Financial Section

Electricity Sales Volume and Operating Revenues

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

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

Electric Power Business

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

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

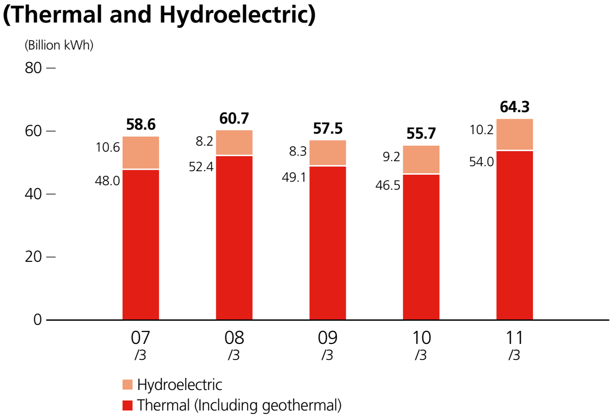
As a result, in the wholesale electric power business, total electricity sales volume from hydroelectric and thermal power plants surged 15.4% compared to the previous year, to 64.3 billion kWh. Operating revenues rose by ¥55.9 billion, or 12.2%, year on year, to ¥514.6 billion.

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

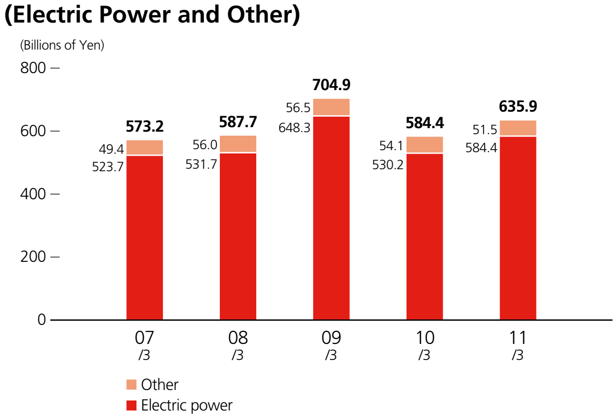
In the other electric power businesses, despite the positive effect of the start of commercial operations at additional wind power facilities, electricity sales volume declined 1.1% compared to the previous year, to 1.4 billion kWh, owing to a lower load factor at PPS facilities. Operating revenues decreased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

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

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



Operating Revenues (Electric Power and Other)



Electric Power-Related Businesses

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

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

Overseas Business

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

Other Businesses

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

Operating Expenses and Operating Income

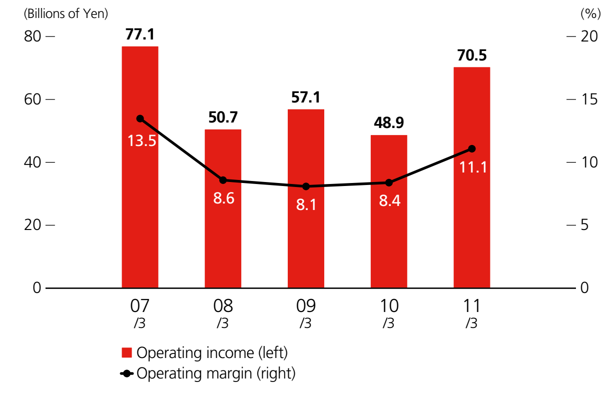
In fiscal 2010, operating expenses grew ¥29.8 billion, or 5.6%, year on year, to ¥565.3 billion, reflecting an increase in fuel expenses accompanying a rise in thermal power generation volume. However, operating income surged ¥21.6 billion, or 44.2%, year on year, to ¥70.5 billion. The operating margin increased by 2.7 percentage points, to 11.1%.

