ANNUAL REPORT

2010




Hokuriku Electric Power Company

Corporate Profile

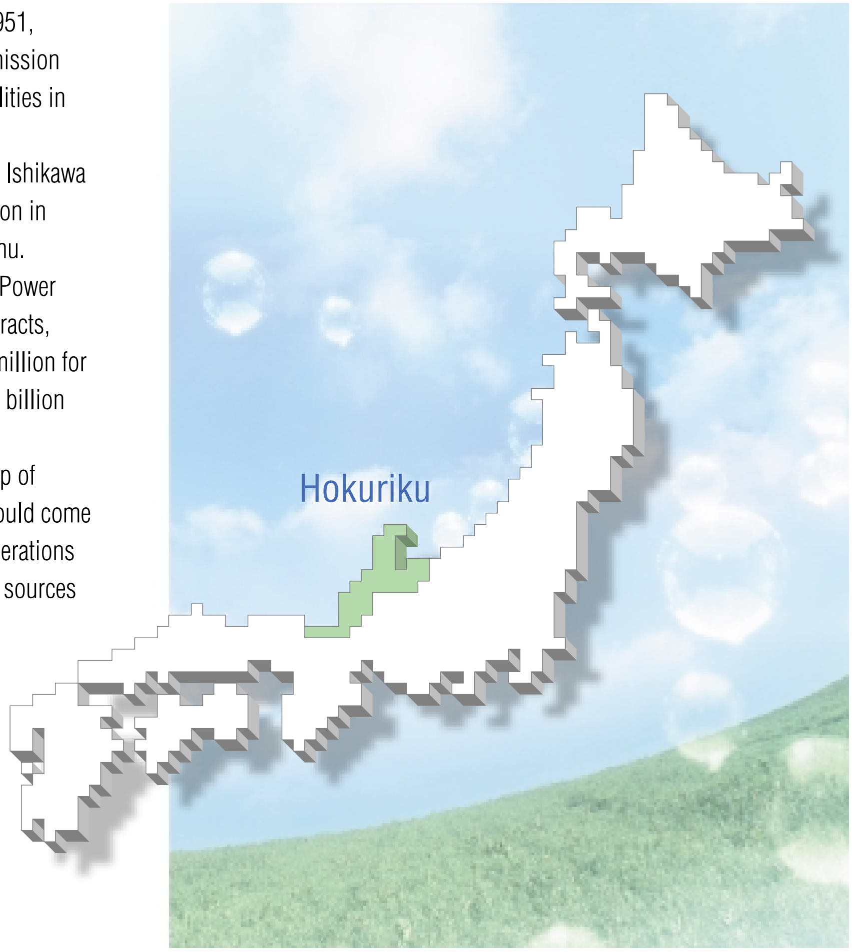
Hokuriku Electric Power Company established on May 1, 1951, supplies electricity through integrated power generation, transmission and distribution systems as one of the ten general electricity utilities in Japan.

Our principle service area covers three prefectures, Toyama, Ishikawa and Fukui (with a combined total population of around 3.1 million in 12,600 km^2), all located along the Sea of Japan in central Honshu.

At present (as of the end of March 2010), Hokuriku Electric Power Company serves approximately 2.08 million customers on contracts, including 1.83 million for lighting service and remaining 0.25 million for power supply service, and its electricity sales amounted to 27.2 billion kWh.

Putting the highest priority on building up a firm relationship of mutual trust with customers and keeping in mind that safety should come first, we aim at further improving the overall efficiency of our operations and management, while taking positive steps to diversify power sources with nuclear power as the principal element of our power generation mix, secure a stable supply of electricity, maintain reliable power service and address global environmental challenges.

As a leading private corporation in the Hokuriku region, we actively participate in various projects for economic and cultural development of the local communities in our service area.



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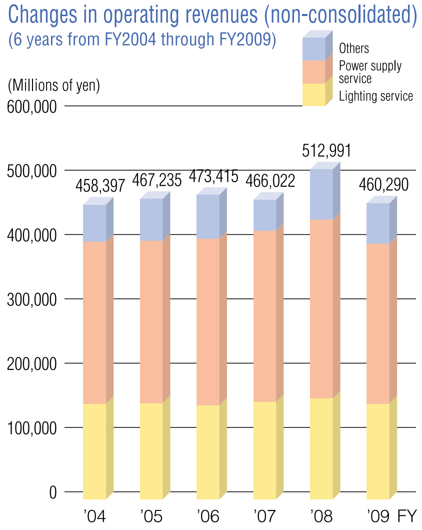
(Cover photo) Shika Nuclear Power Station, Fukura Wind Park, Jinzugawa Daini Power Station and solar panel

Highlights

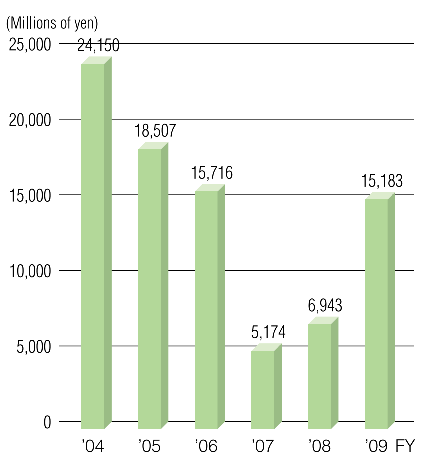
	FY2009	FY2008	FY2009
CONSOLIDATED			
Operating revenues	471,422 millions of yen	524,600 millions of yen	5,069,062 thousands of U.S. dollars
Operating income	40,994 millions of yen	26,180 millions of yen	440,799 thousands of U.S. dollars
Net income	16,933 millions of yen	7,484 millions of yen	182,082 thousands of U.S. dollars
Net income per share	79.16 yen	34.98 yen	0.85 U.S. dollars
Total assets	1,411,859 millions of yen	1,453,915 millions of yen	15,181,289 thousands of U.S. dollars
NON-CONSOLIDATED			
Operating revenues	460,290 millions of yen	512,991 millions of yen	4,949,360 thousands of U.S. dollars
Operating income	37,715 millions of yen	22,549 millions of yen	405,538 thousands of U.S. dollars
Net income	15,183 millions of yen	6,943 millions of yen	163,261 thousands of U.S. dollars
Net income per share	70.98 yen	32.45 yen	0.76 U.S. dollars
Cash dividends	50 yen	50 yen	0.53 U.S. dollars
Total assets	1,382,606 millions of yen	1,421,427 millions of yen	14,866,736 thousands of U.S. dollars
Electricity sales	27,175 millions of kWh	28,154 millions of kWh	
Number of customers	2,084 thousands	2,081 thousands	
System peak load	5,159 MW	5,691 MW	
Generating capacity	7,963 MW	7,962 MW	
Hydroelectric	1,817 MW	1,816 MW	
Thermal	4,400 MW	4,400 MW	
Nuclear	1,746 MW	1,746 MW	

At the rate of ¥93 = U.S.$1.00

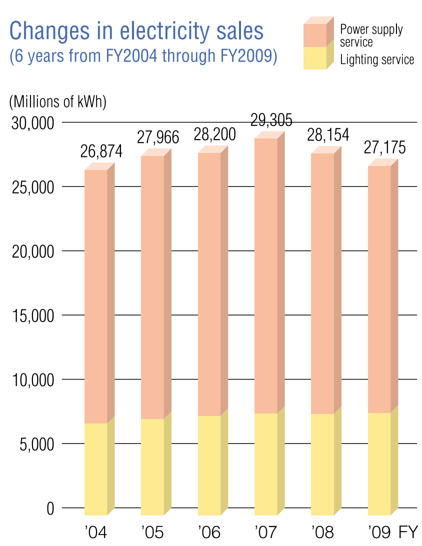
Changes in operating revenues (non-consolidated)
(6 years from FY2004 through FY2009)



Changes in net income (non-consolidated)
(6 years from FY2004 through FY2009)



Changes in electricity sales
(6 years from FY2004 through FY2009)



Left, Chairman Isao Nagahara; Right, President Susumu Kyuwa

(1) Basic management policy and mid-to-long term management strategy

In order for our group to increase trust and confidence from society by ensuring stable supply of electricity and promote sustainable growth and evolution together with people in the Hokuriku region, we developed our new "Medium Term Management Policy of Hokuriku Electric Power Group" in March 2010.

Under the Medium Term Management Policy, we declared our ideal corporate image, i.e., "a company that promotes the overall energy business with its competitive electricity business as the core and that is trusted and selected by people, including its customers, through coexistence for mutual benefit in the Hokuriku region."

As for the direction of our management in the future, we have decided "to continue to stably supply electricity in the future through continuous efforts to improve the quality of business operations and increase trust and confidence from society by steadily making our efforts to realize a low-carbon society and strengthen our business foundation, and aim to create our Hokuriku Electric Power Group that sustainably grows and evolves together with people in the Hokuriku region."

Under the Medium Term Management Policy, we will promote our group-wide efforts to create a "company that is trusted and selected by" people, including our customers.

(2) Challenges to be addressed

The business environment surrounding our group has largely changed such as still uncertain economic trends, activated discussions about global warming issues, increased importance of energy security due to the concerns about growing demand for power generation fuels.

In consideration of such business environment, we will take our priority measures with the following four basic policies as our pillars in order for our group to sustainably grow and evolve.

1. Measures for "stable supply of high quality and environment-friendly electricity"

With top priority given to safety and thorough compliance, we aim to improve the quality of business operations as the base of stable supply of electricity and promote reliable performance of basic operations and improvement of on-site technical strength.

We will also strive to thoroughly ensure safe and stable operation of Shika Nuclear Power Station, maintain our service reliability, expand the introduction of renewable energies, ensure stable supply of electricity and promote reduction of carbon intensive fuels in our generation resources.

2. Measures for "more efficient use of energy by customers"

We will actively recommend fully electrified houses mainly equipped with Eco Cute units and heat pump systems, and offer consulting services and other proposals to meet the needs of customers in the fields of energy conservation and CO_2 emissions reduction.

We will also promote energy conservation and CO_2 emissions reduction in our group, and support regional approaches to improve the efficiency of energy use by utilizing the technologies possessed by us.

3. Measures to "stabilize and reinforce our business foundation"

Amid uncertain business environment in the future such as the decrease in electricity sales, we will promote our group-wide efforts to improve operational efficiency and increase profits, and stabilize and strengthen our business foundation.

We will also promote development of human resources who have wide vision as well as international sense and creation of vital workplaces to increase the job satisfaction of employees, and facilitate the improvement of ability to cope with various management problems.

4. Measures for "sustainable development of Hokuriku Electric Power Group together with local communities"

We will push ahead with the activities to deepen mutual understanding about energy and environment with people in local communities such as the approaches to recycling of uranium fuels and realization of a low-carbon society.

Under our policy of coexistence for mutual benefit in the Hokuriku region, we will conduct our support and cooperation activities to invigorate the region such as resolution of regional issues, and make continuous efforts for environmental protection.

Isao Nagahara
Chairman of the Board
Isao Nagahara

Susumu Kyuwa
President
Susumu Kyuwa

The Hokuriku region, our service area, is conveniently situated within 300 km of Japan's three major metropolitan areas - Tokyo, Osaka and Nagoya. This geographical advantage combines with a desirable natural environment and an abundant labor force to give Hokuriku region great growth potential and a promising future.

The combined gross domestic product of the three prefectures in the Hokuriku region - Toyama, Ishikawa and Fukui - reached ¥12.7 trillion (in nominal terms in FY2007), which is equivalent to the GDP level of Kuwait, Peru, New Zealand, etc.

As the gateway to the nations bordering the Sea of Japan, the Hokuriku region has recently come to be considered the frontiers of new developments in the 21st century.

The development and expansion of transportation systems have reduced the traveling time between Hokuriku and other regions of Japan, particularly the three major metropolitan areas, leading to further promotion of human and economic exchanges.

In the railway sector, the Tokyo-Nagano section of the Hokuriku Shinkansen bullet train service has gone into commercial operation while the construction work of the Nagano-Kanazawa and some other sections is well underway.

In the road transportation sector, the Hokuriku Expressway has gone into full operation, and the Tokai-Hokuriku Expressway was also brought into full operation in July 2008. The Noetsu Expressway has also partly come into service.

In the air transportation sector, on the other hand, Noto Airport was opened in July 2003, in addition to Komatsu and Toyama Airports that have been further internationalized.

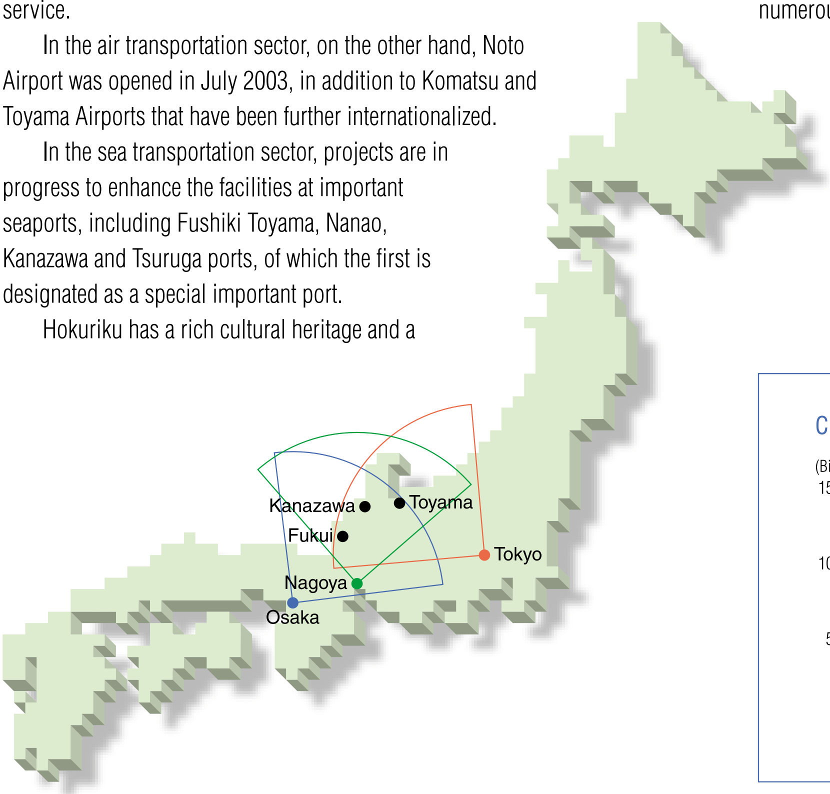
In the sea transportation sector, projects are in progress to enhance the facilities at important seaports, including Fushiki Toyama, Nanao, Kanazawa and Tsuruga ports, of which the first is designated as a special important port.

Hokuriku has a rich cultural heritage and a wealth of scenic and historic sites, and many traditional crafts fostered by the cultural climate of the region are still thriving.

