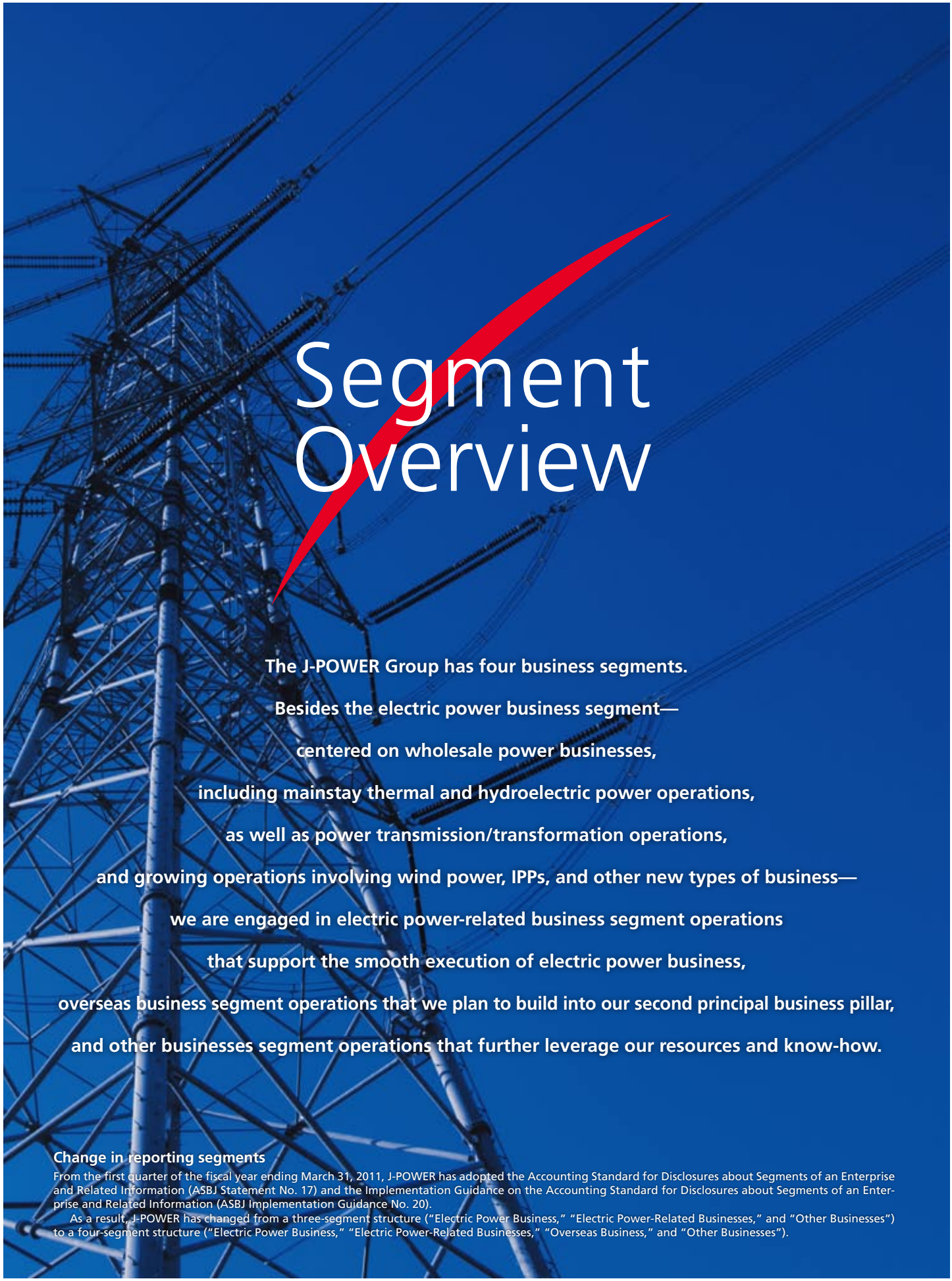


Segment Overview

The J-POWER Group has four business segments.