Non-Operating Revenues and Expenses and Ordinary Income

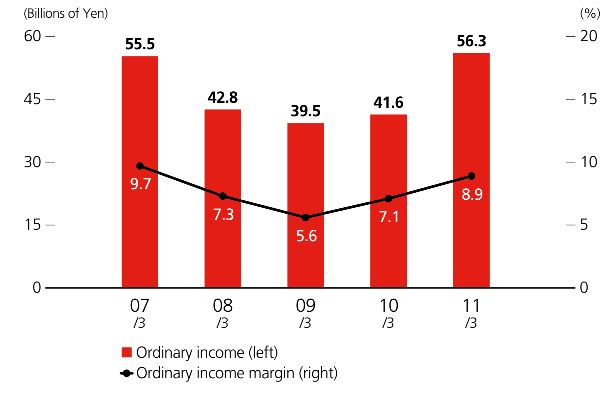
In fiscal 2010, other income decreased ¥3.7 billion, or 35.1%, year on year, to ¥14.9 billion, reflecting such factors as a decline in investment income under the equity method. Other expenses for the year increased ¥3.2 billion, or 12.5%, year on year, to ¥29.2 billion.

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

Operating Income/Operating Margin



Ordinary Income/Ordinary Income Margin



Electric Power Business

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

Electric Power-Related Businesses

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

Overseas Business

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

Other Businesses

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

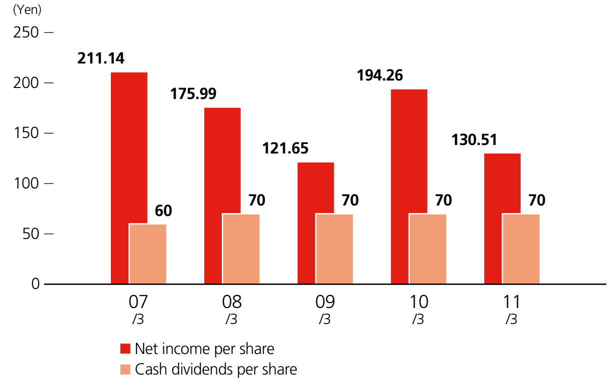
Net Income

In fiscal 2010, income before income taxes and minority interests decreased ¥3.3 billion, or 8.0%, compared to the previous year, to ¥38.7 billion. Although extraordinary gains on the sales of securities were recorded, the decrease in income before income taxes and minority interests reflected losses on the impairment of negotiable securities and the impairment of a portion of power generation-use assets, etc., of consolidated subsidiaries as well as a loss on liquidation of business associated with the decision to halt an IPP business development project at the Samet Tai site in Thailand. After accounting for income taxes of ¥22.8 billion and minority interests, net income decreased by ¥9.5 billion, or 32.8%, compared to the previous year, to ¥19.5 billion.

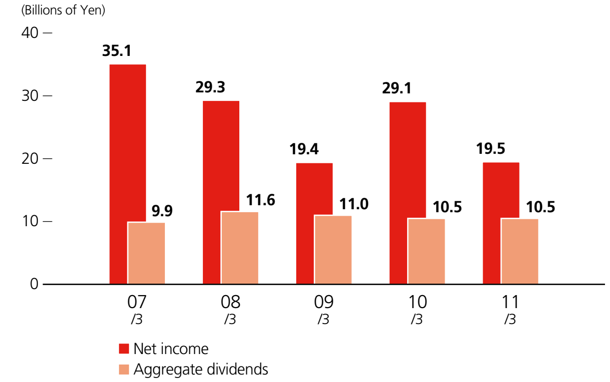
Net Income per Share

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

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



Net Income/Aggregate Dividends (Non-Consolidated)



Dividend Policy

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

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

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

Financial Position

Assets

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

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

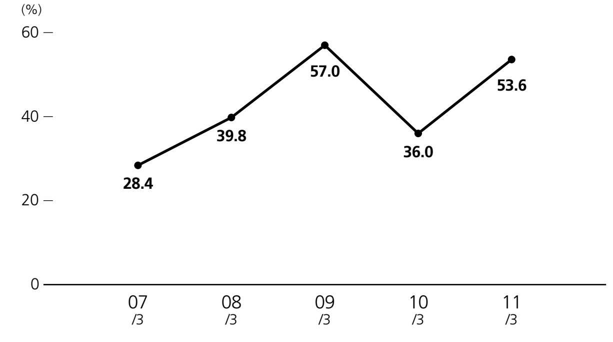
*This figure includes investments and other assets amounting to ¥250.8 billion.