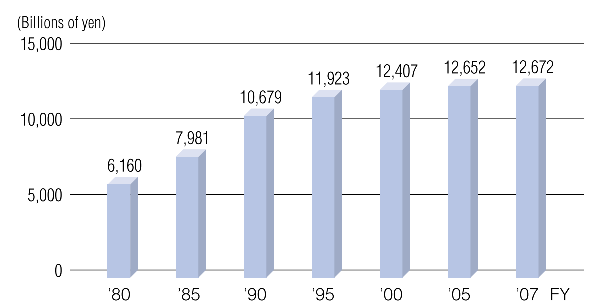
To the east lie the Japan Alps, a range of mountains rising 3,000 meters above the sea. From these mountains flow the rivers that provide Hokuriku with plentiful water resources. The low-cost, abundant hydroelectric power generated by abundant water resources of these rivers led to early development of the heavy chemical industries such as steel, chemical and textile industries. In addition to its role as a major production center for aluminum products, machinery and other goods, Hokuriku is home to numerous world-famous enterprises and is the leading industrial region along the Sea of Japan.

In recent years, the Hokuriku region has attracted an increasing number of companies in frontier industries such as manufacturing telecommunications equipment and semiconductors, and software programming that have set up manufacturing bases and research facilities. As the pace of economic globalization is accelerated, more and more companies are choosing the region to enhance the competitiveness with the global market in mind.

▲Tateyama chain of mountains



Changes in gross domestic product of the Hokuriku region



With the understanding of people in the local communities concerned, Unit 1 of Shika Nuclear Power Station resumed its commercial operation for the first time in two years and two months. Two units are now in service

As our request to restart operation of Shika Unit 1 was approved by the Ishikawa prefectural government and Shika municipal government in March 2009, Unit 1 resumed its commercial operation on May 13, 2009, for the first time in two years and two months. Together with Shika Unit 2 that has been put into commercial operation since June 2008, now we maintain commercial operation of two units (May).

New "Medium Term Management Policy of Hokuriku Electric Power Group" is developed

The business environment surrounding our group has largely changed such as still uncertain economic trends, activated discussions about global warming issues, increased importance of energy security due to the concerns about growing demand for power generation fuels. In consideration of such circumstances, we developed our new Medium Term Management Policy in order for our group to increase trust and confidence from society by ensuring stable supply of electricity and promote sustainable growth and evolution together with people in the Hokuriku region.

Hit by the impact of lingering recessions, our electricity sales set the record of year-on-year decrease for 16 months in a row. Bulk power also set the record of year-on-year two-digit decrease for eleven months in a row (both are the longest records)

Because of lingering economic stagnation since the latter half of 2008, our electricity sales remained sluggish and decreased on a year-on-year basis for 16 months in a row and made a new record of longest period (November).

Our electricity sales in the first half of 2009 represented 1.5 billion kWh, the largest year-on-year decrease on record (October).

The introduction of renewable energy has been steadily expanded such as conclusion of agreements to construct a mega solar power station, partial startup of commercial operation of Fukura Wind Park. In addition, we also actively undertook the efforts to create a low-carbon society such as the activities to promote energy conservation and CO_2 emissions reduction, and the introduction of "iMiEV" electric vehicle

- We concluded agreements with the local governments of Shika-machi, Suzu-shi, Toyama-shi and Sakai-shi concerning the construction of mega solar power stations (May).
- Part of Fukura Wind Park (four units with a total capacity of 9,600 kW) started commercial operation (October).
- We actively conducted the activities to encourage energy conservation and CO_2 emissions reduction mainly with Eco Cute units and heat pump air-conditioners.
- Our company as a whole introduced a total of ten "iMiEVs" with the aim of expanded use of electric vehicles.

With the aim of encouraging regional industries, we established a data center business firm named "Power and IT Inc." We also opened "Honda Forest Hall" and conducted the activities to actively get involved in serving local communities such as environmental beautification activities

- In partnership with INTEC Inc., we plan to establish "Power and IT Inc." (August) and the new company is slated to be opened in April 2011.
- "Honda Forest Hall" opened. The hall contributes to regional invigoration and promotion of cultural and art activities (October).
- Our business establishments and employee associations actively took part in environmental beautification activities and "Activities for giving back to the forests."
- Many employees of our group participated in regional festivals and events such as dance carnivals and others.

Summary of business performance in FY2009 (from April 1, 2009 to March 31, 2010)

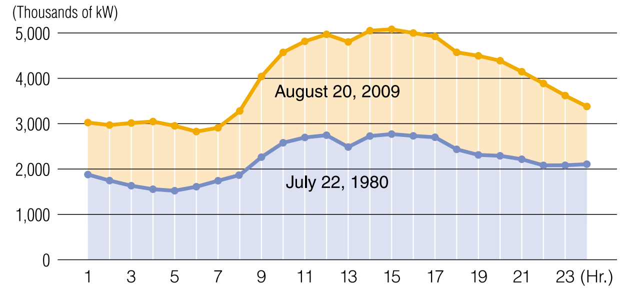
As for Japan's economy in FY2009, corporate production activities have continuously and significantly decreased against the background of global economic recessions since the fall of 2008, though some signs of recovery were partly seen thanks to the increase in exports mainly to Asian countries including China during the latter half of the year. However, corporate profits remained low and employment conditions also remained difficult, leading to serious economic downturn. Economic conditions in the Hokuriku region followed a similar pattern.

In such economic situation, our electricity sales in the commercial sector during the year exceeded the previous year's level thanks to proliferation of fully electrified houses. However, our electricity sales for the year in the industrial sector decreased from the previous year's level as the production activities during the first half remained slow due to sharp economic downturn since the fall of 2008, though it turned positive in the latter half during which the economy picked up.

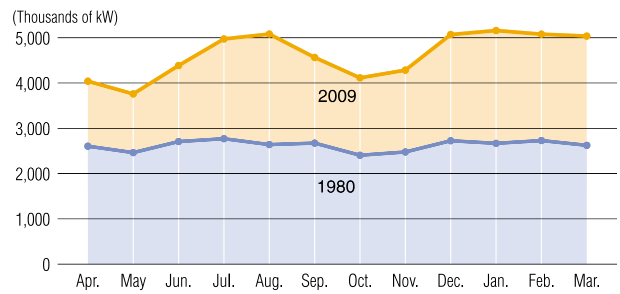
Consequently, our electricity sales decreased by 3.5% from the previous year's level to 27.175 billion kWh (includes 17.812 billion kWh for specified-scale demand), showing a year-on-year decrease for two years in a row.

As for our supply capability, though the flow rate decreased from the normal year's level to 95.3%, in addition to the extension of periodical inspection period of Unit 2 of Shika Nuclear Power Station, Unit 1 thereof resumed commercial operation and we strove to increase the operating efficiency of all pieces of our supply equipment. As a result, we could maintain stable supply of electricity throughout the year.

Difference between day and night in system peak load



Seasonal differences in system peak load



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In consideration of such circumstances, we developed our new Medium Term Management Policy in order for our group to increase trust and confidence from society by ensuring stable supply of electricity and promote sustainable growth and evolution together with our customers in the Hokuriku region.

Under the Medium Term Management Policy, we will promote our group-wide efforts to create a "company that is trusted and selected by" people, including our customers.

Hokuriku Electric Power Group's Medium Term Management Policy

Ideal Corporate Image

We will promote the overall energy business with its competitive electricity business as the core and aim to create a "company that is trusted and selected by" people, including our customers.

Direction of Management

With our continuous efforts to improve the quality of business operations, we will continue to stably supply electricity in the future. At the same time, we will increase trust and confidence from society by steadily promoting our efforts to realize a low-carbon society and strengthen our business foundation, and we aim to create our Hokuriku Electric Power Group that sustainably grows and evolves together with people in the Hokuriku region.

Basic Management Policy

With the following four basic policies as our pillars, we will promote our priority measures in order for our group to sustainably grow and evolve.

1. Measures for "stable supply of high quality and environment-friendly electricity"

- Autonomous actions for improved operational quality with top priority on safety
- Efforts to secure stable supply of electricity and develop low-carbon power sources with a focus on nuclear power
- Efforts to secure stable electricity supply over the mid-to-long term

Environmental target
CO_2 emissions intensity (average from FY2008 to FY2012)
20% lower than FY1990 level (0.32 kg-CO_2/kWh)
Service reliability target
Frequency of outages per customer in a year
About 0.26 times/year (average in the recent 5 years)

2. Measures for "more efficient use of energy by customers"

- Promotion of dissemination of fully electrified houses which achieve a high level of environmental friendliness with the introduction of Eco Cute units
- Promotion of consulting activities on energy conservation and CO_2 reduction and recommendation of heat pump systems for commercial and industrial customers
- Spontaneous efforts for efficient use of energy

Sales target (cumulative total at the end of FY2012)
- Number of Eco Cute units in use: 150 thousand units
- Total capacity (kW) of heat pump systems and others developed: 550 thousand kW

3. Measures to "stabilize and reinforce our business foundation"

- Improvement of operational efficiency with top priority on safety
- Profit expansion aimed at continuous growth
- Efforts to develop human resources and enhance workplace vitality

4. Measures for "sustainable development of Hokuriku Electric Power Gruoup together with local communities"

- Promotion of activities to deepen mutual understanding with local communities on energy and environment
- Contribution to local revitalization taking advantage of our managerial resources
- Continuous efforts for environmental protection in local communities

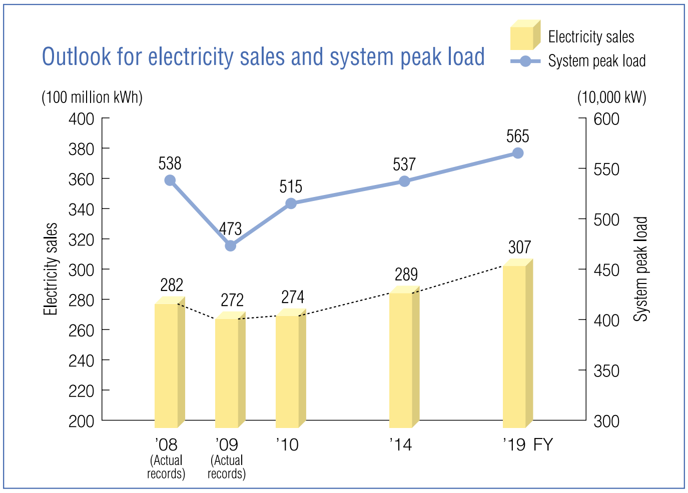
Based on the new Medium Term Management Policy, we plan to promote the following approaches in FY2010.

- With top priority given to safety and thorough compliance, we aim to improve the quality of business operations through reliable performance of basic operations and others.
- We will strive to thoroughly ensure safe and stable operation of Shika Nuclear Power Station, maintain our service reliability, expand the introduction of renewable energies, ensure stable supply of electricity and promote reduction of carbon intensive fuels in our generation resources.
- We will recommend Eco Cute units and heat pump systems and conduct consulting activities to help customers save energy and reduce CO_2 emissions, and promote spontaneous efforts to improve efficiency of energy use such as expanded introduction of electric vehicles and others.
- With top priority given to safety as a premise, we will promote our group-wide efforts to improve operational efficiency and increase profits, and strengthen our business foundation in preparation for the future.

I Outline of Supply Plan

Outlook for electricity demand

- The demand for electricity in FY2010 is estimated to increase by about 1% from the previous year to 27.4 billion kWh, because of the increase in the demand for electricity in the industrial sector subsequent to mild recovery of economy.
- The electricity demand in the industrial sector is estimated to steadily increase over the mid-to-long term in proportion to business pickup, whereas the electricity demand in the commercial sector is estimated to firmly increase because of further proliferation of fully electrified houses and others.

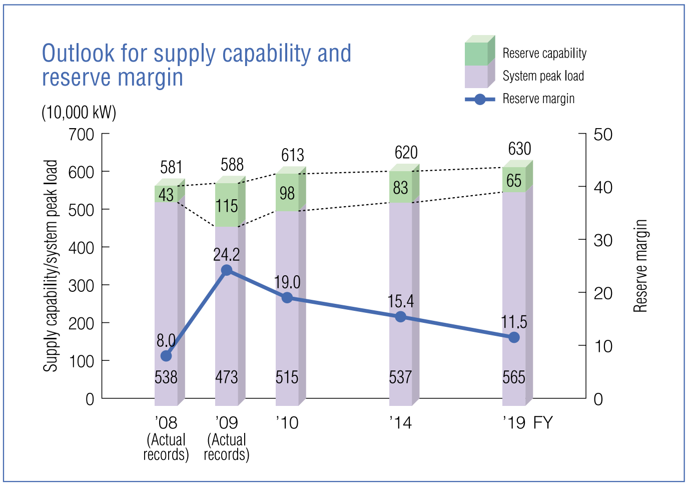


Outlook for electricity sales and system peak load

Supply and demand plan

(1) System peak load balance

- We will secure electricity supply stability in future primarily with safe and stable operation of Units 1 and 2 of Shika Nuclear Power Station.

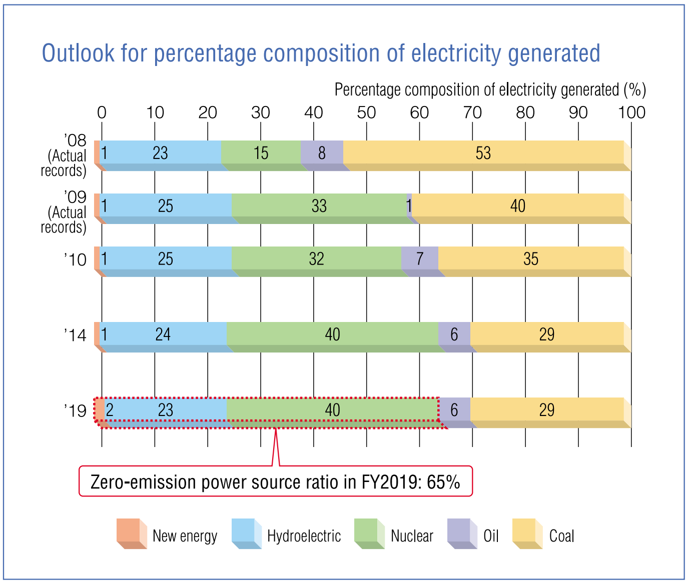


Outlook for supply capability and reserve margin

(2) Percentage composition of electricity generated

- We will strive to reduce CO_2 emissions through safe and stable operation of Units 1 and 2 of Shika Nuclear Power Station. At the same time, we will seek to establish a management base that is less vulnerable to the impact of fluctuations in fossil fuel prices.
- In addition, we will exert steady efforts to expand the introduction of renewable energies including hydropower, photovoltaics, wind and woody biomass to diversify power sources and improve the zero-emission power source ratio*.

