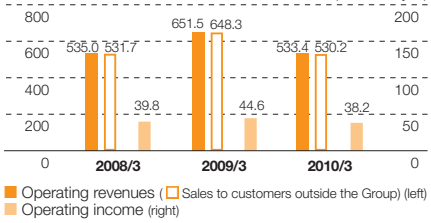
SEGMENT OVERVIEW

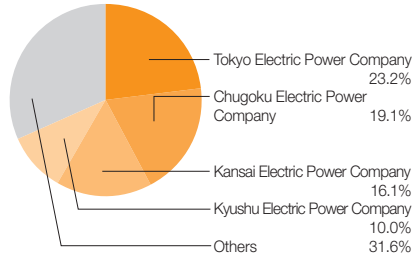
Business Highlights

ELECTRIC POWER BUSINESS

SEGMENT OPERATING REVENUES/ OPERATING INCOME (Billions of yen)



PRINCIPAL CUSTOMERS OF ELECTRIC POWER BUSINESS (Fiscal 2009)



Wholesale Electric Power Business

Thermal Power

For the fiscal year ended March 31, 2010 (fiscal 2009), the load factor was 68%, falling short of our initial forecast of 76%. This was mainly due to the decline in electricity demand and lower capacity utilization caused by equipment failures, despite the start of operations at Isogo New No. 2 Thermal Power Plant in July. Electricity sales volume was 46.5 billion kWh, down 5% from the previous fiscal year, when the load factor was 76%. Operating revenues fell 24% year on year to ¥349.6 billion, primarily as a result of the decline in electricity sales volume, and decreased electricity rates accompanying lower fuel prices.

For fiscal 2010, we project a load factor of 71%. We anticipate a 5% year-on-year increase in electricity sales volume to 48.7 billion kWh.

Hydroelectric Power

In fiscal 2009, the water supply rate increased to 96% from the previous year's 88%. As a result, electricity sales volume rose by 10% year on year to 9.2 billion kWh. However, operating revenues declined by 2% year on year to ¥108.9 billion, primarily owing to rate revisions that took effect from September 2009.

For fiscal 2010, we are projecting electricity sales volume of 9.5 billion kWh based on an average water supply rate of 100%, as in normal years.

Power Transmission/Transformation

Operating revenues from power transmission/transformation in fiscal 2009 decreased by 1.8% year on year to ¥54.4 billion, partly due to rate revisions that took effect from September 2009.

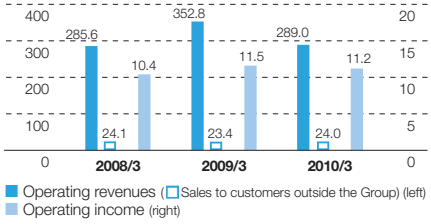
Other Electric Power Businesses

In fiscal 2009, total electricity sales volume declined by 9% year on year to 1.4 billion kWh, mainly as a result of a lower load factor at thermal power plants of IPP and plants supplying to PPSs. In addition, operating revenues decreased by 26% year on year to ¥14.7 billion.

For fiscal 2010, J-POWER forecasts electricity sales volume of 1.5 billion kWh.

ELECTRIC POWER-RELATED BUSINESSES

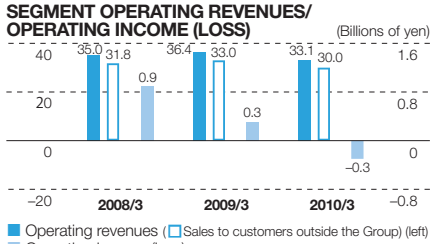
SEGMENT OPERATING REVENUES/ OPERATING INCOME (Billions of yen)



In fiscal 2009, maintenance subsidiaries saw increased business volume due to construction related to the Isogo New No. 2 Thermal Power Plant, but revenue from coal sales by consolidated subsidiaries to J-POWER declined. As a result, operating revenues decreased 18% year on year to ¥289.0 billion and operating income declined 3% to ¥11.2 billion.

OTHER BUSINESSES

SEGMENT OPERATING REVENUES/ OPERATING INCOME (LOSS) (Billions of yen)



In fiscal 2009, operating revenues were ¥33.1 billion, a decrease of 9% year on year, mainly reflecting a drop in revenues from coal sales by J-POWER. This segment recorded an operating loss of ¥0.3 billion, deteriorating by ¥0.6 billion year on year in line with the drop in operating revenues and other factors.

