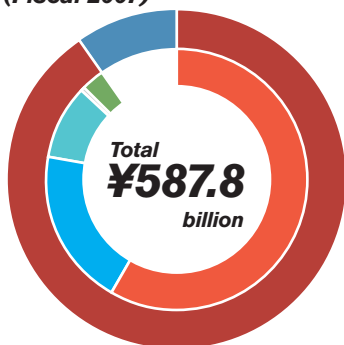


Segment Overview

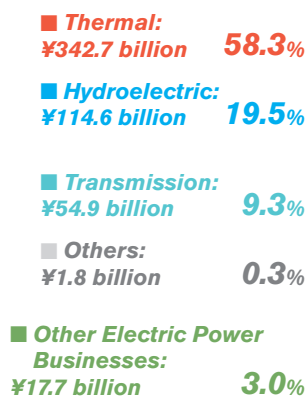
Composition of Consolidated Operating Revenues for Fiscal Year Ended March 31, 2008 (Fiscal 2007)



Electric Power Business

¥531.8 billion 90.5%

Wholesale Electric Power Business

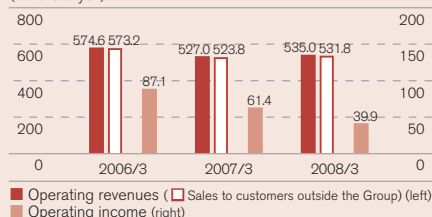


Other Businesses

¥56.0 billion 9.5%

Electric Power Business

Segment Operating Revenues/Operating Income (Billions of yen)



We supply electricity to Japan's 10 major electric power companies (EPCOs) through our hydroelectric and thermal power plants.

Through our power transmission and transforming facilities, we also provide transmission services to nine EPCOs, excluding The Okinawa Electric Power Co., Inc.

In addition, we are engaged in operating wind power plants, the wholesale supply of electricity to EPCOs by IPPs and the wholesale supply of electricity to PPSs.

Wholesale Electric Power Business

Thermal Power

We specialize in coal-fired thermal power, and own a total of 7,812 MW of coal-fired power generation facilities, the largest share in Japan. Our coal-fired facilities boast a high load factor, fulfilling base demand for electricity and superior economic efficiency, due to the lower cost per calorie of overseas coal compared with other fossil fuels.

Wholesale Electric Power Business

Hydroelectric Power

We have developed several large-scale hydroelectric power plants and now own hydroelectric power-generating facilities with a total capacity of 8,556 MW. As these facilities are able to rapidly respond to changes in electricity demand, they are primarily used in the daytime, when demand is at its peak.

Power Transmission/Transforming

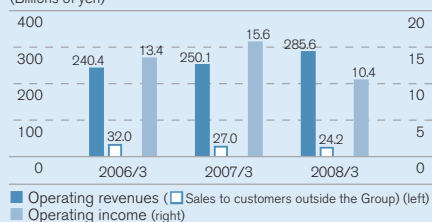
We own major transmission lines, such as those connecting Honshu with Hokkaido, Shikoku and Kyushu respectively (with a total length of 2,408 km). We also own a frequency converter station that links the different frequencies of Eastern and Western Japan.

Other Electric Power Businesses

Our subsidiaries and affiliates are engaged in operating wind power plants, the wholesale supply of electricity to EPCOs by IPPs and the wholesale supply of electricity to PPSs.

Electric Power-related Businesses

Segment Operating Revenues/Operating Income (Billions of yen)



We operate businesses that complement and contribute to the smooth and efficient implementation of our Electric Power Business.

Design, construction and maintenance of facilities

Design, construction, and inspection, maintenance and repair of electric power facilities such as power plants; port operations related to fuel and coal ash

Supply of fuel for power generation and materials

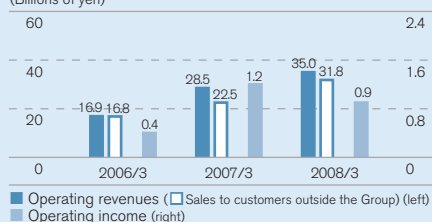
Coal mine development, coal imports and transportation

Services

Management of welfare facilities; computing services and others

Other Businesses

Segment Operating Revenues/Operating Income (Billions of yen)



Fully utilizing the group's management resources and know-how, we operate businesses that include overseas power generation, new power businesses in Japan, such as waste-fueled power generation and co-generation, environmental businesses, the telecommunications business, and domestic and overseas engineering and consulting.