*Zero-emission power source ratio:
Ratio of non-CO_2 emitting types of power generation including nuclear power, hydropower and new energy

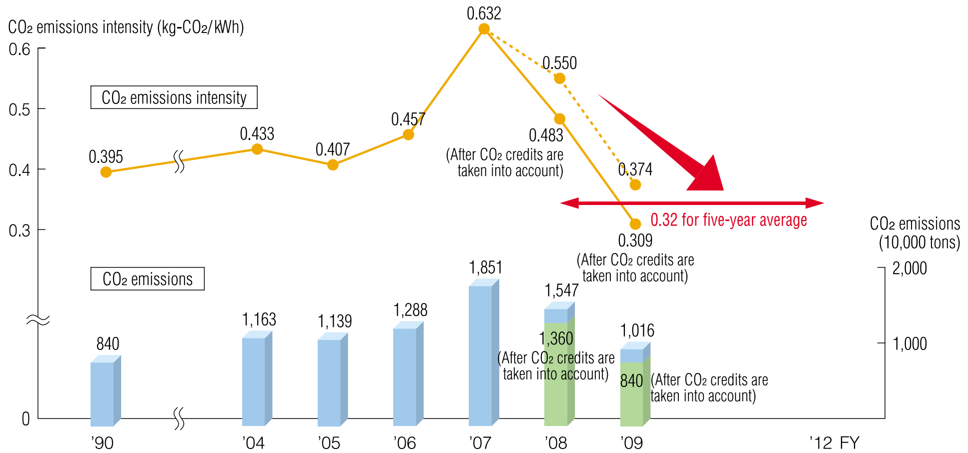


Outlook for percentage composition of electricity generated

Our environmental target and changes in CO_2 emissions intensity/CO_2 emissions

Environmental target	Reduce CO_2 emissions intensity* by 20% from the FY1990 level 0.32 kg-CO_2/kWh (average in five years from FY2008 through FY2012) *CO_2 emissions per 1 kWh of electricity sales

Changes in CO_2 emissions intensity/CO_2 emissions



II Major Initiatives in FY2010

1 Measures for stable supply of high quality and environment-friendly electricity

Autonomous actions for improved operational quality with top priority on safety

- We will conduct thorough safety management and quality management for all our facilities through reliable implementation of completion inspection and supporting contractors' efforts to improve quality control.
- We will continue autonomous activities such as group discussions at each work site to maintain and improve the awareness on safety as the first priority and compliance.
- We will exert our efforts to improve on-site technical strength through increased opportunities of practical operations as well as activities to offer technical guidance and hand down skills by experienced employees and ex-workers under the leadership of "Technical Masters" who are approved as having excellent on-site knowledge and skills.

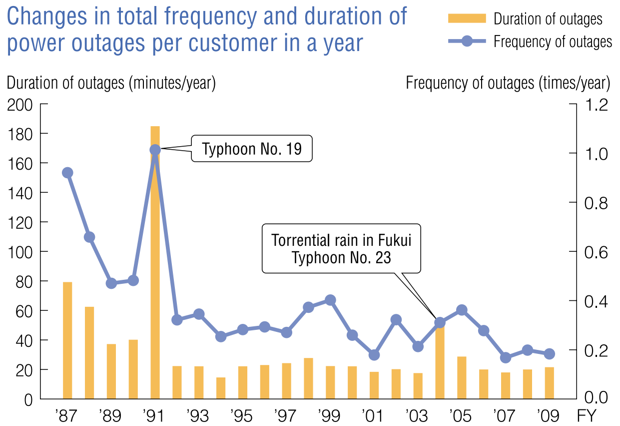
▲Reliable performance of inspection by making use of "inspection classification tables" (Tsuruga Thermal Power Station)

▲Technical and skill guidance for young employees at the time of training to improve awareness ability in the nuclear power sector

Approaches to measures for function maintenance and measures for maintenance and improvement of service reliability

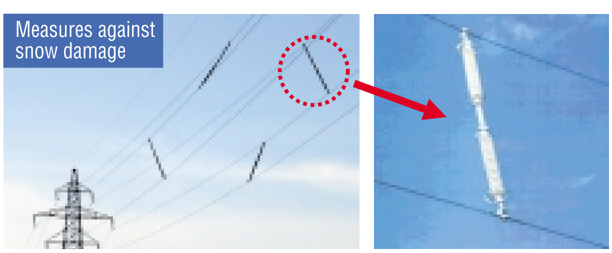
- We will steadily make efforts to ensure stable electricity supply through function maintenance and improvement of facilities, response to natural disasters and other steps.

Changes in total frequency and duration of power outages per customer in a year



Measures aimed at strengthening response to natural disasters, etc.

- We will steadily take measures against snow damage, lightning damage and bird damage of, and contact of trees with and fallen trees over transmission and distribution lines, and endeavor to prevent accidents due to natural disasters.
- We will steadily conduct emergency drills and others for restoration from disasters and accidents to maintain and improve our ability to cope with emergencies.



Phase-to-phase spacer

To leave a space between transmission lines to prevent them from contacting with each other due to snow accretion and high winds.

Lightning arrester for transmission

To remove sudden voltage surge caused by lightning to prevent power outage, etc.

Training in the snow

Introduction and expansion of renewable energy

- As part of our endeavor to realize a low-carbon society and fulfill our social obligation as an electric utility, we will also promote the introduction and expansion of renewable energy on the basis of safe and stable operation of Shika Nuclear Power Station.

Hydroelectric power generation

- We will continue to promote the utilization of river maintenance discharge* that is currently not used for power generation.
- Also, we will work to increase capacity through upgrading of existing equipment, explore and identify new potential sites of hydropower generation, and take other steps.

*River maintenance discharge:
Water discharged from dams for the purpose of maintaining river environment

Hydroelectric power generation that utilizes river maintenance discharge

Name	Output	Start of operation	Electricity generated	CO_2 emissions reductions
Hotokebara Dam Power Station	210 kW	FY2010	Approx. 1.7 million kWh per year	Approx. 500 t - CO_2 per year
Arimine Dam Power Station	170 kW	FY2011	Approx. 1.3 million kWh per year	Approx. 400 t - CO_2 per year
Shin-Inotani Dam Power Station	470 kW	FY2012	Approx. 3.7 million kWh per year	Approx. 1,100 t - CO_2 per year
1 site of hydropower generation	100 kW	FY2013	—	—

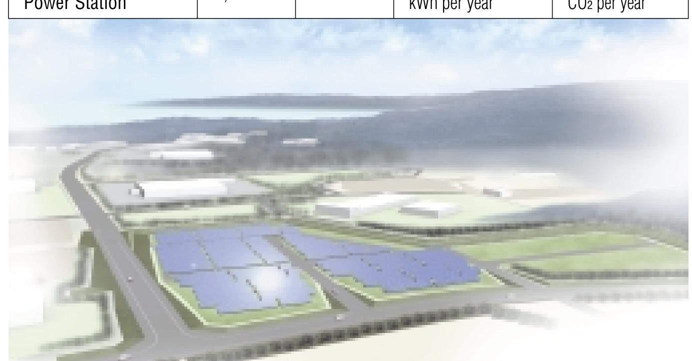
Approaches to power generation by new energy

Photovoltaic power generation

- We will steadily promote the proprietary development of mega-solar power station.

Our mega-solar power generation plan

Name of power station	Output	Start of operation	Electricity generated	CO_2 emissions reductions
Toyama Photovoltaic Power Station	1,000 kW	FY2011	Approx. 1 million kWh per year	Approx. 300 t - CO_2 per year
Shika Photovoltaic Power Station	1,000 kW	FY2011	Approx. 1 million kWh per year	Approx. 300 t - CO_2 per year
Suzu Photovoltaic Power Station	1,000 kW	FY2012	Approx. 1 million kWh per year	Approx. 300 t - CO_2 per year
Mikuni Photovoltaic Power Station	1,000 kW	FY2012	Approx. 1 million kWh per year	Approx. 300 t - CO_2 per year



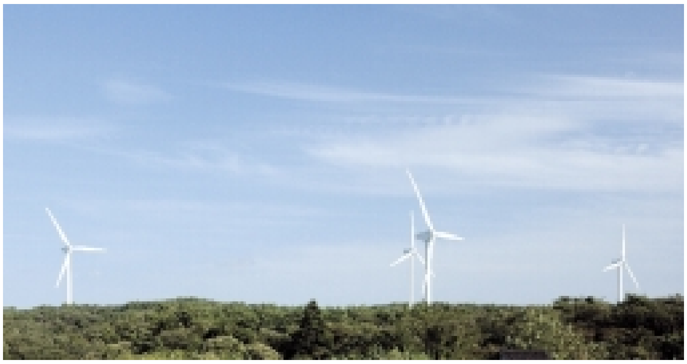
▲Image diagram of Shika Photovoltaic Power Station

Wind power generation

- Nihonkai Power Generating Company of our group started partial operation of Fukura Wind Park (2,400 kW x 4 units = 9,600 kW) in October 2009. The remaining five units are slated to start operation in January 2011.

Overview of Fukura Wind Park

Scale of wind park	21,600 kW (2,400 kW x 9 units)
Electricity generated	Approx. 41 million kWh per year
Start of operation	Phase 1 October 2009 9,600 kW Phase 2 January 2011 (scheduled) 12,000 kW
CO_2 emissions reductions	Approx. 12,000 t-CO_2 per year



▲Fukura Wind Park started operation in October 2009

Woody biomass co-firing power generation

- Woody biomass co-firing power generation, which is currently undertaken at Unit 2 of Tsuruga Thermal Power Station, will be introduced at Unit 2 of Nanao Ohta Thermal Power Station in September 2010.

Outline of woody biomass co-firing power generation
(Combined total of Tsuruga and Nanao Ohta Thermal Power Stations)

Electricity generated	Approx. 30 million kWh per year
CO_2 emissions reductions	Approx. 25,000 t-CO_2 per year

▲Woody biomass fuel being transported (Tsuruga Thermal Power Station)

2 Measures for more efficient use of energy by customers

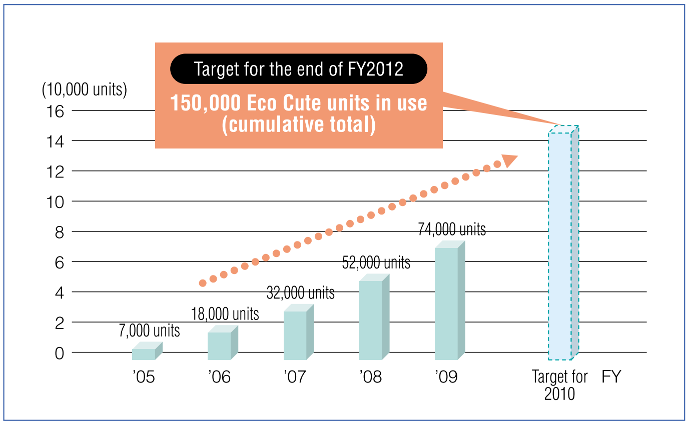
Promotion of dissemination of fully electrified houses which achieve a high level of environmental friendliness with the introduction of Eco Cute units

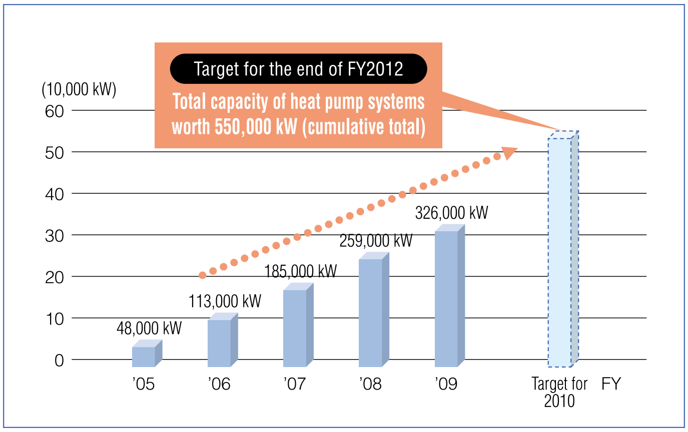
- We recommend fully electrified houses equipped with highly efficient "Eco Cute" heat pump water heater systems that consume less energy and can significantly reduce CO_2 emissions compared with conventional combustion-type water heaters.

▲PR facility where full electrification can be experienced (Elf Plaza)

Recommendation of heat pump systems for commercial and industrial customers

- We present suggestions to meet our commercial and industrial customers' needs by recommending high efficiency heat pump air conditioning and hot water supply systems that can drastically reduce the amount of CO_2 generated.





Measures to meet the needs of customers to save energy and reduce CO_2 emissions

- We will provide information and promote consulting activities to meet the needs of customers to save energy and reduce CO_2 emissions by holding seminars and conducting energy conservation diagnosis such as energy measurement, etc.

▲"Energy exploitation seminar" for customers and construction companies

▲Scene of consultation about energy conservation and CO_2 emission reduction

Introduction of electric vehicle

- We plan to introduce about 20 vehicles in FY2010 and aim to introduce about 400 vehicles in our group as a whole by FY2020. The driving test results and operating conditions of the ten vehicles that were introduced in FY2009 will be evaluated and reflected in our introduction plan and others.

▲Electric vehicle

3 Measures for improving operational efficiency and increasing profits

Initiatives to improve and reform operations

- We will promote our efforts to conduct an autonomous and continuous suggestion activities aimed at improvement and reform of our operations.
- We will continue to launch group-wide measures to improve operational efficiency such as reinforcement of information sharing by introducing videoconference systems in our group companies.

▲Scene of videoconference (The Hokuden Information System Service Company, Inc.)

Initiatives to ensure efficient facility maintenance, operations and acquisitions with top priority on safety

- We will work towards efficient facility maintenance by introducing new technologies and construction methods, reviewing facility specifications and renewing aging facilities based on the results of inspection and diagnosis, among others.
- We will try to stably and economically procure coal by diversifying coal purchase contracts and making use of our dedicated ship named "Hokurikumaru," and make continuous efforts to reduce our cost of procurement of materials and equipment.

Initiatives to expand profits aimed at continuous growth

- We will take group-wide initiatives to increase our profits by combining and fully utilizing the business resources possessed by our group such as know-how and technical strength.

4 Measures to live together with local communities

Promotion of dialogue activities for energy and environment

- We will promote two-way dialogue with people in local communities through various opportunities such as visiting activities, briefings, tours to our facilities, get-together meetings.
- We have conducted the activities to support the education to help people in the next generation feel energy and global environment issues more directly and deepen proper understanding about them by making use of the knowledge and know-how that we have accumulated through the electricity business.

▲Delivery lecture given by our employee at school

Initiatives to invigorate local communities

- In cooperation with local municipalities and road administrators, we will construct pole-free power distribution networks in a well-planned manner and contribute to improvement of urban landscapes and invigoration of local communities.