* Forecasts for the fiscal year ending March 31, 2011 were announced on July 31, 2010.

* Change in reporting segments
From the first quarter of the fiscal year ending March 31, 2011, J-POWER has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17) and the Implementation Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Implementation Guidance No. 20).
As a result, J-POWER has changed its reporting segments to the following four segments. The "electric power business" segment is centered on the wholesale electric power business, but also includes the wind power generation business, wholesale electricity supply by IPPs to electric power companies, and wholesale electricity supply for PPSs conducted by J-POWER's subsidiaries and affiliates. The "electric power-related business" segment operates businesses that complement and contribute to the smooth and efficient implementation of our electric power business. The "Overseas Business" segment is engaged in overseas power generation and related businesses. The "Other Businesses" segment conducts coal sales and other operations utilizing the Group's management resources and know-how.

ELECTRIC POWER BUSINESS

Wholesale Electric Power Business

Thermal Power

Overview

J-POWER's key strength in thermal power generation is our focus on coal-fired power generation, which has strong cost competitiveness and fulfills the base demand for electricity with a high load factor. We have long maintained the top share in coal-fired power generation capacity since becoming the first company in Japan to use overseas coal in a thermal power plant (Matsushima Thermal Power Plant, Nagasaki Prefecture; maximum capacity: 500 MW x 2 units). We have also enjoyed substantial economies of scale by pioneering the building of large-scale coal-fired power plants. Coal is a natural resource found in abundance throughout the world and is arguably the most economically stable fossil fuel available. This has become even more noticeable in light of the significant volatility in oil prices in recent times. These strengths contribute to the formation of attractive rates, and combined with our long-term contracts with EPCOs, generate synergetic effects for a stable earnings foundation.

As of March 31, 2010, we operate seven coal-fired power plants with a total capacity of 8,412 MW, representing 22% of the coal-fired power generation facilities in Japan. For fuel, we procure coal from several countries, mainly Australia, based on long-term or yearly contracts. This coal is transported using our own fleet of transport vessels and other means.

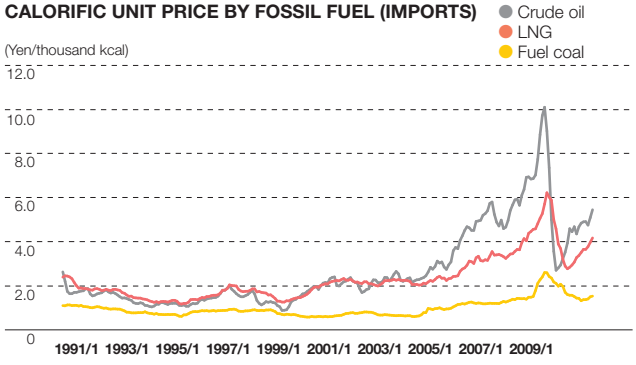
With its exceptional supply stability and economic efficiency, coal-fired thermal power is our core operation, but this requires that we work to limit carbon dioxide emissions while maintaining both cost competitiveness and the reliability of plant facilities. Along with raising the competitiveness of existing power plants through coal procurement innovations and ongoing cost cutting efforts, we plan to conduct appropriate maintenance to limit declines in thermal efficiency and increases in facility-related issues caused by aging. While renovating aging power plants, we will continue to develop integrated coal gasification combined cycle (IGCC) and fuel cell combined (IGFC) systems and CO_2 separation and capture technologies in an effort to realize zero-emission coal-fired thermal power over the long term.

Tachibanawan Thermal Power Plant (Capacity 2,100 MW, Tokushima Prefecture)

THERMAL POWER SALES AND LOAD FACTOR

	2006/3	2007/3	2008/3	2009/3	2010/3
Power sales (Billion kWh) (Left axis)	54.0	48.0	52.4	49.1	46.5
Operating revenues (Billions of yen) (Right axis)	368.2	326.5	342.7	460.3	349.6
Load factor (%)	84	75	81	76	68

CALORIFIC UNIT PRICE BY FOSSIL FUEL (IMPORTS)



Data charted up to May 31, 2010
Source: The Institute of Energy Economics, Japan

Wholesale Electric Power Business

Hydroelectric Power

Overview

Hydroelectric power is an essential power source, particularly in Japan, for three main reasons. First, it is currently Japan's only truly domestic energy source on a meaningful scale. Second, it is a clean energy source with virtually no fuel expenses, namely marginal costs, and offers many benefits in terms of environmental issues, especially because there are no CO_2 emissions. Finally, it offers outstanding flexibility to adjust output to demand levels, which is suitable for intra-day and intra-seasonal demand and supply balancing.