Besides the electric power business segment—

centered on wholesale power businesses,

including mainstay thermal and hydroelectric power operations,

as well as power transmission/transformation operations,

and growing operations involving wind power, IPPs, and other new types of business—

we are engaged in electric power-related business segment operations

that support the smooth execution of electric power business,

overseas business segment operations that we plan to build into our second principal business pillar,

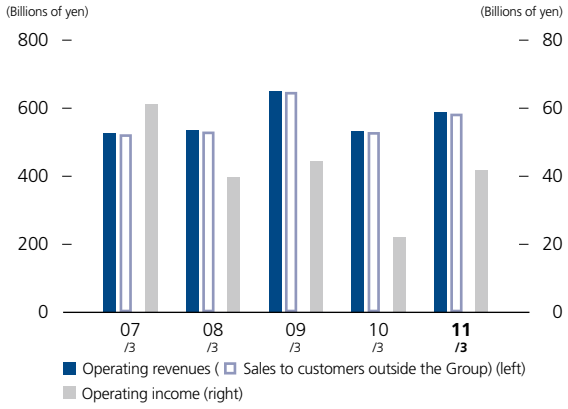
and other businesses segment operations that further leverage our resources and know-how.

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 from a three-segment structure ("Electric Power Business," "Electric Power-Related Businesses," and "Other Businesses") to a four-segment structure ("Electric Power Business," "Electric Power-Related Businesses," "Overseas Business," and "Other Businesses").

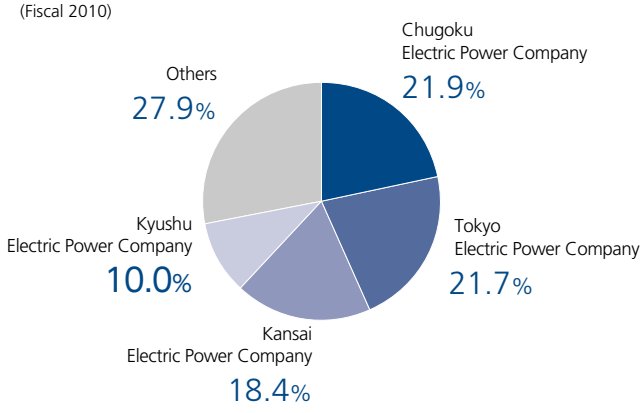
Segment Operating Revenues/Segment Income*1



*1 In fiscal years through the year ended March 31, 2009 (fiscal 2008), segment income is stated in terms of operating income. From the fiscal year ended March 31, 2010 (fiscal 2009), segment income is stated in terms of ordinary income.

Principal Customers of Electric Power Business*2

(Fiscal 2010)

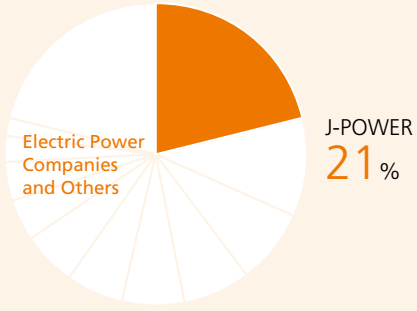


*2 Since the ratios of sales by type of customer have been rounded to two significant digits, they do not add to 100%.

Wholesale Electric Power Business
Thermal Power

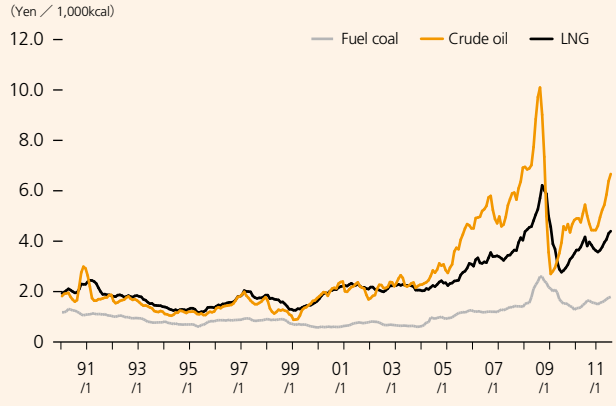
Share of Coal-Fired Power Generation Capacity in Japan

(As of March 31, 2011)



Source: Prepared by J-POWER based on reports issued by the Agency for Natural Resources and Energy

Calorific Unit Price by Fossil Fuel (Imports)