▲Pole-free street in Iwase-Ohmachi, Toyama

Measures for environmental protection in local communities

- As part of the activities to live together with local communities, our group has been engaged since FY2008 in the "Thank you for the blessing of water! Activities for giving back to the forests."
- With the employees of our group and the families thereof as the central figures, we will continue to work as volunteers to protect forests in gratitude for forests that give us various benefits through such activities as tree planting and undergrowth mowing as well as replenishment of water sources and prevention of landslides.

▲Tree-planting activity as part of the "Activities for giving back to the forests"

Consolidated Balance Sheets

The Company's "total assets" as of March 31, 2010 totaled ¥1,411.8 billion, an ¥42.0 billion decrease from ¥1,453.9 billion as of March 31, 2009. This is because its "property, plant and equipment, net" decreased by ¥55.6 billion due to the progress of depreciation. The "total liabilities" as of March 31, 2010 totaled ¥1,053.6 billion, an ¥49.0 billion decrease from ¥1,102.7 billion as of March 31, 2009. Of this total, the "long-term liabilities" accounted for ¥858.4 billion, down ¥47.0 billion from the year-earlier figure. This decrease is due to redemption of corporate bonds and others. The "current liabilities" decreased by ¥1.0 billion from the year-earlier figure to ¥190.5 billion. This is due to the decrease of "current portion of long-term debt" and others. The "total net assets" as of March 31, 2010 totaled ¥358.2 billion, an ¥7.0 billion increase from ¥351.1 billion as of March 31, 2009. This is due to the increase in the retained earnings as a result of the net income for the fiscal year and others.

Consolidated Statements of Income

The "operating revenues" for the year ended March 31, 2010 amounted to ¥471.4 billion, decreased by ¥53.1 billion from ¥524.6 billion as of March 31, 2009. This is because of the decrease in the amount of electricity sales, as well as the decrease in the revenue from electricity sales to other electric utilities. On the other hand, the "operating expenses" decreased by ¥67.9 billion over the year-earlier figure to ¥430.4 billion. This is because of the substantial decrease in the thermal power fuel costs associated with the recommencement of operation of Shika Nuclear Power Station Unit 1 and the increase of power received from nuclear power plants of other electric utilities and others, though there were some negative impacts of the extension of periodical inspection of Shika Nuclear Power Station Unit 2. As a result, the "operating income" increased by ¥14.8 billion over the year-earlier figure to ¥40.9 billion. The "other expenses" decreased by ¥3.8 billion, because the "equity in earnings of affiliates" decreased by ¥3.6 billion. Consequently, the "income before special items and income taxes" increased by ¥18.6 billion over the preceding year to ¥26.9 billion. After the deduction of "income taxes" of ¥11.0 billion, the "net income" increased by ¥9.4 billion over the year-earlier figure to ¥16.9 billion. The "net income per share" increased by ¥44.18 from ¥34.98 a year earlier to ¥79.16.

Consolidated Statements of Cash Flow

The balance of cash and cash equivalents on March 31, 2010 amounted to ¥113.6 billion, up ¥16.8 billion from March 31, 2009. This is because of the revenues of ¥145.7 billion due to "operating activities," the expenses of ¥49.5 billion due to "investment activities," and the expenses of ¥79.4 billion due to "financing activities." The revenues from the "operating activities" increased by ¥35.4 billion over the year-earlier figure. This is because of large decrease in fossil fuel expense with the restart of Unit 1 of Shika Nuclear Power Station and growth of purchased nuclear power from other wholesale utility despite the extension of periodic inspection of Unit 2 of Shika Nuclear Power Station. The expenses from the "investment activities" decreased by ¥10.0 billion over the year-earlier figure due to the decrease in expenses from the acquisition of property, plant and equipment. The expenses from the "financing activities" increased by ¥31.5 billion over the year-earlier figure due to the decrease in proceeds from corporate bond issuance.

Consolidated Balance Sheets

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 3)
ASSETS	2010	2009	2010
PROPERTY, PLANT AND EQUIPMENT (Note 4):	¥3,232,627	¥3,208,937	$34,759,438
Less: Accumulated depreciation	(2,224,568)	(2,145,267)	(23,920,092)
Property, plant and equipment, net	1,008,059	1,063,670	10,839,346
NUCLEAR FUEL:			
Loaded nuclear fuel	23,511	29,443	252,809
Nuclear fuel in processing	58,501	56,670	629,047
Total nuclear fuel	82,012	86,113	881,856
INVESTMENTS AND OTHER ASSETS:			
Long-term investments (Notes 5 and 13)	46,928	45,682	504,610
Fund for reprocessing of irradiated nuclear fuel (Note 13)	24,143	23,073	259,606
Deferred income taxes (Note 6)	37,904	39,060	407,572
Other assets (Note 5)	9,717	10,692	104,487
Total investments and other assets	118,693	118,509	1,276,277
CURRENT ASSETS:			
Cash (Note 7)	113,651	96,837	1,222,057
Trade notes and accounts receivable (Note 13)	36,949	38,664	397,309
Inventories	19,156	30,101	205,981
Deferred income taxes (Note 6)	8,821	8,926	94,855
Other current assets	24,515	11,091	263,607
Total current assets	203,094	185,622	2,183,810
TOTAL ASSETS	¥1,411,859	¥1,453,915	$15,181,289

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 3) 2010
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8 and 13)	¥762,246	¥812,726	$8,196,201
Accrued employees' retirement benefits (Note 9)	37,097	36,431	398,893
Reserve for reprocessing of irradiated nuclear fuel	24,859	23,815	267,311
Reserve for reprocessing of irradiated nuclear fuel without specific plans	3,421	2,444	36,788
Reserve for decommissioning costs of nuclear power units	21,580	19,062	232,045
Other long-term liabilities	9,250	11,045	99,466
Total long-term liabilities	858,455	905,525	9,230,706
CURRENT LIABILITIES:			
Short-term debt (Note 8)	21,182	21,143	227,766
Current portion of long-term debt and other (Notes 8 and 13)	92,305	111,262	992,535
Trade notes and accounts payable (Note 13)	18,749	22,870	201,605
Accrued income taxes and other (Note 6)	18,207	7,886	195,780
Other current liabilities	40,152	28,446	431,744
Total current liabilities	190,597	191,608	2,049,432
RESERVE FOR FLUCTUATION IN WATER LEVELS	4,594	5,592	49,401
Total liabilities	1,053,647	1,102,726	11,329,540
CONTINGENT LIABILITIES (Note 11)			
NET ASSETS (Note 10):			
SHAREHOLDERS' EQUITY			
Common stock: Authorized - 400,000,000 shares Issued - 220,333,694 shares in 2010 and 2009	117,641	117,641	1,264,962
Capital surplus	34,007	34,008	365,666
Retained earnings	216,386	210,148	2,326,736
Treasury stock, at cost	(15,120)	(15,082)	(162,585)
Total shareholders' equity	352,914	346,716	3,794,780
VALUATION, TRANSLATION ADJUSTMENTS AND OTHER			
Net unrealized gain on securities	5,298	4,472	56,968
Total net assets	358,212	351,188	3,851,749
TOTAL LIABILITIES AND NET ASSETS	¥1,411,859	¥1,453,915	$15,181,289

See notes to consolidated financial statements.

Consolidated Statements of Income

	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 3) 2010
OPERATING REVENUES	¥471,422	¥524,600	$5,069,062
OPERATING EXPENSES (Note 14)	430,428	498,420	4,628,262
OPERATING INCOME	40,994	26,180	440,799
OTHER (INCOME) EXPENSES:			
Interest expense	15,403	16,440	165,631
Other, net	1,359	1,417	14,614
	14,044	17,857	151,017
INCOME BEFORE SPECIAL ITEMS, INCOME TAXES, AND MINORITY INTERESTS	26,949	8,322	289,782
SPECIAL ITEMS:			
Reversal of reserve for fluctuation in water levels	(998)	(3,387)	(10,736)
Gain on sales of investment in an affiliate	–	(2,998)	–
	(998)	(6,385)	(10,736)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	27,948	14,708	300,519
INCOME TAXES:			
Current	10,209	1,465	109,784
Deferred	804	5,758	8,652
	11,014	7,223	118,437
NET INCOME	¥16,933	¥7,484	$182,082
PER SHARE INFORMATION:	Yen	Yen	U.S. dollars (Note 3)
Net assets	¥1,674.63	¥1,641.66	$18.00
Net income	79.16	34.98	0.85

See notes to consolidated financial statements.

Consolidated Statements of

BALANCE AT MARCH 31, 2008
Cash dividends paid
Net income
Purchases of treasury stock
Disposal of treasury stock
Net changes of items other than shareholders' equity
BALANCE AT MARCH 31, 2009
Cash dividends paid
Net income
Purchases of treasury stock
Disposal of treasury stock
Net changes of items other than shareholders' equity
BALANCE AT MARCH 31, 2010

BALANCE AT MARCH 31, 2009
Cash dividends paid
Net income
Purchases of treasury stock
Disposal of treasury stock
Net changes of items other than shareholders' equity
BALANCE AT MARCH 31, 2010

See notes to consolidated financial statements.

Shareholders' Equity

Millions of yen

Number of shares of common stock	Shareholders' equity					Valuation, translation adjustments and other	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity	Net unrealized gain on securities	
220,333,694	¥117,641	¥34,002	¥213,365	¥(14,743)	¥350,266	¥9,721	¥359,987
–	–	–	(10,700)	–	(10,700)	–	(10,700)
–	–	–	7,484	–	7,484	–	7,484
–	–	–	–	(415)	(415)	–	(415)
–	–	5	–	75	81	–	81
–	–	–	–	–	–	(5,248)	(5,248)
220,333,694	117,641	34,008	210,148	(15,082)	346,716	4,472	351,188
–	–	–	(10,695)	–	(10,695)	–	(10,695)
–	–	–	16,933	–	16,933	–	16,933
–	–	–	–	(52)	(52)	–	(52)
–	–	(1)	–	14	13	–	13
–	–	–	–	–	–	825	825
220,333,694	¥117,641	¥34,007	¥216,386	¥(15,120)	¥352,914	¥5,298	¥358,212

Thousands of U.S. dollars (Note 3)

Shareholders' equity					Valuation, translation adjustments and other	Total net assets
Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity	Net unrealized gain on securities	
$1,264,962	$365,681	$2,259,664	$(162,179)	$3,728,129	$48,095	$3,776,224
–	–	(115,009)	–	(115,009)	–	(115,009)
–	–	182,082	–	182,082	–	182,082
–	–	–	(563)	(563)	–	(563)
–	(15)	–	157	142	–	142
–	–	–	–	–	8,873	8,873
$1,264,963	$365,667	$2,326,737	$(162,585)	$3,794,780	$56,969	$3,851,749

Consolidated Statements of Cash Flows

	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 3) 2010
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥27,948	¥14,708	$300,519
Adjustments for:			
Depreciation and amortization	97,886	101,636	1,052,538
Loss on impairment of fixed assets	1,106	42	11,892
Loss on disposal of property, plant and equipment	1,956	1,774	21,035
(Increase) decrease in fund for reprocessing of irradiated nuclear fuel	(1,069)	320	(11,499)
Increase (decrease) in accrued employees' retirement benefits	665	(2,797)	7,151
Increase (decrease) in reserve for reprocessing of irradiated nuclear fuel	1,044	(114)	11,231
Increase in reserve for reprocessing of irradiated nuclear fuel without specific plans	977	1,237	10,505
Increase in reserve for decommissioning costs of nuclear power units	2,517	2,124	27,073
Decrease in reserve for fluctuation in water levels	(998)	(3,387)	(10,736)
Decrease in defined contribution pension plan obligation	–	(2,689)	–
Interest and dividends income	(1,446)	(1,523)	(15,550)
Decrease in trade notes and accounts receivable	1,715	9,032	18,443
Decrease (increase) in inventories	10,945	(8,495)	117,694
Decrease in trade notes and accounts payable and other	(1,750)	(7,822)	(18,817)
Interest expense	15,403	16,440	165,631
Other, net	4,590	4,665	49,357
	161,491	125,154	1,736,468
Interest and cash dividends received	1,463	1,578	15,741
Interest paid	(15,572)	(16,730)	(167,445)
Income taxes paid	(1,780)	(1,020)	(19,146)
Income taxes refund	160	1,335	1,724
Net cash provided by operating activities	145,762	110,315	1,567,343
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment and nuclear fuel	(51,402)	(62,307)	(552,712)
Contributions received in aid of construction	2,117	994	22,771
Proceeds from sales of property, plant and equipment	353	84	3,797
Increase in investments	(5,763)	(240)	(61,974)
Proceeds from investments	5,191	1,892	55,822
Net cash used in investing activities	(49,503)	(59,576)	(532,295)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	30,000	69,968	322,580
Redemption of bonds	(70,000)	(60,000)	(752,688)
Proceeds from long-term loans	10,000	10,490	107,526
Repayment of long-term loans	(38,762)	(45,843)	(416,795)
Increase (Decrease) in short-term debt, net	39	(11,459)	421
Disposal of treasury stock	13	81	142
Purchases of treasury stock	(52)	(415)	(563)
Cash dividends paid	(10,681)	(10,694)	(114,851)
Other, net	(2)	(1)	(26)
Net cash used in financing activities	(79,445)	(47,875)	(854,253)
Effect of exchange rate changes on cash and cash equivalents	(0)	0	(0)
Net increase in cash and cash equivalents	16,813	2,863	180,794
Cash and cash equivalents at beginning of year	96,837	93,973	1,041,262
Cash and cash equivalents at end of year (Note 7)	¥113,651	¥96,837	$1,222,057

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The accompanying consolidated financial statements of Hokuriku Electric Power Company (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

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

Amounts of less than one million yen have been rounded off. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(b) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. All significant intercompany transactions and balances have been eliminated in consolidation.

Investments in significant companies over which the Company exercises significant influence in terms of their operating and financial policies are stated at cost plus equity in their undistributed earnings; consolidated net income includes the Company's equity in the current net earnings of the affiliates, after the elimination of unrealized intercompany profit.

Investments in unconsolidated subsidiaries and other affiliates, not significant in amount, are stated at cost.

(c) Property, plant and equipment and depreciation

Property, plant and equipment is principally stated at cost less contributions in aid of construction.

Depreciation of property, plant and equipment is computed principally by the declining-balance method over the estimated useful lives of the respective assets.

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

(d) Intangible fixed assets and amortization

Amortization of intangible fixed assets is computed by the straight-line method over the estimated useful lives of the respective assets.

(e) Nuclear fuel and amortization

Nuclear fuel is stated at cost less amortization. Amortization of loaded nuclear fuel is computed based on the quantity of energy produced for the generation of electricity.

