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Please note that if there is any discrepancy, the Japanese version will take priority.

(Summary English translation)

## Financial Statements (Unaudited) (for the Year Ended March 31, 2009)

April 30, 2009

Electric Power Development Co., Ltd. (J-POWER)  
Listed Exchange : Tokyo Stock Exchange 1<sup>st</sup> Section  
Code No. : 9 5 1 3 ( U R L <http://www.jpowers.co.jp/> )  
Representative : Yoshihiko Nakagaki, President  
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Tel. : +81 3 3546 2211  
Date of Ordinary General Meeting of Shareholders: June 25, 2009  
Date of Commencement of Dividend Payment: June 26, 2009

### 1 . Consolidated Business Performance (From April 1, 2008 to March 31, 2009)

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

	Operating Revenues	Operating Income	Ordinary Income	Net Income
	(million yen) (%)	(million yen) (%)	(million yen) (%)	(million yen) (%)
Year ended Mar.31, 2009	704,936 ( 19.9)	57,108 ( 12.6)	39,599 ( 7.6)	19,457 ( 33.6)
Year ended Mar.31, 2008	587,780 ( 2.5)	50,724 ( 34.2)	42,873 ( 22.8)	29,311 ( 16.7)

	Net Income per Share	Fully Diluted Net Income per Share	Net Income/ Shareholder's Equity	Ordinary Income / Total Assets	Operating Income / Operating Revenues
	(yen)	(yen)	(%)	(%)	(%)
Year ended Mar.31, 2009	121.65		4.6	2.0	8.1
Year ended Mar.31, 2008	175.99		6.3	2.1	8.6

(Reference)

Equity in earnings of affiliates :

Year ended Mar.31, 2009 : 7,470 million yen Year ended Mar.31, 2008 : 8,879 million yen

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

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

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	(million yen)	(million yen)	(%)	(yen)
Year ended Mar.31, 2009	2,005,469	382,112	19.0	2,533.28
Year ended Mar.31, 2008	2,013,131	468,118	23.2	2,800.18

(Reference)

Shareholder's equity :

Year ended Mar.31, 2009 : 380,128 million yen

Year ended Mar.31,2008 : 466,383 million yen

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

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of period
	(million yen)	(million yen)	(million yen)	(million yen)
Year ended Mar.31, 2009	158,628	132,350	29,615	29,530
Year ended Mar.31, 2008	136,252	152,518	17,174	35,631

## 2 . Dividends

	Annual cash Dividends per Share					Annual Dividends	Payout Ratio (Consolidated)	Dividends/ Net Assets (Consolidated)
	1Q	2Q	3Q	4Q	Annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(million yen)	(%)	(%)
Year ended Mar.31, 2008	-	30.00	-	40.00	70.0	11,658	39.8	2.5
Year ended Mar.31, 2009	-	35.00	-	35.00	70.0	11,081	57.5	2.6
Year ending Mar.31, 2010 ( forecast )	-	35.00	-	35.00	70.0		36.2	

## 3 . Forecasts Consolidated Results for the Year Ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)	
Six months ending Sep.30,2009	311,000	( 14.5)	27,000	( 48.8)	21,000	( 50.0)	13,000	( 61.2)	86.64	
Year ending Mar.31, 2010	635,000	( 9.9)	57,000	( 0.2)	43,000	( 8.6)	29,000	( 49.0)	193.26	

## 4 . Other

(1) Principal subsidiaries subject to changes during fiscal 2008( changes of specific subsidiaries coming along with changes in the scope of consolidation ) : None

(2) Changes in accounting policies, procedures, and labeling method etc. regarding preparation of consolidated financial statements

Changes due to revisions of accounting standards etc. : Yes

Changes except : Yes

(3) Number of shares issued (common stock)

Number of shares issued at the end of the period (including treasury stock)

Year ended Mar.31, 2009 : 166,569,600

Year ended Mar.31, 2008 : 166,569,600

Treasury stock

Year ended Mar.31, 2009 : 16,515,474

Year ended Mar.31, 2008 : 15,171

**【 Reference 】**

1 . Non-Consolidated Business Performance (From April 1, 2008 to March 31, 2009)

(1)Non-Consolidated Results of Operations

(Rounded down to the nearest million yen)

	Operating Revenues	Operating Income	Ordinary Income	Net Income
	(million yen) (%)	(million yen) (%)	(million yen) (%)	(million yen) (%)
Year ended Mar.31, 2009	645,850 ( 22.0)	44,728 ( 12.1)	22,395 ( 1.4)	10,026 ( 32.1)
Year ended Mar.31, 2008	529,250 ( 2.3)	39,887 ( 34.4)	22,083 ( 41.2)	14,761 ( 38.2)

	Net Income per Share	Fully Diluted Net Income per Share
	(yen)	(yen)
Year ended Mar.31, 2009	62.68	
Year ended Mar.31, 2008	88.63	

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

(2) Non-Consolidated Financial Position

(Rounded down to the nearest million yen)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	(million yen)	(million yen)	(%)	(yen)
Year ended Mar.31, 2009	1,910,592	336,594	17.6	2,243.15
Year ended Mar.31, 2008	1,910,290	404,842	21.2	2,430.69

(Reference)

Shareholder's equity :

Year ended Mar.31,2009 : 336,594 million yen

Year ended Mar.31,2008 : 404,842 million yen

2 . Forecasts Non-Consolidated Results for the Year Ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share
	(million yen) (%)	(million yen) (%)	(million yen) (%)	(million yen) (%)	(yen)
Six months ending Sep.30,2009	287,000 ( 14.6)	25,000 ( 48.0)	17,000 ( 51.9)	11,000 ( 62.6)	73.31
Year ending Mar.31, 2010	582,000 ( 9.9)	51,000 ( 14.0)	32,000 ( 42.9)	21,000 ( 109.4)	139.95

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

**Forward-Looking Statements**

The earnings forecasts are forward-looking statements made on the basis of available information current at the time forecasts are made and contain uncertain elements. Therefore, actual earnings may differ from forecast figures as a result of changes in business performance and other factors.

# 1. Operating Results

## (1) Analysis of Operating Results

### Electric Power Sales Volume

During this current consolidated fiscal year, overall demand for electric power in Japan was lower than in the previous consolidated fiscal year due to the rapid decline in industrial demand since last autumn.

Total hydroelectric and thermal power sales volume for the wholesales electricity business in this consolidated fiscal year fell to 57.5 billion kWh, which was 5.3% lower compared to the previous consolidated fiscal year. Hydroelectric power sales volume increased 1.2% to 8.3 billion kWh compared with the previous consolidated fiscal year due to an increase in the water supply rate (from 85% to 88%), even though the water flow was less than the level of average year. Thermal power sales volume decreased 6.4% to 49.1 billion kWh compared with the previous consolidated fiscal year as a result of lower utilization factor.

