

FY2004 Earnings Results Presentation



Electric Power Development Co., Ltd.

May 16, 2005

Forward Looking Statements Disclaimer



The following contains statements that constitute forward-looking statements, plans for the future, management targets, etc. relating to the Company and/or the J-POWER group. These are based on current assumptions of future events, and there exist possibilities that such assumptions are objectively incorrect and actual results may differ from those in the statements as a result of various factors.

Furthermore, information and data other than those concerning the Company and its subsidiaries/affiliates are quoted from public information, and the Company has not verified and will not warrant its accuracy or dependency.

I. Summary of FY2004 Earnings Results

II. Summary of FY2005 Earnings Forecast

Key Points Regarding FY2004 Consolidated Earnings Results

- ▶ Operating revenues, ordinary income, and net income are at historical highs.
- ▶ Due to high operating rates and a rise in coal costs at thermal power plants, increased water supply at hydroelectric plants, and the addition of new power generating subsidiaries, on a consolidated basis, the volume of electric power sold rose 3.7% from the prior year, and revenue grew 4.3%.
- ▶ Operating income declined due to factors such as revised rates for thermal electric power, but ordinary income and net income grew thanks to a decline in interest expense.

Summary of Earnings Results

(Unit: ¥100 million)

	FY2003	FY2004	Year-on-year change	
	Results (Apr.-Mar.)	Results (Apr.-Mar.)	increase/ decrease	increase/ decrease (%)
Operating Revenues	5,699	5,944	245	4.3%
Operating Income	1,321	1,119	203	15.3%
Ordinary Income	444	571	126	28.5%
Net Income	276	356	79	28.7%

Electric Power Business Consolidated Sales



- ▶ Hydroelectric power (parent company): The volume of electric power sold increased by 3.0% over the prior period due to high water supply.
- ▶ Thermal electric power (parent company): The volume of electric power sold increased by 2.9% over the prior period due to the effects of very hot summer weather.
- ▶ Other electric power businesses (subsidiaries): An increase in the number of electric power subsidiaries led to an 86.7% increase in the volume of electric power sold over the prior period.

FY2004 Sales

(Unit: 100 million kWh, ¥100 million)

	FY2003		FY2004		Year-on-year change		Reference Data
	Electric Power Sales	Revenue	Electric Power Sales	Revenue	Electric Power Sales	Revenue	
Wholesale Electric Power Business	588	4,535	605	4,763	17	229	
Hydro (*3)	109	1,358	112	1,371	3	13	Water Supply Rate (*1): 109% 118%
Thermal	479	3,177	493	3,392	14	215	Load Factor (*2) : 75% 77%
Other Electric Power Businesses	5	45	10	87	4	42	Number of Electric Power Subsidiaries: 1 8
Subtotal	593	4,580	615	4,850	22	271	
Transmission	-	634	-	612	-	22	Partial revision of contractual rates
Total	593	5,213	615	5,462	22	249	

*1 Water supply rate = Actual water supply / average water supply over the past 30 years. If the water supply rate is 100%, water supply for the said period is the same as the average water supply rate in the past.

*2 Load factor = actual electric power generation volumes / (maximum facility output x number of days in the period x 24 hours)