(f) Investments in securities

Marketable equity securities, excluding investments in affiliates accounted for by the equity method, included in long-term investments are classified as other securities and carried at fair value with unrealized gain and loss on the securities, net of the applicable taxes, included in net assets. Non-marketable equity securities classified as other securities are carried at cost determined mainly by the moving average method or less impairment loss if the value of the investments has been significantly impaired. No debt securities were held on March 31, 2010.

(g) Inventories

Fuel, biomass and supplies are stated principally at the lower of cost or net realizable value, cost being determined principally by the average method.

(h) Employees' retirement benefits

Accrued employees' retirement benefits is accounted for based on the projected retirement benefit obligation less the fair value of the plan assets of the Company and the consolidated subsidiaries at the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

The prior service cost is amortized by the straight-line method over a period of ten years.

Actuarial gain or loss is amortized mainly by the declining-balance method over a period of three years from the year subsequent to the year in which it was recognized.

(i) Reserve for reprocessing of irradiated nuclear fuel

The reserve is stated at present value of the amount based upon 1.3% discount rate that would be required to reprocess the irradiated nuclear fuel incurred in proportion to combustion of nuclear fuel.

Of the reprocessing costs for the spent fuels produced by March 31, 2005, the unrecognized difference at transition of ¥12,653 million caused by the changes was amortized over a 15-year period from April 1, 2005 by straight-line method until the year ended March 31, 2008.

Due to revision of the act related to reserve for reprocessing of irradiated fuel in 2008, unrecognized difference at transition reduced. The revised unrecognized difference at transition, ¥9,752 million, has been amortized over a 12-year period from April 1, 2008 by straight-line method. Unrecognized difference at the transition on March 31, 2009 and 2010 were ¥8,939 million and ¥8,127 million ($87,388 thousand), respectively.

The variance incurred from the estimate and actual costs for reprocessing of irradiated fuel is recognized from the following period over the periods during which the spent fuels covered by specific reprocessing plans are produced. The unrecognized difference of the estimates on March 31, 2009 and 2010 are loss of ¥938 million and ¥73 million ($795 thousand), respectively.

(j) Reserve for reprocessing of irradiated nuclear fuel without specific plans

The reserve for reprocessing of irradiated nuclear fuel without specific plans is recognized, multiplying the quantity of irradiated nuclear fuel incurred by the present value of reprocessing cost per unit of fuel (discount rate of 4.0%).

(k) Reserve for decommissioning costs of nuclear power units

The Company accrues the costs for the decommissioning of its nuclear power units in accordance with the regulations set by the regulatory authority.

The reserve for the anticipated costs for decommissioning of its nuclear power units in the future is provided based on the electric power generated during the current year.

(Additional information)

Effective April 1, 2010, the Company and its consolidated subsidiaries are required to adopt the "Accounting Standards for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No.18, issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No. 21, issued on March 31, 2008). The balance of the reserve for decommissioning costs of nuclear power units, ¥21,580 million ($232,045 thousand) will be reclassified to the Asset Retirement Obligations as of April 1, 2010.

(l) Reserve for Fluctuation in Water Levels

To offset fluctuations in income in connection with hydroelectric power generation caused by varying water levels, the Company and a consolidated subsidiary are required to provide a reserve for fluctuation in water levels under the Electric Utility Industry Law.

(m) Income taxes

The provision for income taxes is accounted for based on the pretax income reported in the 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 the temporary differences between the carrying amounts recorded for financial reporting purposes and the tax bases of the assets and liabilities.

(n) Foreign currency translation

Accounts denominated in foreign currencies are translated into yen at the exchange rates in effect at each balance sheet date and the resulting gain or loss is recognized in the statements of income.

(o) Derivatives and hedging activities

The Company and its consolidated subsidiaries enter into various types of derivatives transactions ("derivatives") including forward foreign exchange contracts, and interest-rate swaps in order to hedge against market risk arising from changes in foreign exchange rates and interest rates associated with its assets and liabilities.

Forward foreign exchange contracts which are assigned to hedge payables denominated in foreign currencies are reflected in the consolidated balance sheets in yen at the contracted rates of exchange.

(p) Cash equivalents

All highly liquid investments with original maturities of three months or less, that are readily convertible to cash and present an insignificant risk of any changes in value, are considered cash equivalents.

(q) Amounts per share

Net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year.

Net assets per share are computed based on the net assets excluding share subscription rights and minority interests and the number of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with any interim cash dividends paid.

(r) Reclassification

Certain amounts in the prior years' financial statements have been reclassfied to conform to the current year's presentation.

2. Accounting change

(a) Scope of application by the equity method

The Company transferred all shares held in Nihonkai Oil Co., Ltd. on December 24, 2008. This affiliate was excluded from the scope of equity method in the consolidated financial statements in the year ended March 31, 2009.

Equity in earnings of this affiliate for the nine months ended December 31, 2009 was included in the Consolidated Statements of income.

(b) Accounting method of inventories

The Company and its consolidated subsidiaries measured fuel and supplies principally at cost determined by the average method until the year ended March 31, 2008.

Effective from the year ended March 31, 2009, the Company and its consolidated subsidiaries adopted new accounting standards, "Accounting Standard for Measurement of Inventories" (Financial Accounting Standard No. 9 issued by the Accounting Standards Board of Japan on July 5, 2006) and measured fuel and supplies at the lower of cost or net salable value.

In accordance with the accounting standard, the inventories held for the selling purpose were stated at the lower of cost or net salable value, cost being determined by the average method in the period.

The effect on the consolidated financial statements was immaterial.

(c) Accounting method of lease

Effective for the year ended March 31, 2009, the Company and its consolidated subsidiaries adopted new accounting standards, "Accounting Standards for Lease Transaction" (Financial Accounting Standard No. 13 originally issued by the Business Accounting Deliberation Counsel on June 17, 1993, revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions," (Financial Accounting Standard Guideline No. 16 originally issued by the Japanese Institute of Certified Public Accountants on January 18, 1994, revised on March 30, 2007).

Lessee

Under the prior accounting standard, finance leases other than those which were deemed to transfer the ownership of the leased assets to the lessee had been accounted for in a method similar to that used for operating leases. Due to the adoption, all finance lease transactions, except for the leased assets contracted before March 31, 2008, which are deemed to transfer the ownership of the leased assets to the lessee are to be capitalized. Depreciation is recognized under the straight-line method over the lease period with no residual value.

In addition, finance leases other than which are deemed to transfer the ownership of the leased assets to the lessee, contracted before March 31, 2008 are accounted for in a method similar to that used for operating leases.

The effect on the consolidated financial statements was immaterial.

Lessor

Under the prior accounting standard, finance leases other than those which were deemed to transfer the ownership of the leased assets to the lessee had been accounted for in a method similar to that used for operating leases until the year ended March 31, 2008. Due to the adoption, finance lease transactions other than those which are deemed to transfer the ownership of the leased assets to the lessee are accounted for in a same manner to the accounting treatment for ordinary sale and purchase transactions.

The effect on the consolidated financial statements was immaterial.

(d) Accounting method of retirement benefit

Effective for the fiscal year ended March 31, 2010, the Company and its consolidated subsidiaries adopted the "Partial Amendments to Accounting Standard for Retirement Benefit (Part 3)" (Accounting Standards Board of Japan Statement No. 19, issued on July 31, 2008). There was no effect of this adoption.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the readers. The rate of ¥93 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2010, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

4. Property, Plant and Equipment

The major categories of property, plant and equipment at March 31, 2010 and 2009 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2010	2009	2010
Hydroelectric power production facilities	¥440,895	¥439,112	$4,740,814
Thermal power production facilities	817,213	814,623	8,787,242
Nuclear power production facilities	681,375	678,792	7,326,615
Transmission facilities	446,807	440,676	4,804,384
Transformation facilities	312,806	311,699	3,363,508
Distribution facilities	366,905	362,033	3,945,221
General facilities	106,866	106,234	1,149,102
Other facilities	99,196	90,484	1,066,634
	3,272,067	3,243,657	35,183,523
Less: Contributions in aid of construction	(61,993)	(60,619)	(666,598)
	3,210,073	3,183,038	34,516,924
Construction in progress	22,553	25,899	242,514
	¥3,232,627	¥3,208,937	$34,759,438

5. Investments in Securities

The acquisition cost of marketable equity securities, excluding an investment in unconsolidated subsidiaries and affiliates accounted for by the equity method, included in long-term investments, the related gross unrealized gain or loss and aggregate market value (carrying amount) at March 31, 2010 and 2009 were summarized as follows:

Millions of yen

	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Aggregate market value
	2010			
Marketable equity securities	¥6,615	¥8,324	(¥82)	¥14,857
	¥6,615	¥8,324	(¥82)	¥14,857
	2009			
	¥6,630	¥7,491	(¥514)	¥13,607
	¥6,630	¥7,491	(¥514)	¥13,607

Thousands of U.S. dollars

	2010			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Aggregate market value
Marketable equity securities	$71,138	$89,506	($883)	$159,761
	$71,138	$89,506	($883)	$159,761

Non-marketable securities were summarized as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2010	2009	2010
	Carrying value	Carrying value	Carrying value
Other securities	¥30,239	¥30,198	$325,160
	¥30,239	¥30,198	$325,160

Impairment loss of other securities was follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Equity securities	¥324	$3,487
	¥324	$3,487

Investment in unconsolidated subsidiaries and affiliates included in "Other assets" as of March 31, 2010 and 2009 amounted to ¥8,624 million ($92,734 thousand) and ¥8,386 million, respectively.

6. Income Taxes

The Company and one of its electric utility subsidiary are subject to corporation tax and inhabitant' taxes based on income, which, in the aggregate, resulted in a statutory tax rate of approximately 36.1% for the years ended March 31, 2010 and 2009, respectively.

Other consolidated subsidiaries are also subject to corporation tax, inhabitants' taxes and enterprise tax based on income, which, in the aggregate, resulted in statutory tax rates of approximately 41.7% for the years ended March 31, 2010 and 2009, respectively.

Reconciliation of the difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2010 and 2009 were summarized as follows:

	2010	2009
Statutory tax rate	36.1%	36.1%
Increase (decrease) in taxes resulting from:		
Equity in losses of affiliates	–	8.9
Valuation allowance	2,6	3.4
Statutory tax rate differences between the Company and consolidated subsidiaries	1.0	2.1
Gain on sales of investment in an affiliate	–	(1.6)
Non-deductible expenses for the tax purposes	0.6	0.9
Other	(0.9)	(0.7)
Effective tax rate	39.4%	49.1%

The significant components of deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Accrued employees' retirement benefits	¥13,644	¥13,348	$146,714
Depreciation	11,670	10,707	125,485
Deferred charges for tax purposes	3,589	3,864	38,593
Expenses of disposition of polychlorinated biphenyl wastes	2,583	2,985	27,779
Reserve for reprocessing of irradiated nuclear fuel and reserve for reprocessing of irradiated nuclear fuel without specific plans	1,771	1,411	19,049
Reserve for fluctuation in water levels	1,660	2,021	17,855
Accrued enterprise taxes	1,028	1,262	11,059
Expenses of CO_2 emmission credit	934	1,062	10,050
Provision for decommissioning costs of nuclear power units	739	739	7,951
Elimination of unrealized intercompany profits	1,395	1,440	15,004
Other	15,648	15,890	168,264
Gross deferred tax assets	54,666	54,735	587,807
Less: Valuation allowance	(4,920)	(4,196)	(52,904)
Total deferred tax assets	49,746	50,538	534,903
Deferred tax liabilities:			
Net unrealized gain on securities	(2,964)	(2,507)	(31,875)
Other	(56)	(45)	(611)
Total deferred tax liabilities	(3,021)	(2,552)	(32,486)
Net deferred tax assets	¥46,724	¥47,986	$502,416

7. Cash and Cash Equivalents

At March 31, 2010 and 2009, the reconciliation between cash and cash equivalents on the consolidated statements of cash flows and cash on the consolidated balance sheets were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2010	2009	2010
Cash	¥113,651	¥96,837	$1,222,057
Cash and cash equivalents	¥113,651	¥96,837	$1,222,057

8. Short-Term Debt and Long-Term Debt

At March 31, 2010 and 2009, short-term debt and long-term debt consisted of the following:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
(1) Short-term debt	2010	2009	2010
Loans: From banks and other sources, at a weighted-average interest rate of 0.41% in 2010 and 0.73% in 2009	¥21,182	¥21,143	$227,766
	¥21,182	¥21,143	$227,766

	Millions of yen	Millions of yen	Thousands of U.S. dollars
(2) Long-term debt	2010	2009	2010
Domestic bonds: 0.50% to 3.95% due serially through 2020	¥593,584	¥633,568	$6,382,625
Loans: 1.05% to 5.00% loans from Development Bank of Japan Inc. due serially through 2023	79,102	89,862	850,569
0.375% to 3.00% loans from other banks, insurance companies and other sources due serially through 2025	180,054	198,056	1,936,064
	852,741	921,487	9,169,260
Less: Current portion	(90,494)	(108,762)	(973,059)
	¥762,246	¥812,725	$8,196,201

The aggregate annual maturities of long-term debt subsequent to March 31, 2010 were summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥90,494	$973,059
2012	107,452	1,155,407
2013	86,223	927,132
2014	83,129	893,867
2015	79,291	852,594
2016 and thereafter	406,149	4,367,199
	¥852,741	$9,169,260

All the Company's assets are subject to certain statutory preferential rights as security for its bonds and loans from Development Bank of Japan Inc.

The assets pledged as collateral for certain consolidated subsidiaries' long-term debt of ¥5,908 million ($63,529 thousand) at March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Electric power production facilities	¥9,980	$107,317
Other facilities	7,551	81,194
	¥17,531	$188,511

9. Accrued Employees' Retirement Benefits

At March 31, 2010, the Company and its consolidated subsidiaries have the defined benefit plans, including lump-sum retirement benefit plan, defined benefit corporate pension plan, welfare pension fund plan and company sponsored pension plan.

The company also provides employees with the options of either the defined contribution pension plan or the prepayment plan, in addition to the lump-sum retirement benefit plan and the defined benefit corporate pension plan.

