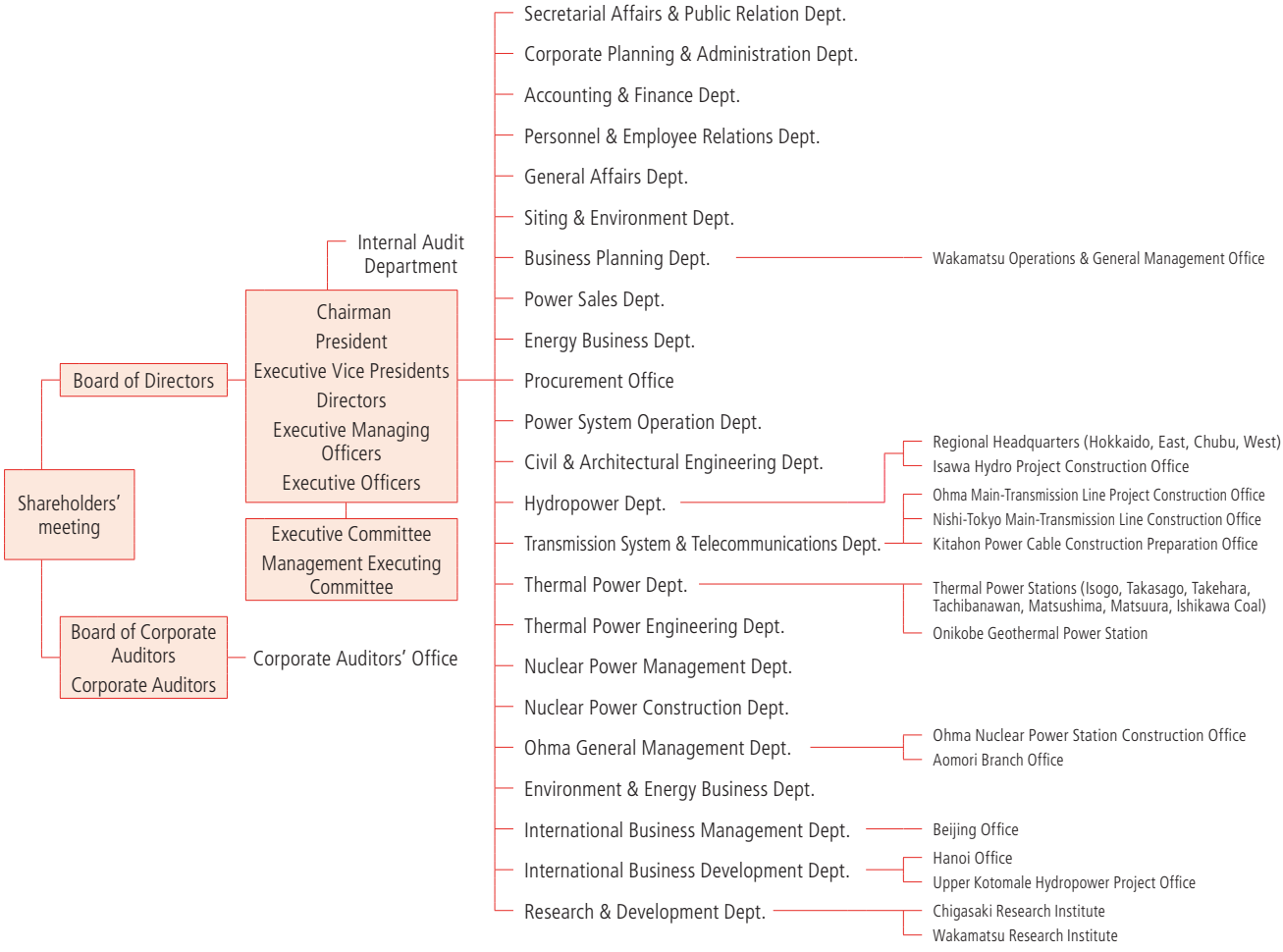
## Corporate Profile/Stock Information

(As of March 31, 2012)

| | |
|---|---|
| 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 | 38,193 |
| Stock Exchange Listing | Tokyo |
| Independent Public Accountants | Ernst & Young ShinNihon LLC |
| Transfer Agent | Sumitomo Mitsui Trust Bank, Limited |

### Organization Chart

(As of July 1, 2012)




### Main Subsidiaries

J-POWER Generation (Thailand) Co., Ltd.

J-POWER USA Development Co., Ltd.