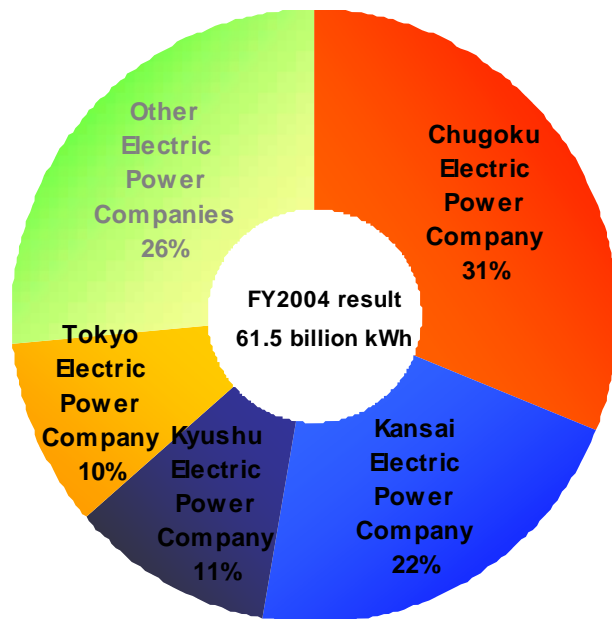
*3 The portion for pumped hydropower is not included in electric power sales. (It is included in revenue because pumped hydropower is a flat rate, and there is no revenue corresponding to sales volume.)

Consolidated Sales by Customer

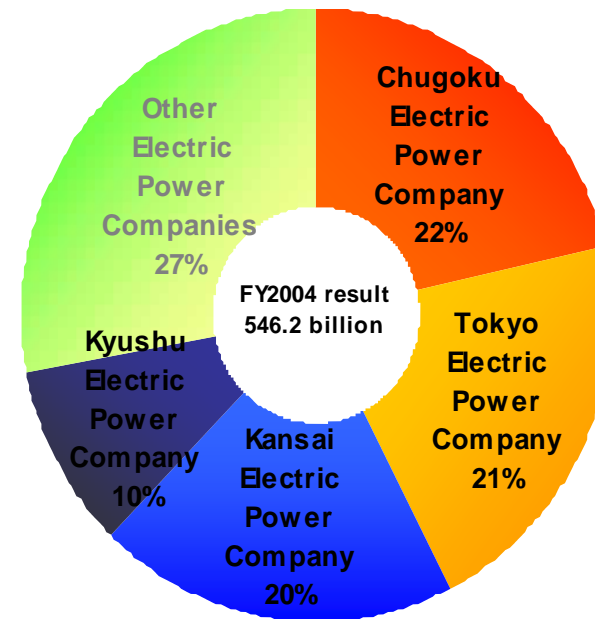


▶ In the Eastern Japan region, revenues are relatively higher compared to the volume of sales because there are more thermal electric plants in the Western Japan region and more hydroelectric plants in the Eastern Japan region.

Sales Volume by Customer



Revenue by Customer (including transmission revenue)

