The Okinawa Electric Power Company, Incorporated

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THE OKINAWA ELECTRIC POWER COMPANY, INCORPORATED ANNUAL REPORT 2009

The Okinawa Electric Power Company, Incorporated (OEPC)

Annual Report 2009

Profile

One of Japan's ten electric power utility companies, The Okinawa Electric Power Company, Inc. (OEPC) supplies power throughout Okinawa Prefecture, which is situated at the south-westernmost tip of the Japanese archipelago. With a population of approximately 1.4 million, the prefecture consists of 160 large and small islands. The only part of Japan with a subtropical climate, Okinawa is blessed with plenty of sunshine, and is warm all year round. It is surrounded by emerald-green sea waters containing colorful coral reefs, and these bounties of nature make the prefecture one of the leading holiday resort areas in Japan.

The core corporate mission of the OEPC Group is to support the economy of Okinawa and contribute to the development of the regional community, and to this end all Group companies are working to realize even higher levels of service quality and rigorous safety management. The Group is also strongly cost-conscious, and is pursuing improved efficiency to reduce expenses and enable the provision of an optimally efficient power supply system as well as excellent service with a high level of value-added.

Contents

Financial Highlights (Consolidated)

The Okinawa Electric Power Company, Incorporated

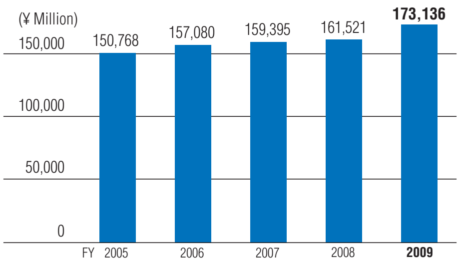
Years ended March 31, 2009 and 2008	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
For the year:			
Operating revenues	**¥173,136**	¥161,521	**$1,762,564**
Operating income	**14,086**	14,809	**143,405**
Net income	**5,604**	7,072	**57,056**
Per share of common stock (yen and U.S. dollars):			
Basic net income	**¥320.54**	¥404.36	**$3.26**
Cash dividends applicable to the year	**60.00**	60.00	**0.61**
At year-end:			
Total assets	**¥365,557**	¥369,840	**$3,721,448**
Total equity	**111,446**	107,026	**1,134,547**

Note: The U.S. dollar amounts represent translation of Japanese yen for convenience only at the approximate exchange rate on March 31, 2009, of ¥98.23 to $1.

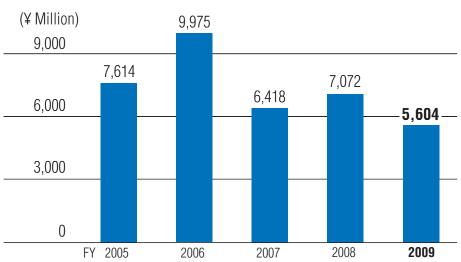
Operating Highlights (Non-Consolidated)

Years ended March 31, 2009, 2008 and 2007	**2009**	2008	2007
For the year:			
Electric energy sales (Millions of kWh)			
Lighting	**2,887**	2,945	2,881
Power	**4,589**	4,546	4,495
Peak load (Thousands of kW)	**1,388**	1,431	1,408
At year-end:			
Number of customers:			
Lighting	**758,557**	749,798	741,268
Power	**64,344**	65,735	66,523
Generating capacity (Thousands of kW)	**1,924**	1,925	1,924
Route length of transmission lines (km):			
Overhead	**762**	768	743
Underground	**264**	247	233

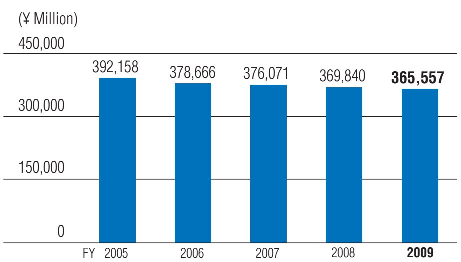
Consolidated Operating Revenues



Consolidated Net Income



Consolidated Total Assets



Note: The term "fiscal 2009" as used in this report refers to the business year ended March 31, 2009. The same applies to other fiscal years.

Message from the Management

Tsugiyoshi Toma
Chairman

Denichiro Ishimine
President

As a locally-based group of companies, the OEPC Group is committed to supporting the improvement of living standards for all the people of Okinawa, promoting industrial activity in the prefecture, and making a contribution to the development of the local community. To these ends, we have been putting our full efforts into finding effective countermeasures to a wide range of business issues in order to provide safe and reliable electric power at low rates, thereby raising customer satisfaction levels and strengthening the Group's financial position. However, the OEPC Group's current operating environment is challenging. Against the background of a worldwide economic downturn we are faced with unstable oil prices, the need to take measures to combat global warming, a reduction in public works expenditure, and increasingly severe competition in the IT field. We are also faced with the need for additional investment in the construction of the Yoshinoura Thermal Power Plant.

Against this background, to maintain the trust of the local community, the OEPC Group is working not only to provide services that achieve customer satisfaction, but also to ensure that the Group's business operations exhibit high ethical standards while improving transparency and accountability.

During the current fiscal year, through the two major measures described below, the OEPC Group will be working to raise the corporate value of all its member companies, with the ultimate goal of providing integrated energy services in addition to support for businesses and general living standards, by offering customers different types of energy sources to suit their differing needs.

(1) Strengthening our operating base

The managements of all Group member companies, and all their employees, will be encouraged to be constantly aware of the need for cost reductions so as to enable us to reach our financial targets. Simultaneously with more thorough efforts than ever before to improve operational efficiency and raise profitability, all staff members will be made aware of the crucial importance of service quality and safety management. In addition, we will be working to improve the Group's technological and marketing capabilities, as well as to nurture human resources and utilize them in an optimal manner.

(2) Reinforcing the OEPC Group's brand value

During the current term we aim to establish a strong OEPC Group brand name by taking steps to raise customer satisfaction, as well as through vigorous CSR activities such as contributing to the local community and assisting in efforts to protect the natural environment, and by establishing a strong relationship of trust with our stakeholders.

In the electric power business segment, the Group's core business, we are making steady progress in the construction of the Yoshinoura Thermal Power Plant, which is required in order to fulfill the Group's central objective of providing Okinawa Prefecture with a reliable supply of electric power. We are also working on steady and efficient construction, operation, and maintenance of power facilities, while adequately addressing environmental concerns and ensuring that contingency plans are in place to cover all potential natural disasters. In the field of fuel procurement, we are taking great care to ensure uninterrupted supply.

With respect to the global warming problem, electric power providers are being required to take even more extensive countermeasures. For OEPC, which is entirely reliant on fossil fuels, this is an exceedingly difficult matter, but mindful of our environmental responsibilities, we are taking proactive initiatives to lower the environmental burden of our business activities as much as possible.

OEPC's Priority Issues for Fiscal 2009

To remain the power provider of choice

1. Delivering a reliable supply of power
2. Raising customer satisfaction level

To harmonize the company's business activities with the local community

3. Maintaining public trust
4. Ensuring harmony between the company's operations and both the local community and the environment
5. Working to help realize a low-carbon society

To achieve sound and sustainable growth

6. Strengthening the company's financial position

To create a dynamic workplace

7. Improving organizational effectiveness and empowering employees

To raise the corporate value of the Group

8. Aiming to create the optimal management system across the Group

We have set financial targets below for fiscal 2008 through fiscal 2012, on both a consolidated and non-consolidated basis, and are working to realize greater business management efficiency.

Financial Targets (FY2008-2012)

Consolidated

1. Minimum annual ordinary income of ¥11 billion
2. Minimum average ROA (operating income / total assets) of 3.5%
3. Balance of interest-bearing debt of around ¥260 billion by FY2012 term-end
4. Equity ratio of around 30% by FY2012 term-end

Non-Consolidated

1. Minimum annual ordinary income of ¥10 billion
2. Minimum average ROA (operating income / total assets) of 3.5%
3. Balance of interest-bearing debt of around ¥250 billion by FY2012 term-end
4. Equity ratio of around 30% by FY2012 term-end

In the Group's non-core operations, our construction business faces an over-competition situation in the construction sector in Okinawa, which has led to severe competition for orders through low-price bidding. Nevertheless, we are working to enhance our technological capabilities and expand our lineup of proposals, to enable us to differentiate ourselves from our competitors and produce adequate profit margins and a reinforced earnings base. In the telecommunications business, we are employing an active strategy of marketing proposals aimed at meeting customer needs promptly and precisely to realize a value-added service.

We are also examining the feasibility of moving into the gas supply business by taking advantage of our importation of LNG, the first such in Okinawa's history, as fuel for the Yoshinoura Thermal Power Plant, which is currently under construction. This will fit in with our long-term plans to become a truly integrated energy service provider, and constitutes a promising new business opportunity.

Tsugiyoshi Toma

Tsugiyoshi Toma
Chairman

D. Ishimine

Denichiro Ishimine
President

Okinawa Today

Population Growth

The rate of population growth in Okinawa is high compared with Japan as a whole. It is estimated that the average annual growth rate over the period until 2018 will be 0.31% in Okinawa, compared with -0.28% for the country as a whole. Moreover whereas the population of Japan is thought to have peaked in 2004 and is now on the decline, that of Okinawa is expected to continue growing until around 2025. In line with this expected increase in population growth, the number of households (supply contracts) is expected to grow steadily as well, leading to an increase in demand for residential-use electric power.

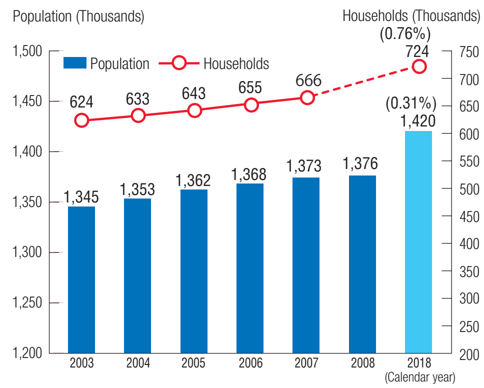
GDP

As a result of measures implemented under the government's Okinawa Promotion Plan, the GDP of the prefecture is forecast to grow at a faster pace than that of the country as a whole. Average annual GDP growth for Japan from 2006 to 2011 is projected at 1.0%, compared with 2.7% for Okinawa Prefecture. At the same time, per capita income growth, supported by GDP growth in the prefecture, is also forecast to exceed national rates over the same period, at approximately 5.6%, compared with around 2.3% for Japan as a whole.

Tourist Arrivals

Okinawa Prefecture saw a record number of 5.93 million tourist arrivals in 2008. This performance reflects rising interest in Japan in the natural beauty, musical traditions, cuisine, and arts and culture of Okinawa, and the area's concomitant rise in popularity; an expansion in aircraft seating availability due to addition of routes to Okinawa and an increase in the number of flights, an expansion in tourist accommodation capacity with the construction of new facilities; an increase in the offerings of tourism package plans for weddings in resort settings; and the success of public and private sector joint efforts to attract tourists through campaigns. The prefecture targets 7.2 million tourist arrivals in 2011.

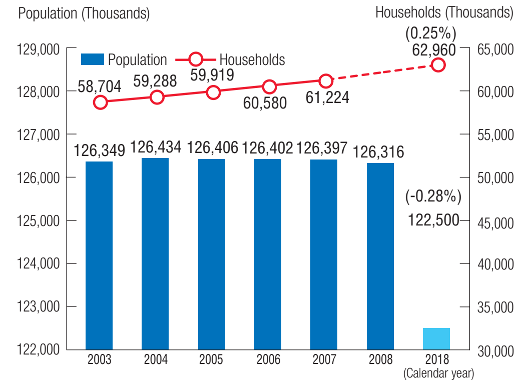
Growth in Population and Number of Households in Okinawa



Source: Population figures between March 2003 and March 2006 are based on surveys by the Ministry of Internal Affairs and Communications
Figures for population and number of households in March 2018 are based on surveys by the Japan Electric Power Survey Committee

Note: Figures for number of households in parentheses show annual average growth between March 2007 and March 2018
Population figures in parentheses show annual average growth between March 2008 and March 2018

Growth in Population and Number of Households in Japan (Excluding Okinawa)



Source: Population figures between March 2003 and March 2008 are based on surveys by the Ministry of Internal Affairs and Communications

* Computed based on figures for all Japan (Ministry of Internal Affairs and Communications), excluding Okinawa
Figures for population and number of households in March 2018 are based on surveys by the Japan Electric Power Survey Committee

Note: Figures for number of households in parentheses show annual average growth between March 2007 and March 2018
Population figures in parentheses show annual average growth between March 2008 and March 2018

Annualized GDP Growth Rate

	2007.3	2012.3	Avg. annual growth rate between 2007.3-2012.3
Okinawa	¥3,966,800 million	¥4,531,100 million	2.7%
Nationwide	¥552,276,500 million	¥579,337,300 million	1.0%

Source: Quantitative targets for economic and social development under the Okinawa Promotion and Development Plan, economic statistics for Okinawan residents in March 2005
Cabinet Office, the Japan Electric Power Survey Committee

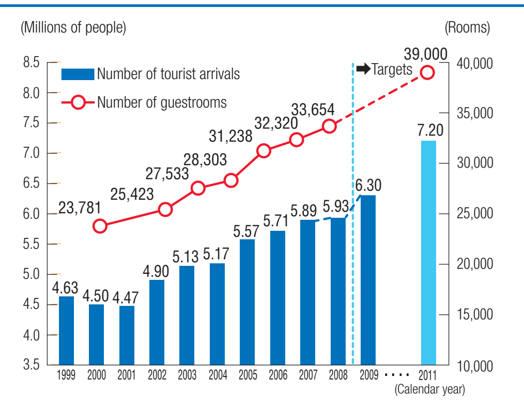
Notes: The GDP figures for both Okinawa and the whole of Japan are calculated using calendar 2000 as the base year (fixed base year method for Okinawa, chain-linking process for the whole nation)

Annualized Growth Rate of Per Capita Income for Okinawa and Japan as a Whole

	2007.3	2012.3	Annualized growth rate between 2007.3-2012.3
Okinawa	¥2,090,000	¥2,740,000	5.6%
Nationwide	¥2,920,000	¥3,400,000	3.1%

Source: Quantitative targets for economic and social development under the Okinawa Promotion and Development Plan, economic statistics for Okinawan residents in 2006

Tourist Arrivals and Number of Guestrooms



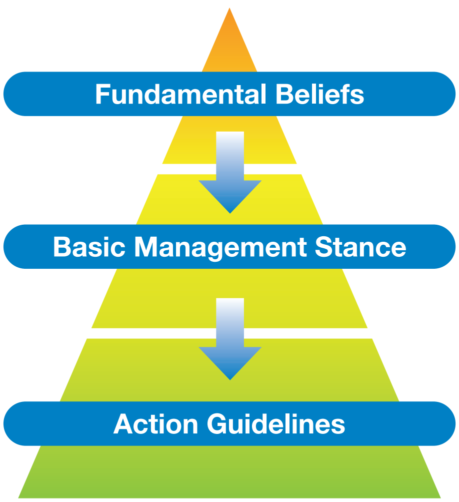
Source: "Okinawa Tourism Guidebook," "Outline of Measures to Revitalize the Economy of Okinawa," and the "Visit Okinawa Plan," all published by the Okinawa Prefectural Government

Notes:
1. The survey of the number of guest rooms in hotels and other accommodation facilities was conducted every other year (odd-numbered years) up to 2003, since when it has been carried out every year.
2. Estimated number of tourists for calendar 2011 is 7.2 million.

OEPC's Corporate Philosophy

(Drawn up in July 2009)

The corporate philosophy of Okinawa Electric Power Company (OEPC) is spelled out in three documents: our Fundamental Beliefs, in which we state the ways in which we aim to provide value to the community as a whole; our Basic Management Stance, in which we define the fundamental goals we must aim for in order to realize our Fundamental Beliefs; and the Action Guidelines, in which we explain the ways to conduct their work that each employee of the Company is expected to follow.



1. Fundamental Beliefs

Become a major driving force behind the growth of the Okinawan economy through the supply of energy
(slogan: Energise Okinawa)

At OEPC, we are motivated by a strong sense of mission and pride in the capabilities of the Company to work to support the livelihoods of our individual customers and the economy of Okinawa Prefecture as a whole. We intend to harness our passion and creativity to help build a dynamic and forward-looking community in Okinawa.

2. Basic Management Stance

- Discover the customer's needs, and do our best to provide even greater satisfaction
- Act as a responsible corporate citizen
- Value our staff and help them grow
- Achieve continued growth through efficient business operations and a far-sighted capital investment strategy

3. Action Guidelines

- Follow work procedures faithfully and swiftly
- Be proactively inventive, plan your ideas carefully, and execute them thoroughly
- Boldly take on difficult challenges
- Support one another to reach your common goals
- Always keep profitability in mind, and work daily to achieve cost reductions
- Insatiably seek and acquire knowledge and skills, and pass them on to others
- Uphold high ethical standards at all times

The OEPC Group Vision

(Drawn up in July 2009)

Despite the projected severity of the operating environment over the medium and long term, the OEPC Group aims to grow and develop hand-in-hand with the regional community through the provision of services with new added value. Each executive and employee of the Group fully understands the Group's vision, and they are committed to working together to boldly take up the challenge of achieving the Group's targets.

