

Overview of FY2008 J-POWER Group Management Plan

FY 2008-2012 Management Targets

FY 2005-2007 Results, Prospects for Achieving Management Targets

Achievements of this 3-year period	Technological innovation and development of new electricity sources	Future priorities
<ul style="list-style-type: none"> Steady progress in Isogo New No. 2 construction, and steady results in development of coal gasification technology High operating results recorded in both hydroelectric and thermal power generation, contributing to stable supply Launch of new initiatives in areas such as trading in the wholesale market Steady expansion of overseas power generation and wind power businesses 	<p>Stable supply and an boost in sales</p> <p>Expansion of domestic and overseas businesses</p>	<ul style="list-style-type: none"> Early construction start for Ohma Nuclear Power Plant Next phase in the development of coal gasification technology Maintenance of economic efficiency and reliability of aging power facilities Stable increases in earnings in new business Enhance resilience to business risks and maintain appropriate leverage

<p>Consolidated Ordinary Income</p> <p>Target: over 55 billion yen (FY 2005 - 2007 average)</p> <p>Forecast: 56.8 billion yen (Outlook for same three-year average as of the 3rd quarter)</p>	<p>Consolidated Shareholders' Equity Ratio</p> <p>Target: over 23% (end of FY 2007)</p> <p>Forecast: 23.3% (Outlook for end of FY 2007)</p>
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While producing results, we also remain aware of the changes in our management environment

Changes in Management Environment and Key Issues

Issue of Global Warming

- As the first commitment period of the Kyoto Protocol approaches, efforts to prevent global warming are becoming mainstream practice internationally
- Discussions addressing the "post Kyoto" framework are accelerating
- Technological innovation and new ideas are needed to establish new coal thermal facilities and replace existing ones

PRIORITY

Innovative initiatives that will contribute to "harmonization of energy and the environment" and new business development that will address existing issues and lead to new growth

Outlook for Power Supply and Demand

- Growth in domestic electric power demand is expected to remain at less than 1% on an annual basis. Maximum growth in electric power generation is also forecasted to remain at the same level.
- Therefore, to maintain capacity utilization in a low-growth market environment, reliability of all electric power facilities and cost competitiveness are all the more important.

PRIORITY

Enhancing earning power by improving reliability and profitability of existing power facilities, and by developing businesses in growing market

Increasing Uncertainty

- Growing cost uncertainty due to increase in coal price volatility in the wake of changes in world resource supply and demand conditions
- Disruptions in planned load factor due to natural disasters and other power supply issues
- Volatilities will increase both in revenue side and procurement side, especially in coal market

PRIORITY

Capital structure must reflect measures to mitigate risks. Measures will include further diversification of revenue streams

Driven by the principle of "harmonization of energy and the environment", the J-POWER Group will achieve further growth and navigate the changing management environment in the era of global warming by :

- **Steady formation of facilities in Japan and overseas, with technological innovation**
- **Improvement in the dependability and economic efficiency of existing power facilities**
- **Establishment of a business and financial structure which will enhance resilience to risk**

New Management Targets

Management Targets

Consolidated Ordinary Income

Profit growth via Continued management efforts

FY 2010 Over 55 bil. yen
FY 2012 Over 60 bil. yen

Consolidated Shareholders' Equity Ratio

Balance sheet management during facilities building phase

End of FY 2010 Over 25%
End of FY 2012 Over 26%

ROA

Consolidated Ordinary Income / Total Assets (Management Indices)

FY 2011 - FY 2012
2.5 %

FY 2008-FY2010
2.4 %

In order to achieve management targets and realize sustainable growth...

Five Key Approaches—Business Strategy for Achieving Targets

Steady Growth in Power Generation Capacities

Isogo New No. 2: contribute to stable power supply with leading-edge coal-fired technology.
Ohma Nuclear Power: Company's first nuclear power plant will take on critical role in nuclear fuel cycle.

New Project Development with Technology Innovation

Innovation for CO2 zero emissions based on development of oxygen-blown coal gasification technology.
A technical challenge for dealing with global warming, and the source of new project generation.

Enhancing the Value of Business Assets

Secure reliability, making stable supply to customers the top priority.
Promote improvement in efficient O&M management and enhance economic and environmental efficiency.

Global Business Expansion

Expand revenue from overseas power businesses, the next major business domain.
Lead existing projects to solid operation, and move ahead with new projects.

Power Generation as the Core Of a Diversified Business

Promote participation in mining projects, and coal trading
Continue moving ahead with wind power and other environmental business.

Plan for approx. 1 trillion yen over the next 5 years as growth investment

Strengthening Corporate Infrastructure for Sustainable Growth

Corporate Governance Framework

Enhance governance framework on the twin axis of the Board of Directors and Board of Auditors.

Thoroughness in Compliance

Work to establish individual staff awareness of compliance issues group-wide.

Environmental Initiatives

Pursue clean uses of coal, while examining long-term measures for addressing global warming.

Strengthening Financial Position

While making use of debt, improve to financial position through planned increase inequity capital.

Group Management

Increase consolidated group value by plant maintenance and diversified new businesses.

Safety Initiatives

Focus on strengthening disaster prevention, information security, and industrial accident prevention.

HR Development and Workplace Improvement

Group-wide human resources development, and improvements in work-life balance.