Electric power sales volume for other electric power businesses were also down 3.9% over the previous consolidated fiscal year to 1.6 billion kWh, due to a decline in utilization factor of power plants for PPS and other factors. Total sales volume across all of our electric power businesses came to 59.1 billion kWh, a decrease of 5.3 % over the previous consolidated fiscal year.

### Overview of Income and Expenditures

Consolidated sales (operating revenues) for the consolidated fiscal year grew 19.9% over the previous consolidated fiscal year to 704.9 billion yen. Hydroelectric power revenue in wholesale electric power business saw a decline due to the revisions in rates for hydroelectric power and transmission contracts effective from September 2007, even though hydroelectric power sales volume increased due to an increase in the water supply rate compared to the previous consolidated fiscal year. Although thermal power sales volume in the wholesale electric power business decreased due to the lower utilization factor, an increase in the sales unit price accompanying the fuel price hike led to an increase in revenues. Non-operating revenue was down 38.3% to 13.2 billion yen compared to the previous consolidated fiscal year, due to repercussions from the sale of the wind power company in Spain. As a result, ordinary revenue was 718.2 billion yen, an increase of 17.9% compared to the previous consolidated fiscal year.

Operating costs increased 20.6% from the previous consolidated fiscal year to 647.8 billion yen due to a rise in maintenance costs caused by periodic inspections at thermal power plants, a rise in fuel costs from higher coal prices and a rise in personnel costs owing to the calculation of projected pension benefit obligations. Ordinary expenses, including non-operating costs, rose 19.8% compared to the previous consolidated fiscal year to 678.6 billion yen.

Based on the above, ordinary income decreased by 7.6% to 39.5 billion yen compared to the previous consolidated fiscal year. While a profit distribution from an anonymous association that was dissolved with the Company's acquisition of trust beneficiary interest in the securitization of its headquarters building and land was posted as extraordinary income, an extraordinary loss was also posted due to impairment-related appraisal losses (valuation losses of securities) resulting from a significant drop in the current price of market value. Therefore, net income decreased by 33.6% to 19.4 billion yen compared to the previous consolidated fiscal year.

The overview of income and expenditure by business segment (before the elimination of internal transactions between segments) during this consolidated fiscal year is as follows.

#### (Electric Power Business)

Sales came to 651.5 billion yen, an increase of 21.8% over the previous consolidated fiscal year, due to an increase in the sales unit price accompanying the fuel price hike, although thermal power sales volume in our wholesale electric business declined

Operating income increased 11.8% to 44.6 billion yen due to sales increase, despite a rise in maintenance costs caused by periodic inspections at thermal power plants, a rise in fuel costs from higher coal prices and a rise in personnel costs owing to the calculation of projected pension benefit obligations.

#### (Electric Power-Related Business)

Sales came to 352.8 billion yen, an increase of 23.5% over the previous consolidated fiscal year, due to an increase in coal sales by a consolidated subsidiary and an increase in periodic inspection.

Operating income increased 11.2%, to 11.5 billion yen, compared with the previous consolidated fiscal year due to increased sales and other factors.

#### (Other Business)

Sales came to 36.4 billion yen, an increase of 4.1% over the previous consolidated fiscal year due to increased revenue from sales of coal by the Company.

Operating income came to 0.3 billion yen, a decrease of 0.5 billion yen over the previous consolidated fiscal year. This was due to an increase in costs of sales, despite a sales increase.

#### Outlook for the Fiscal Year Ending March 2010 (FY2009)

Consolidated sales is expected to decrease 9.9% from FY2008 to 635.0 billion yen.

In electric power business, water supply rate of hydroelectric power is expected to return to normal level after the low water flow of FY 2008, therefore we are forecasting an increase in hydroelectric power sales volume by 14.4% to 9.5 billion kWh. Isogo New No. 2 is scheduled to

commence operation and thermal power sales volume is expected to increase by 6.2% from FY 2008 to 52.2 billion kWh. However, total sales volume is expected to decrease as a result of a decline in the unit price of thermal power sales accompanying a fall in fuel costs.

In expenses, fuel cost is expected to decrease as fuel price continue to drop. In other expenses, a decrease in personnel expenses is expected due to a decrease in amortization of the actuarial difference in retirement benefits. In addition, a decrease in maintenance expenses due to a reduction in periodic inspections at thermal power plants is also expected. However, operating income is expected to remain at the same level as FY 2008 at 57.0 billion yen, due largely to the effects of a decline in the unit price of thermal power sales mentioned above.

Ordinary income is expected to increase 8.6% from FY 2008 to 43.0 billion yen as a result of a decline in non-operating expenses, despite an increase of financial expenses due chiefly to investment in Ohma Nuclear Power Plant and the upgrading of existing facilities,

#### Principal Statements

	FY2008	FY2009
Electricity sales (hydroelectric) (100 million kWh)	83	95
Electricity sales (thermal) (100 million kWh)	491	522
Water supply rate (%)	88	100
Thermal power utilization factor (%)	76	76
Foreign exchange rate (Interbank rate) (yen/\$)	101	About 100

## **(2) Analysis of Financial Standing**

### Assets, Liabilities and Net Assets

Fixed assets during the consolidated fiscal year decreased 21.2 billion yen to 1,843.1 billion yen from the end of the previous consolidated fiscal year due to the advancement of depreciation and the transfer of the Tokuyama Power Plant Project, despite the acquisition of the land and buildings of the head office and new capital investment for the construction at the Ohma Nuclear Power Plant and the Isogo new No 2 Thermal Power Plant. With the addition of current assets, total assets fell 7.6 billion yen to 2,005.4 billion yen from the end of the previous consolidated fiscal year.

Meanwhile, total liabilities as of the end of the consolidated fiscal year increased 78.3 billion yen to 1,623.3 billion yen over the previous consolidated fiscal year due to such factors as corporate bond issuances. Of this, the amount of interest-bearing debts increased 46.8 billion yen from the end of the previous consolidated fiscal year to 1,470.7 billion yen.

Total net assets at the end of the current consolidated fiscal year fell 86.0 billion yen over the previous consolidated fiscal year to 382.1 billion yen due to such factors as the acquisition of treasury stock.

## Status of Consolidated Cash Flows

With regard to the balance of our cash and cash equivalents as of the end of the consolidated fiscal year, there was income of 158.6 billion yen from operating activities, but there was an outflow of 132.3 billion yen from investing activities including the acquisition of fixed assets and an outflow of 29.6 billion yen from financing activities. Adding in the 35.6 billion yen balance at the end of the previous consolidated fiscal year resulted in a balance of 29.5 billion yen at the end of the current consolidated fiscal year.

### ( Cash flows from operating activities )

Cash flows from operating activities amounted to 158.6 billion yen, a increase of 22.3 billion yen from the previous consolidated fiscal year. This was due to increase in the internal reserves from valuation losses on securities as well as a profit distribution from an anonymous association that was dissolved with the Company's acquisition of trust beneficiary interest in the securitization of its headquarter building and land.