Business Review in Fiscal 2007 and Outlook

In the fiscal year ended March 31, 2008 (fiscal 2007), overall demand for electricity was higher as a result of a heat wave and severe winter weather. Against this backdrop, the load factor was 81%, exceeding our initial forecast of 75%, and up from 75% in the previous fiscal year. Electricity sales volume rose by 9% year on year to 52.5 billion kWh, while operating revenues increased by 5% year on year to ¥342.7 billion.

For fiscal 2008, we forecast a load factor at 80% and an electricity sales volume of 52.3 billion kWh.

To keep coal-fired power, which offers advantages of supply stability and economic efficiency, at the core of our business operations, we believe that it is important to enhance both cost competitiveness and facility reliability, while maintaining high-capacity utilization at our plants. In addition to enhancing the competitiveness of existing power plants through an innovative approach to coal procurement and continuing efforts to reduce operation costs, we will also conduct an optimal level of maintenance to prevent the decline of thermal efficiency from aging and deterioration. Moreover, we are pressing steadily ahead with construction of the Isogo New No. 2 Thermal Power Plant (600 MW and scheduled to commence operations in July 2009), which will become a new source of earnings.

In fiscal 2007, water flow was low, with the water supply rate decreasing to 85% from the previous year's 112%, which was caused by high water flow. As a result, electricity sales volume declined by 22% year on year to 8.3 billion kWh. In addition, operating revenues declined by 7% year on year to ¥114.6 billion, primarily owing to the rate reductions that took effect from September 2007.

For fiscal 2008, we are projecting electricity sales volume of 9.5 billion kWh based on an average water supply rate of 100%.

While aging of the existing power plants continues, it is important to maintain and improve profitability at existing plants. To this end, we are promoting measures to improve our capabilities to diagnose the remaining service lifespan of facilities as well as to improve the maintenance and repair processes. Through such efforts, we are pursuing cost reductions and a high level of Operations Management (O&M). At the same time we are also implementing value-enhancing investments to existing plants such as the comprehensive upgrade of major equipment, aiming to increase power generation volume by boosting generation efficiency and to improve facility reliability.

Operating revenues in fiscal 2007 declined by 0.5% year on year to ¥54.9 billion, partly due to the rate reductions that took effect from September 2007. Covering regional utilities' service areas, we play an important role in the overall management of Japan's electricity supply. We believe that the importance of our facilities will continue to grow prominently, given the progressive deregulation of the electricity industry, and this is expected to spur the revitalization of power distribution across wider areas.

In fiscal 2007, total electricity sales volume rose by 1.5% year on year to 1.7 billion kWh, mainly as a result of the start of full-year operations at Koriyama-Nunobiki Kogen Wind Farm, which came on line in the previous fiscal year. In addition, operating revenues increased by 5% year on year to ¥17.7 billion.

For fiscal 2008, J-POWER is expecting a slight increase in electricity sales volume to 1.8 billion kWh.

In the electricity supply business for PPS, although sales volume by PPS in the domestic electricity retail market is still limited, we will explore the feasibility of new development, while carefully monitoring the need for new power sources and trading trends in the wholesale electricity market. In wind power generation, we are working toward the launch of new development plans that will entail the exploration of favorable sites and the reduction of construction costs, as we strive to make steady progress with existing development plans.

Operating revenues increased by 14% year on year to ¥285.6 billion, primarily owing to higher revenues in the coal sales business. However, operating income decreased by 33% to ¥10.4 billion mainly due to reduced business volume at maintenance subsidiaries.

The majority of business in this segment is accounted for by intra-Group transactions such as maintenance and coal transportation for our plants. Operating revenues from sales to customers outside the Group amounted to ¥24.2 billion, accounting for 8% of overall operating revenues in this segment.

In fiscal 2007, operating revenues rose by 23% year on year to ¥35.0 billion, atop higher external sales at consolidated subsidiaries. Meanwhile, operating income decreased by 22% to ¥0.9 billion, primarily owing to a higher cost of sales.

Going forward, J-POWER will strengthen its initiatives in areas outside of the Group, including the sales of coal.

As for the Overseas Power Generation Business, the majority of its profits are recorded as investment profits on an equity-method basis so far. We will look into promising projects, in which we are seeking to acquire a major stake.