

Message



MASAYOSHI KITAMURA
President

KIYOSHI SAWABE
Chairman

Preamble

In June 2009, the J-POWER Group made a fresh start under a new management team. The main thrust of the change in management was to reinforce our corporate governance structure, primarily through the establishment of a chairman position and the appointment of an outside director, in addition to a change in the company president. However, management does not intend to alter the Group's management policy or the strategic direction of businesses as a result of these changes. We believe that our role as management remains unchanged—to steer the J-POWER Group towards sustained growth based on the Group's mission of “harmonizing energy supply with the environment.”

Fiscal 2008 in Review

J-POWER is currently pursuing business activities under a management plan covering the five-year period from fiscal 2008 to fiscal 2012. Under the plan, we have been taking the following five key approaches: “Steady Growth in Power Generation Facilities,” “New Project Development Using Innovative Technology,” “Enhancing Value of Business Assets,” “Global Business Expansion” and “Power Generation as the Core of a Diversified Business.” In fiscal 2008, we made steady strides based on these approaches. Progress was highlighted by steady advances with the construction of the Isogo New No. 2 Thermal Power Plant and Ohma Nuclear Power Plant in Japan. Furthermore, in the overseas power

generation business, we took part in a coal-fired IPP project in the U.S., and commenced commercial operation of a wind power plant in Poland. Through these achievements, we were able to produce significant results around the world in the past fiscal year.

However, the business environment was extremely challenging. The onset of the global economic downturn from the second half of the fiscal year led to volatile exchange rate movements and weak stock prices, as well as to a sharp drop in electric power demand in Japan, particularly in demand for industrial use. The J-POWER Group's performance was by no means immune to these factors, and regrettably, our operating results fell short of our initial forecasts for the fiscal year.

FISCAL 2008 BUSINESS SUMMARY

CONSOLIDATED OPERATING REVENUES:
¥704.9 billion
 (up 19.9% year on year)

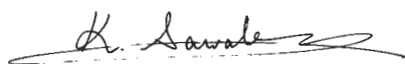
CONSOLIDATED ORDINARY INCOME:
¥39.5 billion
 (down 7.6% year on year)

CONSOLIDATED NET INCOME:
¥19.4 billion
 (down 33.6% year on year)

Issues and Measures Ahead

As a company engaged in the wholesaling of electric power generated mainly by coal-fired thermal power plants, J-POWER faces an increasingly challenging business given the accelerated shift to a low-carbon society, ongoing weakness in the global economy and other developments. To rise above these challenges and remain on course to steady long-term growth, J-POWER must boost its competitiveness with the view to generating steady earnings, while continuously improving its financial position so as to increase its risk buffer. With this in mind, we have revised the content of our "Five Key Approaches" based on two priorities set forth in our management plan for fiscal 2009. One is the need for "thorough strengthening of the corporate structure to enable us to adapt to changes in the environment and pursue stable growth," and the second is a "strong commitment to measures to combat global warming from a long-term perspective." Based on our five key approaches, we will raise the competitiveness of our core wholesale electric power business in Japan, while developing innovative technologies and business models in response to global warming. Building on this foundation of continuous innovation, we aim to develop a new electric power business on a global scale.

We look forward to the continued understanding and support of shareholders and other investors, as well as all other stakeholders, as the J-POWER Group endeavors to reach its goals.



KIYOSHI SAWABE, *Chairman*



MASAYOSHI KITAMURA, *President*