Liabilities

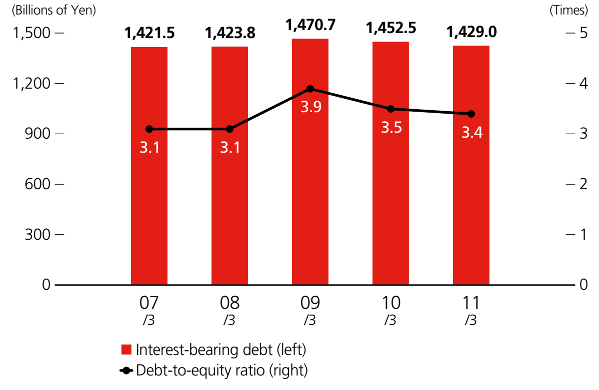
As of March 31, 2010, total liabilities amounted to ¥1,597.4 billion, down ¥11.6 billion, or 0.7% from the previous fiscal year-end.

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

Consolidated Dividend Payout Ratio



Interest-Bearing Debt/Debt-to-Equity Ratio



Net Assets and Shareholders' Equity*

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

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

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

Capital Expenditures

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

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

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

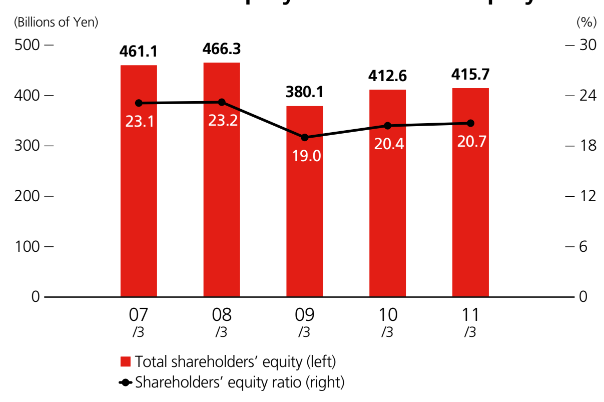
Capital expenditures for the electric power business in fiscal 2011 are projected to amount to ¥94.7 billion, up ¥23.9 billion compared with the fiscal 2010 level. Plans call for the expenditures to include investments for maintaining and upgrading existing facilities as well as investments in the Ohma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

Breakdown of Capital Expenditures (Fiscal 2010)

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

Notes: 1. The above figures do not include consumption tax.
2. In fiscal 2010, capital expenditures for repair and upgrading work at existing facilities totaled ¥32.8 billion.
3. The figure for "New energy, etc." includes a new energy business support countermeasure expense subsidy of ¥6.7 billion.

Total Shareholders' Equity/Shareholders' Equity Ratio



Fund Procurement

Most of J-POWER's financing requirements are related to capital expenditures and debt refinancing, and the Company has a basic policy of procuring long-term funds. When procuring long-term funds, the Company issues straight bonds as a means of maintaining low interest rates and a stable fund procurement platform. The balance of outstanding straight bonds as of March 31, 2011, was ¥769.8 billion. In addition, the Company obtains short-term funding as a means of procuring operating funds as well enhancing the responsiveness and flexibility of procurement operations. To meet short-term funding needs, the Company is currently able to issue up to a total of ¥300.0 billion in commercial paper.

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

Cash Flows

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

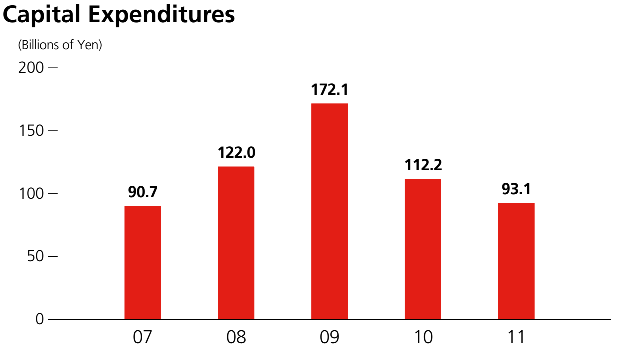
As a result, free cash flow was a positive ¥26.5 billion.

