

# News Releases

March 19, 2003

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## JOINT VENTURE FOR IPP BUSINESS AT ITOIGAWA AND TOSA PLANT

TAIHEIYO CEMENT CORPORATION (TAIHEIYO) has studied in detail on the proposed Joint Venture for the IPP (Independent Power Producer) business at Itoigawa Power Plant, Niigata Prefecture and Tosa Power Plant, Kochi prefecture; and after negotiations with Electric Power Development Co., Ltd, Tokyo, Japan (J-POWER), TAIHEIYO entered into a Joint Venture Agreement with J-POWER on March 18, 2003.

TAIHEIYO's business prospects continue to be adversely affected due to decline in cement demand in the domestic market because of decrease in public works and severe competition in the global market. As a result of this situation, TAIHEIYO has established a new "04 Mid-Term Management Plan" in order to restructure its total investments and business activities with an aim to strengthen its financial structure and business prospects. In view of above, TAIHEIYO has decided to enter into the Joint Venture of IPP business at Itoigawa and Tosa plant.

The Joint Venture partner, J-POWER, has accumulated vast know-how technology and well known in the field of power generation. The cooperation surely lead to the long and stabilized association for wholesale power supply business .

The financial gains for Taiheiyo is expected to be 19.1 Billion Yen at "04 Mid-Term Management Plan" term, and an extraordinary profit of about 900 Million Yen shall be incurred.

Incidentally, TAIHEIYO is now revising the earnings forecast figures for FY2003.

### (Profile of Itoigawa IPP Business)

1. Name of new Joint Venture Company : ITOIGAWA POWER Inc.
2. Effective date of Joint Venture operation : April, 2003
3. Capitalization and Share of Investment : 2 Billion Yen  
TAIHEIYO: 20%, J-POWER: 80%

4. Electricity wholesale Contractor : Tohoku Electric Power Co., Inc
5. Commercial operation started on : July, 2002
6. Location of JV company head office : Itoigawa city, Niigata Prefecture and power generation plant
7. Power generation facility : Coal-fired thermal power station (Boiler type: Circulating Fluidized Bed Type)
8. Maximum contracted electricity supply : 134,000 kw
9. Annual average usage rate : 40%
10. Contracted duration period : 15 years after the commencement of commercial operation.

(Profile of Tosa IPP Business)

1. Name of new Joint Venture Company : TOSA POWER Inc.
2. Effective date of Joint Venture operation : April, 2005
3. Capitalization and Share of Investment : 5.5 Billion Jen (Proposed)  
TAIHEIYO: 20%, J-POWER: 80%
4. Electricity wholesale Contractor : Shikoku Electric Power Co., Inc
5. Starting of commercial operation proposed on : April, 2005
6. Location of Power Generation Plant : Kochi city, Kochi Prefecture
7. Power generation facility : Coal-fired thermal power station (Boiler type: Circulating Fluidized Bed Type)
8. Maximum contracted electricity supply : 150,000 kw

- 9. Annual average usage rate : 70%
- 10. Contracted duration period : 15 years after the commencement of commercial operation

The details on TAIHEIYO's property transaction for ITOIGAWA POWER Inc. is as follows:

- 1. Sale amount : 10.5 Billion Yen
- 2. Gain on sale : 900 Million Yen
- 3. Effective date of transfer of property : March 31, 2003