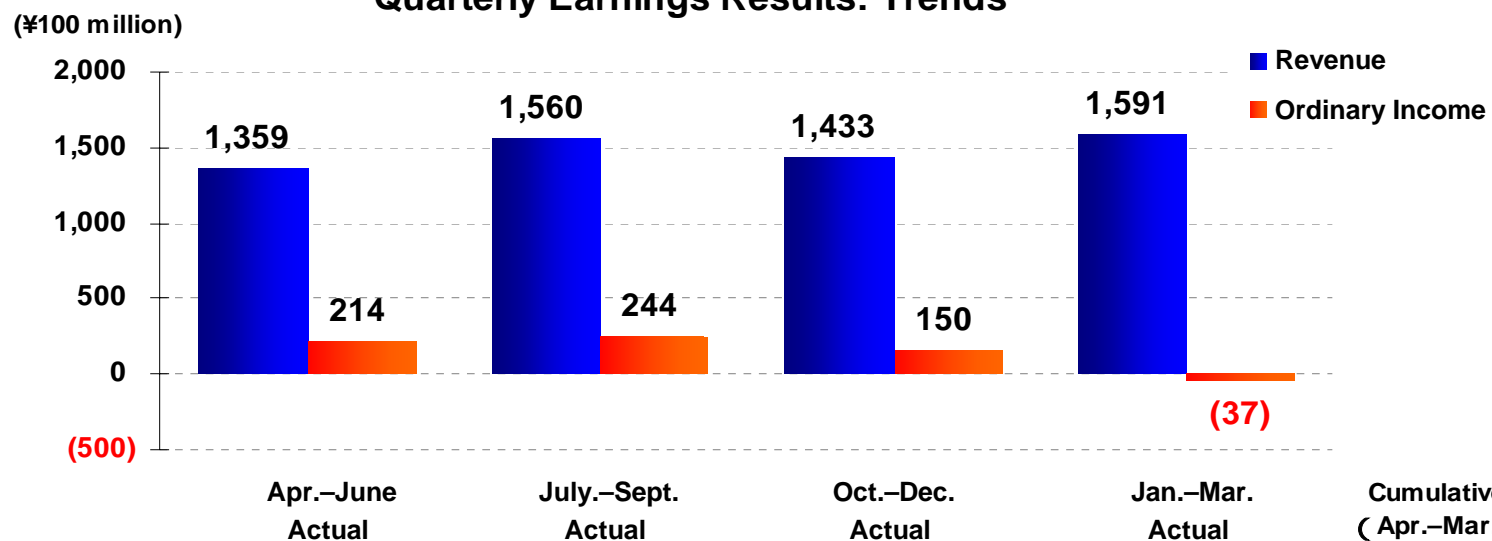


Consolidated Earnings Results by Quarter: Trends



- ▶ In the summer (July–Sept.) demand period, operating rates at thermal power plants are high, and water supply is also high at hydroelectric plants due to the rainy season and typhoons, so revenues are high.
- ▶ Because the company avoids conducting periodic inspections and making major repairs during the summer, when demand and water supply are high, these expenses are small during the July–Sept. quarter. These expenses generally tend to be larger during the second half of the fiscal year.
- ▶ In the Jan.–Mar. quarter, ordinary income shows a loss due to the concentration of repair work and the entering into debt assumption arrangements.

Quarterly Earnings Results: Trends



	Apr.–June Actual	July.–Sept. Actual	Oct.–Dec. Actual	Jan.–Mar. Actual	Cumulative (Apr.–Mar.)
Revenue (consolidated)	135.9 billion yen	156.0 billion yen	143.3 billion yen	159.1 billion yen	594.4 billion yen
Ordinary Income (consolidated)	21.4 billion yen	24.4 billion yen	15.0 billion yen	37.0 billion yen	57.1 billion yen
Electric Power Sales (consolidated)	12.7 billion kWh	17.9 billion kWh	15.4 billion kWh	15.5 billion kWh	61.5 billion kWh
Periodic inspection of thermal power plants	10 plants	1 plant	3 plants	6 plants	-
Load factor of thermal power plants	59%	91%	76%	83%	77%

Summary of Consolidated Results by Segment



Special Characteristics of Results by Segment

▶ Electric Power Business

Most revenue is derived from the parent company's hydroelectric, thermal electric, and transmission businesses (wholesale operations). Wind generation and for PPS generation subsidiaries were included as consolidated subsidiaries beginning FY 2004.

▶ Other Businesses

These focus on peripheral businesses essential for the operation of power plants and transmission facilities, such as designing, executing, inspecting and maintaining electric power facilities and importing and transporting coal.

Intra-group transactions account for a large portion of the Company's power plant maintenance and coal transportation activities.

Revenues increased in FY2004 due to factors such as a major large transfer of business to subsidiaries.

Revenue	(Unit: ¥100 million)			
	FY2003	FY2004		
	FY results (Apr.-Mar.)	Q3 (Apr.-Dec.)	Jan.-Mar.	FY results (Apr.-Mar.)
Electric Power Business	5,235	4,121	1,372	5,493
Other Businesses	1,970	1,557	983	2,540
Subtotal	7,204	5,679	2,355	8,033
Eliminations	△ 1,506	△ 1,326	△ 763	△ 2,090
Consolidated	5,699	4,352	1,591	5,944

