



MASAYOSHI KITAMURA
President

The global economy has started to show some signs of recovery led by Asian demand, but uncertainty remains over the pace of recovery in Japan, Europe and the United States. Following the failure of the Copenhagen Conference, which was held at the end of 2009, to reach an effective agreement, debate on a new international climate change framework has added yet another layer of uncertainty. This debate will have a great impact on the world's long-term economic activities going forward. In this climate, electric power demand in Japan has finally put the worst behind it. However, there has been a drastic slump in power demand from the industrial sector since fiscal 2008. As a result, it will probably take a number of years for nationwide demand to return to fiscal 2007 levels.

In fiscal 2009, we commenced operations at Isogo New No. 2 Thermal Power Plant, a facility that achieves reduced environmental impact and enhanced energy efficiency at world-class levels. However, the J-POWER Group was impacted by falling power demand, as well as by lower capacity utilization at several thermal power plants due to equipment failures, and an accompanying increase in maintenance costs. Consequently, consolidated ordinary income fell short of our initial target, despite increasing in year-on-year terms.

Given these challenging business conditions, the J-POWER FY2010 Group Management Plan, which was drawn up in March 2010, establishes two key issues: "Ensure plant reliability and work to reinforce the business operating infrastructure," and "Address the transition to a low-carbon society from a long-term perspective." These priorities are essential to further solidifying our foundation and preparing for future challenges. We will reinforce the reliability and competitiveness of the wholesale electric power business and promote projects in

CORPORATE PHILOSOPHY

We aim to ensure constant supplies of energy to contribute to the sustainable development of Japan and the rest of the world.

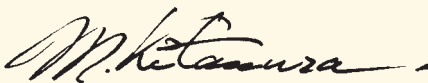
- **Sincerity and pride underlie all our corporate activities.**
- **We build community trust by harmonizing our operations with the environment.**
- **Profits are a growth source, and we share the benefits with society.**
- **We continuously refine our knowledge and technologies to be a leader in these areas.**
- **We meet the challenges of tomorrow by harnessing our unique skills and enthusiasm.**

Japan by developing new technologies and business models that anticipate changing trends toward a low-carbon society. We will also carry out these activities globally, primarily in Asia.

In fiscal 2010, we expect a sluggish pace of recovery in electric power demand both in Japan and overseas, an increase in maintenance costs to ensure the reliability of plant facilities, and upfront investment in research related to the development of high-efficiency coal-fired thermal power technology to assist in the shift to a low-carbon society. Based on these factors, we have no choice but to reduce our earnings target for fiscal 2010.

However, there is no change in J-POWER's overall direction. No matter how difficult the conditions we face, we are determined to stay true to our corporate philosophy—and the J-POWER Group's starting point—of “ensuring constant supplies of energy to contribute to the sustainable development of Japan and the rest of the world.” Guided by this philosophy, we will pursue steady, long-term growth by addressing our key issues one step at a time.

We look forward to the continued understanding and support of our shareholders and investors, as we endeavor to reach our goals.



MASAYOSHI KITAMURA, *President*