1. What we aim to be

Centered on the Group's core business as a comprehensive supplier of energy services, we will design and propose new value through services to support both corporate and individual customers. We will continue to be a vital part of the community, and will grow and develop hand-in-hand with Okinawan society as a whole.

2. Basic Management Stance

- Discover the customer's needs, and do our best to provide greater satisfaction
- Act as a responsible corporate citizen
- Value our staff and help them grow
- Achieve sustainable growth through efficient business operations and a far-sighted capital investment strategy

3. Our business fields

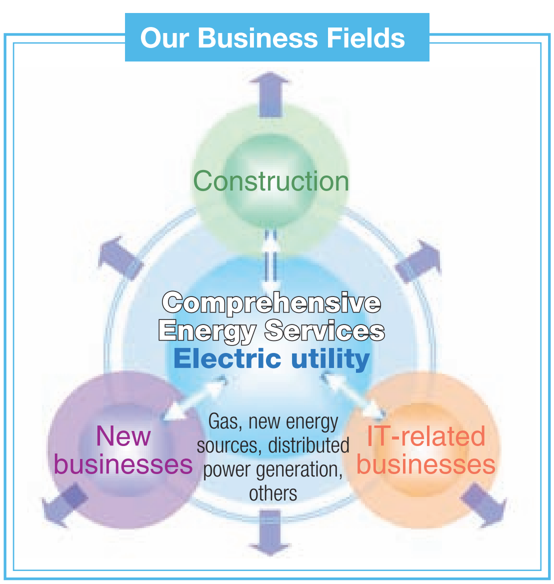
The core of the OEPC Group's business development will continue to be the provision of comprehensive energy services, centered on the supply of electric power. In addition, the Group will seek to leverage its strength as a comprehensive energy services provider and the advantages of its existing businesses — such as IT-related services, construction, and real estate operations — to steadily develop and grow new businesses, with particular focus on expanding earnings from customers outside the Group. We will seek to create an optimal business portfolio for the Group, characterized by collaboration among business units and realization of self-sustainability for each unit.

Comprehensive energy services provider

The core business field of the OEPC Group consists of the electric utilities business, the gas supply business, renewable energy services, and the distributed power generation business. The combined operation of these businesses makes OEPC a comprehensive provider of energy services. In this core business field, the OEPC Group aims to respond to the calls on it from society with respect to both economic and environmental issues through the provision of optimal energy services.

New business fields

The OEPC Group aims to efficiently leverage its strengths to develop and grow new businesses.



Construction and real estate businesses

Providing a high value-added service that precisely matches our customers' needs

IT-related businesses

Expanding our earnings base through the provision of solutions in the information technology field

Meeting diverse needs

At OEPC, we respond to a variety of needs. We put a high priority on listening and responding to our customers' views and requests, and try to respond to customers' needs quickly and appropriately to provide services that will satisfy them.

Comfortable all-electric homes on the increase

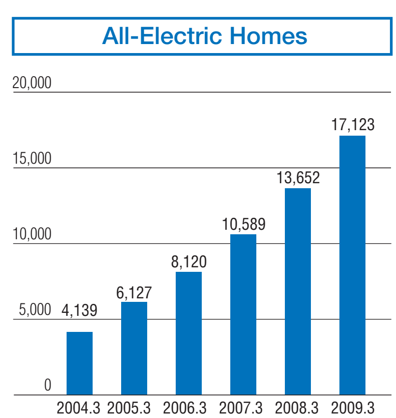
Because they do not employ open flames, all-electric homes are safer, and with our special-discount Ee Plan electricity charge payment plan, they are also very economical. A large number of customers have been extremely satisfied with our all-electric homes, thanks to their unique combination of safety and comfort, and the number of homes switching over to the all-electric plan is rising year-by-year.

OEPC uses its Kaerupia all-electric showroom as well as all-electric home demonstration vehicles to display vividly to the public the advantages of all-electric homes. We also hold various sales promotion events and marketing campaigns.

Cooking lessons

All-electric home demonstration vehicle

The design used from October 2006 in OEPC's all-electric home promotional campaign



For our corporate customers

All-electric kitchens — safe and easy to clean

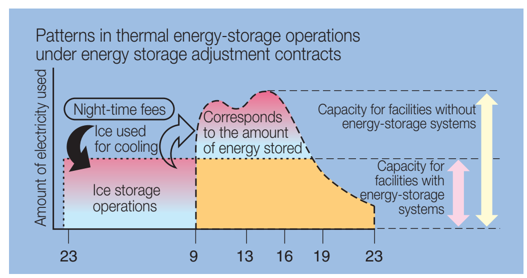
At OEPC, we are working to spread the word about the advantages of all-electric kitchens for restaurants, bakeries, and other commercial facilities. The absence of open flames makes stoves safer than those using gas or other fuels; they are cost-effective thanks to excellent heat efficiency at high power levels; and they are easier to keep clean and hygienic. These commercial kitchens conform to the principles used in the Hazard Analysis and Critical Control Points (HACCP) method, and make possible kitchens that boast what we call the "Four C's," i.e. they are cool, controllable, clean, and convenient. What is more, customers who sign the "Commercial Electric Kitchen Power Service Contract" can take advantage of lower electricity rates. To encourage the increased use of commercial all-electric kitchens, we hold regular seminars such as the "Commercial Electric Kitchen Seminar" to make their features more well-known to potential users.

Welfare facility with an all-electric kitchen

Ice-storage air conditioning systems ideal for Okinawa's long, hot summer

We encourage the use of ice-storage air conditioning systems that make use of low-cost nighttime electricity to produce and store ice or cold water, which is then used as a cooling source for air conditioning during the day. These clean, safe systems have no ignition devices, and our customers can take advantage of our lower electricity rates by signing a "Load Shift Contract — Heat Storage Type" with OEPC. In addition, the reduced daytime use of electricity leads to load leveling, thereby permitting effective operation.

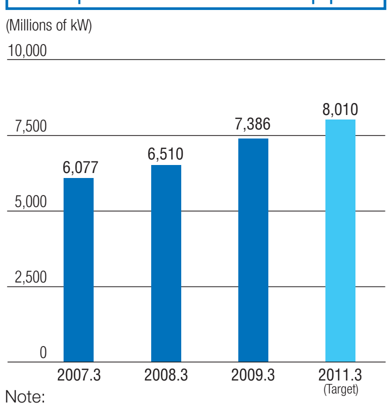
Ice-storage air conditioning systems



Heat pump technology — a highly effective solution for energy conservation

Heat pump equipment (air-conditioners and water heaters) efficiently pumps heat from the atmosphere for air-conditioning or heating water using less power. Heat pump technology enables users to obtain three to six times more heat energy than the electric power consumed in the process.

Electric power sold for use in office equipment



Note:
Figures for commercial electric equipment (in units of 1MkWh) are totals for ice-storage systems, commercial electric kitchens and water heating systems.

Provision of fine-tuned services

Energy solutions

Responding to our customers' desires, for instance for a safer and more comfortable daily living environment, or for reduced electricity costs, we have designed a menu of optimum electric power service payment plans, from which each customer can choose the one that best fits his or her particular lifestyle. We also propose electric equipment and systems that have different merits and will appeal to different customers. We strive to understand our customers' needs by visiting our corporate customers and conducting surveys so we can operate our business from the viewpoint of our customers and maintain our undisputed position within Okinawa Prefecture as the premier supplier of electric power as well as related equipment and services.

A consulting session

Lower electricity rates

Okinawa Electric Power Company serves customers living on a large number of small islands scattered across a wide area. Moreover, because of the distance between the islands of the prefecture and the mainland of Japan, OEPC is unable to take part in the electric power-sharing system operated among Japan's other nine electric power utilities. Finally, with a total prefectural population of only around 1.4 million, OEPC's operational scale is the smallest of the ten Japanese power utilities, and it is thus unable to enjoy much in the way of economy of scale. Clearly, the Company labors under a number of handicaps, but ever since the establishment of OEPC, we have made it one of our prime targets to supply electricity to our customers at rates comparable with those on the Japanese mainland. To this end, we have done our best to lower our power supply costs, and we hope to achieve further electricity rate reductions in the future by adopting more efficient operational processes.

Efforts to reduce electricity rates

To enable our customers to share in the profits gained through greater operational efficiency, OEPC has reduced its average electricity rates charge 12 times since 1988 (including temporary reductions). The Company will continue its efforts to increase the efficiency of its operations and strengthen its financial standing to keep electricity rates at approximately the same level as they are on the Japanese mainland in the long run.

Makiminato thermal power station

Naha branch

Miyako branch

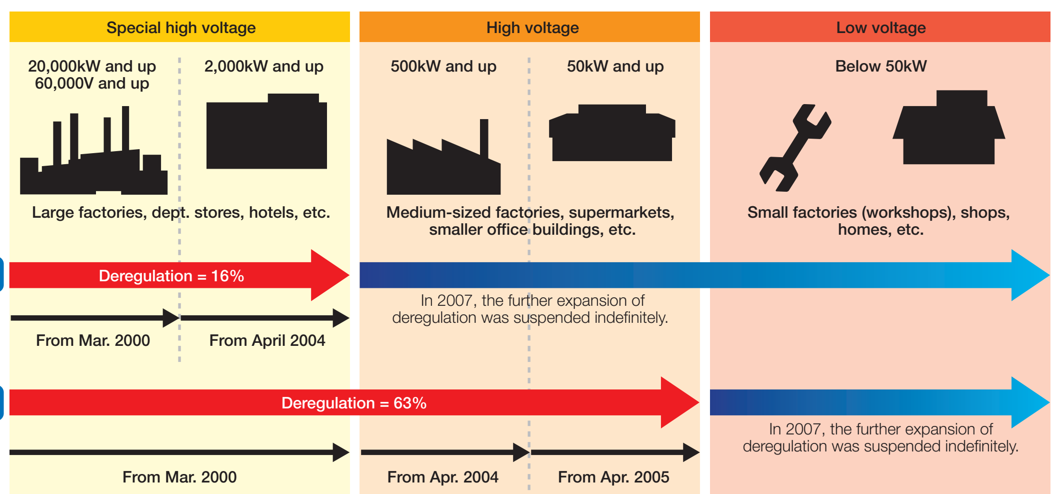
The liberalization of the electric power utility business

The deregulation of power supply within OEPC's service area is limited, in principle, to customers contracting to receive a minimum of 2,000 kilowatts which is supplied to them by OEPC's high-voltage transmission lines. Because of the difficulties, infrastructure-wise, of supplying power to the smaller islands of the prefecture that are remote from Okinawa Island, the scope available to private power suppliers to take advantage of the partial deregulation of the power supply system is rather limited by comparison with the other Japanese power utility companies.

The Scope of Electric Power Supply Deregulation

Retail market

OEPC is allowed a longer preparation period for deregulation than the other utilities.



* Percentage figures represent electricity sales within the scope of deregulation as a percentage of total electricity sales (year ended March 2007).

Wholesale electric power market	April 2005 Trading commences at Japan Electric Power Exchange
Independent power generation (IPPs)	Power generation by independent power producers (IPPs) is growing as a result of the following changes: The Electric Utility Industry Law was amended in 1995, guidelines were prepared for interconnected power supply systems, electric power companies created a menu for purchasing surplus electricity, and the government provided support for co-generation.

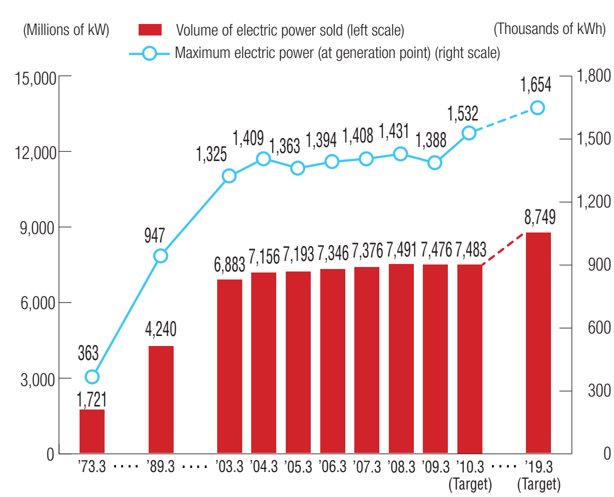
Creating electricity

Needless to say, modern society could not exist without electricity. As a power supply utilities company, OEPC bears a number of important public duties, principal among which are: to provide the same level of service to all users in Okinawa Prefecture; to guarantee an uninterrupted supply of power to the prefecture by ensuring that its energy (i.e. fuel) resources are always sufficient; and to make its best efforts to minimize the adverse effects of its business operations on the integrity of the environment. An overriding concern of the management of OEPC is to plan the Company's supply of power from a long-term perspective, so as always to be one step ahead of the growth in demand. To this end, in planning and maintaining its power supply and transmission infrastructure, OEPC must constantly balance the requirements of economic viability and energy security, while building up its generation capacity so as to cope with the inevitable future growth in demand for power.

The upward trend of electric power consumption

The total electric power consumption in the reporting term, ended March 2009, amounted to approximately 7.5 billion kWh, which was almost the same level as the previous term. Peak load was 1,388,000 kilowatts (transmission end), or approximately four times the figure for 1972, the initial year of operations as OEPC. Regarding long-term electric power consumption, the increase in the number of customers — fueled by the fact that population growth in Okinawa outpaced that of the nation overall — and the steady growth of the prefecture's economy are expected to push up demand by an annual average of 1.4% over the period to 2018, outpacing the projected 0.8% annual growth for Japan as a whole.

Maximum Electric Power and Volume of Electric Power Sold



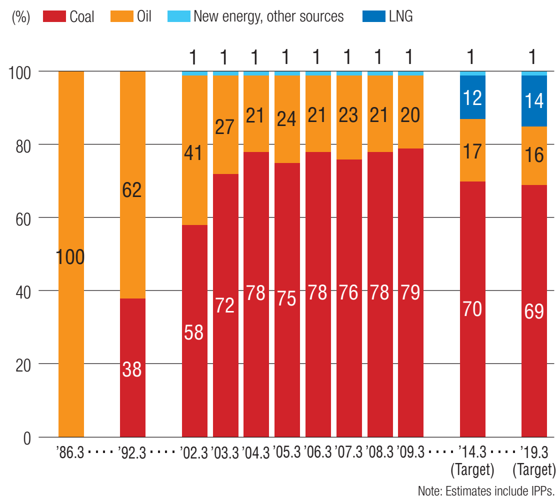
Expansion of power generation capacity

Having virtually no natural fuel resources of its own, Japan is heavily dependent on imports for the fossil fuels used to generate electric power. Ever since the oil supply crises of the 1970s, particularly active efforts have been made to reduce the nation's dependence on oil by diversifying fuel sources. But topographical factors and the limited scale of demand in Okinawa Prefecture mean that hydroelectric and nuclear power generation is impractical at the moment, and so the Company is forced to rely principally on thermal generators, in which the fuel burned is either oil or coal. Currently, the Company has four main power supply facilities — two oil-fired generation facilities and two coal-fired generation facilities — which help the Company to manage the strong growth in demand for electric power in Okinawa.

Amid the growing concerns over global warming in recent years, OEPC has been committed to ensuring energy security and reducing CO_2 emissions. The Company has been focusing on the construction of the Yoshinoura thermal power plant. For fuel, the new plant will use LNG — our planned next-generation main power-generation fuel — which emits lower levels of CO_2 than other fossil fuels.

The use of this new fuel will not only help control global warming, but will also improve energy security, because the fuels used by the Company will be diversified into three types — oil, coal, and LNG.

Power Generation by Fuel Type



Note: Totals do not necessarily add up, owing to the rounding out of figures.

Gushikawa thermal power plant

Kin thermal power plant

Artist's representation of the Yoshinoura thermal power plant when completed (startup scheduled for in 2011)

Yoshinoura thermal power plant during construction

Delivering electricity

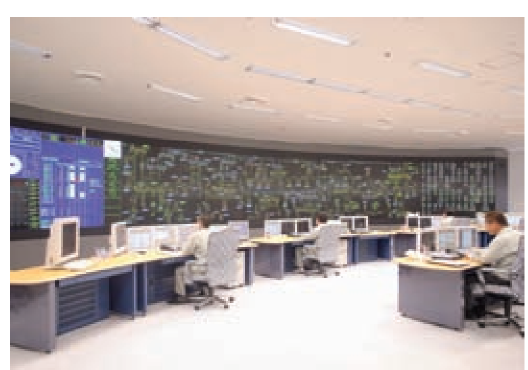
It is not enough simply to generate electric power — it must be delivered to the consumer — and to do this OEPC has built, and constantly maintains, an extensive network of high-voltage power transmission lines, transformer stations, and low-voltage local distribution networks. OEPC is directing its planning and investment in the construction and installation of generating facilities and its transmission network from an integrated perspective, taking fully into account demand trends in the prefecture and the overriding need to ensure a reliable supply into the indefinite future.