J-POWER has the advantage of highly technological expertise in developing hydroelectric power and possessing the most advanced technologies available in Japan, particularly for the construction of dams and large-scale underground structures. We have built and operated hydroelectric power plants for almost half a century, starting with the development of large-scale hydroelectric power plants like the Sakuma Power Plant, which started operations in 1956, and the development of pumped-storage power plants, which excels in adjusting output in response to demand peaks. As of March 31, 2010, we operate 59 hydroelectric power plants throughout Japan, with a total capacity of 8,561 MW, comprising 19% of the total hydroelectric power generation facilities in Japan.

Considering the limited availability of sites suited to the development of large-scale hydroelectric power plants in Japan, we believe our strong market share and economies of scale in hydroelectric power generation will endure for the foreseeable future.

Our hydroelectric power plants generate a steady stream of earnings based on long-term contracts with EPCOs. Most of the rates for conventional-type facilities and 100% of the rates for pumped-storage-type facilities are fixed rates.

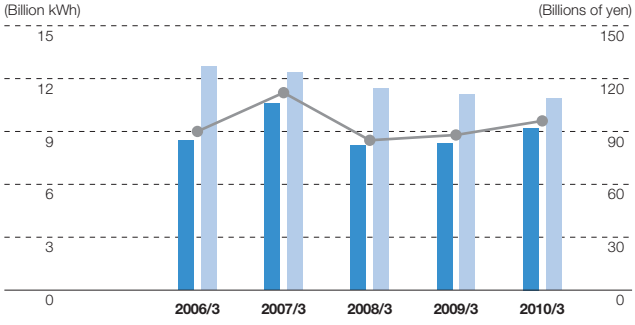
While the aging of existing power plants continues, it is important to maintain and improve facility reliability and profitability at existing plants. To this end, we are simultaneously pursuing cost reductions and a high level of operations and management (O&M). At the same time, we are also implementing value-enhancing investments in 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.

Power Transmission/ Transformation

Overview

J-POWER's transmission and substation facilities not only distribute electricity from our power plants to demand centers, but also play a huge role in the total operation of Japan's power grid. In particular, we operate critical facilities that support the wide-area power interchange in Japan, such as extra-high-voltage transmission lines connecting Honshu with Hokkaido, Shikoku and Kyushu respectively, as well as the Sakuma Frequency Converter Station, which was the first in Japan to enable transmission of electricity between the different frequencies of Eastern Japan (50 Hz) and Western Japan (60 Hz). As wide-area power interchange increases in step with deregulation of Japan's power industry, J-POWER's transmission and substation facilities are set to take on greater importance going forward.

HYDROELECTRIC POWER SALES AND WATER SUPPLY RATE



	2006/3	2007/3	2008/3	2009/3	2010/3
Hydroelectric power sales (Billions kWh) (Left axis)	8.5	10.6	8.2	8.3	9.2
Hydroelectric operating revenues (Billions of yen) (Right axis)	126.8	123.4	114.5	110.9	108.9
Water supply rate (%)	90	112	85	88	96

Sakuma Power Plant (Capacity 350 MW, Shizuoka Prefecture)

ELECTRIC POWER BUSINESS

Other Electric Power Business — IPP, for PPS and Wind Power —

Overview

In response to the deregulation in the electric power industry, J-POWER is focusing efforts on new types of wholesale electricity businesses. In this process, J-POWER is leveraging expertise cultivated over many years in the wholesale electric power business in areas ranging from power plant site selection to design, construction management, maintenance and operations.

For example, through our subsidiaries and affiliates, we are engaged in the wholesale electricity supply for EPCOs by IPPs (Independent Power Producers) as well as the wholesale electricity supply for PPSs (Power Producers and Suppliers), which are new entrants into the electricity retailing business, and for wholesale power exchanges. In addition, we are also engaged in wind power generation, which represents a source of clean and renewable energy. Currently, we operate a wind farm network with a total capacity of around 304 MW in Japan, making us one of the top wind power companies in Japan in terms of facilities.