Operating Income	(Unit: ¥100 million)			
	FY2003	FY2004		
	FY results (Apr.-Mar.)	Q3 (Apr.-Dec.)	Jan.-Mar.	FY results (Apr.-Mar.)
Electric Power Business	1,194	920	72	993
Other Businesses	128	72	49	120
Subtotal	1,322	992	121	1,113
Eliminations	△ 1	14	△ 9	6
Consolidated	1,321	1,007	112	1,119

Consolidated Income: Comparison



	FY2003	FY2004		Year-on-year change		Main factors for change	
	FY results (Apr.-Mar.)	Q3 (Apr.-Sept.)	Jan.-Mar.	FY results (Apr.-Mar.)	Increase/decrease		
Ordinary Revenue	Operating revenues	5,699	4,352	1,591	5,944	245	
	Electric power operating revenues	5,229	4,111	1,369	5,480	250	
	Hydro	1,358	1,054	317	1,371	13	Water supply increase, annualized expansion of the Okutadami and Otori hydro power plants
	Thermal	3,177	2,530	862	3,392	215	Increase in fuel prices and electric power sales, revised electric power rates
	IPP, PPS, Wind power	45	55	32	87	42	Newly consolidated subsidiaries, including for PPS generation and wind power subsidiaries
	Transmission	634	459	153	612	22	Increase due to partial revision of contractual rates
	Other	16	13	4	18	2	
	Other operating revenues	469	241	223	464	5	
	Non-operating revenues	41	23	16	39	2	
	Equity income of affiliates	8	-	-	-	8	
Other	33	23	16	39	6	Increase in dividends received	
Total Ordinary Revenues	5,739	4,375	1,607	5,983	243		
Ordinary Expense	Operating expenses	4,377	3,346	1,479	4,825	448	
	Electric power operating expenses	3,865	3,064	1,253	4,317	452	
	Personnel expenses	422	267	70	338	85	Reduction in personnel, reduction in retirement benefits expenses
	Fuel costs	859	843	324	1,166	307	Increase in fuel prices and electric power sales
	Repair expenses	287	286	189	475	188	Increase in periodic inspections at thermal plants, typhoon disaster recovery
	Outsourcing expenses	262	223	117	340	78	Software depreciation, increase due to transfer of operations to other group companies
	Depreciation	1,284	907	314	1,220	64	Decrease due to progress in depreciation
	Other	751	539	239	778	27	Increase in property tax
	Other operating expenses	513	282	227	508	4	
	Non-operating expenses	918	422	165	587	331	
	Interest expenses	835	374	134	509	326	Decrease in prepayment premiums on early redemptions and the like, and fall in interest rates & loan balances
	Equity losses of affiliates	-	13	0	13	13	Depreciation of past development costs associated with change in overseas IPP development location
	Other	82	34	30	65	18	Decrease in waste oil processing expenses, increase due to early adoption of impairment accounting
Total Other Expenses	5,295	3,767	1,644	5,412	117		
Ordinary Income	444	608	37	571	126		

Consolidated Cash Flow



- ▶ Free cash flow is positive in the absence of major capital spending.
- ▶ In order to prepare for future changes in the business climate and increases in capital spending*, we are mainly using free cash flow to reduce interest-bearing debt in order to strengthen the company's financial position.

* Construction to begin on Isogo New No. 2 Coal Fired Thermal Power Plant (600MW) in August 2005.
Construction to begin on Oma Nuclear Power Plant (1,383MW) in August 2006.