Our comprehensive network

At present, the Company's network of high-voltage power transmission lines connecting its power plants with its transformer stations (on Okinawa Island and all other islands of the prefecture), including above-ground and buried cables, measures a total of 1,025 kilometers. We operate 134 transformer stations, and the length of the low-voltage distribution line network connecting these stations with our customers (again, both overhead and underground), totals 10,707 kilometers. We are continuing to invest in the expansion and improvement of these transmission and distribution networks to cope with growing demand in Naha City and the surrounding region as well as to provide backup lines to ensure supply in all circumstances. This work is being carried out in coordination with the planning for the construction of the Yoshinoura thermal power plant.

Load dispatching center

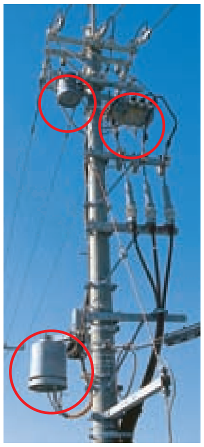
At OEPC we draw up operational plans based on estimates of customers' power needs, and the amount of power generated is carefully controlled around the clock to ensure an uninterrupted supply. Because the electricity power OEPC produces cannot be stored, we have established a remote control system for power load adjustment at power stations and current adjustments at transformer stations and over transmission lines, to precisely match power demand.

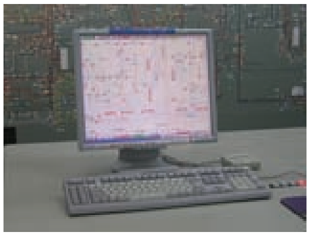


A more rational supply grid

Electrical power demand in Okinawa Island is concentrated in the cities of the central and southern areas, centered on Naha, but large-scale generation facilities are located north of the central area of Okinawa Prefecture, far away from demand centers. For this reason, the Company is expanding and strengthening facilities in line with expanding electrical demand. Even if a natural disaster cuts our power supplies, we aim to ensure resumption by using looped lines enabling us to use a secondary route. We supply power in high volumes using underground and submarine tunnels for areas where construction of pylons is difficult.

Undersea tunnels





Automatic power distribution monitoring system

OEPC uses computers in each branch office to automatically obtain data on the operation of local switches mounted on utility poles as well as on the voltage and current in local distribution lines. This system facilitates prompt repair work to restore power in the event of lines being cut, as well as more efficient installation planning and operation of equipment.

Automated power distribution system

This is a system whereby computers in our local offices are connected via telecommunication lines with the switching gear mounted on power poles in each office's service area. The system enables staff at the offices to switch power to particular areas on or off, and to remotely monitor data on voltage and current. Previously, these operations required the offices to send employees to the site. The system enables repair staff at local offices to restore service much more quickly when a line is severed by accident, and also allows the Company to more efficiently plan the construction of new infrastructure, as well as conduct services more effectively. It thus helps us provide our customers with a reliable power supply service.

Laying local distribution lines underground

Since 1986 urban redevelopment projects, led by the Ministry of Land, Infrastructure, Transport and Tourism, have been carried out in cities all over Japan as part of an overall concept of improving social infrastructure.

In Okinawa Prefecture, too, since 1991 projects have been carried out to lay power distribution lines underground. Under the fifth plan (2004-2008), which is currently underway to eliminate power poles, approx. 37.9 kilometers of distribution lines currently carried by overhead lines have been earmarked for transferal underground. OEPC is collaborating energetically in this project, and had already laid approximately 59 kilometers of distribution lines underground up to the end of March 2008. A further approximately 39 kilometers is currently in progress.

Street with underground power distribution lines

Working for all of Okinawa

Consisting of approximately 160 large and small islands, Okinawa Prefecture forms the southernmost and westernmost point of Japan, extending approximately 400km from north to south and 1,000km from east to west. In addition to the main island of Okinawa, the Company delivers a stable supply of electricity to approximately 37 inhabited islands dotted around a large area of sea. However small an island may be, or however far away, as long as people are living there, our mission is to deliver electricity to them.

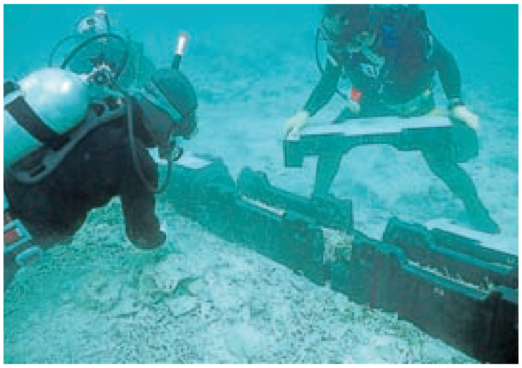
Power for remote islands

A vast distance from Japan's main islands, and composed of multiple islands, Okinawa's geographical conditions form a major handicap to the supply of electricity, the foundation of modern society. We are committed to setting up a generation and distribution network that overcomes the difficulties presented by supplies to remote islands.

In addition to the main island of Okinawa, we have established independent internal combustion power-generating facilities in 11 remote islands including Ishigakijima and Miyakojima islands. From these facilities, electricity is supplied to neighboring smaller islands round-the-clock using submarine cables.

During emergencies (failure of regular supplies to remote islands), we use gas turbine generator vehicles to ensure a stable supply of electricity.

Laying submarine power cables



Submarine power cables

Kumejima power plant

Reducing the costs of supplying remote islands

Because demand is so small in scale and the islands themselves are so far away from the main island of Okinawa, the remote islands present structural issues in terms of supply costs in every category, notably fuel and maintenance expenses. They are more expensive to supply than the main island.

To alleviate the imbalance in revenues and expenses with regard to remote island supplies, the Company set up a Remote Island Company in 2002, which has achieved results in increasing efficiency on various fronts. Despite a discouraging environment of soaring fuel prices, we intend to persist with these efforts and bring down costs of supplying remote islands.

Remote monitoring of Miyako and Ishigaki power plants

Delivery of fuel

Working with our community

OEPC has grown to its present status in parallel with the development of Okinawa Prefecture, and with the invaluable support and cooperation of many members of the regional community. Under the corporate slogan of "With the region, for the region," the Company will continue its efforts to contribute to the development of the region by utilizing all its management resources, with the aim of being a company that develops continuously together with the people of the region.

OEPC provided support for the hosting in Okinawa of the annual general meeting of the International Development Bank (IDB) in 2005 by donating funds to the organizing committee and dispatching staff to assist in the preparations.

OEPC donated funds for the construction of the Family House, for the accommodation of parents and other relatives visiting patients at the Nanbu Prefectural Medical Center, a children's care facility.

Regional economic revitalization

OEPC pursues a number of initiatives aimed at assisting in the development of the Okinawan economy and the prefecture's industrial base. These include liaising with business and industrial organizations both within the prefecture and elsewhere in Japan; making proposals regarding the promotion of industrial development, and providing valuable support for such schemes; and conducting joint surveys with members of industrial organizations, government bodies, academic institutions, and private sector organizations. In addition to assisting in surveys, we dispatch staff members to commercial and industrial bodies, and make donations to, provide financial support for, and collaborate with various organizations, to contribute to the revitalization of the economy and industries and the development of technologies in the region.

In addition, OEPC collaborates with and makes donations to social welfare organizations as well as sport and cultural organizations, the nation's central and local governments, non-profit organizations, and local public corporations, which contribute to the revitalization and development of social welfare, cultural activities and sporting events.

"Get-to-Know Okiden" events

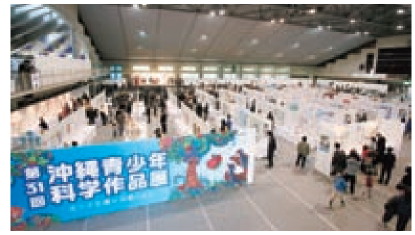
Every November, OEPC holds "Get to Know Okiden" events to express its gratitude to the regional community and customers through sincere interactions with them. These events, held at all OEPC branches and offices, include discussion sessions with members of the public, sports competitions and community volunteer initiatives undertaken by our employees.

A guided tour of the Company's facilities

OEPC employees inspecting street lights

Youth programs

We support a variety of academic and educational events to foster an understanding of the pleasure to be derived from learning, and to develop a love of creating things among schoolchildren, who will form Okinawa's work force in future years. We also organize the Okinawa Young People's Science Fair to help schoolchildren feel the fascination of science. We also provide a variety of opportunities for educating children. For example, we organize tours for schoolchildren of our Electrical Science Museum and our power stations, where they can enjoy learning how electricity works, and hold "make it together with Mom and Dad" classes.

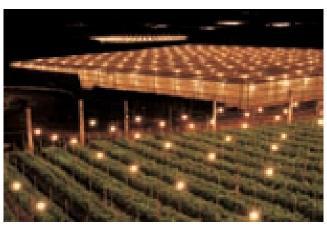


The Okinawa Young People's Science Fair


A robot building and control competition for high school students


A "make it together with Mom and Dad" class


The Okiden Sugarhall Audition For Debut Concert


An entry in the contest for the Okiden Illumination Prize

Arts and cultural events

OEPC has been contributing to the development of the arts and cultural activities in Okinawa. The Company provides support for a variety of artistic and cultural events held in the prefecture, such as those related to Ryukyu dance and Eisa. In addition, the Company organizes the "Okiden Sugarhall Audition for Debut Concert" and the "Okiden 'Landscape with Light' Digital Photo Contest."

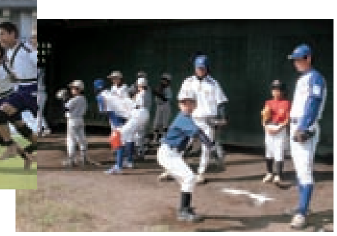
Sports

OEPC also contributes to the development of sport events in Okinawa. The Company participates in the staging of numerous sports events for the next generation of Japanese citizens, including the Okiden Pennant Tournament — a rubber-ball baseball competition for elementary school children — and "30 kids on 31 legs" races (a much-expanded version of the three-legged races we are familiar with in the West) between elementary school classes. The Company also supports and sends voluntary workers to a variety of sporting events that can be participated in by people of all generations, such as the "NAHA Marathon."


The OEPC baseball team


Okiden Pennant Elementary School Baseball Tournament


The "30 kids on 31 legs" race


Baseball workshop for children


An OEPC staff member gives a talk on environmental and energy topics to elementary school children

Support activities for environmental education

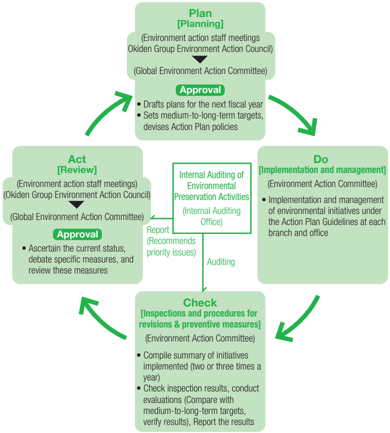
To provide more information about energy to inhabitants of the prefecture and to improve awareness of our environmental initiatives, we dispatch experts to give lectures on environmental and energy topics at the behest of local educational institutions and governments. In addition, to raise awareness of the importance of energy and the way power is generated, we arrange power station study visits and have prepared a range of attractions at the Electrical Science Museum within Gushikawa Thermal Power Station.

Environmental measures

The OEPC Group carries out a range of activities to enable us to leave the heritage of a beautiful, unspoiled natural environment to future generations. We work to create an effective system of environmental management, and always place the highest priority on minimizing the environmental burden of our business operations. To help realize the sustainable development of our society, every one of our employees is working proactively to contribute to our environmental aims in the full understanding of their overriding importance.

OEPC has been publishing a report on its environmental activities annually since 1996

The PDCA Cycle in Our Environmental Preservation Activities
(For the implementation of ongoing reforms)



Improving our environmental management

The Company has established the OEPC Group Environmental Policy under our Global Environment Action Committee, chaired by the President, and is engaged in environmental activities across the entire OEPC Group. Continuous improvement activities are being carried out, utilizing the PDCA ("Plan-Do-Check-Act") problem-solving process.

In March 2005, the Power Generation Dept. of OEPC's Electric Power Engineering Division obtained the 1996 version of the ISO14001 certification of conformity with international standards for environmental management systems. Building on this success, we will ensure that our environmental management systems under the blanket certification work more effectively, and will endeavor to reduce the environmental burden of our operations still further in the future.

Environmental improvement initiatives

To ensure that the islands of Okinawa retain their beautiful natural environment for the enjoyment of generations yet unborn, we give consideration to biodiversity and make a special effort to protect the countryside and seaside in the vicinity of our power plants.

At existing power plants, we are undertaking a range of environment protection measures, targeting atmospheric pollution, water pollution, warm wastewater pollution, and noise and vibration issues, to ensure that our activities do not impact the surrounding environment. We also make reports to relevant local authorities based on environment protection agreements, after carrying out source measurements such as smoke and noise measurements and environmental monitoring studies into the air and water quality around our power plants.

We have conducted environmental assessments in accordance with laws and ordinances in preparation for the start of operations at our planned Yoshinoura Thermal Power Station in 2012. We are canvassing the views of local residents as well as the local government, and are aiming to create a new power plant that will harmonize smoothly with the natural surroundings cherished by the community.

In addition, we are taking the following measures to improve the local environment: rigorous management of chemical substances such as PCB and dioxin; greening power plant sites to achieve more harmony with the natural environment and areas of scenic beauty in the area; and trialing the "greening of the sea" (by planting coral and seaweed) around our power generation facilities.

Ishigaki No. 2 Power Plant (diesel turbine plant surrounded by 90,000 native trees planted by the Company)

Environmental protection facilities at a power plant

As part of an overall policy of removing harmful chemicals from smoke emitted by our power plants, they are equipped with desulphurization and denitrification equipment.

Taking action for the global environment

Office employees wearing Kariyushi shirts

The carbon dioxide released into the atmosphere by the burning of fossil fuels is said to be the principal cause of global warming, and this is a major issue which the electric power utilities have to address. Up to now, countermeasures have included the efficient operation of power stations, the introduction of new energy sources such as wind power and solar power, and a variety of energy conservation initiatives. By these means, the utilities have attempted to reduce their volume of combustion of fossil fuels and thus their emissions of carbon dioxide. As a secure and efficient measure against global warming, we have commenced construction of a new power station at Yoshinoura, which will burn LNG instead of coal or oil, as this fuel generates lower carbon dioxide emission levels. As supplementary measures, we are also making contributions to the World Bank's Community Development Carbon Fund, among other such projects, which takes advantage of the mechanisms provided under the Kyoto Protocol to assist in the reduction of greenhouse gas emissions on a global scale.

The Company is raising the awareness of global warming issues through participation in the Team Minus 6% national campaign for prevention of global warming (for achievement of a 6% reduction in emissions of greenhouse gases in Japan, in line with the Kyoto Protocol). We are also aggressively promoting energy-saving measures already in place.

みんなで止めよう温暖化
「沖縄電力」 チーム・マイナス6%

Road surfaced with OEPC's Pozotech

Artificial gravel

Damaged ceramic insulators are recycled into material for tiles.

Creation of sustainable resource-oriented society

OEPC is promoting the use of a three-pronged system for handling the waste products generated by its operations. The three-point system incorporates the concepts of "reduce, reuse, and recycle" as a way of optimally utilizing the Earth's limited natural resources, and is aimed ultimately at realizing "zero emissions," i.e. reducing final waste disposal at landfill sites to as close to zero as possible. For example, we turn the coal ash and gypsum created by the combustion process at our coal-fired power plants into raw materials for cement and an alternative to the earth and sand used mainly in the production of synthetic stone materials. Artificial gravel and Pozotech made from recycled coal ash are used in construction work in Okinawa Prefecture.

Promoting environmental communications

June is "environment month" at OEPC. We raise employee environmental awareness at our head office, power stations, branch offices and other business facilities, and undertake a range of activities such as participating in beach and highway cleaning activities in the local region and tree-planting organized by local governments.

To promote greening activities as part of our afforestation and global-warming prevention measures, since 2004, in cooperation with Okinawa Prefecture and Yomitan we have been turning the former US military shooting range Cape Zampa Park, Yomitan village, into a recreational forest under the name of Zampa Shiosai no Mori. Under this project, we planted approximately 65,000 tree saplings or seeds by the end of 2008. (This project was awarded the Minister of the Environment's FY2008 Commendation for Global Warming Prevention Activity.)

A tree-planting event at "Zampa Shiosai no Mori"

A beach cleanup by OEPC staff

Green energy

The management environment surrounding the electric power industry is becoming increasingly severe due to a variety of laws and measures against global warming and the increased use of new energy. Not only do we have to comply with commitments to reduce carbon dioxide emissions under the Kyoto Protocol, the Act on Special Measures concerning New Energy Usage by Electric Utilities obligates us to develop new energy sources. The research staff of OEPC are conducting a variety of studies aimed at finding effective solutions to these urgent issues that face the Company's management. These research initiatives are described below.