The funded status of retirement benefit obligations at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2010	2009	2010
Projected benefit obligation	¥(80,471)	¥(76,698)	$(865,281)
Fair value of pension plan assets	48,936	41,318	526,194
	(31,535)	(35,380)	(339,087)
Unrecognized actuarial gain	989	6,809	10,635
Unrecognized prior service cost	(6,551)	(7,861)	(70,440)
Net amount recognized	(37,097)	(36,431)	(398,893)
Accrued employees' retirement benefits	¥(37,097)	¥(36,431)	$(398,893)

The components of net pension and severance costs for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2010	2009	2010
Service cost	¥3,493	¥3,424	$37,565
Interest cost	1,425	1,385	15,332
Expected return on plan asset	(826)	(1,278)	(8,885)
Amortization of unrecognized actuarial loss	3,649	968	39,245
Amortization of unrecognized prior service cost (Note 2)	(1,310)	(1,310)	(14,088)
Others (Note 3)	832	703	8,950
Pension and severance costs	¥7,265	¥3,892	$78,120

(Note1) In addition to pension and serverance costs, additional retirement benefits included in operating expenses for the years ended March 31, 2010 and 2009 amounted to ¥740 million ($7,957 thousand) and ¥1,097 million, respectively.

(Note2) This cost represents amortization in the current fiscal year concerning the prior service cost included in the note of the above funded status.

(Note3) Others include ¥664 million ($7,147 thousand) and ¥643 million as the installments of defined contribution pension plan, and ¥57 million ($616 thousand) and ¥59 million for the prepayment plan for the years ended March 31, 2010 and 2009, respectively.

The principal assumptions used for the years ended March 31, 2010 and 2009 are summarized as follows:

	2010	2009
Method of allocation of estimated retirement benefits	Equally over the period	Equally over the period
Discount rate	mainly 2.0%	2.0%
Expected rate of return on plan assets	2.0%	3.0%
Period for amortization of prior service cost	10 years	10 years
Period for amortization of unrecognized actuarial diferrences	3 years	3 years

10. Net Assets

The Corporation Law of Japan (the “Law”), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006.

Retained earnings include a legal reserve provided in accordance with the Law. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and legal reserve, respectively, until the aggregated amount of capital reserve and legal reserve equals 25% of the common stock account. The legal reserve amounted to ¥28,386 million ($305,231 thousand) at March 31, 2010.

The capital reserve and legal reserve are not available for dividends but may be transferred to capital surplus or retained earnings or stated capital upon approval of the shareholders' meeting.

Information regarding dividends for the year ended March 31,2010 and 2009 is as follows:

(1) Dividends paid

For the year ended March 31, 2010

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S.dollars)	Dividends per share (yen)	Dividends per share (U.S.dollars)	Cut-off date	Effective date
Meeting of the Board of Directors on October 30, 2009	Common stock	¥5,347	$57,503	¥25	$0.26	September 30, 2009	November 30, 2009

For the year ended March 31, 2009

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2008	Common stock	¥5,351	¥25	March 31, 2008	June 30, 2008
Meeting of the Board of Directors on October 31, 2008	Common stock	¥5,349	¥25	September 30, 2008	November 28, 2008

(2) Dividends with the cut-off date in the year ended March 31, 2010 and the effective date in the year ending March 31, 2011

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S.dollars)	Source of dividends	Dividends per share (yen)	Dividends per share (U.S.dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 29, 2010	Common stock	¥5,347	$57,501	Retained earnings	¥25	$0.26	March 31, 2010	June 30, 2010

Dividends with the cut-off date in the year ended March 31, 2009 and the effective date in the year ending March 31, 2010

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26, 2009	Common stock	¥5,348	Retained earnings	¥25	March 31, 2010	June 30, 2010

11. Contingent Liabilities

The Company's contingent liabilities at March 31, 2010 as a co-guarantor for the indebtedness of others totaled ¥59,291 million ($637,542 thousand) including ¥42,245 million ($454,254 thousand) of a co-guarantor of indebtedeness of Japan Nuclear Fuel Ltd.

In addition, the Company's debt assumption arrangements with banks amounted to ¥52,170 million ($560,967 thousand) at March 31, 2010.

12. Leases

(a) Lessee

Finance leases other than those which are stipulated to transfer the ownership of the leased assets to the lessee, contracted before March 31, 2008 are accounted for in a method similar to that used for operating leases as before.

For those finance leases, pro forma information of the leased assets such as acquisition costs, accumulated depreciation and lease obligations on an "as if capitalized" basis for the years ended March 31, 2010 and 2009 are summarized as follows:

Millions of yen

	2010		
	Electric facilities	Other facilities	Total
Acquisition costs	¥3	¥21	¥25
Less: Accumulated depreciation	1	13	15
Net leased assets	¥2	¥7	¥9

Millions of yen

	2009		
	Electric facilities	Other facilities	Total
Acquisition costs	¥3	¥21	¥25
Less: Accumulated depreciation	0	8	8
Net leased assets	¥2	¥13	¥16

Thousands of U.S. dollars

	2010		
	Electric facilities	Other facilities	Total
Acquisition costs	$40	$232	$272
Less: Accumulated depreciation	16	150	166
Net leased assets	$24	$81	$105

Obligations under finance leases as of March 31, 2010

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥5	$62
Due after one year	4	43
Total	¥9	$105

The amounts of leased assets and obligations under finance leases include the imputed interest expense portion.

Lease payments under finance leases accounted for as operating leases in the accompanying consolidated financial statements totaled ¥6 million ($69 thousand) and ¥6 million, which were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms, for the years ended March 31, 2010 and 2009, respectively.

(b) Lessor

Finance leases other than those which are stipulated to transfer the ownership of the leased assets to the lessee, contracted before March 31, 2008 are accounted for in a method similar to that used for operating leases as before.

For those finance leases, pro forma information of the leased assets such as acquisition costs, accumulated depreciation and lease obligations on an “as if capitalized” basis for the years ended March 31, 2010 and 2009 are summarized as follows:

Millions of yen

	2010	
	Other facilities	Total
Acquisition costs	¥5	¥5
Less: Accumulated depreciation	4	4
Net leased assets	¥0	¥0

Millions of yen

	2009	
	Other facilities	Total
Acquisition costs	¥7	¥7
Less: Accumulated depreciation	5	5
Net leased assets	¥1	¥1

Thousands of U.S. dollars

	2010	
	Other facilities	Total
Acquisition costs	$54	$54
Less: Accumulated depreciation	47	47
Net leased assets	$6	$6

Future lease revenues under finance leases at March 31, 2010

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥4	$50
Due after one year	1	16
Total	¥6	$67

Total revenues under finance leases include the imputed interest revenues.

Revenues under finance leases accounted for as operating leases in the accompanying consolidated financial statements for the year ended March 31, 2010 and 2009 totaled ¥6 million ($67 thousand) and ¥6 million, respectively.

Depreciation expense relating to the leased assets was ¥0.4 million ($4 thousand) and ¥0.7 million for the year ended March 31, 2010 and 2009, respectively.

13. Financial instruments

From the fiscal year ended March 31, 2010, a new accounting standard for financial instruments and related implementation guidance have been adopted.

For the year ended March 31, 2010

Overview

(1) Policy for financial instruments

In consideration of plans for capital investment for the electricity business, the Company and its consolidated subsidiaries(collectively, the "Group") raise funds through corporate bonds and bank borrowings. The Group manages temporary cash surpluses through short-term deposits.

The Group uses derivatives for the purpose of reducing foreign currency exchange risk and interest rate fluctuation risk, and does not enter into derivatives for speculative or trading purposes.

(2) Types of financial instruments, related risk and risk management for financial instruments

Long-term investments (other securities) are composed of mainly shares of common stock of other companies with which the Group has business relationships. Those securities are exposed to market risk. The Group periodically reviews the fair values of such financial instruments and the financial position of the issuers.

The fund for reprocessing of irradiated nuclear fuel is made in accordance with the “Spent Nuclear Fuel Reprocessing Fund Act” (Act No.48 of 2005). The Group allocates the reserved amount as notified by the Minister of Economy, Trade and Industry, to the fund management corporation authorized in the act.

Trade notes and accounts receivable are composed of mainly electricity charges and power charges. Those receivables are exposed to credit risk in relation to customers. In accordance with the Rules for Supply of Electricity and other regulations for managing credit risk arising from receivables, each related division monitors credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer.

Interest-bearing liabilities are exposed to interest rate fluctuation risk. However, those liabilities are composed of mainly corporate bonds and long-term debt, of which the interest rates are fixed in the medium and long term.

Substantially all trade notes and accounts payable have payment due dates within one year. Although the Group is exposed to foreign currency exchange risk arising from those payables denominated in foreign currencies, forward foreign exchange contracts are arranged to reduce the risk.

The financial liabilities are exposed to liquidity risk. However, to reduce such risk, the Group sets the authorized limits of short-term corporate bonds, concludes the commitment-line contracts and keeps appropriate cash balances.

Derivatives are exposed to credit risk of counterparties. However, to reduce such risk, transactions involving derivatives are conducted in compliance with its internal policies. And the counterparties to derivatives positions are limited to major financial institutions with high credit ratings.

(3) Supplementary explanations of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market prices, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair values.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2010 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

As of March 31, 2010			Millions of yen
	Carrying value	Estimated fair value	Difference
Assets	¥14,857	¥14,857	–
① Long-term investments (other securities)	24,143	24,143	–
② Fund for reprocessing of irradiated nuclear fuel	113,651	113,651	–
③ Cash	36,949	36,949	–
④ Trade notes and accounts receivable			
Liabilities	593,584	616,333	¥ 22,748
⑤ Corporate bonds (*)	259,157	271,624	12,467
⑥ Long-term debt (*)	20,216	20,216	–
⑦ Short-term debt	11,239	11,239	–
⑧ Trade notes and accounts payable			

As of March 31, 2010			Thousands of U.S. dollars
	Carrying value	Estimated fair value	Difference
Assets	$159,761	$159,761	–
① Long-term investments (other securities)	259,606	259,606	–
② Fund for reprocessing of irradiated nuclear fuel	1,222,057	1,222,057	–
③ Cash	397,309	397,309	–
④ Trade notes and accounts receivable			
Liabilities	6,382,625	6,627,237	$ 244,611
⑤ Corporate bonds (*)	2,786,634	2,920,692	134,058
⑥ Long-term debt (*)	217,385	217,385	–
⑦ Short-term debt	120,850	120,850	–
⑧ Trade notes and accounts payable			

(*) Current portion of long-term debt and other is included in corporate bonds and long-term debt.

(Note 1)

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

① Long-term investments (other securities)

The fair value of stocks is based on quoted market prices. For information on securities classified by holding purpose, please refer to Note 5 Investments in securities.

② Fund for reprocessing of irradiated nuclear fuel

The fund is made in accordance with the "Spent Nuclear Fuel Reprocessing Fund Act" (Act No.48 of 2005). For the redemption of the fund, it is necessary to comply with the redemption plan approved by the Minister of Economy, Trade and Industry. The carrying value of the fund is based on the present value determined by redemption schedule of the plan.

③ Cash and ④ Trade notes and accounts receivable

Since these items are settled in a short period of time, their carrying value approximates fair value.

⑤ Corporate bonds

The fair value of bonds is based on either the quoted market price when available or present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

⑥ Long-term debt

The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into.

⑦ Short-term debt and ⑧ Trade notes and accounts payable

Since these items are settled in a short period of time, their carrying value approximates fair value.

(Note 2)

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

As of March 31, 2010	Millions of yen	Thousands of U.S. dollars
	Carrying Value	
Unlisted stocks	¥29,592	$318,202
Investment securities	637	6,859
Other	9	98
	¥30,239	$325,160

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the preceding table.

(Note 3)

Redemption schedule for receivables at March 31, 2010

As of March 31, 2010		Millions of yen
	2011	2012 and thereafter
Fund for reprocessing of irradiated nuclear fuel (*)	¥5,267	–
Cash	113,651	–
Trade notes and accounts receivable	36,949	–
	¥155,868	–

As of March 31, 2010		Thousands of U.S. dollars
	2011	2012 and thereafter
Fund for reprocessing of irradiated nuclear fuel (*)	$56,634	–
Cash	1,222,057	–
Trade notes and accounts receivable	397,309	–
	$1,676,001	–

(*) Regarding fund for reprocessing of irradiated nuclear fuel, only the amount due in one year or less is disclosed.

(Note 4)

The redemption schedule for lomg-term debt is disclosed in Note 8.

14. Research and Development Expenses

Research and development expenses included in operating expenses for the years ended March 31, 2010 and 2009 totaled ¥3,105 million ($33,396 thousand) and ¥2,523 million, respectively.

15. Segment Information

Information about the business segments of the Company and its consolidated subsidiaries for the years ended March 31, 2010 and 2009 is summarized as follows:

Millions of yen

	2010				
	Electricity	Other	Total	Eliminations	Consolidated
Sales to customers	¥457,999	¥13,423	¥471,422	¥ –	¥471,422
Inter-segment sales	610	34,139	34,749	(34,749)	–
Total operating revenues	458,610	47,562	506,172	(34,749)	471,422
Operating expenses	421,256	43,957	465,214	(34,786)	430,428
Operating income	37,353	3,604	40,957	36	40,994
Assets	1,368,020	62,029	1,430,050	(18,190)	1,411,859
Depreciation	86,924	4,352	91,276	(297)	90,979
Impairment loss	1,106	–	1,106	–	1,106
Capital expenditure	46,749	3,751	50,501	(240)	50,261

Millions of yen

	2009				
	Electricity	Other	Total	Eliminations	Consolidated
Sales to customers	¥511,233	¥13,367	¥524,600	¥ –	¥524,600
Inter-segment sales	565	32,828	33,393	(33,393)	–
Total operating revenues	511,798	46,195	557,994	(33,393)	524,600
Operating expenses	489,467	42,527	531,994	(33,574)	498,420
Operating income	22,331	3,668	26,000	180	26,180
Assets	1,410,505	59,450	1,469,955	(16,039)	1,453,915
Depreciation	91,823	4,233	96,057	(307)	95,749
Impairment loss	17	24	42	–	42
Capital expenditure	58,327	3,597	61,924	(185)	61,739

Thousands of U.S. dollars

	2010				
	Electricity	Other	Total	Eliminations	Consolidated
Sales to customers	$4,924,728	$144,334	$5,069,062	$ –	$5,069,062
Inter-segment sales	6,562	367,089	373,652	(373,652)	–
Total operating revenues	4,931,290	511,424	5,442,715	(373,652)	5,069,062
Operating expenses	4,529,644	472,666	5,002,311	(374,048)	4,628,262
Operating income	401,646	38,757	440,403	395	440,799
Assets	14,709,898	666,984	15,376,883	(195,593)	15,181,289
Depreciation	934,671	46,801	981,472	(3,201)	978,271
Impairment loss	11,892	–	11,892	–	11,892
Capital expenditure	502,683	40,342	543,025	(2,583)	540,442

(Note) Other segment represents construction and maintenance of the electrical power facilities, information, telecommunications and other.

Geographic segment information and overseas sales information have not been presented since the Company has no overseas consolidated subsidiaries and the Company and its consolidated subsidiaries recorded no overseas sales for the years ended March 31, 2010 and 2009.

