

Current Implementation Status of Business Efficiency Improvement in FY 2010

Business efficiency improvements are being applied to every field from construction and operation of facilities to business management.

In FY2010, we focused on the following business efficiency improvement measures while Kashiwazaki-Kariwa Nuclear Power Station was under restoration and cost increases due to aging degradation of facilities were anticipated.

1. Efficient Capital Spending

While we planned capital spending of 692.8 billion yen in FY2010, the actual amount of capital spent was 614.9 billion yen which was 77.9 billion yen lower than the plan. This amount is approximately one third of the peak in 1993 (1,680 billion yen). In addition, capital spending including investments in incidental businesses was 616.7 billion yen.

2. Efficient Repair and Miscellaneous Spending

We actively improved efficiency in repair spending, utilizing our knowledge obtained through cost reduction activities up to FY2009 such as revising the maintenance area and construction period based on re-evaluations of the equipment diagnosis. Moreover, we promoted efficiency in overall miscellaneous spending such as applying stringent standards to the selection of the research and development area and a careful examination of the scope and specifications during system development.

Latest Financial Results

We have implemented substantial electricity price reductions six times since the first electric industry restructuring in 1995 through business efficiency improvements, and have been working hard to lower electricity prices while maintaining profit levels resulting in an improvement of our financial standing.

The net income of FY2010 was less than negative 1 trillion yen due to losses and expenses from restoring facilities damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake. However, compared to last year, revenue and electricity sales rose due to the temperature increase from June to September.

(Billion yen)

	2006	2007	2008	2009	2010
(Operating Revenue)	(5,015.0)	(5,224.3)	(5,643.3)	(4,804.4)	(5,146.3)
Total Ordinary Revenues	5,057.9	5,265.8	5,683.3	4,852.7	5,203.5
Total Ordinary Expenses	4,685.8	5,287.8	5,773.5	4,694.0	4,932.4
Ordinary Income	372.0	22.0	90.1	158.6	271.0
Net Income	262.1	177.6	113.1	102.3	1,258.5
Electricity Sales (TWh)	(0.4)	(3.4)	(2.8)	(3.0)	(4.7)
	287.6	297.4	289.0	280.2	293.4
Return on Asset (%)	3.8	0.7	0.2	2.0	2.7
Interest-Bearing Liabilities	7,183.1	7,479.9	7,748.8	7,384.4	8,904.0
Shareholder's Equity Ratio	21.5	18.2	16.4	17.1	8.9

- Notes:
1. Fractions smaller than 0.1 billion yen are rounded down. Fractions smaller than 0.1 TWh are rounded.
 2. Figures in parentheses represent the increasing rate compared to the previous fiscal year
 3. ROA: Operating Income (including incidental business profit)/Average Gross Assets

We have not yet finalized the financial forecast for FY2011 since it is difficult to predict supply and demand due to the impact from the earthquake disaster.

As we put forth our best efforts to stabilize Fukushima Daiichi Nuclear Power

Station, we will continue to update those people who are suffering from the nuclear power station accident as well as provide compensation for the damage, secure stable power supplies, and implement business efficiency improvements and streamlining measures, These efforts will be implemented while managing fluctuating electricity prices due to heavy dependence on thermal power stations.