### ( Cash flows from investing activities )

Cash flow from investment activities fell by 20.1 billion yen to 132.3 billion yen from the previous consolidated fiscal year due to the acceptance of compensation with the transfer of the Tokuyama Power Plant Project, despite the acquisition of trust beneficiary interest in the securitization of its headquarter building and land and an increase in new project construction at the Isogo New No. 2 Thermal Power Plant.

### ( Cash flows from financing activities )

Cash flow from financial activities increased 46.7 billion yen from the previous consolidated fiscal year to 29.6 billion yen due to the acquisition of treasury stock.

## Trends in Cash Flow Indicators

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Equity ratio	19.4%	22.0%	23.1%	23.2%	19.0%
Market value-based equity ratio	22.7%	31.6%	49.4%	29.7%	21.8%
Debt repayment period	8.7 years	8.1 years	9.0 years	10.5 years	9.3 years
Interest coverage ratio	3.3	4.8	7.2	6.1	7.2

Notes: Equity ratio: (Net assets - Minority interests) / Total assets

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

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

Interest coverage ratio: Operating cash flow / Interest payments

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

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

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

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

As J-POWER achieved our three-year management targets for the period from 2005 through 2007, and in the expectation of achieving stable, continuous growth over the medium-to-long term and in comprehensive consideration of such factors as the degree of the achievement of the three-year management targets, the size of our future profits, and the prospect of future investment scale and financial stricture, we have increased our annual dividend per share from 60 yen to 70 yen in the previous consolidated fiscal year.

With respect to this consolidated fiscal year, although we are in a difficult business environment caused by such factors as sluggish stock markets due to the global recession, we will continue to strengthen the competitiveness of wholesale electric power business as our core business, and at the same time strive to strengthen our earnings capacity through the growth of new businesses. Based on our perspective of stable long-term return, we plan to propose a year-end dividend of 35 yen per share which, together with the interim dividend, will be an annual dividend of 70 yen per share. As for the year to March 2010, we plan a dividend of 70 yen per share (of which 35 yen will be the interim dividend).

While maintaining this dividend level, we will work to improve the efficiency and reliability of our existing facilities, develop new power generation facilities and improve the profitability of our overseas power generation business, and strive to achieve our newly set management targets.

### **(4) Business and Other Risks**

This section discusses the main potential risks related to J-POWER's financial position, business results, future business operations and other matters. From the perspective of actively disclosing information to investors, this section also provides information to help investors

understand business and other risks that the company does not necessarily consider significant. References to matters relating to future operations and events reflect judgment as of the publication date of this document (April 30, 2009).

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

#### Impact of Industry Reforms in the Electric Power Business on J-POWER's Wholesale Electricity Rates and Business

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

Because our fees are calculated on a fair cost plus fair return on a capital basis, we are not directly affected by the reduction in retail electricity rates. However, EPCOs have been calling for a reduction in our fees, and it is possible that those demands will intensify as a result of the decline in our costs and further competition. If we lower our fees in the future, it could potentially have a material adverse effect on the results of our operations.

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

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

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

## Global Warming

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

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

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

## Fund Raising

The company expects to require large amounts of fund raising for such purposes as the construction of our Isogo No. 2 thermal power plant and Ohma nuclear power plant, which are scheduled to commence operations within the next ten years, the amortization of existing debts, and investments in electric power projects overseas. In the event that funds need to be raised, if the company is unable to raise the necessary funds under suitable conditions at the appropriate time because of prevailing financial market conditions, the company's credit status or any other factor, this may have a negative effect on our business development and profitability.

## Ohma Nuclear Power Plant Construction Project

J-POWER has commenced construction of the Ohma Nuclear Power Plant (a 1,383 MW plant in Aomori Prefecture, scheduled to commence commercial operation in November, 2014) after being granted an authorization for installation of the nuclear reactor in April 2008 and approval of the construction plan (the first application) in May. The company is meticulously developing the project with placing first priority on safety. However, if there are changes of plan due to major changes in conditions or the occurrence of unforeseen circumstances, this could have a negative effect upon our business results. Moreover, if an accident were to occur either in Japan or overseas such that the public were to lose confidence in nuclear power, this could have some effect upon the construction plan.

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

#### Coal-Fired Thermal Power Plant Fuel

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

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

#### Natural Disasters, Unforeseen Accidents, etc.

In the event of a serious accident involving the company's power generation facilities, power transmission or transforming facilities or the information systems controlling the operation of these facilities, due to a natural disaster, human error, an act of terrorism, disruptions to fuel supplies or any other unforeseen circumstance, it is possible that the company's business operations could be impeded, producing a consequent negative effect upon the surrounding environment, and the company's business results could be negatively affected.

#### Legal Regulations

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

#### High Degree of Dependency upon Particular Customers

Sales to EPCOs comprise the greater part the Company's operating revenue. We believe that EPCOs are likely to remain our most important customers into the future, and accordingly, we are likely to be affected by such factors as shifts in the market shares of EPCOs within the retail power market and a significant decrease in electric power demand in Japan resulting from the global recession.

#### Management of Business Information

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

## **2. Corporate Group**

This section is omitted because there were no significant changes from the previous consolidated fiscal year.

### 3. Management Policies

#### **(1) Basic Management Policies**

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

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

#### **(2) J-POWER Group's current operating environment and challenges**

##### **J-POWER Group's Current Operating Environment**

The current operating environment for J-POWER Group is affected by several important external environmental changes such as a decline in demand for electricity due to the current global recession, new global frameworks that tackle global warming taking effect, and increasing uncertainty of the availability and cost of resources from potential constraints in supply. These external factors are affecting each other and our performance.

In response to these conditions, we have launched the "2009 J-POWER Group Management Plan" explained in A through E below, to bring about stable and long-term growth by having the entire Group work together.

##### **A. Steady Growth in Power Generation Facilities**

The J-POWER Group currently maintains domestic power generation facilities capable of producing approximately 17 GW as well as up to 2,400 km of transmission lines as part of our efforts to provide a stable power supply. Further, we plan on bringing the Isogo New No.2 Thermal Power Plant (Kanagawa Prefecture, 600 MW), currently in trial operation, on-line from July 2009. We commenced the construction of the Ohma Nuclear Power Plant (Aomori Prefecture, planned to come on-line from November 2014, 1,383 MW) after we received the approval of the construction plan (the first application) in May 2008. When it comes to investments in such large-scale facilities as these, safety is our top priority as we proceed with construction toward providing reliable and economical sources of power.

## **B. Technology Innovation and New Project Development**

Given the increased expectation that we take serious measures to address global warming, for J-POWER Group, which owns and operates several coal-fired power plants, it is of increasing importance that we make continuous efforts to improve the power generation efficiency and to lower carbon emission in order to harmonize our operation with the environment.

In the medium-term, we achieve the improvement of power generation efficiency and reduction in CO<sub>2</sub> unit emissions intensities by adopting use of the latest and most advanced technology, such as ultra-super critical generating technology for our aging coal-fired power plants and using a mixed combustion of biomass fuel, in addition to replacing equipment at our aging hydroelectric power generation facilities to improve efficiency.