16. Related Party Transactions

Significant transactions of the Company with a corporate auditor for the years ended March 31, 2010 and 2009 were as follows:

Akira Miyama (Corporate auditor of the Company)

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2010	2009	2010
Transactions for the year ended March 31.			
Borrowings	¥54,400	¥46,150	$584,946
Payment of interest	293	303	3,158
Balances as of March 31.			
Long-term debt	16,500	15,500	177,419
Short-term debt	4,450	4,450	47,849
Other current liabilities	86	85	933

(Note) Akira Miyama who is a corporate auditor, is concurrently the chairman of The Hokkoku Bank, LTD (the "Bank"). The Company borrowed from the Bank of which he is a representative, and interest rate has been decided reasonably considering the market rate of interest.

Report of Independent Auditors

The Board of Directors
Hokuriku Electric Power Company

We have audited the accompanying consolidated balance sheets of Hokuriku Electric Power Company and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, 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 Hokuriku Electric Power Company and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended 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, 2010 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 Note 3.

Ernst & Young ShinNihon LLC

Toyama, Japan
June 29, 2010

Non-Consolidated Balance Sheets

	Millions of yen	Millions of yen	Thousands of U.S. dollars
ASSETS	2010	2009	2010
PROPERTY, PLANT AND EQUIPMENT:	¥3,195,773	¥3,173,532	$34,363,160
Less: Contributions in aid of construction	(53,714)	(53,251)	(577,580)
Accumulated depreciation	(2,166,705)	(2,090,142)	(23,297,906)
Property, plant and equipment, net	975,353	1,030,138	10,487,674
NUCLEAR FUEL:			
Loaded nuclear fuel	23,511	29,443	252,809
Nuclear fuel in processing	58,501	56,670	629,047
Total nuclear fuel	82,012	86,113	881,856
INVESTMENTS AND OTHER ASSETS:			
Long-term investments	46,622	45,386	501,322
Investments in subsidiaries and affiliates	23,575	21,644	253,497
Fund for reprocessing of irradiated nuclear fuel	24,143	23,073	259,607
Deferred income taxes	33,458	34,697	359,763
Other assets	1,083	2,156	11,651
Total investments and other assets	128,883	126,959	1,385,841
CURRENT ASSETS:			
Cash	111,191	94,819	1,195,611
Trade notes and accounts receivable	35,130	36,926	377,744
Inventories	18,365	27,902	197,474
Deferred income taxes	8,110	8,188	87,213
Other current assets	23,558	10,377	253,322
Total current assets	196,356	178,215	2,111,365
TOTAL ASSETS	¥1,382,606	¥1,421,427	$14,866,737

LIABILITIES AND NET ASSETS	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
LONG-TERM DEBT:			
Long-term debt	¥753,909	¥802,279	$8,106,552
Accrued employees' retirement benefits	31,409	31,031	337,736
Reserve for reprocessing of irradiated nuclear fuel	24,859	23,815	267,311
Reserve for reprocessing of irradiated nuclear fuel without specific plans	3,421	2,444	36,788
Reserve for decommissioning costs of nuclear power units	21,580	19,062	232,045
Other long-term liabilities	8,777	10,474	94,380
Total long-term liabilities	843,957	889,107	9,074,812
CURRENT LIABILITIES:			
Short-term debt	26,900	24,100	289,247
Current portion of long-term debt and other	90,193	108,902	969,826
Trade notes and accounts payable	15,243	19,566	163,906
Accrued income taxes and other	17,130	6,566	184,204
Accrued expenses	32,346	21,347	347,808
Accrued directors' bonuses	80	–	860
Other current liabilities	9,967	9,301	107,174
Total current liabilities	191,861	189,784	2,063,026
RESERVE FOR FLUCTUATION IN WATER LEVELS	4,594	5,592	49,402
Total liabilities	1,040,413	1,084,485	11,187,240
NET ASSETS:			
SHAREHOLDERS' EQUITY			
Common stock: Authorized - 400,000,000 shares Issued - 220,333,694 shares in 2010 and 2009	117,641	117,641	1,264,963
Capital surplus: Legal capital surplus	33,993	33,993	365,520
Other capital surplus	13	15	147
Retained earnings: Legal reserve	28,386	28,386	305,232
Reserve for overseas investment loss	7	–	76
Reserve for cost fluctuation adjustments	47,500	51,500	510,753
General reserve	80,000	80,000	860,215
Retained earnings brought forward	44,502	36,022	478,525
Treasury stock at cost	(15,120)	(15,082)	(162,585)
Total shareholders' equity	336,924	332,476	3,622,845
VALUATION, TRANSLATION ADJUSTMENT AND OTHER			
Net unrealized gain on securities	5,268	4,466	56,652
Total net assets	342,193	336,942	3,679,497
TOTAL LIABILITIES AND NET ASSETS	¥1,382,606	¥1,421,427	$14,866,737

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥93 = U.S.$1.00, the approximate rate of exchange on March 31, 2010.

Non-Consolidated Statements of Income

	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
OPERATING REVENUES	¥460,290	¥512,991	$4,949,361
OPERATING EXPENSES:			
Personnel expenses	52,473	48,557	564,229
Fuel	81,953	150,138	881,217
Purchased power	43,787	53,609	470,834
Maintenance	55,617	49,646	598,039
Depreciation	86,240	91,282	927,319
Taxes other than income taxes	30,369	31,325	326,548
Other	72,134	65,881	775,635
	422,575	490,441	4,543,823
OPERATING INCOME	37,715	22,549	405,538
OTHER (INCOME) EXPENSES:			
Interest expense	15,114	16,086	162,524
Other, net	(1,330)	(2,073)	(14,305)
	13,784	14,013	148,218
INCOME BEFORE SPECIAL ITEMS AND INCOME TAXES	23,930	8,536	257,320
SPECIAL ITEMS:			
Reversal of reserve for fluctuation in water levels	(998)	(3,387)	(10,737)
	(998)	(3,387)	(10,737)
INCOME BEFORE INCOME TAXES	24,929	11,923	268,057
INCOME TAXES:			
Current	8,882	21	95,511
Deferred	863	4,958	9,285
	9,745	4,980	104,796
NET INCOME	¥15,183	¥6,943	$163,261
PER SHARE:	Yen	Yen	U.S. dollars
Net income	¥70.98	¥32.45	$0.76
Cash dividends	50.00	50.00	0.54

Non-Consolidated Statements of Shareholders'

BALANCE AT MARCH 31, 2008	220,333,694	¥117,641
Cash dividends paid	–	–
Net income	–	–
Purchases of treasury stock	–	–
Disposal of treasury stock	–	–
Net changes of items other than shareholders' equity	–	–
BALANCE AT MARCH 31, 2009	220,333,694	117,641
Reserve for overseas investment loss	–	–
Reversal of reserve for cost fluctuation adjustments	–	–
Cash dividends paid	–	–
Net income	–	–
Purchases of treasury stock	–	–
Disposal of treasury stock	–	–
Net changes of items other than shareholders' equity	–	–
BALANCE AT MARCH 31, 2010	220,333,694	¥117,641

BALANCE AT MARCH 31, 2009	$1,264,963
Reserve for overseas investment loss	–
Reversal of reserve for cost fluctuation adjustments	–
Cash dividends paid	–
Net income	–
Purchases of treasury stock	–
Disposal of treasury stock	–
Net changes of items other than shareholders' equity	–
BALANCE AT MARCH 31, 2010	$1,264,963

Equity

Millions of yen

Shareholders' equity									Valuation,translation adjustments and other	
Capital surplus		Retained earnings					Treasury stock at cost	Total shareholders' equity	Net unrealized gain on securities	Total net assets
			Other retained earnings							
Legal capital surplus	Other capital surplus	Legal reserve	Reserve for overseas investment loss	Reserve for cost fluctuation adjustments	General reserve	Retained earnings brought forward				
¥33,993	¥9	¥28,386	–	¥51,500	¥80,000	¥39,780	¥(14,743)	¥336,567	¥9,674	¥346,242
–	–	–	–	–	–	(10,700)	–	(10,700)	–	(10,700)
–	–	–	–	–	–	6,943	–	6,943	–	6,943
–	–	–	–	–	–	–	(415)	(415)	–	(415)
–	5	–	–	–	–	–	75	81	–	81
–	–	–	–	–	–	–	–	–	(5,208)	(5,208)
33,993	15	28,386	–	51,500	80,000	36,022	(15,082)	332.476	4,466	336,942
–	–	–	7	–	–	(7)	–	–	–	–
–	–	–	–	(4,000)	–	4,000	–	–	–	–
–	–	–	–	–	–	(10,695)	–	(10,695)	–	(10,695)
–	–	–	–	–	–	15,183	–	15,183	–	15,183
–	–	–	–	–	–	–	(52)	(52)	–	(52)
–	(1)	–	–	–	–	–	14	13	–	13
–	–	–	–	–	–	–	–	–	802	802
¥33,993	¥13	¥28,386	¥7	¥47,500	¥80,000	¥44,502	¥(15,120)	¥336,924	¥5,268	¥342,193

Thousands of U.S. dollars

Shareholders' equity									Valuation,translation adjustments and other	
Capital surplus		Retained earnings					Treasury stock at cost	Total shareholders' equity	Net unrealized gain on securities	Total net assets
			Other retained earnings							
Legal capital surplus	Other capital surplus	Legal reserve	Reserve for overseas investment loss	Reserve for cost fluctuation adjustments	General reserve	Retained earnings brought forward				
$365,520	$162	$305,232	–	$553,763	$860,215	$387,339	$(162,180)	$3,575,014	$48,023	$3,623,038
–	–	–	76	–	–	(76)	–	–	–	–
–	–	–	–	(43,011)	–	43,011	–	–	–	–
–	–	–	–	–	–	(115,010)	–	(115,010)	–	(115,010)
–	–	–	–	–	–	163,261	–	163,261	–	163,261
–	–	–	–	–	–	–	(563)	(563)	–	(563)
–	(15)	–	–	–	–	–	158	142	–	142
–	–	–	–	–	–	–	–	–	8,628	8,628
$365,520	$147	$305,232	$76	$510,753	$860,215	$478,525	$(162,585)	$3,622,845	$56,652	$3,679,497

Six-Year Summary

HOKURIKU ELECTRIC POWER COMPANY
Years ended March 31

	2010	2009	2008	2007	2006	2005
Consolidated Statement of Income Data (Millions of Yen)						
Operating Revenues	471,422	524,600	477,911	485,698	480,813	470,907
Operating Expenses	430,428	498,420	450,241	430,340	425,647	400,338
Operating Income	40,994	26,180	27,669	55,358	55,166	70,569
Other Income Deduction (Net)	13,046	11,472	15,016	27,401	23,097	31,456
Income before Income Taxes and Minority Interests	27,948	14,708	12,653	27,957	32,068	39,113
Income Taxes	11,014	7,223	5,297	10,470	11,917	13,895
Minority Interests in Income of Consolidated Subsidiaries	–	–	–	227	209	82
Net Income	16,933	7,484	7,355	17,259	19,941	25,135
Net Income per Share of Common Stock (Yen)	79	34	34	81	91	114
Consolidated Statement of Cash Flows Data (Millions of Yen)						
Net Cash provided by Operating Activities	145,762	110,315	67,335	148,162	117,960	123,989
Net Cash used in Investing Activities	(49,503)	(59,576)	(40,754)	(69,385)	(55,549)	(70,793)
Net Cash provided by (used in) Financing Activities	(79,445)	(47,875)	21,731	(56,473)	(60,092)	(39,319)
Net Increase in Cash and Cash Equivalents	16,813	2,863	48,311	22,303	2,319	13,876
Cash and Cash Equivalents at End of Year	113,651	96,837	93,973	45,662	23,358	21,038

	2010	2009	2008	2007	2006	2005
Non-Consolidated Statement of Income Data (Millions of Yen)						
Operating Revenues	460,290	512,991	466,022	473,415	467,235	458,397
Lighting (Residential)	149,092	156,819	151,470	146,604	149,779	148,772
Commercial and Industrial	248,469	277,607	265,906	258,442	252,559	251,513
Other	62,728	78,564	48,646	68,368	64,896	58,112
Operating Expenses	422,575	490,441	441,663	422,943	414,959	391,045
Personnel Expenses	52,473	48,557	42,630	49,172	48,149	69,429
Fuel	81,953	150,138	129,427	80,023	67,948	63,217
Maintenance	55,617	49,646	38,888	50,695	33,784	46,405
Depreciation	86,240	91,282	97,288	103,525	126,890	70,557
Purchased Power	43,787	53,609	46,619	43,213	42,158	54,357
Other	102,503	97,206	86,810	96,312	96,027	87,076
Operating Income	37,715	22,549	24,359	50,471	52,276	67,352
Other Income Deduction (Net)	12,785	10,625	15,031	25,469	22,656	30,051
Income before Income Taxes	24,929	11,923	9,327	25,002	29,620	37,301
Income Taxes	9,745	4,980	4,153	9,285	11,112	13,150
Net Income	15,183	6,943	5,174	15,716	18,507	24,150
Net Income per Share of Common Stock (Yen)	70	32	24	73	84	109

	2010	2009	2008	2007	2006	2005
Operating Statistics						
Utility Plant Date						
Generating Capacity (MW)	7,963	7,962	8,114	8,114	8,114	6,754
Hydroelectric	1,817	1,816	1,816	1,816	1,816	1,814
Thermal	4,400	4,400	4,400	4,400	4,400	4,400
Nuclear	1,746	1,746	1,898	1,898	1,898	540
Route Length of Transmission Lines (km)	3,310	3,315	3,304	3,291	3,267	3,200
Substations (MVA)	28,650	28,579	27,760	27,647	27,633	27,637
Conductor Length of Distribution Lines (km)	120,863	120,530	120,226	119,817	119,315	118,850
kWh Output Data (Millions of kWh)						
Generated	31,264	35,028	30,820	34,520	32,878	30,716
Hydroelectric	5,556	5,201	5,518	6,203	5,898	6,095
Thermal	16,035	20,566	25,302	21,947	19,023	20,844
Nuclear	9,673	9,261	0	6,370	7,957	3,777
Purchased and Interchanged	△ 1,089	△ 3,779	1,547	△ 3,179	△ 1,804	△ 951
System Operating Requirement (Deduct)	(3,000)	(3,095)	(3,062)	(3,141)	(3,108)	(2,890)
Total Sales of Electric Power	27,175	28,154	29,305	28,200	27,966	26,875
Peak Load (MW)	5,159	5,691	5,580	5,488	5,486	5,389
Date when the Peak Demand was Recorded	Jan. 14	Jul. 23	Aug. 9	Aug. 21	Aug. 4	Aug. 19
Total Sales of Electric Power (Millions of kWh)	27,175	28,154	29,305	28,200	27,966	26,874
Lighting (Residential)	7,995	7,902	7,913	7,514	7,505	7,154
Commercial and Industrial	19,180	20,252	21,392	20,686	20,461	19,720
Commercial Power	5,186	5,239	5,249	5,068	5,026	4,798
Small Industrial Power	3,425	3,686	3,991	4,018	4,199	4,208
Large Industrial Power	10,144	10,901	11,696	11,148	10,667	10,147
Other Services	425	426	456	452	569	567
Customer Data						
Number of Customers (Thousand)	2,084	2,081	2,082	2,082	1,996	2,004
Lighting (Residential)	1,832	1,822	1,815	1,808	1,715	1,695
Commercial and Industrial	252	259	267	274	281	309
Population Served (Thousand)	2,994	3,005	3,014	3,022	3,027	3,039
Number of Employees	4,716	4,630	4,611	4,638	4,692	4,752
Number of Shareholders	110,259	112,779	120,442	120,217	126,305	132,572