ELECTRICITY SALES VOLUME: IPPs, FOR PPSs, AND WIND POWER

	2006/3	2007/3	2008/3	2009/3	2010/3
Electricity sales volume (Billion kWh) (Left axis)	1.70	1.65	1.68	1.61	1.47
IPPs and for PPSs	1.46	1.37	1.33	1.27	1.03
Wind power	0.23	0.28	0.34	0.33	0.43
Operating revenues (Billions of yen) (Right axis)	16.4	16.8	17.7	20.0	14.7

* Consolidated subsidiaries only

ELECTRICITY SUPPLY FACILITIES

(As of June 30, 2010)

Plant name	Capacity (kW)	Fuel type	Ownership	Completion date
(IPP)				
Genex Mizue	238,000	Gas Oil Residue	40%	June 2003*1
Itoigawa	134,000	Coal	80%	April 2003*2
Tosa	150,000	Coal	45%	April 2005*1
Subtotal	**522,000**			
(Wholesale power for PPS)				
Ichihara Power	110,000	Gas	60%	October 2004
Bayside Energy	107,650	Gas	100%	April 2005
Mihama Seaside	104,770	Gas	50%	October 2005*1
Subtotal	**322,420**			

*1 Denotes projects by companies accounted for by the equity method
*2 Date of investment participation by J-POWER

WIND POWER FACILITIES

(As of June 30, 2010)

Plant name	Capacity (kW)	Ownership	Completion date
(In Operation)			
Tomamae Winvilla	30,600	100%	December 2000
Nikaho Kogen	24,750	67%	December 2001
Green Power Kuzumaki	21,000	100%	December 2003
Tahara Bayside	22,000	100%	March 2005
Koriyama-Nunobiki Kogen	65,980	100%	February 2007
Minami Oosumi	26,000	80%	March 2009*
Irouzaki	34,000	52%	April 2010
Nine other facilities	80,530		
Total	**304,860**		
(Under Construction)			
Hiyama Kogen (Provisional)	28,000		Planned for fiscal 2010
Awara (Provisional)	20,000		Planned for fiscal 2010

* Date of investment participation by J-POWER

ELECTRIC POWER-RELATED BUSINESSES

Overview

We operate businesses that complement and contribute to the smooth and efficient implementation of our electric power business. The businesses are broadly divided into three categories: Design, construction, inspection and maintenance of facilities; supply of fuel for power generation and materials, and services.

For the power generation facilities of our wholesale electric power business in Japan, J-POWER conducts maintenance in close partnership with its subsidiaries. In addition, through its subsidiaries, J-POWER has invested in four mines in Australia in order to ensure stable, long-term supplies of coal to fuel thermal power generation.

J-POWER'S PARTICIPATION IN COAL MINING PROJECTS

(As of June 30, 2010)

	Blair Athol	Ensham	Clermont	Narrabri
Location	Queensland	Queensland	Queensland	New South Wales
Loading port	Dalrymple Bay	Gladstone	Dalrymple Bay	Newcastle
Production volume	Approx. 6 million t/yr	Approx. 7 million t/yr	Approx. 12 million t/yr	Approx. 6 million t/yr
Investment ratio	10.0%	10.0%	15.0%	7.5%
Commercial production	1984	1993	2010	2010

* Investment through a subsidiary, J-POWER AUSTRALIA PTY. LTD.
* Production volume represents figures for peak production.

OTHER BUSINESSES — OVERSEAS POWER GENERATION BUSINESS —

Overview

Fully utilizing the Group's management resources and know-how, the J-POWER Group operates businesses that include overseas power generation, new power businesses in Japan, such as waste-fueled power generation and co-generation, environmental businesses, telecommunications business, domestic and overseas engineering and consulting operations, and the coal sales business.

To develop the overseas power generation business into a second major area behind the wholesale electric power business in Japan, J-POWER is carefully screening and promoting projects in the priority markets of Southeast Asia, centered on Thailand, the United States and China. Total investment in the overseas power generation business was roughly ¥110.0 billion as of June 30, 2010. As of the same date, J-POWER had 29 projects in operation in six countries and regions worldwide, bringing its overseas owned capacity to approximately 3,700 MW.

By actively working to develop new markets while steadily implementing projects already underway, we are gradually broadening investment targets and the scale of our investments.

In fiscal 2007, J-POWER held the winning bids in two large-scale, gas-fired thermal power projects (total of 3,200 MW)*1 in Thailand. Going forward, we plan to secure a majority interest and take the lead in these two projects.