Measures to reduce greenhouse gas emissions

Biomass energy

OEPC is conducting research into the development and use of biomass as fuel with the aims of raising the carbon-neutral ratio of the Company's operations and conforming to the requirements of Japanese legislation (which stipulates that power utilities' total fuel portfolios must include a certain proportion of renewable energy sources, called the "renewables portfolio standard").

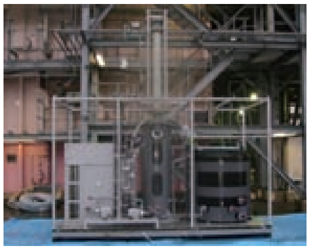
After considerable theoretical discussion and the test combustion of mixed fuel for the No. 1 Plant at the Gushikawa Thermal Power Station in 2007, we have confirmed the technical feasibility of a mixed fuel consisting of coal with up to 3% (in weight) of biomass (mostly wood chips).

In addition to the requirements of reducing carbon dioxide emissions and meeting the legally mandated renewables portfolio standard, we are also faced with urgent problems in the disposal of waste, particularly waste construction materials, in Okinawa Prefecture. With the steep rise in fuel prices in the last few years, the use of biomass fuels has become more feasible from the viewpoint of costs. It was this consideration that prompted us to conduct the biomass combustion tests at the Gushikawa Thermal Power Station.

We are currently planning systems and facilities for the procurement and storage of biomass fuel ahead of the scheduled start of use of the mixed fuel by the end of March 2011.

Wind power generators at Ie

Wind power generators at Tonaki



Pilot-model CO_2 chemical solidification plant

Utilizing renewable energy sources

Renewable energy sources found in nature, such as solar power and wind power, are easily affected by changes in the weather. They are thus described as "low-density" energy sources, and have the disadvantage of high generation costs. On the other hand, they are "clean" forms of energy that do not contribute to global warming through the release of CO_2, and are thus coming under growing scrutiny as answers to society's energy needs.

In April 2003, the Renewables Portfolio Standard Law came into force in Japan. This law stipulates that the energy sources used to generate the power supplied by the utility companies must come from a certain percentage of renewable sources.

The OEPC Group is putting efforts into the development and adoption of renewable forms of energy such as solar power and wind power. As of the end of March 2008, the Company was operating renewable energy facilities (including test operations) generating a total of 14,478kW. These were located not only on the Prefecture's remote islands, but also in certain locations on the main island.

Electricity from solar energy

Solar power generation is a clean electricity generation system that uses photovoltaic panels to capture the energy of sunlight. OEPC has installed solar power generation systems both on Okinawa Island (the prefecture's main island) and the prefecture's remote islands to evaluate the effectiveness of this form of generation in providing power to households as an ancillary to the normal power supply grid. Research is being carried out to perfect the technology involved, and the economic feasibility of solar power is being extensively examined.

Electricity from wind power

Wind power is another "clean" source of energy for the generation of electricity. OEPC has already installed a number of wind-powered generation systems on the remote islands of Okinawa Prefecture. These systems are divided broadly into two types: hybrid systems that use storage batteries as a means of ensuring the same level of power output at all times by evening-out fluctuations in electricity generated, and direct output-control systems, which do not utilize storage batteries. We are currently conducting research to determine the effectiveness of these two systems in offsetting the uneven nature of wind-powered electricity generation.

The OEPC Group's wind power operations are handled principally by Okinawa New Energy Development, Incorporated.

Receipt of order from NEDO for testing and development work in Laos

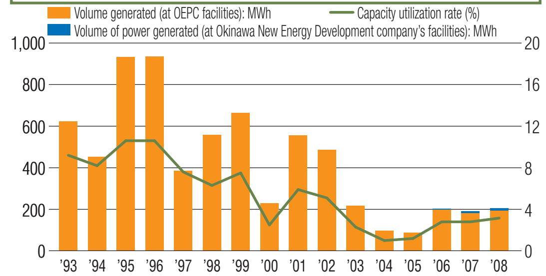
OEPC has received an order from NEDO (New Energy and Industrial Technology Development Organization) for field tests in Laos on a solar-power electricity generation method.

The project consists of the construction and testing of a system for controlling the electricity generation output of a solar power system in the district of Mai in the province of Phongsali, Laos, with the aim of realizing an acceptably stable supply of power at all times.

The most promising power generation system for Phongsali Province would appear to be a hybrid system employing solar power in combination with small-scale hydroelectric generators. This would offset the shortfalls both of solar power, which is adversely affected by the cloudy weather during the rainy season, and of hydroelectric power, which is impacted by a drop in river levels during the dry season.

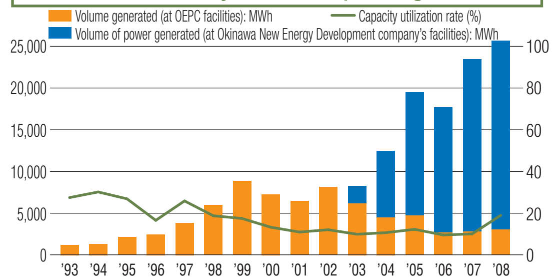
The main research target of the project consists of finding a bilayer capacitor (temporary power storage device) capable of instant charging and discharging. This would overcome the problem that plagues solar power systems — the variability of power output in parallel with variations in the amount of solar radiation. If such a system could be perfected, it would allow a steadier supply of power by using it in harness with a small-scale hydroelectric power supply system. Through this project, OEPC hopes to make significant progress toward the development of new technologies for the practical use of solar power.

Volume of electricity from solar power generation

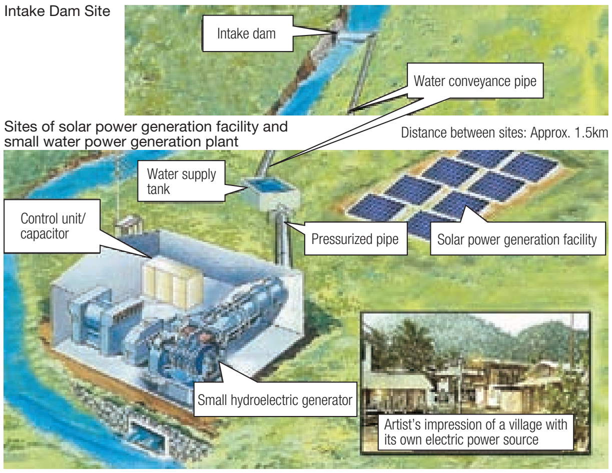


Field tests on an industrial solar power system are being carried out at a facility on Kita-Daito Island.

Volume of electricity from wind power generation



Test facilities for the introduction of large-scale solar power generation systems on Miyakojima Island



Improving operational efficiency

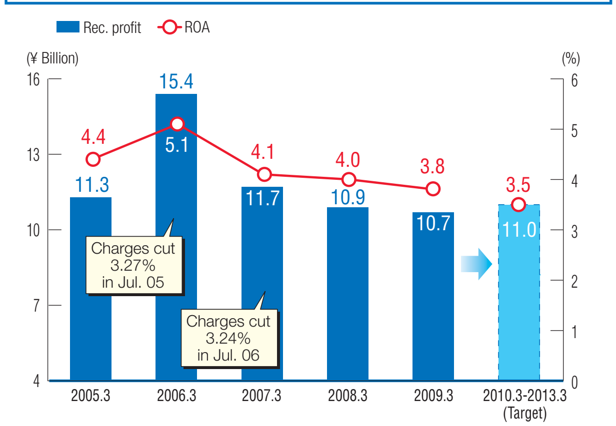
At OEPC, to deal with the high price of fuel, the rising cost of measures to retard global warming, and the need for working funds accompanying the full-scale start of construction of the Yoshinoura Thermal Power Station, among other factors, we have been exerting our full efforts to ensure that the Company's financial position is safe and stable.

Medium-term financial targets

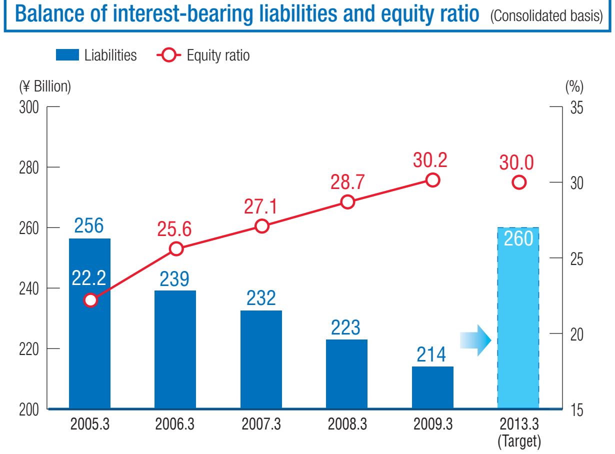
		2010.3 management plan		2009.3
Recurring profit	Consolidated	Annual avg. ¥11 billion or more	2009.3-2013.3	¥10.7 billion
	Non-consolidated	Annual avg. ¥10 billion or more		¥8.8 billion
ROA	Consolidated	Annual avg. 3.5% or more (operating income/ total assets)	2009.3-2013.3	3.8%
	Non-consolidated			3.5%
Balance of interest-bearing liabilities	Consolidated	Approx. ¥260 billion	2013.3	¥214.4 billion
	Non-consolidated	Approx. ¥250 billion		¥206.0 billion
Equity ratio	Consolidated	Approx. 30%	2013.3	30.2%
	Non-consolidated			30.7%

Note: The Company's targets under its 2009.3 management plan remain unchanged from the targets under the 2008.3 management plan.

Recurring profit and ROA (Consolidated basis)



Balance of interest-bearing liabilities and equity ratio (Consolidated basis)



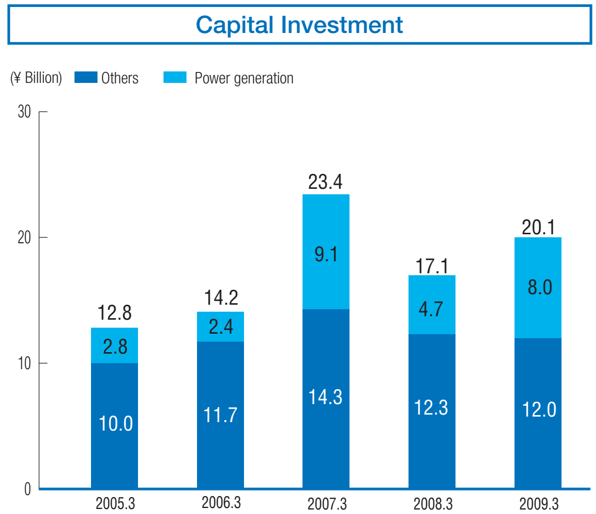
Labor productivity and number of employees

Note: Labor productivity = Amount of electric power sold per employee (adjusted for year-to-year temperature differences)

Efficient capital expenditures

Investment by the Company in plant and equipment for FY2008 came to ¥20.1 billion compared with the initially planned figure of ¥29.3 billion. This is attributable to cost savings achieved thanks to a thorough review of our specifications and methods of design and installation, the postponement of planned investment in the Yoshinoura Thermal Power Plant, and other factors.

However, factoring into our plans the various measures we have taken thus far to improve the efficiency of our operations, we aim to keep the annual equipment investment over the five-year period from April 2008 to March 2013 down to an average of ¥37.5 billion.



Striving for efficiency in operation and maintenance of equipment

Regarding expenses for the maintenance of equipment and facilities for the reporting period, the Company's choices were dominated by the twin aims of maintaining a stable and reliable supply of power, and further reducing costs. To these ends, considerable thought was given to employing the most rational methods of maintenance and the most efficient operational processes (exemplified by changes to the timing of spot checks and ordering methods). Expenses for repairs thus amounted to ¥15.0 billion. Further initiatives will be made to reduce costs while ensuring the maintenance of a stable and reliable supply.

While the cost of repairs is expected to increase due to factors such as the increase and aging of facilities, we will attempt to keep the cost of repairs down by studying the expenses for the maintenance of equipment and facilities from a long-term perspective to minimize the total cost.

The *Shinryo-maru*, a dedicated coal carrier

Stable fuel procurement and reduction of fuel costs

There has been uncertainty over the supply and demand of fuels and their price trends in the future. In response to this, we will take measures to ensure stable fuel procurement and lower fuel costs. Our specific measures include procurement from multiple sources, the increased use of subbituminous coal, and reducing transportation costs by securing long-term contracts for coal-carrier vessels.

Reducing the cost of supplying power to remote islands

With the aim of improving the revenue shortfall, OEPC has been striving to improve the efficiency of supplying power to remote islands. Specifically, the Company has reduced the personnel required by introducing remote supervisory controls, and has cut the amount of fuel combustion by introducing wind power generation, for example.

While continuing these efforts, OEPC will implement and plan new initiatives for further cost reductions, such as the introduction of Japan's first retractable wind turbine.

Streamlining business management

OEPC succeeded in improving labor productivity as a result of measures including the introduction of working style reform (measures for changing the way of working) with the efficient use of IT.

The Company will continue to make such improvements to streamline its business management and reduce various costs.

Supporting the local community

While continuing to accomplish its basic mission of providing a reliable electric power service, the OEPC Group has been engaged in a wide range of operations by making use of its management resources, including facilities, technologies and human resources, with the Okinawa Electric Power Company at the core.

The OEPC Group intends to continue utilizing its comprehensive strengths for the economic development of Okinawa so as to retain the support and trust of the community.

Group companies serve as invaluable partners in our provision of a reliable power service

The basic mission of the OEPC Group is to provide a reliable electric power service while leveraging the facilities, technological expertise, and human resources possessed by the Group's member companies to expand its operations over a wide range of business fields.

The OEPC Group intends to continue employing its comprehensive strengths for the economic development of Okinawa, so as to maintain its position, supported and trusted by the community.

Employees of Okinawa Denki Kogyo Co., Ltd. check power meters.

Staff from Okinawa Plant Kogyo Company, Limited disassemble a turbine at Makiminato Thermal Power Plant for a regular inspection.

Okidenko Company Incorporated installed the exterior lighting for the National Theater Okinawa.

An Outline of the OEPC Group

Okiden Group Companies (As of March 31, 2009)

Company Name	Established/Capital	Business Areas
a. Construction		
Okidenko Company, Incorporated	June 12, 1968 ¥130 million	Construction and installation of power distribution and generation facilities; civil engineering work; and building construction
Okinawa Enetech Company, Incorporated*	May 10, 1994 ¥40 million	Feasibility studies and design of electric power facilities, and supervision of construction; environmental surveys, soil quality examination and land surveys
Okinawa New Energy Development Company, Incorporated	October 14, 1996 ¥49 million	Feasibility studies, design, and management of construction of new energy power generation systems; management of operation and maintenance of such systems
Okisetsubi Company, Limited	September 18, 1995 ¥20 million	Installation of air conditioning, sanitation, and electric water-heating equipment; design and installation of ice-storage air-conditioning equipment
b. Electric power supply and peripheral businesses		
Okiden Kigyo Company, Incorporated	October 15, 1975 ¥43 million	Sale and maintenance of electrical equipment; lease of vehicles and property; maintenance of vehicles; agency business for non-life insurance companies
Okinawa Plant Kogyo Company, Incorporated	June 1, 1981 ¥32 million	Operation of electrical machinery and facilities, etc. on commission; installation of electrical machinery and equipment
Okinawa Denki Kogyo Company, Incorporated	December 23, 1971 ¥23 million	Repair of electrical measuring equipment and inspection agency work; sale of components for electrical facilities
c. Information and telecommunication business		
The Okiden Global Systems Company, Incorporated	April 12, 1991 ¥20 million	Computer systems design and software development; sale, leasing, etc. of computers and peripheral equipment
Okinawa Telecommunication Network Co., Inc.	October 29, 1996 ¥700 million	Operation of Type I carrier business based on the Telecommunications Business Law; telecommunications equipment installation & maintenance
First Riding Technology, Inc.	July 11, 2001 ¥945 million	Internet solutions; call center business
d. Real estate business		
Okiden Kaihatsu Company, Incorporated	April 26, 1989 ¥50 million	Management, buying & selling, and leasing of real estate
e. Other businesses (including funding of businesses unrelated to electric power)		
Progressive Energy Corporation (PEC)	August 23, 2001 ¥100 million	Installation, operation, and maintenance of home-use power generation systems, and support services for energy saving
Kanucha Community Co., Inc.	February 18, 2003 ¥472 million	Development and management of resort communities
Quetech Co., Ltd.	March 30, 2001 ¥3 million	Management consultant services, ISO certification support training, application software development business
Ganjyu Co., Inc.	March 25, 2003 ¥10 million	Hog raising, and wholesaling and retailing of pork
Grace Rum Co., Inc.	March 1, 2004 ¥10 million	Production and sale of rum
Churaumi Trading Co., Ltd.	Feb. 15, 2005 ¥47 million	Development and manufacture of ceramic products, their import & export, and sale via directly operated outlets; import & export of interior goods, textile products, accessories, health foods, and alcoholic beverages
Hoian Okinawa Co., Ltd.	Feb. 18, 2005 US$500,000	Production, and sale in Japan of blown-glass products and accessories

* Okiden Sekkei Company, Incorporated has changed its trade name to Okinawa Enetech Company, Incorporated, with effect from June 17, 2009.