Corporate Information

Date of Establishment
May 1, 1951

Service Territory
Toyama, Ishikawa and Fukui (excluding some districts),
and a part of Gifu

Number of Shareholders
110,259 (At the end of March 2010)

Corporate Resources and Facilities (At the end of March 2010)

Capital (Billions of yen)	117.64
Number of employees	4,716
Hydroelectric power capacity (MW)	1,817
Thermal power capacity (MW) (Steam and internal combustion engine)	4,400
Nuclear power capacity (MW)	1,746
Transmission facilities (Line length in km)	3,310
Transformation facilities (Thousands of kVA)	28,650
Distribution facilities (Conductor length in km)	120,863
Number of contracts (Thousands) (Total of lighting and power contracts)	2,084
Electricity sales (Billions of kWh) (For fiscal year)	27.2

Head Office and Branches

Head Office :	15-1 Ushijima, Toyama City 930-8686, Japan
Toyama Branch :	13-15 Ushijima, Toyama City 930-0858, Japan
Takaoka Branch :	7-15 Hirokoji, Takaoka City 933-0057, Japan
Uozu Branch :	1-12-12 Shinkanaya, Uozu City 937-0801, Japan
Ishikawa Branch :	6-11 Shimohonda, Kanazawa City 920-0993, Japan
Nanao Branch :	61-7 Mishima, Nanao City 926-8585, Japan
Komatsu Branch :	25-1 Sakae, Komatsu City 923-0934, Japan
Fukui Branch :	1-4-1 Hinode, Fukui City 910-8565, Japan
Tannan Branch :	10 Shinmachi, Echizen City 915-0883, Japan
Tokyo Branch :	2-8-1 Toranomon, Minato-ku, Tokyo 105-0001, Japan

Directors and Auditors

Chairman of the Board : Isao Nagahara

President : Susumu Kyuwa

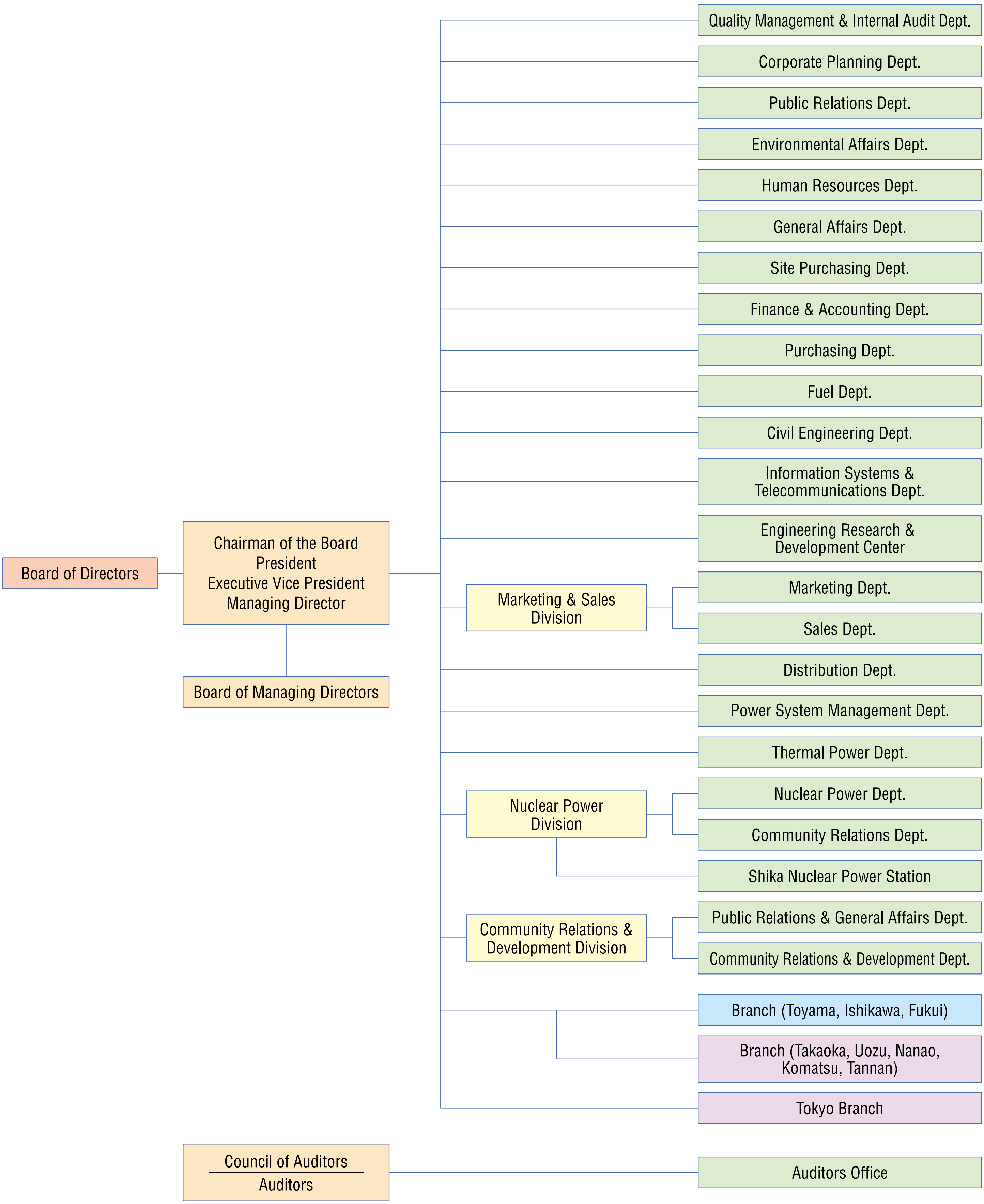
Executive Vice Presidents : Yukio Matsuoka
Yuichi Hori
Toshinori Motobayashi

Managing Directors : Kohei Murata
Shinji Wakamiya
Yukio Arai
Mitsuaki Minabe
Yutaka Kanai
Masato Kontani

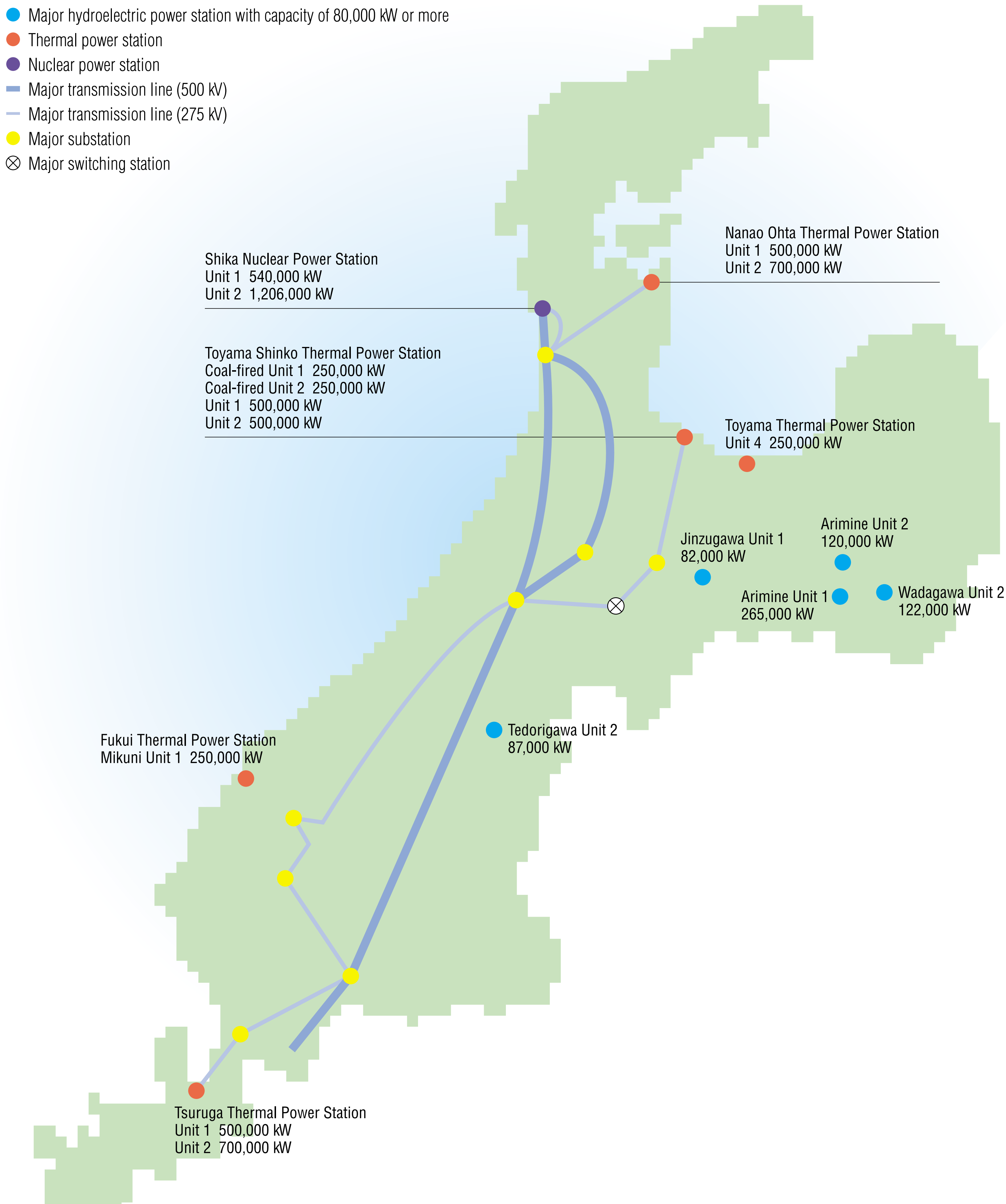
Standing Auditors : Koichi Takakuwa
Zenjo Sakamoto

Auditors : Shinichiro Inushima
Akira Miyama
Tatsuo Kawada

Corporate Organization



	Name of company	Capital (Millions of yen)	Investment stake(%)	Year of establishment	Major business lines
Electricity	The Nihonkai Power Generating	7,350	100.0	1982	Wholesale supply of electricity
	Kurobegawa Denryoku	3,000	50.0	1923	Wholesale supply of electricity
	Toyama Kyodo Jikahatsuden	1,350	50.0	1952	Non-utility electric power generation for auxiliary use
Construction	Hokuriku Plant Services Co., Ltd.	95	100.0	1970	Maintenance and engineering works of thermal and nuclear power generation equipment
	Hokuden Techno Service	50	100.0	1982	Maintenance of hydroelectric power generation and transformation equipment
	Nihonkai Kenko	200	48.0	1946	Design and execution of civil engineering and construction works
	Hokuriku Electrical Construction Co., Ltd.	3,328	28.3	1944	Electrical work
Manufacturing	Nihonkai Concrete Industries Co.	150	80.0	1953	Production and sale of concrete poles and piles
	Hokuriku Instrumentation Co., Inc.	30	40.0	1970	Production, repair and testing of watt-hour meters, etc.
	Hokuriku Energys	48	25.0	1981	Production and sale of distribution switches, etc.
	Hokuriku Electric Co., Ltd.	200	19.8	1944	Production and sale of transformers and switchboards
Telecommunications	Hokuriku Telecommunication Network Co., Inc.	6,000	100.0	1993	Dedicated telecommunication line service and data transmission link services
	Power and IT Inc.	175	65.0	2009	Data center
Services	Cable Television TOYAMA Inc.	2,010	13.4	1994	Cable TV broadcasting service
	Hokuriku LNES Co., Ltd.	200	41.0	2001	Wholesale of LNG
	Hokuden Industry Co., Ltd.	100	100.0	1974	Lease and management of real estate, temporary staff dispatching business and leasing business
	The Hokuden Information System Service Company, Inc.	50	100.0	1987	Development and maintenance of software
	Hokuriku Electric Power Living Service Co., Ltd.	50	100.0	1987	Diffusion and maintenance of electrical appliances, etc.
	Hokuden Partner Service	20	100.0	1990	Maintenance of electrical power equipment, operation of electrical and other related facilities, group financing, centralized accounting and payroll operations for group companies
	Nihonkai Environmental Service Inc.	50	100.0	1992	Environment survey, and design and execution of environment greening works
	Hokuden Engineering Consultants Co., Ltd.	50	100.0	2001	Research, design, administration, land survey, geological survey, consultation about compensation for civil engineering and construction works, etc.
	Hokuriku Denki Shoji Co., Ltd.	10	60.0	1949	Pole advertisement, travel business and non-life insurance agency
	Japan Ecology and Security Service Company	50	51.0	2000	Recycling and storage of classified and preserved document, and sale of paper products
	Plastic Recycling Technology Company	200	51.0	2002	Plastic recycling


Major hydroelectric power station with capacity of 80,000 kW or more
Thermal power station
Nuclear power station
Major transmission line (500 kV)
Major transmission line (275 kV)
Major substation
Major switching station
Shika Nuclear Power Station
Unit 1 540,000 kW
Unit 2 1,206,000 kW
Nanao Ohta Thermal Power Station
Unit 1 500,000 kW
Unit 2 700,000 kW
Toyama Shinko Thermal Power Station
Coal-fired Unit 1 250,000 kW
Coal-fired Unit 2 250,000 kW
Unit 1 500,000 kW
Unit 2 500,000 kW
Toyama Thermal Power Station
Unit 4 250,000 kW
Jinzugawa Unit 1
82,000 kW
Arimine Unit 2
120,000 kW
Arimine Unit 1
265,000 kW
Wadagawa Unit 2
122,000 kW
Tedorigawa Unit 2
87,000 kW
Fukui Thermal Power Station
Mikuni Unit 1 250,000 kW
Tsuruga Thermal Power Station
Unit 1 500,000 kW
Unit 2 700,000 kW

Hokuriku Electric Power Company

15-1 Ushijima, Toyama City 930-8686, Japan

http://www.rikuden.co.jp