Cash Flows from Financing Activities

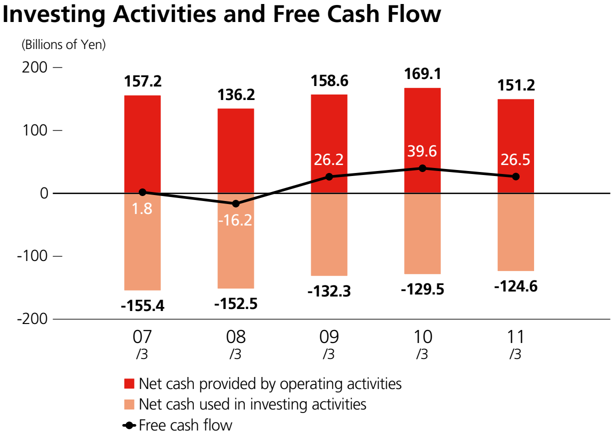
Net cash used in financing activities was ¥29.1 billion, a decrease of ¥1.1 billion, or 3.9%, compared to the previous fiscal year. This mainly reflected a decrease in proceeds from loans, which more than offset an increase in the redemption of bonds.

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

Capital Expenditures



Cash Flows from Operating and Investing Activities and Free Cash Flow



Risk Factors

This section discusses the main potential risks related to J-POWER's financial position and business results as well as potential risks related to current (as of June 29, 2011) and future business operations and other matters. In light of the objective of proactively disclosing information to investors, this section also provides information to help investors understand business and other risks that the Company does not necessarily consider significant.

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

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

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

Wholesale power trading on the Japan Electric Power Exchange commenced in April 2005. J-POWER is currently trading in the wholesale power markets. Although we do not currently expect a surge in the amount of electricity traded on the exchange during the near term, an increase in the importance of exchange-traded power prices as a price indicator could potentially have an indirect effect on our rate levels. If the rates set in contracts between J-POWER and EPCOs were to be higher than price indicators, this could potentially have a material adverse effect on the results of our operations.

Delay or Discontinuation of Power Plant Construction Plans

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

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

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

Global Warming

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

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

Overseas Power Generation Business and Other Areas of New Business

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

Fund Procurement

J-POWER expects it will need to raise a large amount of funds for the construction of the Ohma Nuclear Power Plant and Takehara Thermal Power Station New No. 1, which are the principal development projects scheduled for implementation during the next 10 years, as well as for the repayment of outstanding debt, investments in the overseas power generation business, and other purposes. If we were to be unable to raise the required funds on acceptable terms and in a timely manner due to the prevailing conditions in the financial markets, the Company's credit situation, or other factors at that time, then this could potentially have a materially adverse effect on our business development and profitability.

Ohma Nuclear Power Plant Construction Plan

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

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

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

Coal-Fired Thermal Power Plant Fuel

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

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

Natural Disasters and Accidents

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

Regulatory Requirements

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

High Level of Dependence on a Limited Number of Customers

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

Protection of Sensitive Information

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

Consolidated Balance Sheets

As of March 31, 2010 and 2011

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

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

	Yen		U.S. dollars (Note 2)
Shareholders' equity per share (Note 2)	¥2,750.20	**¥2,770.77**	**$33.32**

Consolidated Statements of Income

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

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

	Yen			U.S. dollars (Note 2)
Amounts per share:				
Net income (Note 2)	¥121.65	¥194.26	**¥130.51**	**$1.57**
Cash dividends applicable to the year (Note 16)	70.00	70.00	**70.00**	**0.84**