In the long-term, we plan to realize a new generation of coal-fired power through technological innovation. To this end, we are currently finalizing of detailed plan for large-scale demonstration test with the Chugoku Electric Power Co., Inc., of integrated coal gasification combined cycle (IGCC) technology. In addition to this, we will intensify our efforts towards CO<sub>2</sub> capture technology to achieve a fundamental reduction in the CO<sub>2</sub> emissions intensities.

## **C. Enhancing the Value of Business Assets**

In the wholesale electric power business, which is our core business, we aim to optimize facility maintenance from a long-term perspective.

Towards this aim, we will undertake a number of initiatives such as reducing long-term equipment maintenance costs through active use of capex for upgrades, internalization of technology through expanding the scope of self-manufacturing at J-POWER, our group companies, and affiliated companies, as well as upgrading our approach to maintenance management through introduction of condition-based maintenance and risk-based maintenance, and rationalize procurement process through information gathering and central purchasing.

Through these efforts, we aim to maintain and improve the reliability and competitiveness of our existing power generation facilities.

## **D. Global Business Expansion**

Our overseas business has centered on utilizing the human resources, technologies and networks in respective countries where we have developed joint technology partnerships such as in Southeast Asia, particularly Thailand, where demand growth for power is expected. We have also partnered with 7 other countries and regions, specifically the US and China, to plan and implement 26 IPP project, 21 of which are currently fully operational (J-POWER holds about a 3,000 MW share of the power output).

Going forward, we will steadily execute the projects in progress by fostering experience and human resources at power plants in Japan to assure operating stability. At the same time, we

will expand our business strategies to pursue growth potential in the Asian market as a whole and also to develop the market through a new business model. We will continue to work toward developing this business as the second main area of the J-POWER's business by expanding the scale of our operations and enhancing profit contribution.

#### **E. Power Generation as the Core of a Diversified Business**

While J-POWER Group core competence lies in power generation, we are also engaged in efforts to diversify our business. We have placed particular emphasis on businesses that contribute to reduce our CO<sub>2</sub> emissions. To this end, we are aiming for 500MW wind power generation capacity both in Japan and abroad in the medium-term, and are also promoting the use of biomass fuel.

We are also active outside of the power generation business, such as the coal business, electricity trading in wholesale power exchanges, construction and management of water plants and sewage treatment facilities using PFI/PPP schemes, and dry-type desulfurization - denitrification system engineering work.

### **② Management Vision**

In FY2008 we set two management targets for the next five years. One target is consolidated ordinary income which we aim to achieve by the growth through facilities formation. The other target is consolidated shareholders' equity ratio for balance sheet management during the facilities formation phase.

However, J-POWER is operating in difficult conditions caused by the stagnation of the stock market due to the world recession, and has therefore had to revise downwards its initial forecasts. Adjustments have been made to the target for consolidated ordinary income at the end of FY 2010. (The target for FY 2012 remains unchanged, although there is the possibility that business will be affected by unpredictable factors such as decline in demand for electricity.)

- Consolidated ordinary income: Over 50 billion yen (FY2010)  
Over 60 billion yen (FY2012)

On the other hand, we have retracted our numerical targets for consolidated shareholders' equity ratio for the time being, due to it being affected by market factors and also our acquisition of treasury stock purchase demand. Improving our financial position has become even more important and we will continue to strive to improve as we aim to reach a level that will stay with industry standards in the medium-to-long term.

We will continue using consolidated return on assets (ROA) as a management index for the rate of return on assets.

- Consolidated return on assets (ROA): 2.4% (FY2008 - 2010)  
2.5% (FY2011 - 2012)

### ③ **Strengthening Fundamental Corporate Structure**

To achieve the management targets through the efforts A to E outlined above, we have developed a corporate governance framework that encourages cooperation between the board of directors and board of corporate auditors, which includes three outside corporate auditors. Furthermore, we will introduce an outside director and establish a new position of the chairman to reinforce the supervisory function of the board of directors. We will continue to strengthen our corporate governance framework to adapt to a changing management environment. At the same time, as a priority for the entire Group for the foreseeable future, we promote activities that will instill the corporate culture and an awareness of compliance in individual staff through the Compliance Promotion Action Program to acquire and maintain even greater trust of society.

Moreover, we will continue to strengthen our financial position to promote investment even during hard times, and also will promote a personnel and organizational system where everyone can remain active for a long time without consideration of age or title.

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

## 4. CONSOLIDATED FINANCIAL SHEETS

### (1) CONSOLIDATED BALANCE SHEETS

(Unit: millions of yen)

	As of Mar. 31, 2008	As of Mar. 31, 2009
<b>(Assets)</b>		
Noncurrent assets	1,864,374	1,843,143
Electric utility plant and equipment	1,265,497	1,235,044
Hydroelectric power production facilities	450,635	441,694
Thermal power production facilities	504,468	463,682
Internal combustion engine power production facilities	14,141	12,906
Transmission facilities	229,312	217,723
Transformation facilities	34,310	36,615
Communication facilities	9,289	9,591
General facilities	23,339	52,830
Other noncurrent assets	40,270	46,634
Construction in progress	327,429	321,889
Construction and retirement in progress	327,429	321,889
Nuclear fuel	10,310	27,650
Nuclear fuel in processing	10,310	27,650
Investments and other assets	220,866	211,923
Long-term investments	165,015	150,332
Deferred tax assets	51,777	58,711
Other	4,222	3,414
Allowance for doubtful accounts	149	534
Current assets	148,756	162,325
Cash and deposits	33,961	27,628
Notes and accounts receivable-trade	44,650	50,014
Short-term investments	2,983	2,592
Inventories	25,329	43,110
Deferred tax assets	5,655	6,264
Other	36,253	32,718
Allowance for doubtful accounts	77	2
<b>Total assets</b>	<b>2,013,131</b>	<b>2,005,469</b>
<b>(Liabilities)</b>		
Noncurrent liabilities	1,276,354	1,304,830
Bonds payable	602,903	717,867
Long-term loans payable	624,495	513,239
Lease obligations	-	520
Provision for retirement benefits	39,083	51,931
Other provision	553	1,098
Deferred tax liabilities	1,462	2,352
Other	7,856	17,820
Current liabilities	267,097	317,379
Current portion of noncurrent liabilities	101,565	120,700
Short-term loans payable	6,126	9,098
Commercial papers	88,949	109,971
Notes and accounts payable-trade	14,790	10,144
Accrued taxes	11,407	16,317
Other provision	555	713
Deferred tax liabilities	2	9
Other	43,700	50,423
Reserves under the special laws	1,560	1,146
Reserve for fluctuation in water levels	1,560	1,146
<b>Total liabilities</b>	<b>1,545,012</b>	<b>1,623,356</b>
<b>(Net Assets)</b>		
Shareholders' equity	464,266	408,036
Capital stock	152,449	152,449
Capital surplus	81,849	81,849
Retained earnings	230,032	236,998
Treasury stock	64	63,260
Valuation and translation adjustments	2,116	27,908
Valuation difference on available-for-sale securities	1,934	404
Deferred gains or losses on hedges	6,759	6,285
Foreign currency translation adjustment	6,941	21,217
Minority interests	1,735	1,984
<b>Total net assets</b>	<b>468,118</b>	<b>382,112</b>
<b>Total liabilities and net assets</b>	<b>2,013,131</b>	<b>2,005,469</b>