(Unit: ¥100 million)					
	FY2003	FY2004		Year-on-year Change	Main Factors for Change
	FY results (Apr.-Mar.)	Q3 (Apr.-Dec.)	Jan.-Mar.		
Operating activities (A)	1,799	1,276	450	1,726	73 Decrease in depreciation expense
Investing activities (B)	645	312	293	606	39 Increase in collection of investment and advances
Financing activities	1,475	801	317	1,118	357 Decrease in debt repayments
Cash and cash equivalents (change)	323	186	160	26	349
Free cash flow (A+B)	1,154	964	157	1,121	34

Consolidated Balance Sheet



- ▶ Continued decrease in scale of total assets over prior period.
- ▶ Steady improvement in financial position through reductions in interest bearing debt.
- ▶ Shareholders' equity ratio at 19.4%. (Target of 23% by end FY2007)

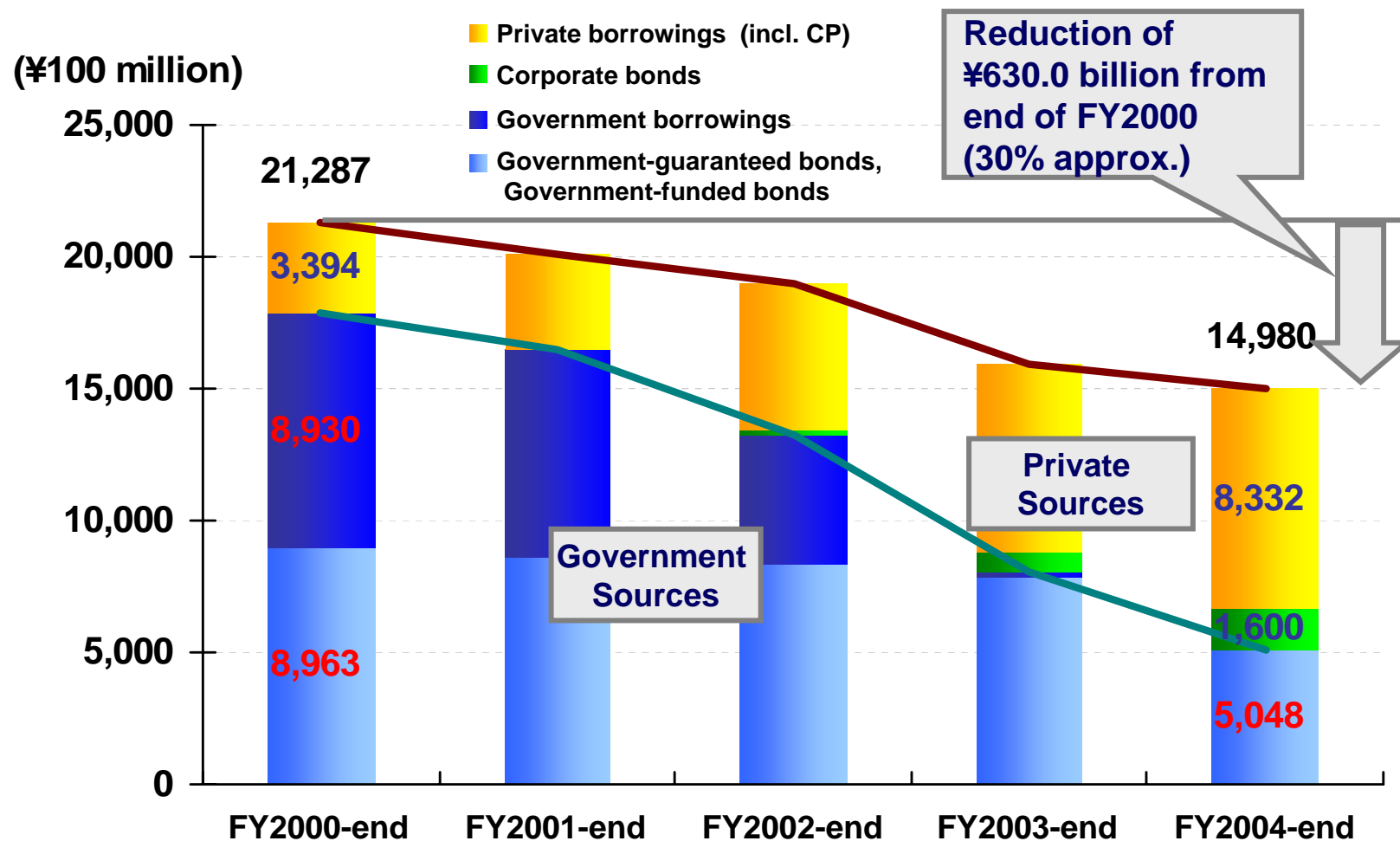
(Unit: ¥100 million)