Consolidated Statements of Comprehensive Income

As of March 31, 2011

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

Consolidated Statements of Changes in Net Assets

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

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, 2008	166,569	¥152,449	¥81,849	¥230,032	¥ (64)	¥464,266
Net income				19,457		19,457
Dividends				(12,491)		(12,491)
Acquisition of treasury stock					(63,195)	(63,195)
Net change during the year						
Balance at March 31, 2009	166,569	152,449	81,849	236,998	(63,260)	408,036
Net income				29,149		29,149
Dividends				(10,503)		(10,503)
Acquisition of treasury stock					(1)	(1)
Net change during the year						
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**

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

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

Accumulated other comprehensive income

	Millions of yen					
	Unrealized gain (loss) on other securities, net	Deferred hedging gain and loss	Foreign currency translation adjustments	Total accumulated other compre-hensive income	Minority interests	Total net assets
Balance at March 31, 2008	¥1,934	¥(6,759)	¥ 6,941	—	¥ 1,735	¥468,118
Net income						19,457
Dividends						(12,491)
Acquisition of treasury stock						(63,195)
Net change during the year	(2,339)	474	(28,159)		248	(29,776)
Balance at March 31, 2009	(404)	(6,285)	(21,217)	—	1,984	382,112
Net income						29,149
Dividends						(10,503)
Acquisition of treasury stock						(1)
Net change during the year	3,365	2,538	8,000		320	14,225
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**

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

Consolidated Statements of Cash Flows

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

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

Notes to Consolidated Financial Statements

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

1. Basis of preparation of consolidated financial statements

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

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

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

2. Summary of significant accounting policies

(1) Principles of consolidation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Since the year ended March 31, 2009, Birchwood Power Partners, L.P. and J-POWER East Coast Consolidation, LLC along with 14 other companies have been included in the affiliated companies accounted for under the equity method as important companies in the Company's mid- and long-term management strategy. In addition, the liquidation of JS Gijutsu Service Corporation was completed on April 29, 2008 and therefore it was excluded from the scope of the affiliates accounted for under the equity method.

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

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

(3) Accounting policies

a. Property, plant and equipment and depreciation

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

b. Investments

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

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

c. Derivatives

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

d. Inventories

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

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

e. Allowance for doubtful account

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

f. Accrued employee retirement benefits

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

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

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

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

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

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

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

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

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

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

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

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

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

i. Foreign currency translation

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

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

j. Derivative financial instruments and hedge accounting

The Company utilizes derivative financial instruments, such as foreign exchange forward contracts, foreign currency swaps and interest rate swaps, to manage its exposure to fluctuations in foreign exchange and interest rates. The Company does not intend to utilize the derivatives for trading or speculative purposes.

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

The Company uses foreign exchange forward contracts and foreign currency swaps to hedge payment of principle and interest with respect to foreign-currency-denominated bonds and loans, and some foreign-currency-denominated debts and receivables, and uses interest rate swaps and interest rate 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 its policy is not to perform speculative transactions.

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

k. Capitalization of interest expenses

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

l. Accounting for consumption taxes

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

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

m. Income taxes

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

n. Cash equivalents

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

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

Accounting changes

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

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

② *Accounting standards for lease transactions*

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

③ *Application of Accounting Standard for Asset Retirement Obligations*

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

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

④ *Application of Accounting Standard for Business Combinations*

With effect from the current consolidated fiscal year, the Company has applied "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, revised December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

Reclassification

① *Consolidated balance sheet*

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

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

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

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

② *Consolidated statements of income*

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

③ *Consolidated statements of cash flows*

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

Until last year "Proceeds from sale of subsidiary shares with a change in the scope of consolidation" was presented within "Cash flows from investing activities" (¥0 million in the current consolidated fiscal year); however it was diminished in the current consolidated fiscal year and included in "Others" within "Cash flows from investing activities."