Data charted up to May 31, 2011

Source: The Institute of Energy Economics, Japan

Performance Highlights

In fiscal 2010, ended March 31, 2011, smooth operations were maintained at all the Company's thermal power plants—including the Isogo New No. 2 Thermal Power Plant, which began operating in July 2009—and the load factor was 78%, above the forecast level of 71%. The electricity sales volume was 54.0 billion kWh, up 16% from the previous fiscal year, when the load factor was 68%. Operating revenues rose 16% year on year, to ¥406.4 billion, primarily owing to the rise in the load factor and an increase in electricity rates accompanying higher fuel prices.

For fiscal 2011, we project a load factor of 72% and an 8% year-on-year decrease in the electricity sales volume, to 50.0 billion kWh. Due to an increase in electricity rates accompanying higher fuel prices, we anticipate a rise in our fee revenue.

Tachibanawan Thermal Power Plant
(Tokushima Prefecture)

Overview of Operations

J-POWER specializes in coal-fired thermal power generation. The strengths of coal-fired power are its high cost-competitiveness and the high load factors of its facilities due to a power source that fulfills the base demand for electricity. Currently, J-POWER operates seven coal-fired thermal power plants in Japan with a total capacity of 8,412 MW, representing 21% (the top share) of the coal-fired power generation facilities in Japan.

Mostly derived from revenues from the sale of electricity supplied to 10 EPCOs, the earnings of J-POWER's thermal power business are based on electricity supply contracts with individual sites on a cost basis. In undertaking the supply of electric power, J-POWER adopts a cost basis calculated on a fair assumed cost plus fair return on capital, secures the income needed for business operations, and recovers investment capital. (For more details please refer to Rate Structure for Domestic Wholesale Electric Power Business on page 35.)

Outlook

To maintain reliability, J-POWER's thermal power business undertakes the appropriate maintenance of its existing power plants as well as limits the declines in thermal efficiency and increases in equipment failure caused by aging. At the same time, the Company is working constantly to raise the competitiveness of its plant facilities by stable coal procurement and ongoing cost-cutting efforts.

From the perspective of making a concerted response to global warming issues, J-POWER is involved in coal-fired thermal power technologies that offer even higher efficiency and is focusing on such technical developments as IGCC and CO_2 separation and capture technologies. Plans are under way to replace the old power plant units at Takehara Thermal Power Plant with a new facility that draws on those high-efficiency, coal-fired thermal power technologies.

With regard to geothermal power, following the Onikobe Geothermal Power Plant project, we are moving ahead with measures for identifying additional plant locations.

J-POWER's Coal-Fired Power Plants in Japan

(As of March 31, 2011)

Power Plants		Beginning of Operation	Location	Maximum Capacity (kW)
Isogo	New No. 1	2002	Kanagawa Prefecture	600,000
	New No. 2	2009		600,000
Takasago	No. 1	1968	Hyogo Prefecture	250,000
	No. 2	1969		250,000
Takehara	No. 1*1	1967	Hiroshima Prefecture	250,000
	No. 2*1	1974*2		350,000
	No. 3	1983		700,000
Tachibanawan	No. 1	2000	Tokushima Prefecture	1,050,000
	No. 2	2000		1,050,000
Matsushima	No. 1	1981	Nagasaki Prefecture	500,000
	No. 2	1981		500,000
Matsuura	No. 1	1990	Nagasaki Prefecture	1,000,000
	No. 2	1997		1,000,000
Ishikawa Coal	No. 1	1986	Okinawa Prefecture	156,000
	No. 2	1987		156,000
Total				**8,412,000**

*1 The plan calls for the two existing units to have been replaced by a single coal-fired thermal power facility with the same large-scale 600 MW capacity by around 2020.
*2 Converted from heavy oil-fueled boiler to coal-fueled fluidized boiler in 1995

J-POWER's Geothermal Power Plant in Japan

(As of March 31, 2011)

Power Plant	Beginning of Operation	Location	Maximum Capacity (kW)
Onikobe	1975	Miyagi Prefecture	15,000*3

*3 The output capacity of this plant was increased from 12,500 kW to 15,000 kW in 2010.