Corporate Governance

Basic Approach

The Group will conduct its business in conformity with relevant laws and in an ethical manner, and will deepen relations of trust with shareholders, investors and customers through prompt and appropriate disclosure, to ensure that it remains the electricity supplier of choice for its community. To this end, we are vigorously strengthening corporate governance throughout the Group.

In particular, concrete measures to achieve strict compliance with laws and regulations were given special mention in the OEPC Group's management plans for fiscal 2009, so as to achieve its priority goals.

1. Structure and Internal Controls of Group Organizations

Group Senior Executive Council

The Group has established a Group Senior Executive Council, chaired by the Company president, to discuss important Group matters and assume a decision-making role in strategic management planning and implementation. In principle, the council meets once a quarter, and additionally whenever needed.

Subsidiaries and Affiliates

With regard to major matters affecting the management of the Group, the Group positions itself for rapid decision-making based on maximized information-sharing by using summaries and reports of discussions undertaken in advance by Group members.

The Board of Directors / Board of Executive Directors

The Board of Directors has 12 members, of whom one is an outside director. It generally meets twice a month. In addition to deciding on significant matters in day-to-day operations, it receives reports on the conduct of business from individual directors and oversees their performance of duties.

In addition, based on the policies decided by the Board of Directors, the Board of Executive Directors (comprising all directors serving on a regular basis) discusses issues vital for smooth management of operations under the President's supervision, and works to assure smooth execution. It generally meets two or three times every month, and deals with conduct of important operations.

Board of Auditors

The Company uses the traditional corporate governance system based on statutory auditors ("corporate auditors"). These auditors supervise the conduct of operations by directors through attendance of important meetings such as the Board of Directors' meeting.

The Board of Auditors, comprising five statutory auditors including three outside auditors, generally meets once every two months. After receiving and discussing reports concerning important auditing matters, the Board makes resolutions based on those discussions, as necessary.

The Board of Auditors has its own staff, working from a corporate auditors' office, to offer support in auditing, and to handle administration.

In addition, the corporate auditors work in partnership with accounting auditors (stipulated in the Companies Act and selected from certified public accountants) and the internal auditing department to strengthen internal controls and risk avoidance in all Group companies.

Conflict of Interest Involving External Directors and External Auditors

No substantial conflict of interest exists between the Company and the external director and three external auditors.

Internal Audits

An 17-person internal auditing office has been set up as a separate entity under the direct control of the Board of Directors. To improve performance, this team carries out annual internal audits including consolidated subsidiaries to confirm and evaluate the diligence of employees charged with target achievement with respect to management policy, corporate rules and regulations and legal observance in the conduct of their work.

Accounting Auditors

Based on a contract between the Company and Deloitte Touche Tohmatsu, an accounting firm, Certified Public Accountants Noriyuki Takayama and Ryu Nagata were responsible for auditing the settlement of accounts for the reporting period. They were assisted by five other certified public accountants and seven other staff members.

Compliance

We aim to raise and uphold compliance awareness by establishing in-house regulations for legal and regulatory compliance and corporate ethics (Basic Code of Corporate Conduct, and Ethical Code for Employees), and by holding regular lectures on legal observance and corporate ethics.

We have established a corporate ethics committee chaired by the President, and ensure rigorous standards of corporate conduct based on observation of the law and corporate ethics standards. In addition to deliberating and deciding on frameworks and internal regulations relating to legal observance and corporate ethics, the committee works to prevent wrongful behavior and, failing that, ensure early remedial measures are taken, after discussion of specific instances as reported to the corporate ethics consultation office.

Other

To enhance operational efficiency, the Company has acquired the ISO9001:2000 international quality management standard. Through internal audits, we ensure ISO9001 methods take root and promote more efficient, enhanced operation of our business (excluding the corporate auditors' office and Yoshinoura Thermal Power Station). Based on internal audit using the ISO standard, the Company is improving its capability to assess and manage performance in observation of internal regulations and laws, and related processes.

2. Risk Management

The Company has compiled a variety of manuals for each of its offices and departments dealing with hypothetical risk, and is taking measures to forestall risk and deal quickly with it when it occurs.

The Company has fully prepared itself for the occurrence of risk events by compiling a procedure for rapid implementation of its crisis management measures and a handbook of measures for emergencies and disasters. It has in place a framework for responding rapidly to major disasters and accidents.

3. Remuneration for Executives

Remuneration for Company directors and auditors

Remuneration paid to directors (to the external director)	¥283 million (¥5 million)
Remuneration paid to auditors (to external auditors)	¥72 million (¥15 million)
Total	¥355 million

(Notes)

(1) The above sums include bonuses paid to directors and corporate auditors as approved at the 37th annual regular general meeting of shareholders held on June 26, 2009

Directors: ¥57 million

Corporate auditors: ¥13 million

(including ¥2 million for external director and auditors)

(2) Upper limits for remuneration, as approved by the annual regular general meeting of shareholders, are as follows

Directors: An aggregated total of ¥310 million per year (not including salaries paid to directors who are concurrently serving as ordinary employees)

Corporate auditors: A aggregated total of ¥60 million per year

(3) In addition to the above, the following aggregated total was also paid in compensation to directors concurrently serving as ordinary employees during the business year, as salaries due for non-executive functions: ¥111 million

4. Measures Undertaken During the Past Year to Enhance Corporate Governance

At the Okinawa Electric Group Senior Executive Council, Group management policies are discussed and Group companies report on business progress and reconfirm targets. At this conference, each Company president reports directly, to enable a more accurate overview of business performance.

To foster more efficient Group management, important matters affecting Group management are reported by subsidiaries and other affiliated companies in advance. Occasionally, these issues are discussed with the parent company beforehand.

In the reporting period, 25 departments and 13 subsidiaries and other affiliated companies (a total of 38 locations) underwent internal audits that were designed to raise standards in four areas: operational effectiveness and efficiency, reliability of financial reporting, respect for laws and ordinances relating to business activities, and asset preservation.

5. Number of Directors

Under the Company's articles of incorporation, the maximum number of directors is 15.

6. Conditions for Approval of the Appointment of Directors

For approval of appointments of directors, a simple majority at a meeting of shareholders attended by at least one-third of eligible shareholders with voting rights is sufficient.

7. Resolutions of the Board of Directors that do not Need Approval of Shareholders' Meetings

(1) Purchase of own shares

Pursuant to Section 2 of Article 165 of the Companies Act, the Company's articles of incorporation allow for purchase of own shares through market transactions by resolution of the Board of Directors. Such purchases ensure flexibility in Company policies to maintain the number of shares outstanding at an appropriate level.

(2) Approval for exemption of directors from liability

The Company's articles of incorporation stipulate that, in accordance with the provisions of Paragraph 1 of Article 426 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt directors and former directors from liability for damages, within relevant statutory and regulatory parameters.

These provisions are designed to ensure that directors' liability does not exceed reasonable bounds.

(3) Interim dividend

Based on Paragraph 5 of Article 454 of the Companies Act, the articles of incorporation of the Company provide for payment of an interim dividend by resolution of the Board of Directors, with September 30 each year as base date, as a measure to ensure greater flexibility in distribution of profits to shareholders.

8. Special Resolutions by the General Meeting of Shareholders

Based on Paragraph 2, Article 309 of the Companies Act, the Company's articles of incorporation allow for special resolutions to be adopted by a two-thirds majority at a shareholders' meeting at which one-third of voting rights of eligible shareholders are represented.

This relaxation of quorum requirements for approval of special resolutions ensures smoother running of the general meeting of shareholders.

FINANCIAL SECTION

CONTENTS

Financial Review (Consolidated Basis)

Business Performance

Business operating conditions were extremely difficult in Okinawa Prefecture during the reporting period (the fiscal year ended March 2009). In the first half of the term, prices of crude oil and raw materials maintained a high level, while in the second half, the prefecture was impacted by the global economic downturn that followed the worldwide financial crisis stemming from the collapse of Lehman Brothers in September. Employment conditions in Okinawa were impacted by the ripple effects of instability in the nation as a whole, as well as a slowdown in the growth rate of the prefecture's economy.

In spite of an increase in the number of customers, electric power demand for residential use was approximately the same year-on-year, as the previous year had been a leap year. Demand for power by private-sector industries, meanwhile, recorded an increase in large-lot user power uptake over the previous term, due to high capacity utilization at seawater desalination plants as a result of the lower-than-average rainfall.

Residential demand declined by 2.0% year-on-year, to 2,887 million kWh, while business demand increased by 0.9% to 4,589 million kWh. The total amount of power sold posted a year-on-year decline of 0.2% to 7,476 million kWh.

Peak electricity demand was down by 43,000 kWh from the previous term, at 1,388,000 kWh, due to lower temperatures during the peak demand summer months.

In September, parameters were changed under the official electricity charge adjustment system, in which charges are linked to fuel costs. However, it was decided to postpone the application of the new charges to October, taking into consideration the continuous rises in charges due to a surge in fuel prices. For the January-March period, the amounts of electricity charge increases under the fuel-price-related adjustment system were reduced by half with the intention of mitigating the rapid changes. The amounts equivalent to the reduced portion will be added to the fuel cost adjustment charges for fiscal 2009.

In the construction business, which is the principal operating area for the Company's subsidiaries, there was increasingly fierce competition for public works orders, while in the telecommunications field, there was strongly increased pressure on profitability as a result of the diversification and growing sophistication of services, and the declining trend in service charges.

Amid these difficult operating conditions, OEPC recorded operating revenues (sales) of ¥173,136 million (US$1,762 million) on a consolidated basis, up ¥11,615 million, or 7.2%, over the previous term, due to increased electricity charges under the fuel price adjustment system.

On the expenditure side, the high price of fuels caused an increase in fuel costs as well as the cost of purchasing electric power from other companies. As a result, operating expenses rose by ¥12,338 million (8.4%) to ¥159,049 million (US$1,619 million).

As a result of these factors, operating income declined by ¥723 million, or 4.9%, to ¥14,086 million (US$143million).

Adjusted for non-operating revenues/losses, the Company posted ordinary income of ¥10,717 million (US$109 million), down ¥253 million, or 2.3% year-on-year, and net income of ¥5,604 million (US$57 million), down ¥1,467 million or 20.8%, due to the posting of a loss on impairment of long-lived assets under other expenses.

Segment analysis (before elimination of intersegment transactions for purposes of consolidation)

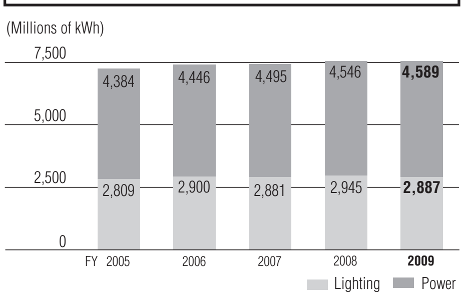
1. Electric Power Business

Operating revenues increased by ¥11,944 million (8.0%) year-on-year, to ¥160,969 million (US$1,638 million) despite a decrease in sales volume, as a result of the raising of electricity charges under the fuel price adjustment system.

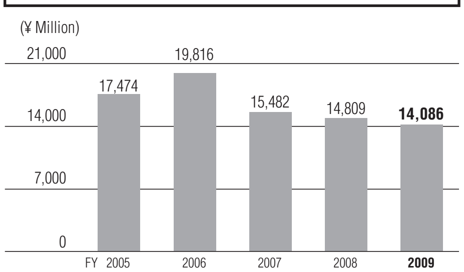
Operating expenses increased by ¥13,156 million (9.7%) to ¥149,088 million (US$1,517 million) despite decreases in expenses for repairs and maintenance and in depreciation expenses. This was the result of increases in fuel costs and the cost of purchasing power from other companies.

As a result, operating income posted a year-on-year decrease of ¥1,211 million (9.3%) to ¥11,881 million (US$120 million).

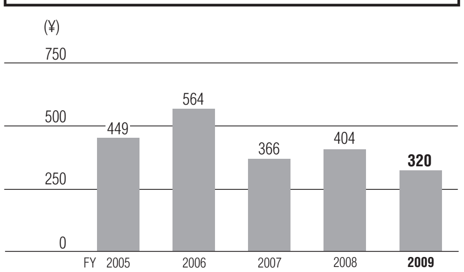
Electric Energy Sales



Consolidated Operating Income



Consolidated Net Income per Share



2. Construction Business

Operating revenues from the Construction Business recorded a year-on-year decrease of ¥1,348 million (6.8%) to ¥18,389 million (US$187 million) owing to a fall in the value of orders within the OEPC Group. Operating expenses were down by ¥1,224 million (6.4%) to ¥17,923 million (US$182 million).

As a result, operating income declined by ¥123 million, or 21.0%, to ¥466 million (US$4 million).

3. Other Operations

Operating revenues from Other Operations declined by ¥8,145 million (24.7% year-on-year) to ¥24,794 million (US$252 million), and operating expenses decreased by ¥8,411 million (26.7% year-on-year) to ¥23,083 million (US$234 million). These decreases are primarily attributable to changes in the revenue recognition method for intermediary services for material and equipment selling transactions. Under the new method, sales and operating expenses are offset, and net amounts are employed for revenue recognition.

As a result, operating income posted a year-on-year increase of ¥266 million, or 18.4%, to ¥1,710 million (US$17 million).

Note: Consumption taxes have been excluded from the amounts stated above.

Cash Flows

Cash flows from operating activities

Net cash provided by operating activities increased by ¥1,720 million, or 5.8%, to ¥31,509 million (US$320 million), due chiefly to a decrease in expenditures for inventories.

Cash flows from investing activities

Net cash used in investing activities declined by ¥313 million (1.7%) from the previous term to ¥17,789 million (US$181 million) as marketable securities were sold and expenditures on purchases of investment securities decreased, which offset an increase in expenditures for capital investment.

Free cash flow

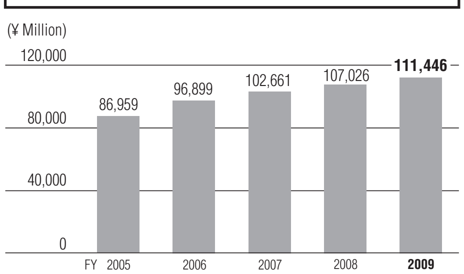
Accordingly, free cash flow increased over the previous term by ¥2,033 million, or 17.4%, to ¥13,719 million (US$139 million).

Cash flow from financing activities

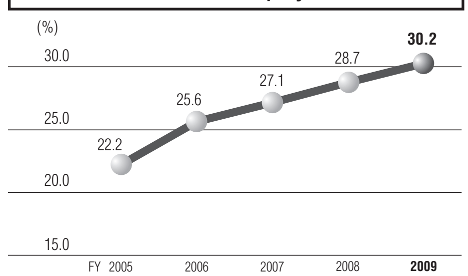
Net cash used in financing activities decreased by ¥761 million, or 7.2%, to ¥9,848 million (US$100 million), reflecting a reduction in repayments of interest-bearing debt.

Cash and cash equivalents at the end of the year under review totaled ¥14,327 million (US$145 million), an increase of ¥3,871 million, or 37.0%, over the end of the previous term.

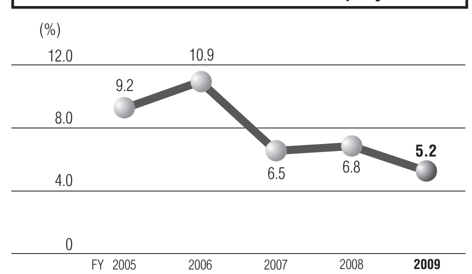
Consolidated Equity



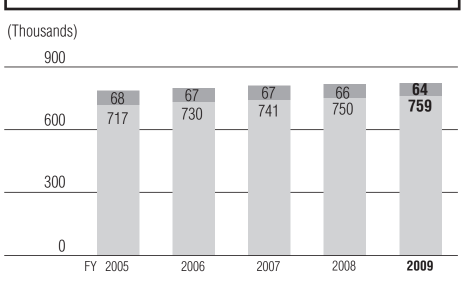
Consolidated Equity Ratio



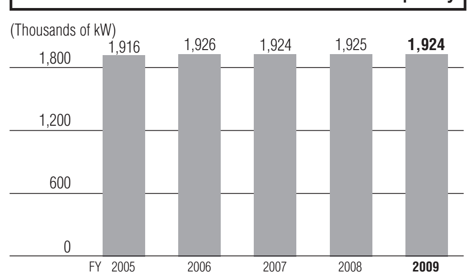
Consolidated Return on Equity



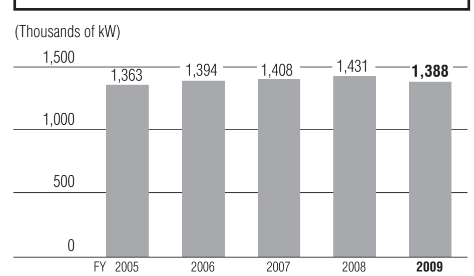
Number of Customers



Authorized Maximum Power Generation Capacity



Peak Load



Business and Other Risks

The following is a description of the various risks which could have an impact on the Group's business performance and financial position.