		FY2003	FY2004		Change from prior year-end	Main Factors for Change
		As of March 31	As of Dec. 31	Jan.-Mar. Increase/decrease	As of March 31	
Assets	Fixed Assets	19,451	18,904	4	18,900	551
						Decrease due to progress in depreciation
	Electric power business	16,234	15,640	167	15,474	760
	Other businesses	290	275	3	279	11
						Preparatory construction of Oma 98 Nuclear Power Plant
	Construction in progress	1,608	1,653	53	1,706	98
						Overseas IPP investment
	Investment, etc.	1,320	1,335	106	1,441	122
	Current assets	1,310	1,653	337	1,317	7
	Total	20,761	20,557	341	20,217	545
Liabilities	Interest-bearing debt	15,929	15,296	316	14,980	949
						Decrease due to debt repayment
	Other	1,230	1,326	15	1,311	81
	Total	17,159	16,622	331	16,291	868
	Minority interests	5	12	0	12	7
	Shareholders' equity	3,596	3,923	10	3,913	317
						Increase in retained earnings
	Total	20,761	20,557	341	20,217	545
	D/E Ratio (x)	4.4	3.9		3.8	
	Shareholders' equity ratio	17.3%	19.1%		19.4%	

Breakdown of Consolidated Interest-bearing Debt



- ▶ While reducing interest-bearing debt, we are shifting our debt structure from one centered on government funding to one funded by the private sector.
- ▶ We are reducing debt costs through the early redemption of high-interest debt.



Comparison with Consolidated Earnings Forecast

- ▶ Revenues increased slightly due to the thermal electric power operating rate (forecast Load factor 73% → actual 77%) and an increase in the hydroelectric power water supply (forecast Water supply rate 109% → actual 118%).
- ▶ Operating income and ordinary income were slightly higher than forecast due to the improved profitability of consolidated affiliates.

Comparison with FY2004 Consolidated Earnings Forecast

(Unit: ¥100 million)

	FY2004			
	Earnings Forecast	Actual	Increase/ decrease	Increase/ decrease (%)
Operating Revenues	5,780	5,944	164	2.8%
Operating Income	1,060	1,119	59	5.6%
Ordinary Income	550	571	21	3.8%
Net Income	350	356	6	1.6%