In China, we invested in Gemeng International Energy Co., Ltd. in August 2009, a company based in Shanxi Province, the country's largest coal-producing region. The investment marks the start of our future expansion in China through new businesses that leverage our coal-fired technologies. In the United States, operations were launched in June 2010 at the Orange Grove Power Plant, J-POWER's first new development project in North America, as we begin our transition from acquiring existing facilities to the next phase—the development of new projects.

Going forward we will also focus on harmonizing growth in Japan and Asia with conversion to low-carbon by promoting high-efficiency coal-fired power generation, mainly in Asia.

*1 Samet Tai site and Nong Saeng site (For details, please see the table below.)
Nong Saeng site: Capacity 1,600 MW, planned for completion in 2014.
Regarding the IPP business at the Samet Tai site, in July 2010 the Thai government decided on a guideline to change the planned construction location for the power plant and make other changes.
J-POWER will carefully confirm the details of the decision and study the feasibility and economic potential of the project in the event of a change in the planned construction location.

J-POWER'S PARTICIPATION IN OVERSEAS POWER GENERATION PROJECTS
(As of June 30, 2010)

Country/region	Project Name	Electricity generation source	Output Capacity (MW)	Ownership	Participation Year	Validity of purchase agreement
■ In operation						
Thailand	Roi-Et	Biomass (Chaff)	10	24.7%	FY2000	21 years
	Rayong	Gas	112	20.0%	FY2000	21 years
	Thaioil Power	Gas	113	19.0%	FY2001	25 years
	Independent Power	Gas	700	10.6%	FY2001	25 years
	Gulf Cogeneration (Kaeng Khoi)	Gas	110	49.0%	FY2001	21 years
	Samutprakarn	Gas	117	49.0%	FY2002	21 years
	Nong Khae	Gas	120	49.0%	FY2002	21 years
	Yala	Biomass (rubber wood waste)	20	49.0%	FY2003	25 years
	Kaeng Khoi #2	Gas	1,468	49.0%	FY2004	25 years
USA	Tenaska Frontier	Gas	830	31.0%	FY2006	20 years
	Elwood Energy	Gas	1,350	25.0%	FY2006	Valid to 2012/2016/2017
	Green Country	Gas	795	50.0%	FY2007	20 years
	Birchwood	Coal	242	50.0%	FY2008	25 years
	Pinelawn	Gas	80	50.0%	FY2008	Valid to 2025
	Equus	Gas	48	50.0%	FY2008	Valid to 2017
	Fluvanna	Gas	885	15.0%	FY2008	Valid to 2024
	Edgewood	Gas	80	50.0%	FY2009	Valid to 2018
	Shoreham	Jet fuel	80	50.0%	FY2009	Valid to 2017
	Orange Grove	Gas	96	100.0%	FY2006	25 years
China	Tianshi	Coal waste	50	24.0%	FY2000	Renewed for 1 year*1
	Hanjiang (Xihe)	Hydroelectric	180	27.0%	FY2007	Renewed for 1 year*1
	Hanjiang (Shuhe)	Hydroelectric	184	27.0%	FY2007	Renewed for 1 year*1
	Gemeng	Mainly coal	4,350	7.0%	FY2009	–
	Xinchang	Coal	1,320	10.0%	FY2007	Renewed for 1 year*1
Taiwan	Chiahui	Gas	670	40.0%	FY2002	25 years
Philippines	CBK (3 projects)	Hydroelectric	728	50.0%	FY2004	25 years
Poland	Zajaczkowo	Wind	48	45.0%	FY2006	15 years
	Total 29 projects in 6 countries/regions		**14,786**			
■ Under construction or planned						
Thailand	Samet Tai*2	Gas	1,600	We plan to own the majority stake	FY2007	25 years
	Nong Saeng	Gas	1,600		FY2007	25 years
	Small Power Producers (7 projects)	Gas	780		FY2007	25 years
China	Hanjiang (Shuhe)	Hydroelectric	92	27.0%	FY2007	Renewed for 1 year*1
Vietnam	Nhon Trach 2	Gas	750	5.0%	FY2008	
	Total 11 projects in 3 countries		**4,822**			

*1 Although a Power Purchase Agreement is renewed every year, J-POWER makes other agreements with the power purchasers for continuous purchasing power during the operation.
*2 Regarding the IPP business at the Samet Tai site, in July 2010 the Thai government decided on a guideline to change the planned construction location for the power plant and make other changes.