Statements contained in this report regarding the Group's projections for future performance are based on our evaluations as of the date of submission of the securities report (consolidated basis).

1. Deregulation in the electric power business

Starting April 1, 2004, the scope of deregulated retail power sales for extra-high-voltage electricity was expanded, and as of the end of March 2009, around 16% of our customers in terms of electric power sold are in this category. Since the term ended March 2008, a government committee has been holding subcommittee-level discussions on deregulation, including expansion of this customer category, but action in this matter has been postponed for the time being.

Although there are no real signs of deregulation bringing new entrants into the power industry in Okinawa Prefecture, if this were to happen, it could have an adverse effect on the business performance of the Group.

2. Environmental countermeasures

The management of OEPC has positioned countermeasures against global warming as a priority issue, and numerous measures have already been taken. In view of the increasing strength in recent years of calls by the public for electric utility companies to undertake environmental initiatives, the imposition by the authorities of stricter environmental regulations could have an adverse impact on the business performance of the Group.

3. Businesses other than electricity business

To improve enterprise value, the Group is leveraging its management resources to expand its scope of operations and develop new businesses. It is currently also engaged in businesses such as construction, IT/telecommunications, real estate, dispersed power generation (on-site power generation), and operation of retirement communities. The Group is also considering entry into the gas business. Unfavorable competitive developments, or a change in the operating environment surrounding these businesses, could have an adverse affect on the business performance of the Group.

4. Economic and climatic conditions

Changes in economic and climatic conditions have the potential to substantially affect volumes of electricity sold by the Group's Electric Power Business. The Group's business and financial performance could be affected by such economic and climatic factors.

5. Fuel-price fluctuations

In our Group operations, we primarily use coal and oil as our thermal fuel sources. Fuel costs fluctuate in tandem with changes in fuel prices and foreign exchange rates.

We can minimize these impacts on our earnings through official measures to ensure that changes in fuel prices and forex rates are reflected in electricity charges, but particularly large changes in fuel prices could adversely affect our business and financial performance.

6. Interest-rate fluctuations

The balance of the Group's interest-bearing liabilities totaled ¥214.4 billion as of March 31, 2009. Future movements in interest rates have the potential to impact the Group's earnings performance.

However, as the interest rates are fixed for the major portion of our interest-bearing debt, and as we are taking steps to substantially reduce our balance of interest-bearing debt to strengthen our financial position, the actual impact of interest rates on the Group's earnings performance is expected to be limited.

In the event that a ratings agency lowers our credit rating, the interest rates on fund procurement for the Group would rise, with the potential to affect the Group's performance.

7. Special legal measures

To ensure a stable and adequate supply of electric power to Okinawa, in accordance with the Law for Special Measures to Promote Okinawa, we benefit from special measures and provisions that enable us to secure funds and facilitate other aspects of our operations. Under the Okinawa Development Finance Corporation Law, we receive most preferential interest rates from the Okinawa Development Finance Corporation (ODFC), in line with the stipulations of the ODFC's business and service manual.

The Company also benefits from various tax advantages (such as reduced fixed property taxes, and exemption from coal tariffs). However, the savings achieved through these special benefits are passed on to electricity customers.

Any abolition of these measures and provisions would have a significant impact on Group business performance.

8. Natural disasters

Mindful of its duty to ensure a stable supply of electric power, the Company is committed to efficient facility construction, operation, and maintenance to ensure it can cope with natural disasters. To further strengthen response mechanisms, a disaster prevention office was set up in our General Administration Dept. in July 2007.

However, Group performance may be adversely affected by major natural disasters, typhoons and earthquakes in particular.

9. Personal information leakage

The Group's performance may be adversely affected by problems arising from leakage of customers' personal information acquired or managed for operation of Group business, despite our best efforts to prevent such an occurrence.

Consolidated Five-Year Summary

Years ended March 31

Financial Statistics	Millions of Yen				
	2009	2008	2007	2006	2005
For the year:					
Operating revenues	**¥173,136**	¥161,521	¥159,395	¥157,080	¥150,768
Electric	**160,782**	148,831	146,735	143,234	136,773
Other	**12,354**	12,689	12,660	13,845	13,995
Operating expenses	**159,049**	146,711	143,912	137,264	133,294
Electric	**147,637**	134,650	131,852	123,439	118,538
Other	**11,412**	12,061	12,059	13,824	14,755
Interest expense	**3,581**	3,923	4,055	4,513	5,586
Income before income taxes and minority interests	**9,677**	10,971	10,643	15,437	11,318
Income taxes	**3,836**	3,734	4,357	6,048	3,915
Net income	**5,604**	7,072	6,418	9,975	7,614
Per share of common stock (Yen):					
Basic net income	**¥320.54**	¥404.36	¥366.82	¥564.25	¥428.38
Cash dividends applicable to the year	**60.00**	60.00	60.00	60.00	60.00
At year-end:					
Total assets	**¥365,557**	¥369,840	¥376,071	¥378,666	¥392,158
Net property, plant and equipment	**310,486**	317,921	325,450	328,524	340,414
Long-term debt, less current maturities	**188,962**	189,266	198,107	197,041	217,225
Total equity	**111,446**	107,026	102,661	96,899	86,959

Operating Statistics	**2009**	2008	2007	2006	2005
For the year:					
Electric energy sales (Millions of kWh)	**7,476**	7,491	7,376	7,346	7,193
Peak load (Thousands of kW)	**1,388**	1,431	1,408	1,394	1,363
At year-end:					
Generating capacity (Thousands of kW)	**1,924**	1,925	1,924	1,926	1,916
Transmission lines (km)	**1,026**	1,015	976	945	906
Distribution lines (km)	**10,780**	10,707	10,625	10,562	10,516

Consolidated Balance Sheets

March 31, 2009 and 2008	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
Assets			
Property, plant and equipment (Note 4)**:**			
Utility plants	**¥774,109**	¥767,929	**$7,880,582**
Other plant and equipment (Note 6)	**43,384**	42,882	**441,665**
Construction in progress	**22,179**	16,457	**225,788**
Total	**839,673**	827,269	**8,548,033**
Less:			
Contributions in aid of construction (Note 2(b))	**(23,229)**	(22,671)	**(236,478)**
Accumulated depreciation	**(505,957)**	(486,676)	**(5,150,740)**
Total	**(529,186)**	(509,348)	**(5,387,219)**
Net property, plant and equipment	**310,486**	317,921	**3,160,814**
Investments and other assets:			
Investment securities (Note 5)	**7,422**	9,473	**75,560**
Investments in and advances to unconsolidated subsidiaries and affiliates	**469**	509	**4,777**
Deferred tax assets (Note 9)	**9,621**	9,366	**97,951**
Other assets	**2,215**	2,451	**22,559**
Allowance for doubtful accounts	**(326)**	(193)	**(3,327)**
Total investments and other assets	**19,402**	21,606	**197,520**
Current assets:			
Cash and cash equivalents	**14,327**	10,456	**145,851**
Receivables	**8,284**	8,304	**84,335**
Inventories	**9,186**	9,014	**93,521**
Deferred tax assets (Note 9)	**2,128**	1,926	**21,670**
Other current assets	**2,111**	1,021	**21,491**
Allowance for doubtful accounts	**(368)**	(410)	**(3,756)**
Total current assets	**35,668**	30,313	**363,113**
Total	**¥365,557**	¥369,840	**$3,721,448**
Liabilities and equity			
Long-term liabilities:			
Long-term debt, less current maturities (Note 6)	**¥188,962**	¥189,266	**$1,923,671**
Liabilities for employees' retirement benefits (Note 8)	**13,206**	12,811	**134,447**
Other long-term liabilities	**921**	1,034	**9,384**
Total long-term liabilities	**203,090**	203,112	**2,067,502**
Current liabilities:			
Current maturities of long-term debt (Note 6)	**25,483**	26,407	**259,429**
Short-term bank loans (Note 7)	**30**	7,460	**305**
Notes and accounts payable	**13,323**	14,363	**135,635**
Income taxes payable	**2,639**	1,733	**26,874**
Accrued expenses	**6,550**	6,883	**66,683**
Other current liabilities	**2,993**	2,854	**30,470**
Total current liabilities	**51,020**	59,702	**519,398**
Commitments and contingent liabilities (Notes 10 and 11)			
Equity (Note 12)**:**			
Common stock,			
Authorized — 30,000,000 shares			
Issued — 17,524,723 shares in 2009 and 2008	**7,586**	7,586	**77,231**
Capital surplus	**7,141**	7,141	**72,703**
Retained earnings	**95,455**	90,900	**971,757**
Unrealized gain on available-for-sale securities	**368**	714	**3,755**
Treasury stock, at cost — 42,066 shares in 2009 and 37,247 shares in 2008	**(218)**	(191)	**(2,226)**
Total	**110,334**	106,150	**1,123,221**
Minority interests	**1,112**	875	**11,325**
Total equity	**111,446**	107,026	**1,134,547**
Total	**¥365,557**	¥369,840	**$3,721,448**

See notes to consolidated financial statements.

Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Years ended March 31, 2009 and 2008	**2009**	2008	**2009**
Operating revenues:			
Electric	**¥160,782**	¥148,831	**$1,636,794**
Other	**12,354**	12,689	**125,769**
Total operating revenues	**173,136**	161,521	**1,762,564**
Operating expenses (Notes 8, 10 and 13)**:**			
Electric	**147,637**	134,650	**1,502,975**
Other	**11,412**	12,061	**116,183**
Total operating expenses	**159,049**	146,711	**1,619,158**
Operating income	**14,086**	14,809	**143,405**
Other expenses:			
Interest expense (Notes 6 and 7)	**3,581**	3,923	**36,461**
Loss on impairment of long-lived assets (Note 14)	**1,039**		**10,585**
Other — net	**(212)**	(85)	**(2,158)**
Net other expenses	**4,409**	3,838	**44,888**
Income before income taxes and minority interests	**9,677**	10,971	**98,517**
Income taxes (Note 9)**:**			
Current	**4,112**	3,557	**41,863**
Deferred	**(275)**	176	**(2,805)**
Total	**3,836**	3,734	**39,058**
Minority interests in net income	**236**	164	**2,402**
Net income	**¥ 5,604**	¥ 7,072	**$ 57,056**
	Yen		U.S. Dollars
Per share of common stock (Note 2(m))**:**			
Basic net income	**¥320.54**	¥404.36	**$3.26**
Cash dividends applicable to the year	**60.00**	60.00	**0.61**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

	Shares / Millions of Yen									
	Common stock					Treasury stock				
Years ended March 31, 2009 and 2008	Shares	Amount	Capital surplus	Retained earnings	Unrealized gain on available-for-sale securities	Shares	Amount	Total	Minority interests	Total equity
Balance, April 1, 2007	15,931,567	¥7,586	¥7,141	¥84,829	¥2,489	26,266	¥(133)	¥101,914	¥ 747	¥102,661
Common stock split (Note 12)	1,593,156									
Net income				7,072				7,072		7,072
Cash dividends				(1,001)				(1,001)		(1,001)
Increase in treasury stock						10,981	(58)	(58)		(58)
Net change in the year					(1,775)			(1,775)	128	(1,647)
Balance, March 31, 2008	17,524,723	7,586	7,141	90,900	714	37,247	(191)	106,150	875	107,026
Net income				**5,604**				**5,604**		**5,604**
Cash dividends				**(1,049)**				**(1,049)**		**(1,049)**
Increase in treasury stock						**4,819**	**(27)**	**(27)**		**(27)**
Net change in the year					**(345)**			**(345)**	**237**	**(107)**
Balance, March 31, 2009	**17,524,723**	**¥7,586**	**¥7,141**	**¥95,455**	**¥ 368**	**42,066**	**¥(218)**	**¥110,334**	**¥1,112**	**¥111,446**

	Thousands of U.S. Dollars (Note 1)							
	Common stock	Capital surplus	Retained earnings	Unrealized gain on available-for-sale securities	Treasury stock	Total	Minority interests	Total equity
Balance, March 31, 2008	$77,231	$72,703	$925,381	$7,268	$(1,949)	$1,080,636	$ 8,910	$1,089,547
Net income			**57,056**			**57,056**		**57,056**
Cash dividends			**(10,680)**			**(10,680)**		**(10,680)**
Increase in treasury stock					**(277)**	**(277)**		**(277)**
Net change in the year				**(3,513)**		**(3,513)**	**2,415**	**(1,097)**
Balance, March 31, 2009	**$77,231**	**$72,703**	**$971,757**	**$3,755**	**$(2,226)**	**$1,123,221**	**$11,325**	**$1,134,547**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2009 and 2008	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
Operating activities:			
Income before income taxes and minority interests	**¥ 9,677**	¥10,971	**$ 98,517**
Adjustments for:			
Income taxes paid	**(3,194)**	(4,266)	**(32,518)**
Depreciation and amortization	**23,851**	24,800	**242,814**
Loss on impairment of long-lived assets	**1,039**		**10,585**
Provision for employees' retirement benefits	**395**	(287)	**4,024**
Loss on disposal of property, plant and equipment	**902**	958	**9,190**
Changes in operating assets and liabilities:			
Decrease (Increase) in trade notes and accounts receivable	**20**	(781)	**210**
Increase in inventories	**(2)**	(3,575)	**(27)**
(Decrease) Increase in trade notes and accounts payables	**(84)**	28	**(856)**
Decrease in interest payable	**(45)**	(43)	**(463)**
Other — net	**(1,051)**	1,984	**(10,705)**
Total adjustments	**21,832**	18,817	**222,253**
Net cash provided by operating activities	**31,509**	29,788	**320,771**
Investing activities:			
Purchase of property, plant and equipment	**(20,165)**	(17,517)	**(205,283)**
Proceeds from sale of property, plant and equipment	**506**	454	**5,159**
Purchase of investment securities	**(140)**	(750)	**(1,431)**
Increase in investments in and advances to unconsolidated subsidiaries and affiliates	**(38)**	(28)	**(386)**
Purchase of short-term investment	**(225)**	(105)	**(2,290)**
Proceeds from maturity of short-term investment	**105**	170	**1,068**
Proceeds from sales of investment securities	**1,846**	2	**18,793**
Other — net	**320**	(329)	**3,267**
Net cash used in investing activities	**(17,789)**	(18,103)	**(181,103)**
Financing activities:			
Proceeds from issuance of bonds	**9,966**	6,973	**101,458**
Repayments of bonds	**(2,000)**	(2,000)	**(20,360)**
Proceeds from long-term debt	**15,103**	10,903	**153,751**
Repayments of long-term debt	**(24,405)**	(23,871)	**(248,457)**
Proceeds from short-term bank loans	**40,730**	57,175	**414,639**
Repayments of short-term bank loans	**(48,160)**	(53,722)	**(490,277)**
Proceeds from issuance of commercial paper	**19,000**	41,000	**193,423**
Repayments on maturity of commercial paper	**(19,000)**	(46,000)	**(193,423)**
Cash dividends paid	**(1,049)**	(1,002)	**(10,684)**
Other — net	**(32)**	(65)	**(329)**
Net cash used in financing activities	**(9,848)**	(10,610)	**(100,260)**
Net increase in cash and cash equivalents	**3,871**	1,075	**39,407**
Cash and cash equivalents, beginning of year	**10,456**	9,380	**106,444**
Cash and cash equivalents, end of year	**¥14,327**	¥10,456	**$145,851**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended March 31, 2009 and 2008

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared from the consolidated financial statements which are issued for domestic reporting purposes in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Business Act and their related accounting regulations. The Okinawa Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries (together the "Companies") maintain their accounts and records in accordance with the provisions set forth in the Companies Act of Japan (the "Companies Act") and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23 to $1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts of less than one million yen have been rounded off except for per share data. 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.

2. Summary of significant accounting policies

(a) Consolidation

The consolidated financial statements for the years ended March 31, 2009 and 2008 include the accounts of the Company and its thirteen significant subsidiaries. Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary / affiliated company at the date of acquisition is being amortized over five years using the straight-line method, or has been written off if the amount is ¥100 million or less.

Consolidation of the remaining subsidiaries and the application of the equity method to the remaining affiliates would not have a material effect on the accompanying consolidated financial statements.

Investments in such unconsolidated subsidiaries and affiliates are stated at cost.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost. Contributions in aid of construction are deducted from the cost of the related assets. Such accounting treatment is required by the regulations described in Note 1.

Depreciation is principally computed using the declining-balance method based on the estimated useful lives of the assets. Depreciation of easements is computed using the straight-line method based on the estimated useful lives of the transmission lines.