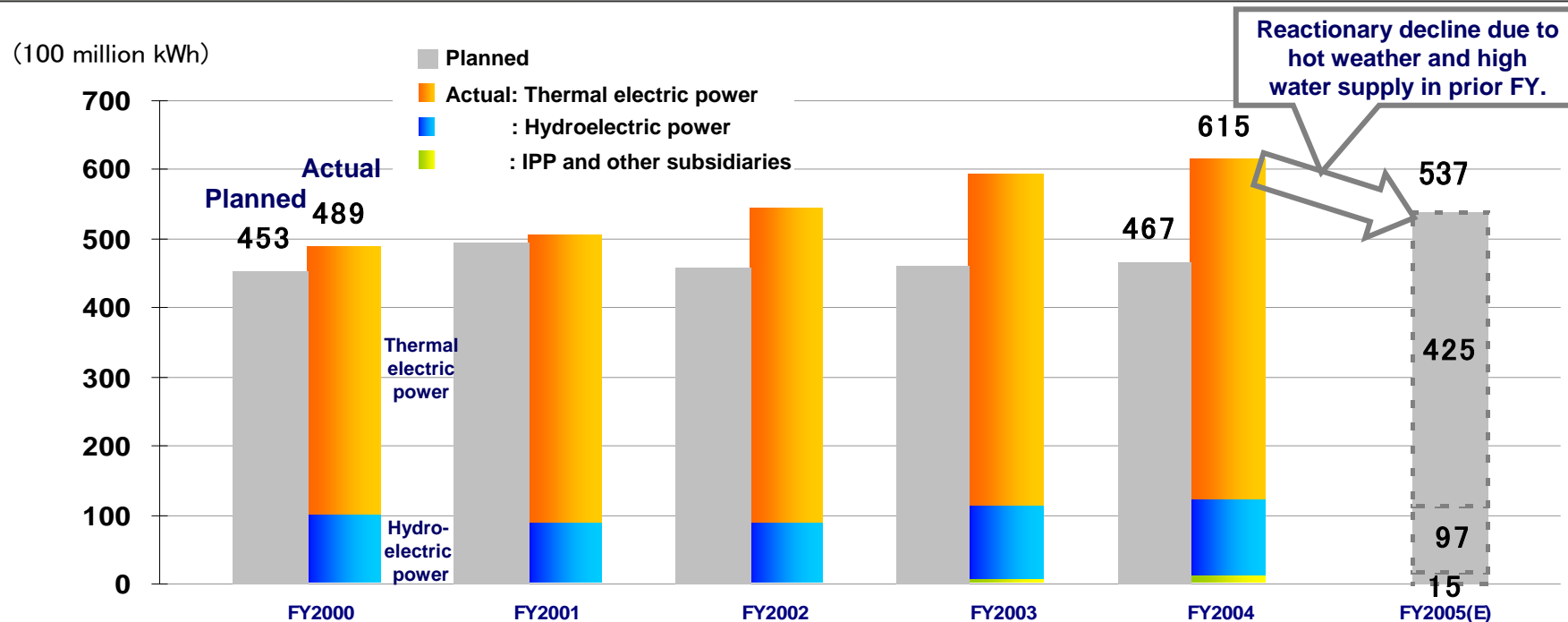
I. Summary of FY2004 Earnings Results

II. Summary of FY2005 Earnings Forecast

Consolidated Electric Power Sales Forecast



- ▶ Consolidated electric power sales have continued to grow for the past five years.
- ▶ We forecast a reactionary decline in electric power sales for FY2005 due to the fact that operating rates for thermal electric power were particularly high in FY2004 because of the very hot summer weather and because the hydroelectric water supply was higher than average.



	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005(E)
Thermal electric power Load factor(*)	64%	66%	71%	75%	77%	(67%)
Hydroelectric power Water supply rate(*)	102%	92%	91%	109%	118%	(100%)
Major new facilities	◆ Tachibanawan Thermal Power Plant(2,100MW)		◆ Isogo New No.2 Thermal Power Plant (600MW)	◆ Expansion of Okutadami and Otori Hydro. (287MW) ◆ Itoigawa Power (134MW)	◆ Ichihara Power (110MW)	◆ Bay Side Energy (108MW)

* FY2000 - FY2004: Actual, FY2005: Forecast

FY2005 Consolidated Earnings Forecast



- ▶ Revenues: Revenues are expected to decrease due to the hot weather of the prior year, the reactionary decline in the water supply, and the decrease in thermal electric power rates.
- ▶ Profits: Due to the reduction of maintenance and operational costs as well as interest expenses, ordinary income is forecast at 55.0 billion yen and net income is forecast at 36.0 billion yen, both of which are marginal changes.