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

Additional Information

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

(4) Per share information

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

(5) U.S. dollar amounts

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

3. Property, plant and equipment

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

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

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

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

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

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

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

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

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

5. Inventories

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

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

6. Provisions

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

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

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

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

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

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

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

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

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

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

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

8. Contingent liabilities

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

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

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

9. Provision of reserves

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

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

10. Operating expenses

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

Total

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

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

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

11. Enterprise tax

Most of the enterprise taxes of the Company and 20 consolidated subsidiaries that operate electric power business are imposed on operating revenues, except for certain enterprise taxes imposed on taxable income. Enterprise tax on operating revenues was included in operating expenses (electric power) in the amount of ¥8,513 million, ¥6,823 million and ¥7,488 million (US$90,055 thousand) for the years ended March 31, 2009, 2010 and 2011, respectively. Regarding the enterprise tax for consolidated subsidiaries, the discounted value-added and discounted capital are included in "Operating expenses–Other," and revenues are included in corporate income tax, excluding the 19 consolidated subsidiaries that operate electric power business.

12. Research and development costs

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

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

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

13. Loss on impairment of fixed assets

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

Due to the deterioration in the business environment and other factors during the current consolidated fiscal year, the Company examined the potential for future collection and consequently determined that it would be difficult to collect on investments relating to special asset groups. The Company therefore wrote the book value down to the level it would be possible to collect and booked the amount of the write-down as an impairment loss of ¥9,266 million (US$111,442 thousand) under extraordinary losses. The major impairment losses were as follows:

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

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

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

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

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

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

14. Loss on liquidation of business

Gulf JP UT Co., Ltd., a subsidiary of the Company, was engaged in an IPP project in the Samet Tai sub-district in Thailand. However, at the Cabinet meeting held on July 20, 2010, the Thai Government decided on a guideline which included changing the location planned for construction of the power plant as a solution to resolve the problem of location. Due to this decision, the Company decided not to proceed with its development project in Samet Tai and recognized the loss on liquidation of business of ¥4,550 million (US$54,721 thousand) in relation to the project.

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

15. Consolidated statements of comprehensive income

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

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

16. Dividends from the surplus

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

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

17. Cash and cash equivalents

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

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

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

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

18. Leases

(1) Financing and lease transactions

As a lessor:

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

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

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

As a lessee:

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

	Millions of yen						Thousands of U.S. dollars		
	2010			**2011**			**2011**		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Electric utility plant	¥ 989	¥ 748	¥ 241	**¥ 786**	**¥ 678**	**¥107**	**$ 9,460**	**$ 8,164**	**$1,295**
Others	2,180	1,356	823	**1,551**	**1,027**	**523**	**18,661**	**12,361**	**6,300**
Total	¥3,169	¥2,105	¥1,064	**¥2,338**	**¥1,706**	**¥631**	**$28,122**	**$20,526**	**$7,595**

Acquisition cost includes the imputed interest expense portion.

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

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

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

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

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

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

As a lessor:

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

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

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

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

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

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

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

19. Financial instruments

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

(1) Status of financial instruments

a. Policy for financial instruments

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

b. Types of financial instruments and related risk

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

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

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

c. Risk management for financial instruments

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

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

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

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

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

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

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

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

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

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

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

e. Concentration of credit risk

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

(2) Estimated fair value of financial instruments

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

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

*1 Included in long-term investments on the consolidated balance sheet.
*2 Includes bonds and long-term loans due within one year.
*3 Show the net amount of receivables and payables incurred for derivatives transactions. Please note that there are no results for derivatives not subject to hedge accounting.

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

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

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

Assets:

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

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

② *Investment securities*

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

Derivatives transactions:

Please refer to "Note 21. Derivative transactions."

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

Amount booked on the consolidated balance sheet

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

They do not have a market value and estimation of future cash flows from them would incur substantial cost. Therefore, they are not included in the table above. Please note that the shares of non-consolidated subsidiaries and affiliates have been omitted because they are listed under "4. Long-term investments in non-consolidated subsidiaries and affiliated companies."

c. Redemption schedule for receivables and marketable with maturities

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

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

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

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

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

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

20. Securities

Information regarding securities classified as other securities are as follows:

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

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

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

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

21. Derivatives transactions

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

(1) Derivatives transactions not subject to hedge accounting

a. Currencies

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

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

b. Stocks

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

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

(2) Derivatives transactions subject to hedge accounting

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

*4 The fair value is calculated according to the forward exchange rate.
*5 The fair value is calculated according to the price, etc. specified by the transacting financial institution.
*6 Transactions subject to special interest rate swaps are settled as a combined sum with the long-term loan or bonds being hedged so the fair value is included in the fair value of the long-term loan or bonds in question.