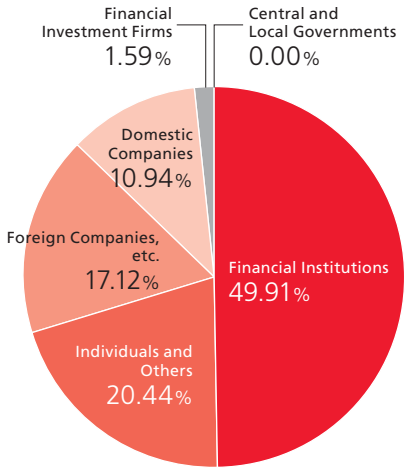
J-POWER Consulting (China) Co., Ltd.

## 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) | 8,778 | 5.27 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 8,047 | 4.83 |
| Mizuho Corporate Bank, Ltd. | 7,465 | 4.48 |
| Japan Trustee Services Bank, Ltd. (Trust Account 9) | 4,747 | 2.85 |
| Sumitomo Mitsui Banking Corporation | 4,295 | 2.58 |
| J-POWER Employees Shareholding Association | 4,036 | 2.42 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 3,331 | 2.00 |
| Fukoku Life Insurance Company | 2,750 | 1.65 |
| The Sumitomo Trust and Banking Co., Ltd. | 2,247 | 1.35 |

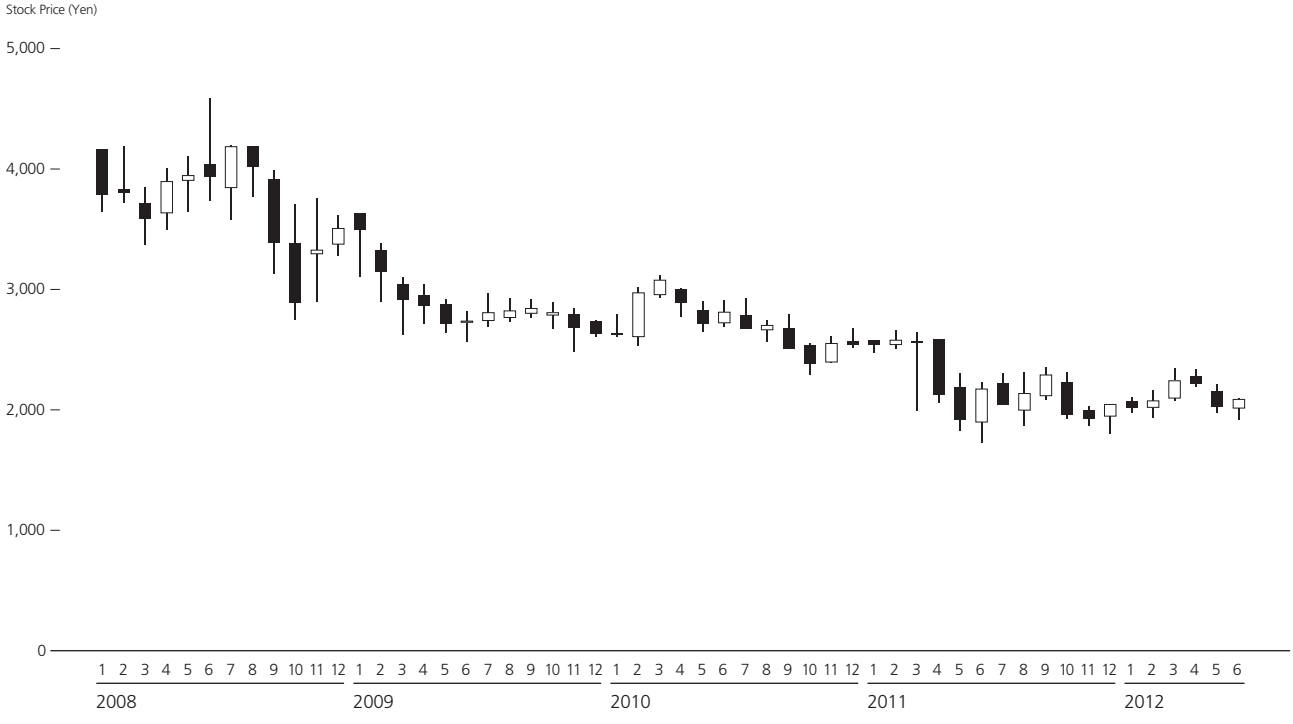
Notes: 1. In addition to above, J-POWER holds 16,516,790 shares.
2. As of April 1, 2012, The Sumitomo Trust and Banking Co., Ltd. (The STB) has changed its trade name to Sumitomo Mitsui Trust Bank, Limited established through the merger of three trust banks including The STB.

## Breakdown of Issued Shares by Type of Shareholders




Note: Treasury stock of 16,516,790 shares is included in "Individuals and Others."

## Common Stock Price Range



J-POWER Annual Report 2012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