## (2) CONSOLIDATED STATEMENTS OF INCOME

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2009
Operating revenue	587,780	704,936
Electric utility operating revenue	531,764	648,362
Other business operating revenue	56,016	56,574
Operating expenses	537,056	647,828
Electric utility operating expenses	477,869	588,808
Other business operating expenses	59,186	59,019
Operating income	50,724	57,108
Non-operating income	21,543	13,282
Dividends income	1,567	1,706
Interest income	1,213	960
Gain on sales of securities	3,911	-
Equity in earnings of affiliates	8,879	7,470
Other	5,972	3,145
Non-operating expenses	29,394	30,791
Interest expenses	22,749	22,616
Other	6,644	8,174
Total ordinary revenue	609,324	718,219
Total ordinary expenses	566,450	678,619
Ordinary income	42,873	39,599
Provision or reversal of reserve for fluctuation in water levels	595	413
Reversal of reserve for fluctuation in water levels	595	413
Extraordinary income	-	12,170
Distribution by dissolution of anonymous association	-	12,170
Extraordinary loss	-	19,648
Loss on valuation of securities	-	19,648
Income before income taxes and minority interests	43,469	32,536
Income taxes - current	15,962	17,928
Income taxes - deferred	1,829	4,945
Total income taxes	14,132	12,982
Minority interests in income	24	95
Net income	29,311	19,457

### (3) CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2009
<b>Shareholders' equity</b>		
Capital stock		
Balance at the end of previous period	152,449	152,449
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	152,449	152,449
Capital surplus		
Balance at the end of previous period	81,849	81,849
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	81,849	81,849
Retained earnings		
Balance at the end of previous period	210,713	230,032
Changes of items during the period		
Dividends from surplus	9,993	12,491
Net income	29,311	19,457
Total changes of items during the period	19,318	6,966
Balance at the end of current period	230,032	236,998
Treasury stock		
Balance at the end of previous period	56	64
Changes of items during the period		
Purchase of treasury stock	7	63,195
Total changes of items during the period	7	63,195
Balance at the end of current period	64	63,260
Total shareholders' equity		
Balance at the end of previous period	444,956	464,266
Changes of items during the period		
Dividends from surplus	9,993	12,491
Net income	29,311	19,457
Purchase of treasury stock	7	63,195
Total changes of items during the period	19,310	56,229
Balance at the end of current period	464,266	408,036
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	14,271	1,934
Changes of items during the period		
Net changes of items other than shareholders' equity	12,336	2,339
Total changes of items during the period	12,336	2,339
Balance at the end of current period	1,934	404
Deferred gains or losses on hedges		
Balance at the end of previous period	4,131	6,759
Changes of items during the period		
Net changes of items other than shareholders' equity	2,628	474
Total changes of items during the period	2,628	474
Balance at the end of current period	6,759	6,285
Foreign currency translation adjustment		
Balance at the end of previous period	6,090	6,941
Changes of items during the period		
Net changes of items other than shareholders' equity	851	28,159
Total changes of items during the period	851	28,159
Balance at the end of current period	6,941	21,217
Total valuation and translation adjustments		
Balance at the end of previous period	16,230	2,116
Changes of items during the period		
Net changes of items other than shareholders' equity	14,113	30,024
Total changes of items during the period	14,113	30,024
Balance at the end of current period	2,116	27,908

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2009
Minority interests		
Balance at the end of previous period	1,468	1,735
Changes of items during the period		
Net changes of items other than shareholders' equity	267	248
Total changes of items during the period	267	248
Balance at the end of current period	1,735	1,984
Total net assets		
Balance at the end of previous period	462,654	468,118
Changes of items during the period		
Dividends from surplus	9,993	12,491
Net income	29,311	19,457
Purchase of treasury stock	7	63,195
Net changes of items other than shareholders' equity	13,846	29,776
Total changes of items during the period	5,464	86,006
Balance at the end of previous period	468,118	382,112

#### (4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2009
Cash flows from operating activities:		
Income before income taxes and minority interests	43,469	32,536
Depreciation and amortization	115,021	114,669
Impairment loss	267	439
Loss on retirement of noncurrent assets	2,611	4,182
Increase (decrease) in provision for retirement benefits	6,471	12,848
Increase (decrease) in reserve for fluctuation in water levels	595	413
Interest and dividends income	2,780	2,666
Interest expenses	22,749	22,616
Decrease (increase) in notes and accounts receivable-trade	2,120	6,040
Decrease (Increase) in inventories	4,375	17,637
Increase (decrease) in notes and accounts payable-trade	4,027	1,109
Loss (gain) on sales of securities	3,911	2
Loss (gain) on valuation of securities	1,624	19,648
Equity in (earnings) losses of affiliates	8,879	7,470
Loss (gain) on sales of noncurrent assets	1,004	38
Distribution by dissolution of anonymous association	-	12,170
Other, net	8,023	24,235
Sub-total	168,792	183,709
Interest and dividends income received	3,370	15,368
Interest expenses paid	22,453	22,079
Income taxes paid	13,458	18,369
Net cash provided by operating activities	136,252	158,628
Cash flows from investing activities:		
Purchase of noncurrent assets	134,723	173,119
Proceeds from contribution received for construction	7,509	8,619
Proceeds from sales of noncurrent assets	1,552	58,657
Payments of investments and loans receivable	35,965	27,643
Collections of investments and receivable	6,650	7,901
Purchase of investments in subsidiaries resulting in change in scope of consolidation	1,280	2,611
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	8,064	-
Other, net	4,325	4,154
Net cash used in investing activities	152,518	132,350
Cash flows from financing activities:		
Proceeds from issuance of bonds	89,675	114,570
Redemption of bonds	38,384	60,300
Proceeds from long-term loans payable	114,864	9,803
Repayment of long-term loans payable	135,532	41,287
Increase in short-term loans payable	18,551	193,040
Decrease in short-term loans payable	14,549	190,023
Proceeds from issuance of commercial papers	586,322	639,380
Redemption of commercial papers	594,000	619,000
Proceeds from stock issuance to minority shareholders	266	-
Purchase of treasury stock	7	63,195
Cash dividends paid	9,989	12,499
Cash dividends paid to minority shareholders	42	20
Other, net	-	83
Net cash provided by (used in) financing activities	17,174	29,615
Effect of exchange rate change on cash and cash equivalents	147	2,764
Net increase (decrease) in cash and cash equivalents	1,056	6,101
Cash and cash equivalents at beginning of period	34,575	35,631
Cash and cash equivalents at end of period	35,631	29,530

## **(5) Note concerning conditions regarding ongoing business concerns**

There are no applicable items.