22. Employee retirement benefit plans

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

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

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

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

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

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

*1 The amount of the amortization for the current consolidated fiscal year pertaining to the prior service cost. Please refer to the note to the above table relating to the retirement benefit obligations as of March 31, 2010 and 2011.
*2 The retirement benefit obligations for consolidated subsidiaries using the simplified method are booked as Service cost.

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

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

23. Income taxes

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

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

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

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

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

24. Shareholders' equity

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

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

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

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

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

25. Segment information

Effective the current consolidated fiscal year, the Company has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, March 27, 2009) and Implementation Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Implementation Guidance No. 20, March 21, 2008). The segment information for the year ended March 31, 2010 has been restated in accordance with such according standards for comparative purposes.

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

a. Business segments

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

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

The main products within each segment were as follows:

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

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

b. Geographic segments

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

c. Overseas revenues

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

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

a. Overview of reportable segments

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

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

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

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

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

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

Millions of yen

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

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

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

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

(1) The amount of adjustments to segment income (–¥273 million for the fiscal year ended March 31, 2010; ¥533 million for the fiscal year ended March 31, 2011 (US$6,418 thousand)) includes elimination of intersegment transactions (–¥252 million for the fiscal year ended March 31, 2010; ¥277 million for the fiscal year ended March 31, 2011 (US$3,341 thousand)) and other adjustments (–¥20 million for the fiscal year ended March 31, 2010; ¥255 million for the fiscal year ended March 31, 2011 (US$3,076 thousand)).

(2) The amount of adjustments for segment assets (–¥105,924 million for the fiscal year ended March 31, 2010; –¥101,782 million for the fiscal year ended March 31, 2011 (–US$1,224,082 thousand)) includes the offset of receivables (–¥101,385 million for the fiscal year ended March 31, 2010; –¥103,098 million for the fiscal year ended March 31, 2011 (–US$1,239,904 thousand)) and other adjustments (–¥4,539 million for the fiscal year ended March 31, 2010; ¥1,315 million for the fiscal year ended March 31, 2011 (US$15,822 thousand)).

(3) Adjustments to depreciation and amortization expenses (–¥3,166 million for the fiscal year ended March 31, 2010; –¥3,244 million for the fiscal year ended March 31, 2011 (–US$39,016 thousand)) include elimination of intersegment transactions (–¥3,164 million for the fiscal year ended March 31, 2010; –¥3,241 million for the fiscal year ended March 31, 2011 (–US$38,980 thousand)).

(4) Intersegment transactions have been eliminated from the adjustments for increases in interest received, interest paid, tangible fixed assets, and intangible fixed assets.

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

d. Regional information

Operating revenue

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

Tangible fixed assets

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

Information regarding main customers

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

e. Impairment losses on fixed assets in reportable segments

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

f. Unamortized goodwill in reportable segments

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

26. Related party transactions

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

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

27. Business combinations

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

28. Special-purpose company

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

In February 2008, a decision was made to purchase the trust beneficiary interests from the special-purpose company, and these interests were transferred in August 2008. As a result, the anonymous association, which was the operator of the special-purpose company, generated ¥12,170 million (US$123,902 thousand) in profits and was dissolved in September 2008. Accompanying the dissolution, the Company, which was the investor in the anonymous association, received these profits as a distribution of profits of the anonymous association and recovered the investment capital, etc., in full from the anonymous association in October 2008.

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

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

	Outstanding trade balance or balance of the consolidated fiscal year ended in March 2009
	Millions of yen
Property acquired	¥30,082

	Main profit & loss
	Amount
Items	Millions of yen
Distribution of profits	¥ 103
Distribution by dissolution of anonymous association	12,170

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

29. Significant subsequent event

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

Report of Independent Auditors

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

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

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

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

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

Ernst & Young ShinNihon LLC

June 29, 2011