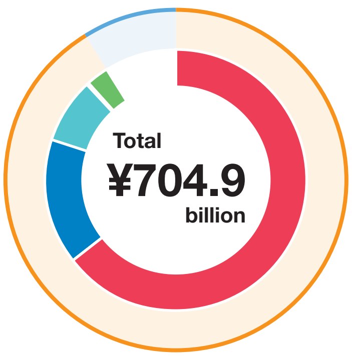
Segment Overview

Composition of Consolidated Operating Revenues for Fiscal Year Ended March 31, 2009 (Fiscal 2008)



☐ Electric Power Business

¥648.3 billion **92.0%**

Wholesale Electric Power Business

■ Thermal:
¥460.3 billion **65.3%**

■ Hydroelectric:
¥110.9 billion **15.7%**

■ Transmission:
¥55.4 billion **7.9%**

■ Others:
¥1.6 billion **0.2%**

■ Other Electric Power Businesses:
¥20.0 billion **2.8%**

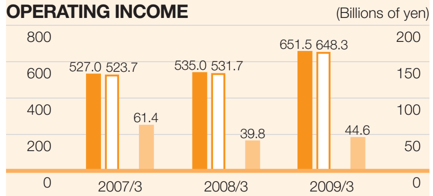
☐ Other Businesses

¥56.5 billion **8.0%**

Electric Power Business

SEGMENT OPERATING REVENUES/ OPERATING INCOME

(Billions of yen)



■ Operating revenues (☐ Sales to customers outside the Group) (left)
■ Operating income (right)

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.

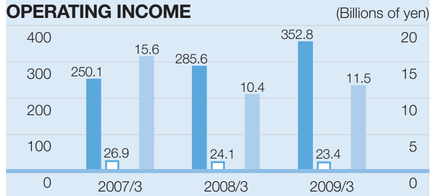
Other Electric Power Businesses

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)



■ Operating revenues (☐ Sales to customers outside the Group) (left)
■ Operating income (right)

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

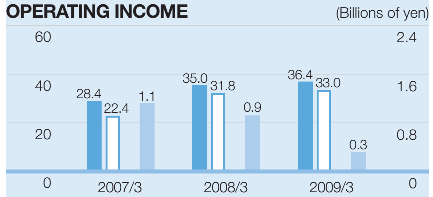
Supply of Fuel for Power Generation and Materials
Coal mine development, coal imports and transportation

Services
Management of welfare facilities; computing services and others

Other Businesses

SEGMENT OPERATING REVENUES/ OPERATING INCOME

(Billions of yen)



■ Operating revenues (☐ Sales to customers outside the Group) (left)
■ Operating income (right)

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 2008 and Outlook

In the fiscal year ended March 31, 2009 (fiscal 2008), the load factor was 76%, falling short of our initial forecast of 80%, and down from 81% in the previous fiscal year, mainly due to a rapid decline in electricity demand for industrial use from the fall. Electricity sales volume decreased by 6% year on year to 49.1 billion kWh, while operating revenues increased by 34% year on year to ¥460.3 billion, primarily as the result of increased unit sales prices accompanying higher fuel prices.

For fiscal 2009, we forecast a load factor at 76% and an electricity sales volume of 52.2 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 striving to curb CO_2 emissions from 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 steadily pressed ahead with the test operation of the Isogo New No. 2 Thermal Power Plant (600 MW and commenced operations in July 2009), which will become a new source of earnings.

In fiscal 2008, water flow remained low as in the previous fiscal year, with the water supply rate increasing to 88% from the previous year's 85%. As a result, electricity sales volume rose by 1% year on year to 8.3 billion kWh. In addition, operating revenues declined by 3% year on year to ¥110.9 billion, primarily owing to the rate revisions that took effect from September 2007.

For fiscal 2009, 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 facility reliability and 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 2008 increased by 1% year on year to ¥55.4 billion, partly due to the rate revisions 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, as power distribution across wider areas becomes increasingly prevalent mainly due to the progressive deregulation of the electricity industry.

In fiscal 2008, total electricity sales volume declined by 4% year on year to 1.6 billion kWh, mainly as a result of lower capacity utilization rates for PPS. In addition, operating revenues increased by 13% year on year to ¥20.0 billion.

For fiscal 2009, J-POWER expects electricity sales volume to remain mostly the same as the previous year at 1.6 billion kWh.

In wind power generation, we are aiming for a capacity of around 500 MW for both Japan and overseas over the medium term, from the standpoint of curbing CO_2 emissions.

Operating revenues increased by 24% year on year to ¥352.8 billion, primarily owing to higher revenues from a consolidated subsidiary in the coal sales business, as well as higher business volume at maintenance subsidiaries accompanying an increase in periodic facility inspections during the fiscal year. Operating income rose by 11% to ¥11.5 billion mainly due to the increase in operating revenues.

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 ¥23.4 billion, accounting for 7% of overall operating revenues in this segment.

In fiscal 2008, operating revenues rose by 4% year on year to ¥36.4 billion, atop higher coal sales revenues. Meanwhile, operating income decreased by ¥0.5 billion to ¥0.3 billion, primarily owing to a higher cost of sales.

Going forward, J-POWER will continue strengthening 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 have been recorded as investment profits on an equity-method basis so far. Looking ahead, we will work to steadily implement projects currently under way, while taking steps to enhance our business strategies.