## **(6) Key items for preparing consolidated financial statement**

There were no significant changes from the previous consolidated fiscal year, so this has been omitted from this release.

## **(7) Changes in key items for preparing consolidated financial statement**

### Changes in accounting method

#### (Current Handling of Accounting Treatment for Foreign Subsidiaries)

The Company will apply "Current Handling of Accounting Treatment for Foreign Subsidiaries" from the current consolidated financial year (Corporate Accounting Standards Committee, Operational Response Report No.18, dated May 17, 2006).

These changes will have no impact on profit and loss.

#### (Accounting Standards for Lease Transactions)

Non-ownership transfer finance lease transactions are normally subject to accounting treatment based on the method used for lease transactions, but from the current consolidated financial year these shall be subject to "Accounting Standard for Lease Transactions" (First Subcommittee of the Business Accounting Council, June 17, 1993; Accounting Standards Board of Japan 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; Accounting Standards Board of Japan Guidance No.16, revised March 30, 2007), and shall use accounting treatment based on the method used for regular sales transactions.

Moreover, finance lease transactions other than those deemed to transfer property rights under lease contracts signed on or prior to March 31, 2008 will continue to be accounted for according to procedures for ordinary lease transactions.

These changes will have no impact on profit and loss.

### Changes in Indication Method

#### (Consolidated statements of cash flow)

Because of "Valuation Profit and Loss of Securities," included in "Other" in "Cash Flow from Operating Activities" (1,624 million yen), and "Expenditure on Purchase of Treasury Stock," included in "Other" in "Cash Flow from Financial Activities" ( 7 million yen) having added importance in the previous consolidated financial year, these have been entered separately for the current consolidated financial year.

#### Additional Information

The Company's subsidiary companies of wind power generation facilities, comprising Nikaho-kogen Wind Power Co., Ltd., Green Power Kuzumaki Co., Ltd., Nagasaki-Shikamachi Wind Power Co., Ltd., Green Power Aso Co., Ltd., J-Wind TAHARA Co., Ltd., Dream-Up Tomamae Co., Ltd., Green Power Setana Co., Ltd., Green Power Koriyama Nunobiki Co., Ltd., Sarakitomanai Wind Power Co., Ltd., Yuya Wind Power Co., Ltd., and Minami Kyushu Wind Power Co., Ltd. are reported as "Electric Power Fixed Assets – Hydroelectric Power Facilities" based on the Electric Utility Accounting Regulations.

## (8) Notes to Consolidated Financial Statements

### Segment Information

#### (1) Business Segments

[Year ended Mar.31,2008]

(Unit: millions of yen)

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

[Year ended Mar.31,2009]

(Unit: millions of yen)

	Electric Power	Electric power-related	Other Businesses	Subtotal	Eliminations	Consolidated
I Operating revenues						
Sales						
(1) Sales to customers	648,362	23,488	33,085	704,936	-	704,936
(2) Intersegment sales						
Sales and transfers	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
II Assets, depreciation, impairment losses and capital expenditures						
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
Impairment losses	111	327	-	439	-	439
Capital expenditures	154,096	13,170	4,897	172,164	(36)	172,128

#### (2) Geographic segments

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

#### (3) Overseas revenues

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

## Revenues and Expenses (Consolidated)

	Year ended	Year ended	(A) - (B)	(A / B)
	Mar. 31,2009(A)	Mar. 31,2008(B)	(A) - (B)	(A / B)
	million yen	million yen	million yen	%
Operating revenue	704,936	587,780	117,155	119.9%
Electric utility operating revenue	648,362	531,764	116,598	121.9%
Electric power sales to other companies	591,337	474,995	116,341	124.5%
Wholesale power business	571,282	457,292	113,989	124.9%
Hydroelectric	110,945	114,557	3,611	96.8%
Thermal	460,336	342,734	117,601	134.3%
Other electric power businesses	20,055	17,702	2,352	113.3%
Transmission revenues	55,414	54,934	479	100.9%
Other electricity revenues	1,610	1,833	223	87.8%
Other business operating revenue	56,574	56,016	557	101.0%
Operating expenses	647,828	537,056	110,771	120.6%
Electric utility operating expenses	588,808	477,869	110,938	123.2%
Personnel expenses	43,651	37,768	5,883	115.6%
Fuel cost	264,397	191,579	72,817	138.0%
Repair expense	51,476	30,403	21,073	169.3%
Consignment cost	33,244	30,289	2,954	109.8%
Taxes and duties	29,162	27,753	1,409	105.1%
Depreciation and amortization cost	110,122	110,393	270	99.8%
Other	56,752	49,681	7,071	114.2%
Other business operating expenses	59,019	59,186	166	99.7%
Operating income	57,108	50,724	6,384	112.6%
Non-operating revenue	13,282	21,543	8,261	61.7%
Dividend income	1,706	1,567	139	108.9%
Interest income	960	1,213	253	79.2%
Gain on sales of securities	-	3,911	3,911	-
Equity income of affiliates	7,470	8,879	1,409	84.1%
Other	3,145	5,972	2,826	52.7%
Non-operating expenses	30,791	29,394	1,397	104.8%
Interest expenses	22,616	22,749	132	99.4%
Other	8,174	6,644	1,529	123.0%
Total Ordinary Revenues	718,219	609,324	108,894	117.9%
Total Ordinary Expenses	678,619	566,450	112,169	119.8%
Ordinary income	39,599	42,873	3,274	92.4%
(Provision for)reversal of reserve for fluctuation in water level	413	595	181	-
Extraordinary income	12,170	-	12,170	-
Extraordinary loss	19,648	-	19,648	-
Income before income taxes and minority interests	32,536	43,469	10,932	74.8%
Income taxes - current	17,928	15,962	1,965	112.3%
Income taxes - deferred	4,945	1,829	3,115	-
Minority interests in income(losses)	95	24	71	388.8%
Net Income	19,457	29,311	9,853	66.4%

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

## (1) Generation capacity

(Units: kW)

	Year ended Mar. 31,2009(A)	Year ended Mar. 31,2008(B)	(A) – (B)
Wholesale power business	16,385,000	16,380,000	5,000
Hydroelectric	8,560,500	8,555,500	5,000
Thermal	7,824,500	7,824,500	-
Other electric power businesses (1)	605,830	560,480	45,350
Total	16,990,830	16,940,480	50,350

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

## (2) Electricity sales and revenue

(Units: million kWh, million yen)

	Year ended Mar. 31,2009(A)		Year ended Mar. 31,2008(B)		(A) – (B)	
	Electricity sales	Electricity and transmission revenue	Electricity sales	Electricity and transmission revenue	Electricity sales	Electricity and transmission revenue
Wholesale power business	57,532	571,282	60,786	457,292	3,254	113,989
Hydroelectric	8,384	110,945	8,287	114,557	97	3,611
Thermal	49,147	460,336	52,499	342,734	3,351	117,601
Other electric power businesses (1)	1,616	20,055	1,682	17,702	66	2,352
Subtotal	59,148	591,337	62,469	474,995	3,320	116,341
Transmission	-	55,414	-	54,934	-	479
Total	59,148	646,751	62,469	529,930	3,320	116,821

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

\* (2) In addition, because the acquisition date of Sarakitomanai Wind Power Co., Ltd., Yuya Wind Power Co., Ltd., and Minami Kyushu Wind Power Co., Ltd. deemed as the end of the current consolidated financial year and only consolidated in the balance sheet, these are not included in the Company's sales results.