Effective April 1, 2008, the Companies reviewed the useful lives of property, plant and equipment, and made adjustments corresponding to the revised Corporation Tax Act. The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2009 by ¥214 million ($2,187 thousand).

(c) Leases

In March 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008.

Lessee

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

Lessor

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Companies applied the revised accounting standard effective April 1, 2008. In addition, the Companies accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change was immaterial.

All other leases are accounted for as operating leases.

(d)Long-lived assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(e)Investment securities

Investment securities are classified and accounted for, depending upon management's intent, as follows:

i) marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity, and ii) non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(f) Cash and cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

(g) Inventories

Inventories are stated at cost, based principally on the average method.

In July 2006, the ASBJ issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories," which was effective for fiscal years beginning on or after April 1, 2008. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The Companies applied the new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was immaterial.

(h) Derivative financial instruments

The Company uses derivative financial instruments to manage their exposures to fluctuations in interest rates. Interest rate swaps are utilized by the Companies to reduce interest rate risks. The Companies do not enter into derivatives for trading or speculative purposes.

For derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

(i) Severance payments and pension plan

The liability for retirement benefits are accounted for based on projected benefit obligations and plan assets at the balance sheet date in order to provide employees' severance and retirement benefits.

Actuarial gains and losses are recognized in expenses using a declining-balance method over five years which is within the average of estimated remaining periods of the employees commencing with the following period.

(j) Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

(k) Income taxes

The provision for income taxes is computed based on the pretax income included 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 temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(l) Stock and bond issuance costs

Stock and bond issuance costs are charged to income when paid or incurred.

(m) Per share information

Basic net income per share is computed by dividing net income available to common shareholders, by the weighted-average number of common shares outstanding for the period. Diluted net income per share is not disclosed because no latent shares were outstanding.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

3. Accounting changes

Changes in accounting method applied to the business of trading in materials and equipment as an intermediary

Through the fiscal year ended March 31, 2008, the value of sales transactions in materials and equipment carried out by consolidated subsidiaries was posted as operating revenues, and the cost of goods purchased was recorded as operating expenses. However, as the value of such trading has increased, it has acquired greater materiality to the consolidated accounts, and thus, in order to present the actual trading situation more clearly, with effect from the fiscal year ended March 31, 2009, the Companies have adopted the "net amount presentation" method. As a result of this change, for the fiscal year ended March 31, 2009, operating revenues and expenses both decreased by ¥428 million ($4,362 thousand) compared with the application of the previous method.

Recognition of contract revenues and expenses

Through the fiscal year ended March 31, 2008, Okinawa Plant Kogyo Company, Incorporated, a consolidated subsidiary of the Company, had recognized its construction contract revenues and expenses under the completed contract method. However, effective April 1, 2008, this subsidiary adopted the percentage-of-completion method for any work with a contract amount and construction period exceeding ¥100 million and one year, respectively. This change is made so as to present revenues and expenses more appropriately derived from or incurred in performing long-term, large-scale contracts. For the fiscal year ended March 31, 2009, as construction contracts to which this recognition applies were undertaken for the Company, this change has no effect on income before income taxes and minority interests.

4. Property, plant and equipment

The major classes of property, plant and equipment as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen			
At March 31, 2009	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
Thermal power generating facilities	**¥378,196**	**¥(17,001)**	**¥(269,773)**	**¥ 91,420**
Transmission facilities	**138,262**	**(2,391)**	**(77,023)**	**58,848**
Transformation facilities	**90,763**	**(772)**	**(57,189)**	**32,801**
Distribution facilities	**142,004**	**(2,271)**	**(70,079)**	**69,653**
General facilities	**24,882**	**(20)**	**(11,369)**	**13,493**
Utility plants	**774,109**	**(22,456)**	**(485,435)**	**266,217**
Other plant and equipment	**43,073**	**(772)**	**(20,211)**	**22,089**
Construction in progress	**22,179**			**22,179**
Total	**¥839,362**	**¥(23,229)**	**¥(505,646)**	**¥310,486**

	Millions of Yen			
At March 31, 2008	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
Thermal power generating facilities	¥378,045	¥(17,009)	¥(259,580)	¥101,455
Transmission facilities	138,063	(2,393)	(73,465)	62,204
Transformation facilities	89,927	(529)	(55,558)	33,838
Distribution facilities	138,136	(2,226)	(67,714)	68,195
General facilities	23,756	(20)	(10,670)	13,066
Utility plants	767,929	(22,179)	(466,988)	278,760
Other plant and equipment	42,617	(491)	(19,423)	22,702
Construction in progress	16,457			16,457
Total	¥827,004	¥(22,671)	¥(486,411)	¥317,921

	Thousands of U.S. Dollars			
At March 31, 2009	Original Cost	Contributions in Aid of Construction	Accumulated Depreciation	Carrying Value
Thermal power generating facilities	**$3,850,113**	**$(173,082)**	**$(2,746,349)**	**$ 930,681**
Transmission facilities	**1,407,540**	**(24,342)**	**(784,112)**	**599,085**
Transformation facilities	**923,987**	**(7,863)**	**(582,194)**	**333,929**
Distribution facilities	**1,445,628**	**(23,119)**	**(713,422)**	**709,087**
General facilities	**253,311**	**(203)**	**(115,744)**	**137,363**
Utility plants	**7,880,582**	**(228,611)**	**(4,941,822)**	**2,710,147**
Other plant and equipment	**438,498**	**(7,867)**	**(205,753)**	**224,878**
Construction in progress	**225,788**			**225,788**
Total	**$8,544,869**	**$(236,478)**	**$(5,147,576)**	**$3,160,814**

5. Investment securities

The carrying amounts and aggregate fair values of investment securities at March 31, 2009 and 2008 were as follows:

	Millions of Yen			
At March 31, 2009	Cost (Carrying Amount)	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥2,506**	**¥1,265**	**¥585**	**¥3,186**
Other	**686**		**127**	**559**
Total	**¥3,193**	**¥1,265**	**¥712**	**¥3,745**

At March 31, 2008	Millions of Yen Cost (Carrying Amount)	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥2,545	¥1,723	¥562	¥3,706
Other	799		94	705
Total	¥3,345	¥1,723	¥656	¥4,412

At March 31, 2009	Thousands of U.S. Dollars Cost (Carrying Amount)	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$25,515**	**$12,878**	**$5,958**	**$32,436**
Other	**6,992**		**1,299**	**5,692**
Total	**$32,508**	**$12,878**	**$7,257**	**$38,128**

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Available-for-sale:			
Unlisted equity securities	**¥3,049**	¥4,455	**$31,047**
Other	**627**	606	**6,383**
Total	**¥3,676**	¥5,061	**$37,431**

6. Long-term debt

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Secured bond, 0.88% to 2.02% in 2009 and 0.50% to 2.02% in 2008, due serially through 2018	**¥ 70,999**	¥ 62,999	**$ 722,789**
Loans from Okinawa Development Finance Corporation, 0.55% to 4.50% in 2009 and 0.55% to 4.60% in 2008, due serially through 2023 Collateralized	**132,774**	142,260	**1,351,669**
Unsecured	**738**	692	**7,522**
Unsecured loans from banks, insurance companies and other sources, 0.75% to 2.82% in 2009 and 0.75% to 3.03% in 2008 due serially through 2021	**9,857**	9,721	**100,347**
Obligations under finance leases	**44**		**455**
Total	**214,414**	215,673	**2,182,784**
Less current maturities	**(25,452)**	(26,407)	**(259,113)**
Long-term debt, less current maturities	**¥188,962**	¥189,266	**$1,923,671**

All of the Company's assets are subject to certain statutory preferential rights established to secure bonds, loans from the Okinawa Development Finance Corporation, and bonds transferred to banks under debt assumption agreements (see Note 11). Certain assets of the consolidated subsidiaries, amounting to ¥6,985 million ($71,110 thousand), are pledged as collateral for a portion of the long-term debt as of March 31, 2009.

The aggregate annual maturities of long-term debt outstanding at March 31, 2009 were as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 25,452	$ 259,113
2011	36,234	368,869
2012	18,999	193,413
2013	29,011	295,340
2014	14,580	148,428
2015 and thereafter	90,137	917,619
Total	¥214,414	$2,182,784

7. Short-term bank loans

The weighted average interest rates applicable to short-term bank loans were 0.70% and 1.00% at March 31, 2009 and 2008, respectively.

8. Employees' retirement benefits

The Company's pension plans are as follows:

- A cash balance pension plan based on the Defined-Benefit Corporate Pension Law
- A lump-sum retirement benefit plan
- A defined contribution pension plan

In certain cases, the Company pays additional retirement benefits for employees.

Consolidated subsidiaries have the tax-qualified pension plans and the lump-sum retirement benefit plans as defined benefit plans.

The liability for employees' retirements benefit at March 31, 2009 and 2008 consisted of the followings:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Projected benefit obligation	**¥23,917**	¥23,848	**$243,487**
Fair value of pension assets	**(8,153)**	(9,826)	**(83,003)**
Unrecognized actuarial loss	**(2,557)**	(1,210)	**(26,036)**
Net liability	**¥13,206**	¥12,811	**$134,447**

The components of net periodic retirement benefit costs for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Service cost	**¥1,394**	¥1,332	**$14,193**
Interest cost	**374**	382	**3,814**
Expected return on plan assets	**(160)**	(181)	**(1,635)**
Recognized actuarial loss	**446**	17	**4,548**
Contribution to the defined contribution pension plan	**190**	191	**1,940**
Net periodic retirement benefit costs	**¥2,245**	¥1,742	**$22,861**

Assumptions used for the years ended March 31, 2009 and 2008 were set forth as follows:

	2009	2008
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%
Recognition period of actuarial gain/loss	**primarily 5 years**	primarily 5 years

9. Income taxes

The Companies are subject to several taxes based on income and revenue. For the years ended March 31, 2009 and 2008, the aggregate normal statutory tax rates approximated 35%.

The tax effects of significant temporary differences and loss carry forwards, which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Deferred tax assets:			
Pension and severance costs	**¥ 4,763**	¥ 4,586	**$ 48,497**
Unrealized profit	**3,888**	3,971	**39,582**
Depreciation and amortization	**2,150**	2,070	**21,889**
Tax loss carry forward	**1,006**	900	**10,251**
Accrued bonus to employees	**827**	894	**8,422**
Other	**3,274**	2,551	**33,336**
Sub-total	**15,911**	14,974	**161,980**
Less: valuation allowance	**(3,449)**	(2,785)	**(35,115)**
Total deferred tax assets	**¥12,461**	¥12,188	**$126,864**
Deferred tax liabilities:			
Unrealized gain on land revaluation	**(373)**	(390)	**(3,807)**
Unrealized gain on available-for-sale securities	**(231)**	(407)	**(2,359)**
Other	**(107)**	(101)	**(1,097)**
Total deferred tax liabilities	**(713)**	(899)	**(7,264)**
Net deferred tax assets	**¥11,748**	¥11,289	**$119,600**

Other long-term liabilities in the consolidated balance sheets contain deferred tax liabilities of ¥2 million ($20 thousand) and ¥3 million for the years ended March 31, 2009 and 2008, respectively, recognized by consolidated subsidiaries.

Reconciliations between the normal effective statutory tax rate for the years ended March 31, 2009 and the actual effective tax rate reflected in the accompanying consolidated statements of income were as follows:

	2009
Normal effective statutory tax rate	**35.0%**
Changes in valuation allowance	**6.9**
Expenses not deductible for income tax purposes	**0.7**
Tax credit	**(2.1)**
Other-net	**(0.9)**
Actual effective tax rate	**39.6%**

As the difference between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2008 is not more than 5% of the normal effective statutory tax rate, a reconciliation has not been disclosed.

10. Leases

The Companies lease certain automobiles and office equipment. Total lease payments for the years ended March 31, 2009 and 2008 were ¥638 million ($6,499 thousand) and ¥654 million, respectively. A subsidiary recognized an impairment loss of ¥22 million ($223 thousand) with respect to such leases for the year ended March 31, 2009. Since such leases were not capitalized, the subsidiary recorded other long-term liabilities of ¥22 million ($223 thousand) at March 31, 2009 to recognized the impairment loss for the year ended March 31, 2009. Such liability is being amortized over the respective lease terms and the subsidiary recorded a reversal as income of ¥1 million ($13 thousand) for the year ended March 31, 2009.

As discussed in Note 2(c), the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligation under finance leases, depreciation expense, on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		
As of March 31, 2009	General Facilities	Other	Total
Acquisition cost	**¥495**	**¥3,387**	**¥3,883**
Accumulated depreciation	**(257)**	**(1,744)**	**(2,001)**
Accumulated impairment loss		**(22)**	**(22)**
Net leased property	**¥238**	**¥1,621**	**¥1,860**

	Millions of Yen		
As of March 31, 2008	General Facilities	Other	Total
Acquisition cost	¥554	¥4,104	¥4,659
Accumulated depreciation	(205)	(1,795)	(2,000)
Net leased property	¥348	¥2,309	¥2,658

	Thousands of U.S. Dollars		
As of March 31, 2009	General Facilities	Other	Total
Acquisition cost	**$5,047**	**$34,489**	**$39,537**
Accumulated depreciation	**(2,617)**	**(17,755)**	**(20,372)**
Accumulated impairment loss		**(223)**	**(223)**
Net leased property	**$2,430**	**$16,510**	**$18,940**

Obligations under finance leases as of March 31, 2009 and 2008:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Due within one year	**¥ 571**	¥ 593	**$ 5,821**
Due after one year	**1,288**	2,067	**13,120**
Total	**¥1,860**	¥2,660	**$18,941**

Allowance for impairment loss on leased property of ¥20 million ($210 thousand) as of March 31, 2009 is not included in the obligations under finance leases.

The Companies are also lessor of certain automobiles and office equipment. Total lease income from the leases for the years ended March 31, 2009 and 2008 were ¥225 million ($2,297 thousand) and ¥234 million, respectively. Lease income is recognized in income on a straight-line basis over the lease term.

Pro forma information of finance leases which existed at the transition date and do not transfer ownership of the leased property to the lessee, such as acquisition cost, accumulated depreciation, total lease payments to be received, on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 were as follows:

At March 31, 2009 and 2008, summaries of the above leased property were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Other equipment:			
Acquisition cost	**¥935**	¥1,047	**$9,526**
Accumulated depreciation	**(527)**	(461)	**(5,369)**
Net leased property	**¥408**	¥ 586	**$4,156**

At March 31, 2009 and 2008, the total lease payments to be received from the above leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Due within one year	**¥179**	¥227	**$1,824**
Due after one year	**228**	407	**2,330**
Total	**¥408**	¥635	**$4,154**

11. Contingent liabilities

As of March 31, 2009, the Company was contingently liable for:

Redemption of bonds transferred to banks under the debt assumption agreements amounting to ¥6,000 million ($61,081 thousand).

12. Equity

Since May 1, 2006, Japanese companies have been subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a)Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

On April 1, 2007, the Company made a 1.1-for-1 stock split for each outstanding share and 1,593,156 shares were consequently issued to shareholders recorded in the registration book of shareholders on March 31, 2007.

13. Research and development costs

Research and development costs charged to income were ¥447 million ($4,557 thousand) and ¥551 million for the years ended March 31, 2009 and 2008, respectively.

14. Loss on impairment of long-lived assets

The Companies reviewed their long-lived assets for impairment as of the year ended March 31, 2009 and, as a result, recognized an impairment loss of ¥1,039 million ($10,585 thousand) as other expense for the "Active Seniors Community Business" assets.

Since the project of the business was behind schedule, the assets group was adjusted to their recoverable amount, which was measured at the respective net selling prices based on the appraisal value.

