

J-POWER Group's Businesses		Features/Achievements
Domestic Electric Power Businesses	Leading company of coal-fired and hydroelectric power businesses. Playing a vital role in Japan's electricity supply.	
	<b>Core business</b>	<b>67 power plants throughout Japan, 7% share of domestic total output capacity (excluding self-generation)</b>
	<b>Thermal power</b> → P24 Mainstay business accounting for 60% of sales	<b>Output capacity of coal-fired power plants: approx. 7,800 MW (No.1 share in Japan (21%))</b> Based on cost competitiveness, maintain a high load factor as base-load power source.
	<b>Hydroelectric power</b> → P25 Essential power source for meeting peak demand	<b>Output capacity: approx. 8,600 MW (No. 2 share in Japan (19%))</b> Own several plants with large-volume reservoirs to enable to respond flexibility to peak demand.
	<b>Power transmission/Transforming</b> → P25 Core infrastructure linking with regions	<b>Own major transmission lines (total lines: approx. 2,400km), a frequency converter station and other facilities, essential for domestic power network, contributing to power distribution across a wider area and stable operation.</b>
	→ P12 <b>(Nuclear power generation)</b>	<b>The Ohma Nuclear Power Plant (undergoing preparation for construction):</b> A project that will establish new technological horizon and play an important role in business expansion. Also will contribute to Japan's "pluthermal" policy as full MOX-ABWR plant.
Diversified Businesses	<b>Businesses addressing deregulation</b> → P26	<ul style="list-style-type: none"> <li>• Sales in the wholesale electricity market (since 2005)</li> <li>• IPP plants: 520 MW, Wholesale power plants for PPS: 320 MW (without considering the proportion of equity stakes)</li> </ul>
	Approach diversification of business, leveraging experience and technologies accumulated in power generation business.	
	<b>Overseas power generation business</b>  Aim to establish as our "next major business domain"	<ul style="list-style-type: none"> <li>• <b>15 projects in operation in 5 countries/region; overseas output capacity (equity basis) of approximately 1,900 MW</b> (as of June 30, 2007)</li> <li>• Participated in 2 gas-fired projects in the U.S.(Fiscal 2006)</li> <li>• Commenced commercial operations at the Kaeng Khoi #2 Gas-Fired Thermal Power Unit 1 in Thailand (May 2007)</li> </ul>
Diversified Businesses	<b>New businesses</b>	<ul style="list-style-type: none"> <li>• Promote development of renewable energy <ul style="list-style-type: none"> <li>-Wind power: capacity 211 MW (9 locations in Japan)</li> <li>Commenced commercial operations at Koriyama-Nunobiki Kogen Wind Farm, the largest wind farm in Japan (February 2007)</li> <li>-Biomass power generation, micro hydropower, etc.</li> </ul> </li> <li>• Promote coal sales business</li> </ul>
	Create next-generation businesses in energy and environmental fields	

# Initiatives under the Fiscal 2007 Group Management Plan

## Issues from the changing business environment

- Slow growth in domestic electricity market
- The need to move on global warming issues
- Management efficiency and transparency

## A New Vision for the J-POWER Group

- Building cleaner and more efficient business assets  
(Reliability + Efficiency + Environmental Performance)
- Developing a diverse and global business around our core competence in power generation

## Five key approaches to achieving new growth

### ① Steady growth in power generation facilities

Isogo New No.2 Thermal Power Plant, Ohma Nuclear Power Plant and others

→ P12

#### [Steady progress in two new power development projects]

- The Isogo New No.2 Thermal Power Plant  
:Japan's highest-level generating efficiency and environmental performance.  
Reduce CO2 emissions per unit of electricity produced .
- The Ohma Nuclear Power Plant  
:Our first nuclear plant will contribute to Japan's "pluthermal" policy.  
Emit almost no CO2 in generation process.

### ② New project development using innovative technology

Coal gasification, Power source replacement

→ P14

#### [Initiatives for the sustainable use of coal as the most economical, stable source of power]

- Promote development of Oxygen-blown Coal Gasification Technology.
- In the mid- to long-term perspective, seek to apply innovative technologies to replace existing power plants.

### ③ Enhancing value of business assets

Existing hydro, thermal and transmission/transforming facilities

→ P17

#### [Boost economic efficiency, infrastructure reliability and environmental performance of the exsining facilities and strengthen customer services]

- Hydro-Power : Enhance O&M management, renovate facilities to improve efficiency.
- Thermal Power : Implement appropriate capital investment and cost reductions for harmonization with the environment and improvement of competitiveness.
- Transmission/Transforming : Comply with regulations, implement appropriate O&M.

### ④ Global business expansion

Ramp up revenues of overseas power generation projects

→ P18

#### [Make full use of expertise gained through domestic business to ensure overseas earnings growth as our "next major business domain"]

- Strengthen marketing and project management structures, focusing on SE Asia (especially Thailand), the U.S. and China as key markets.
- Expand through collaboration with engineering business.

### ⑤ Power generation as the core of a diversified business

Coal, environmental and non-energy business

→ P20

#### [Pursue stable earnings by broadening value chain, increasing flexibility and liquidity]

- Environmental business: Renewable energy (wind power, etc.), utilizing CO2 credits.
- Coal business: Coal trading, resource rights.
- Market trading of electricity: Trade on wholesale market, diversify channels/methods.
- Non-power business: PFI/PPP businesses, engineering business.