## (3) Result of water supply rate

(Units: %)

	Year ended Mar. 31,2009(A)	Year ended Mar. 31,2008(B)	(A) – (B)
Water supply rate	88	85	3

## 5. NON-CONSOLIDATED FINANCIAL SHEETS

### (1) NON-CONSOLIDATED BALANCE SHEETS

(Unit: millions of yen)

	As of Mar. 31, 2008	As of Mar. 31, 2009
<b>(Assets)</b>		
Noncurrent assets	1,819,393	1,796,175
Electric utility plant and equipment	1,254,172	1,220,808
Hydroelectric power production facilities	441,129	428,270
Thermal power production facilities	510,443	469,618
Transmission facilities	233,026	221,274
Transformation facilities	35,559	37,929
Communication facilities	10,125	10,384
General facilities	23,887	53,331
Incidental business facilities	2,504	2,321
Non-operating facilities	607	461
Construction in progress	326,336	313,664
Construction in progress	326,175	313,542
Retirement in progress	161	121
Nuclear fuel	10,310	27,650
Nuclear fuel in processing	10,310	27,650
Investments and other assets	225,462	231,268
Long-term investments	72,069	46,787
Long-term investment for subsidiaries and affiliates	117,195	143,118
Long-term prepaid expenses	3,256	2,164
Deferred tax assets	33,515	40,084
Allowance for doubtful accounts	574	886
Current assets	90,896	114,416
Cash and deposits	4,051	4,973
Accounts receivable-trade	39,036	44,178
Other accounts receivable	7,198	5,186
Short-term investments	-	22
Supplies	21,800	38,414
Prepaid expenses	1,355	1,002
Short-term receivables from subsidiaries and affiliates	5,793	4,880
Deferred tax assets	3,482	4,150
Other current assets	8,198	11,622
Allowance for doubtful accounts	20	14
Total assets	1,910,290	1,910,592

(Unit: millions of yen)

	As of Mar. 31, 2008	As of Mar. 31, 2009
<b>(Liabilities)</b>		
Noncurrent liabilities	1,241,004	1,256,467
Bonds payable	602,903	717,867
Long-term loans payable	599,350	481,577
Long-term accrued liabilities	3	2
Lease obligations	-	133
Long-term debt to subsidiaries and affiliates	2,767	3,073
Provision for retirement benefits	28,585	41,439
Other noncurrent liabilities	7,395	12,373
Current liabilities	262,882	316,383
Current portion of noncurrent liabilities	98,995	117,815
Short-term loans payable	6,000	9,000
Commercial papers	88,949	109,971
Accounts payable-trade	3,649	1,220
Accounts payable-other	4,771	8,040
Accrued expenses	9,598	11,349
Accrued taxes	8,920	13,539
Deposits received	279	261
Short-term debt to subsidiaries and affiliates	39,932	42,331
Other advances	444	938
Other current liabilities	1,341	1,916
Reserves under the special laws	1,560	1,146
Reserve for fluctuation in water levels	1,560	1,146
<b>Total liabilities</b>	<b>1,505,447</b>	<b>1,573,998</b>
<b>(Net assets)</b>		
Shareholders' equity	403,672	338,012
Capital stock	152,449	152,449
Capital surplus	81,852	81,852
Legal capital surplus	81,852	81,852
Retained earnings	169,436	166,971
Legal retained earnings	6,029	6,029
Other retained earnings	163,406	160,941
Reserve for special disaster	47	50
Exchange-fluctuation preparation reserve	1,960	1,960
General reserve	132,861	137,861
Retained earnings brought forward	28,538	21,070
Treasury stock	64	63,260
Valuation and translation adjustments	1,169	1,417
Valuation difference on available-for-sale securities	1,068	1,214
Deferred gains or losses on hedges	101	203
<b>Total net assets</b>	<b>404,842</b>	<b>336,594</b>
<b>Total liabilities and net assets</b>	<b>1,910,290</b>	<b>1,910,592</b>

**(2) NON-CONSOLIDATED STATEMENTS OF INCOME**

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2009
Operating revenue	529,250	645,850
Electric utility operating revenue	517,318	631,452
Sold power to other suppliers	457,292	571,282
Transmission revenue	54,934	55,414
Other electricity revenue	5,090	4,755
Incidental business operating revenue	11,932	14,398
Operating revenue-consulting business	2,402	2,022
Operating revenue-coal sale business	8,747	11,434
Operating revenue-other businesses	783	940
Operating expenses	489,363	601,122
Electric utility operating expenses	478,579	588,224
Hydroelectric power production expenses	61,114	68,281
Thermal power production expenses	312,292	402,159
Purchased power from other suppliers	1,214	80
Transmission expenses	28,680	28,475
Transformation expenses	6,621	7,020
Selling expenses	1,546	1,307
Communicating expenses	6,000	6,242
General and administrative expenses	54,353	66,407
Enterprise tax	6,756	8,250
Incidental business operating expenses	10,783	12,897
Operating expenses-consulting business	1,828	1,446
Operating expenses-coal sale business	8,117	10,589
Operating expenses-other businesses	837	861
Operating income	<u>39,887</u>	<u>44,728</u>
Non-operating income	9,844	6,617
Financial revenue	5,332	4,933
Dividends income	4,275	3,775
Interest income	1,057	1,158
Non-operating revenue	4,512	1,683
Gain on sales of noncurrent assets	1,067	5
Miscellaneous revenue	3,444	1,678
Non-operating expenses	27,648	28,950
Financial expenses	21,937	22,294
Interest expenses	21,648	21,915
Bond issuance cost	288	379
Non-operating expenses	5,710	6,655
Loss on sales of noncurrent assets	2	32
Miscellaneous expenses	5,708	6,622
Total ordinary revenue	539,095	652,468
Total ordinary expenses	<u>517,011</u>	<u>630,072</u>
Ordinary income	<u>22,083</u>	<u>22,395</u>
Provision or reversal of reserve for fluctuation in water levels	595	413
Reversal of reserve for fluctuation in water levels	595	413
Extraordinary income	-	14,472
Distribution by dissolution of anonymous association	-	12,170
Gain on extinguishment of tie-in shares	-	2,301
Extraordinary loss	-	19,647
Loss on valuation of securities	-	19,647
Income before income taxes	<u>22,678</u>	<u>17,635</u>
Income taxes-current	11,338	13,389
Income taxes-deferred	3,421	5,781
Total income taxes	<u>7,917</u>	<u>7,608</u>
Net income	<u>14,761</u>	<u>10,026</u>