15. Segment information

Information about operations in different industry segments of the Companies for the years ended March 31, 2009 and 2008 is as follows:

	Millions of Yen					Thousands of U.S. Dollars				
2009	Electric	Construction	Other	Eliminations / Corporate	Consolidated	Electric	Construction	Other	Eliminations / Corporate	Consolidated
Sales to customers	**¥160,782**	**¥ 4,666**	**¥ 7,688**		**¥173,136**	**$1,636,794**	**$ 47,503**	**$ 78,265**		**$1,762,564**
Intersegment sales	**187**	**13,723**	**17,106**	**¥(31,016)**		**1,906**	**139,703**	**174,148**	**$(315,757)**	
Total operating revenues	**160,969**	**18,389**	**24,794**	**(31,016)**	**173,136**	**1,638,701**	**187,206**	**252,414**	**(315,757)**	**1,762,564**
Operating expenses	**149,088**	**17,923**	**23,083**	**(31,045)**	**159,049**	**1,517,744**	**182,461**	**234,999**	**(316,046)**	**1,619,158**
Operating income	**¥ 11,881**	**¥ 466**	**¥ 1,710**	**¥ 28**	**¥ 14,086**	**$ 120,956**	**$ 4,745**	**$ 17,415**	**$ 288**	**$ 143,405**
Total assets	**¥334,388**	**¥12,762**	**¥32,091**	**¥(13,683)**	**¥365,557**	**$3,404,136**	**$129,923**	**$326,693**	**$(139,304)**	**$3,721,448**
Depreciation and amortization	**22,601**	**198**	**1,926**	**(874)**	**23,851**	**230,082**	**2,023**	**19,607**	**(8,898)**	**242,814**
Loss on impairment of long-lived assets			**1,191**	**(151)**	**1,039**			**12,130**	**(1,545)**	**10,585**
Capital expenditures	**20,086**	**374**	**1,012**	**(767)**	**20,705**	**204,483**	**3,807**	**10,305**	**(7,812)**	**210,783**

	Millions of Yen				
2008	Electric	Construction	Other	Eliminations / Corporate	Consolidated
Sales to customers	¥148,831	¥ 4,527	¥ 8,161		¥161,521
Intersegment sales	193	15,209	24,778	¥(40,181)	
Total operating revenues	149,024	19,737	32,939	(40,181)	161,521
Operating expenses	135,931	19,147	31,495	(39,863)	146,711
Operating income	¥ 13,092	¥ 589	¥ 1,444	¥ (317)	¥ 14,809
Total assets	¥335,414	¥14,386	¥33,846	¥(13,807)	¥369,840
Depreciation and amortization	23,426	178	2,086	(890)	24,800
Capital expenditures	16,712	1,354	1,929	(1,417)	18,578

"Other" category consisted of sales and maintenance services of electric appliances, information and telecommunication service and others. The Companies do not have foreign operations. No sales to foreign customers were made during the years ended March 31, 2009 and 2008.

As discussed in Note 2(b), effective April 1, 2008, the Companies reviewed the useful lives of property, plant and equipment, and made adjustments corresponding to the revised Corporation Tax Act. The effect of this treatment by segment was to increase operating expenses and decrease operating income by ¥219 million ($2,229 thousand) for the Electric segment, and to decrease operating expenses and increase operating income by ¥4 million ($42 thousand) for the Other category, respectively, for the year ended March 31, 2009.

As discussed in Note 3, through the fiscal year ended March 31, 2008, the value of sales transactions in materials and equipment carried out by consolidated subsidiaries was posted as operating revenues, and the cost of goods purchased was recorded as operating expenses. However, as the value of such trading has increased, it has acquired greater materiality to the consolidated accounts, and thus, in order to present the actual trading situation more clearly, with effect from the fiscal year ended March 31, 2009, the Companies have adopted the "net amount presentation" method. The effect of the change by segment was to decrease operating revenues and expenses by ¥240 million ($2,447 thousand) for the Construction segment, ¥8,995 million ($91,573 thousand) for the Other category, respectively, for the year ended March 31, 2009.

As discussed in Note 3, effective April 1, 2008, Okinawa Plant Kogyo Company, Incorporated adopted the new accounting policy for revenue recognition. As a result of the change, operating intersegment sales, operating expenses and operating income of the Other category were increased by ¥117 million ($1,191 thousand), ¥92 million ($936 thousand) and ¥24 million ($244 thousand), respectively, for the year ended March 31, 2009, compared with the previous revenue recognition method.

16. Derivatives

The Company uses derivative financial instruments to manage their exposures to fluctuations in interest rates. Interest rate swaps are utilized by the Companies to reduce interest rate risks. The Company does not hold or issue derivatives for trading or speculative purposes.

Derivatives are subject to market risk, which is the exposure created by potential fluctuations in market conditions, including interest rate. Because the counterparties to those derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Company have been made in accordance with internal policies.

Since all derivatives utilized by the Company were qualified for hedge-accounting, information on the market value is not provided.

17. Subsequent event

The following appropriations of retained earnings at March 31, 2009 were approved at the Company's shareholders' meeting held on June 26, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30 (30¢) per share	¥524	$5,339

Deloitte.

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Independent Auditors' Report

To the Board of Directors of
The Okinawa Electric Power Company, Incorporated:

We have audited the accompanying consolidated balance sheets of The Okinawa Electric Power Company, Incorporated and consolidated subsidiaries (the "Company") as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Okinawa Electric Power Company, Incorporated and consolidated subsidiaries as of March 31, 2009 and 2008, 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.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 18, 2009

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Balance Sheets

March 31, 2009 and 2008	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars 2009
Assets			
Property, plant and equipment:			
Utility plants and equipment	**¥800,304**	¥794,272	**$8,147,251**
Construction in progress	**22,569**	15,213	**229,758**
Total	**822,873**	809,485	**8,377,009**
Less:			
Contributions in aid of construction	**(22,517)**	(22,240)	**(229,232)**
Accumulated depreciation	**(500,731)**	(482,063)	**(5,097,541)**
Total	**(523,249)**	(504,303)	**(5,326,774)**
Net property, plant and equipment	**299,624**	305,181	**3,050,235**
Investments and other assets:			
Investment securities	**6,586**	8,466	**67,054**
Investments in and advances to subsidiaries and affiliates	**10,128**	10,868	**103,114**
Deferred tax assets	**5,458**	5,113	**55,569**
Other assets	**746**	746	**7,597**
Allowance for doubtful accounts	**(1,557)**	(132)	**(15,854)**
Total investments and other assets	**21,363**	25,063	**217,482**
Current assets:			
Cash and cash equivalents	**6,573**	1,532	**66,915**
Receivables	**5,508**	5,681	**56,081**
Fuel and supplies	**7,960**	7,468	**81,036**
Deferred tax assets	**1,651**	1,492	**16,817**
Other current assets	**1,953**	957	**19,889**
Allowance for doubtful accounts	**(636)**	(186)	**(6,481)**
Total current assets	**23,011**	16,947	**234,259**
Total	**¥343,999**	¥347,192	**$3,501,977**
Liabilities and equity			
Long-term liabilities:			
Long-term debt, less current maturities	**¥182,506**	¥179,975	**$1,857,952**
Liabilities for employees' retirement benefits	**9,579**	9,522	**97,521**
Other long-term liabilities	**814**	784	**8,286**
Total long-term liabilities	**192,900**	190,282	**1,963,760**
Current liabilities:			
Current maturities of long-term debt	**23,712**	25,320	**241,398**
Short-term bank loan		7,000	
Accounts payable	**9,424**	10,347	**95,947**
Income taxes payable	**2,116**	980	**21,550**
Accrued expenses	**8,258**	8,265	**84,068**
Other current liabilities	**2,082**	1,737	**21,201**
Total current liabilities	**45,595**	53,650	**464,166**
Commitments and contingent liabilities			
Equity :			
Common stock,			
Authorized — 30,000,000 shares			
Issued — 17,524,723 shares in 2009 and 2008	**7,586**	7,586	**77,231**
Capital surplus:			
Additional paid-in capital	**7,141**	7,141	**72,703**
Retained earnings:			
Legal reserve	**964**	964	**9,823**
Unappropriated	**89,607**	87,021	**912,219**
Unrealized gain on available-for-sale securities	**422**	735	**4,298**
Treasury stock, at cost — 42,066 shares in 2009 and 37,247 shares in 2008	**(218)**	(191)	**(2,226)**
Total equity	**105,503**	103,258	**1,074,049**
Total	**¥343,999**	¥347,192	**$3,501,977**

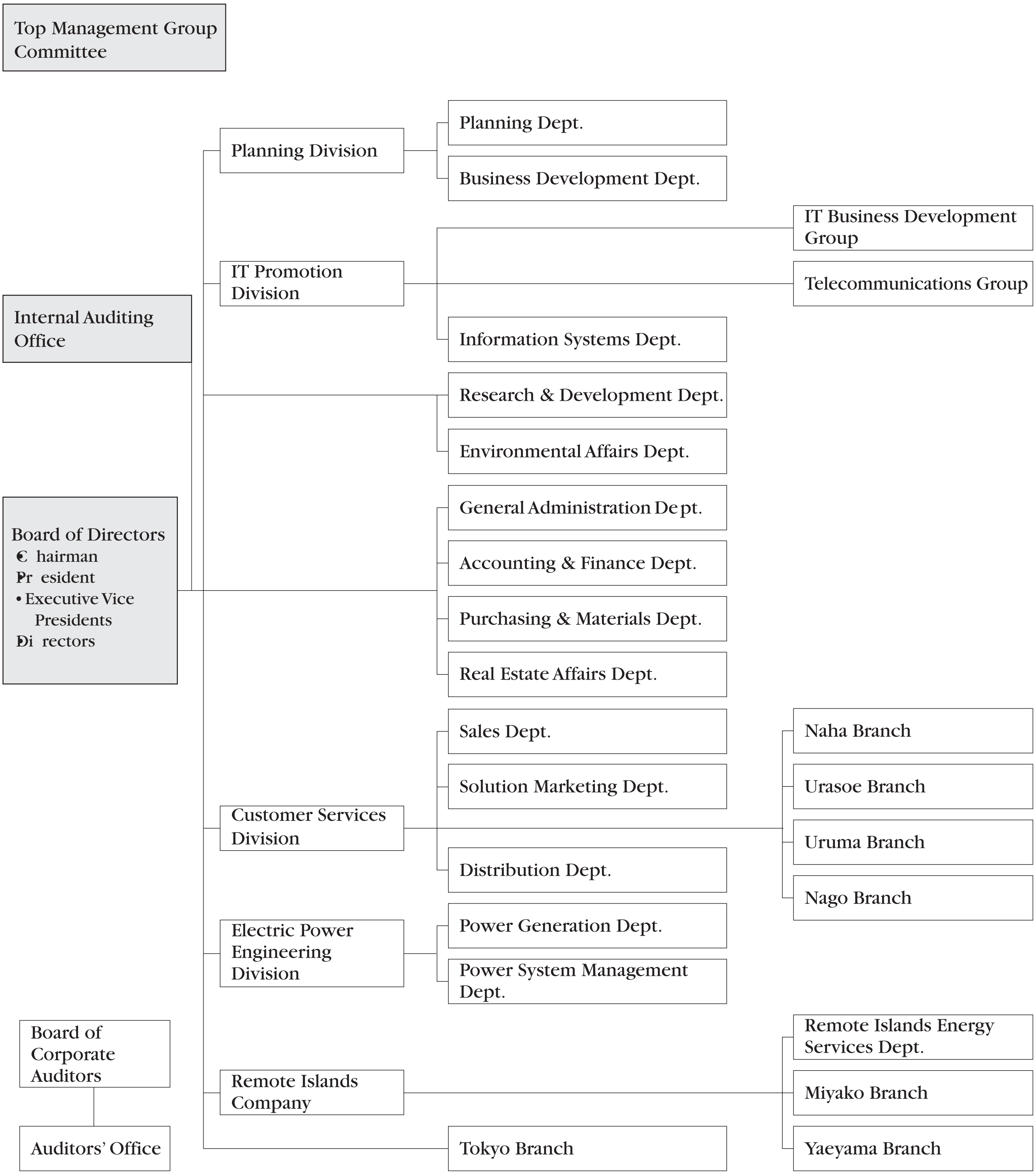
The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥98.23 to $1, the approximate rate of exchange at March 31, 2009.

Non-Consolidated Statements of Income

Years ended March 31, 2009 and 2008	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars 2009
Operating revenues	**¥161,239**	¥149,320	**$1,641,449**
Operating expenses:			
Personnel	**16,227**	16,234	**165,200**
Fuel	**51,997**	41,468	**529,348**
Purchased power	**17,311**	13,581	**176,237**
Depreciation	**22,479**	23,398	**228,845**
Repairs and maintenance	**15,008**	16,049	**152,784**
Taxes other than income taxes	**7,116**	6,794	**72,442**
Other	**19,091**	18,649	**194,357**
Total operating expenses	**149,232**	136,176	**1,519,216**
Operating income	**12,006**	13,144	**122,232**
Other expenses:			
Interest expense	**3,429**	3,731	**34,911**
Loss on business of affiliated corporations	**2,273**		**23,144**
Other — net	**(311)**	(320)	**(3,171)**
Net other expenses	**5,391**	3,410	**54,884**
Income before income taxes	**6,615**	9,733	**67,348**
Income taxes:			
Current	**3,316**	2,610	**33,762**
Deferred	**(335)**	531	**(3,418)**
Total	**2,980**	3,142	**30,343**
Net income	**¥ 3,635**	¥ 6,590	**$ 37,005**
	Yen		U.S. Dollars
Per share of common stock			
Basic net income	**¥207.89**	¥376.84	**$2.12**
Cash dividends applicable to the year	**60.00**	60.00	**0.61**

The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥98.23 to $1, the approximate rate of exchange at March 31, 2009.

Organization Chart



(As of July 1, 2009)

Corporate Data

Head Office

2-1, Makiminato 5-chome, Urasoe, Okinawa 901-2602, Japan
Tel: +81 (0)98-877-2341
Fax: +81 (0)98-877-6017
URL: www.okiden.co.jp/english/index.html

Tokyo Branch

No. 45 Kowa Bldg. 6F, 15-9, Minami-Aoyama 1-chome,
Minato-ku, Tokyo 107-0062, Japan
Tel: +81 (0)3-3796-7768

Established

May 15, 1972

Capital

¥7,586 million

Total Assets

¥343,999 million

Number of Customers

822,901 (Includes users of both lighting and power)

Number of Employees

1,510

(As of March 31, 2009)

Power Generation Facilities

Type of Station	Number of Facilities	Generating Capacity [kW]
Steam	11	1,467,000
Gas Turbine	8	291,000
Internal Combustion	73	166,610
Total	92	1,924,610

Independent Certified Public Accountants

Deloitte Touche Tohmatsu

Consolidated Subsidiaries

Name	Capital	Main Business Lines	Equity Ownership
Okidenko Company, Incorporated	¥130 million	Construction	48.0%
Okiden Kigyo Company, Incorporated	¥43 million	Peripheral operations related to electric power business	91.6%
Okinawa Plant Kogyo Company, Incorporated	¥32 million	Peripheral operations related to electric power business	89.9%
Okinawa Denki Kogyo Company, Incorporated	¥23 million	Peripheral operations related to electric power business	99.4%
Okiden Kaihatsu Company, Incorporated	¥50 million	Real estate	100.0%
The Okiden Global Systems Company, Incorporated	¥20 million	Information and telecommunications	100.0%
*Okinawa Enetech Company, Incorporated	¥40 million	Construction	95.5%
Okinawa New Energy Development Company, Incorporated	¥49 million	Construction	42.1%
Okinawa Telecommunication Network Co., Inc.	¥700 million	Information and telecommunications	54.9%
Okisetsubi Company, Limited	¥20 million	Construction	48.0%
First Riding Technology, Inc.	¥945 million	Information and telecommunications	91.0%
Progressive Energy Corporation (PEC)	¥100 million	Dispersed generating plant business	57.9%
Kanucha Community Co., Inc.	¥472 million	Support services for active senior	74.2%

* Okiden Sekkei Company, Incorporated has changed its trade name to Okinawa Enetech Company, Incorporated, with effect from June 17, 2009.

Investor Information

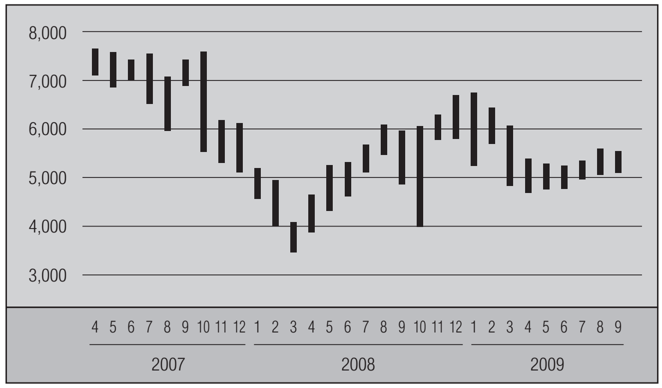
Transfer Agent and Registrar
The Mitsubishi UFJ Trust & Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan

Securities Traded
Tokyo Stock Exchange,
Fukuoka Stock Exchange

Common Stock Issued
17,524,723 shares

Number of Shareholders
7,675

Stock Price Range on the Tokyo Stock Exchange



Credit Ratings

	Long-Term	Short-Term	Outlook
S&P	AA	A-1+	Stable
Moody's	Aa2	—	Stable
R&I	AA+	a-1+	Stable
JCR	AAA	J-1+	Stable

(As of August 31, 2009)

Board of Directors and Auditors

Tsugiyoshi Toma
Chairman

Denichiro Ishimine
President

Akira Sakuma
Executive Vice President

Seiyu Ishikawa
Executive Vice President

Managing Directors: Mitsuru Omine
Katsunari Omine
Tsutomu Ikemiya
Katsuaki Chinen

Directors Sunao Tamaki
Tsutomu Yogi
Masatoshi Endo

Outside Director*: Kunio Oroku

Standing Auditors: Hiroshi Teruya
Choei Yogi

External Auditors: Honshin Aharen
Masateru Higa
Shiro Nozaki

* Kunio Oroku Director is outside director as defined under the Companies Act of Japan.

(As of June 28, 2009)