**(3) NON - CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	152,449	152,449
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	152,449	152,449
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	81,852	81,852
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	81,852	81,852
Total capital surplus		
Balance at the end of previous period	81,852	81,852
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	81,852	81,852
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	6,029	6,029
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	6,029	6,029
Other retained earnings		
Reserve for special disaster		
Balance at the end of previous period	38	47
Changes of items during the period		
Provision of reserve for special disaster	10	3
Reversal of reserve for special disaster	2	-
Total changes of items during the period	8	3
Balance at the end of current period	47	50
Exchange-fluctuation preparation reserve		
Balance at the end of previous period	1,960	1,960
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	1,960	1,960
General reserve		
Balance at the end of previous period	117,861	132,861
Changes of items during the period		
Provision of general reserve	15,000	5,000
Total changes of items during the period	15,000	5,000
Balance at the end of current period	132,861	137,861
Retained earnings brought forward		
Balance at the end of previous period	38,778	28,538
Changes of items during the period		
Dividends from surplus	9,993	12,491
Net income	14,761	10,026
Provision of general reserve	15,010	5,003
Reversal of general reserve	2	-
Total changes of items during the period	10,240	7,468
Balance at the end of current period	28,538	21,070
Total retained earnings		
Balance at the end of previous period	164,667	169,436
Changes of items during the period		
Dividends from surplus	9,993	12,491
Net income	14,761	10,026
Provision of general reserve	-	-
Reversal of general reserve	-	-
Total changes of items during the period	4,768	2,464
Balance at the end of current period	169,436	166,971

(Unit: millions of yen)

	Year ended Mar. 31, 2008	Year ended Mar. 31, 2009
<b>Treasury stock</b>		
Balance at the end of previous period	56	64
Changes of items during the period		
Purchase of treasury stock	7	63,195
Total changes of items during the period	7	63,195
Balance at the end of current period	64	63,260
<b>Total shareholders' equity</b>		
Balance at the end of previous period	398,912	403,672
Changes of items during the period		
Dividends from surplus	9,993	12,491
Net income	14,761	10,026
Purchase of treasury stock	7	63,195
Total changes of items during the period	4,760	65,660
Balance at the end of current period	403,672	338,012
<b>Valuation and translation adjustments</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the end of previous period	12,761	1,068
Changes of items during the period		
Net changes of items other than shareholders' equity	11,693	2,282
Total changes of items during the period	11,693	2,282
Balance at the end of current period	1,068	1,214
<b>Deferred gains or losses on hedges</b>		
Balance at the end of previous period	116	101
Changes of items during the period		
Net changes of items other than shareholders' equity	15	304
Total changes of items during the period	15	304
Balance at the end of current period	101	203
<b>Total valuation and translation adjustments</b>		
Balance at the end of previous period	12,877	1,169
Changes of items during the period		
Net changes of items other than shareholders' equity	11,708	2,587
Total changes of items during the period	11,708	2,587
Balance at the end of current period	1,169	1,417
<b>Total net assets</b>		
Balance at the end of previous period	411,789	404,842
Changes of items during the period		
Dividends from surplus	9,993	12,491
Net income	14,761	10,026
Purchase of treasury stock	7	63,195
Net changes of items other than shareholders' equity	11,708	2,587
Total changes of items during the period	6,947	68,248
Balance at the end of current period	404,842	336,594

## Revenue and Expenses (Non-Consolidated)

	Year ended Mar. 31,2009 (A)	Year ended Mar. 31,2008 (B)	(A - B)	(A / B)
	million yen	million yen	million yen	%
<b>Operating revenues</b>	645,850	529,250	116,600	122.0
<u>Electric utility operating revenues</u>	631,452	517,318	114,134	122.1
<u>Sold power to other suppliers</u>	571,282	457,292	113,989	124.9
Hydroelectric	110,945	114,557	3,611	96.8
Thermal	460,336	342,734	117,601	134.3
Transmission revenue	55,414	54,934	479	100.9
Other electricity revenue	4,755	5,090	334	93.4
<u>Incidental business revenue</u>	14,398	11,932	2,465	120.7
<b>Operating expenses</b>	601,122	489,363	111,758	122.8
<u>Electric utility operating expenses</u>	588,224	478,579	109,644	122.9
Personnel expenses	43,571	37,689	5,881	115.6
Fuel cost	255,156	185,357	69,798	137.7
Repair expense	55,419	32,757	22,662	169.2
Taxes and duties	28,380	27,044	1,336	104.9
Depreciation and amortization cost	109,741	109,739	1	100.0
Other	95,953	85,990	9,963	111.6
<u>Incidental business operating expenses</u>	12,897	10,783	2,114	119.6
<b>Operating income</b>	44,728	39,887	4,841	112.1
<b>Non-operating revenues</b>	6,617	9,844	3,226	67.2
<b>Non-operating expenses</b>	28,950	27,648	1,302	104.7
Interest expenses	22,294	21,937	357	101.6
Other	6,655	5,710	944	116.5
<b>Total Ordinary Revenues</b>	652,468	539,095	113,373	121.0
<b>Total Ordinary Expenses</b>	630,072	517,011	113,060	121.9
<b>Ordinary income</b>	22,395	22,083	312	101.4
(Provision for)reversal of reserve for fluctuation in water level	413	595	181	-
Extraordinary income	14,472	-	14,472	-
Extraordinary loss	19,647	-	19,647	-
Income before income taxes and minority interests	17,635	22,678	5,043	77.8
Income taxes - current	13,389	11,338	2,051	118.1
Income taxes deferred	5,781	3,421	2,359	-
<b>Net Income</b>	10,026	14,761	4,735	67.9

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

## (1) Generation capacity

(Units: kW)

	Year ended Mar. 31,2009(A)	Year ended Mar. 31,2008(A)	(A) – (B)
Hydroelectric	8,560,500	8,555,500	5,000
Thermal	7,824,500	7,824,500	-
Total	16,385,000	16,380,000	5,000

## (2) Electricity sales and revenue

(Units: million kWh, million yen)

	Year ended Mar. 31,2009(A)		Year ended Mar. 31,2008(A)		(A) – (B)	
	Electricity sales	Electricity and transmission revenue	Electricity sales	Electricity and transmission revenue	Electricity sales	Electricity and transmission revenue
Hydroelectric	8,384	110,945	8,287	114,557	97	3,611
Thermal	49,147	460,336	52,499	342,734	3,351	117,601
Subtotal	57,532	571,282	60,786	457,292	3,254	113,989
Transmission	-	55,414	-	54,934	-	479
Total	57,532	626,696	60,786	512,227	3,254	114,469

## (3) Result of water supply rate

(Units: %)

	Year ended Mar. 31,2009(A)	Year ended Mar. 31,2008(A)	(A) – (B)
Water supply rate	88	85	3