FY2005 Consolidated Earnings Forecast

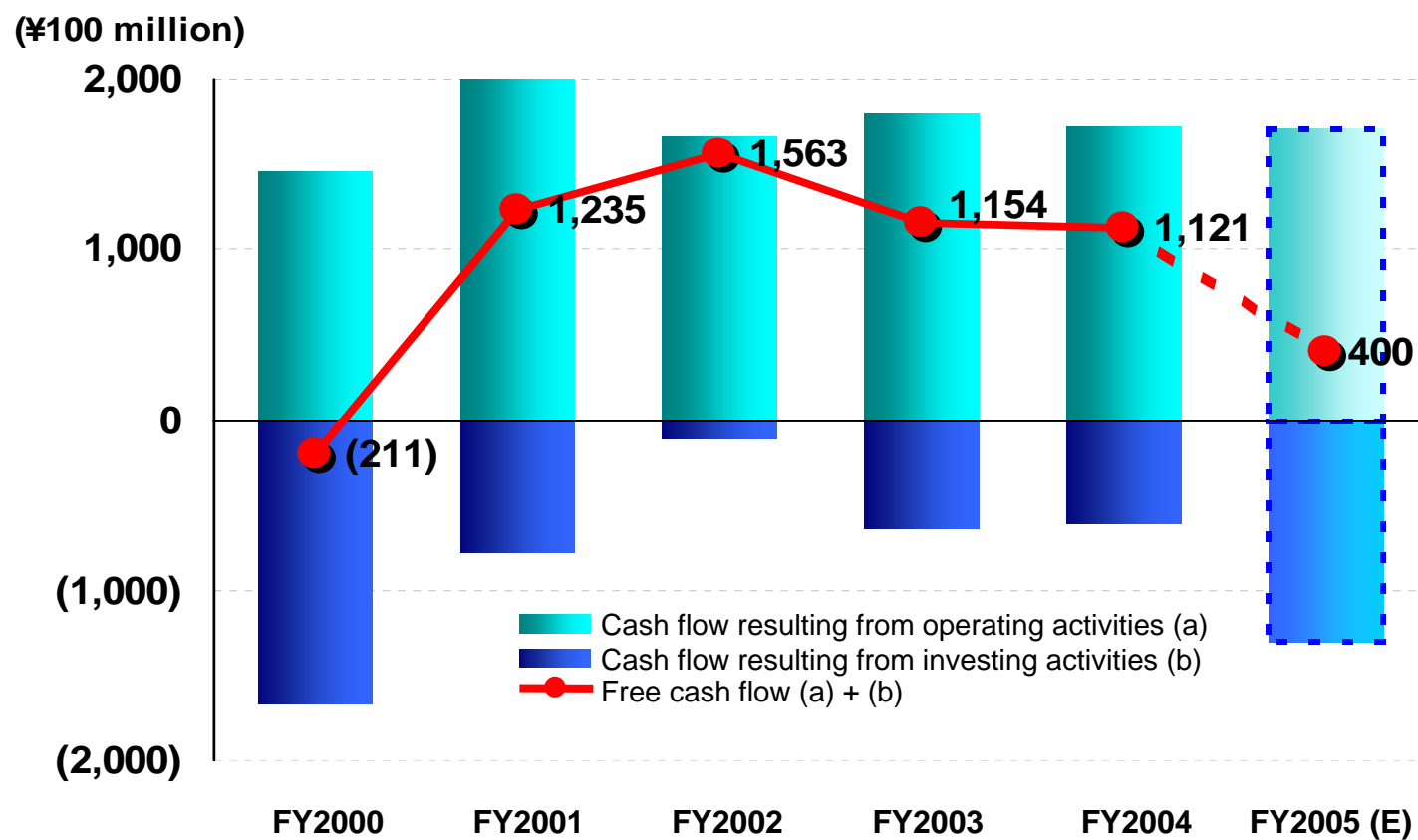
(Unit: ¥100 million)

	FY2004	FY2005	Year-on-year change	
	Actual	Forecast	increase/ decrease	increase/ decrease (%)
Operating Revenues	5,944	5,780	164	2.8%
Ordinary Income	571	550	21	3.7%
Net Income	356	360	4	1.2%

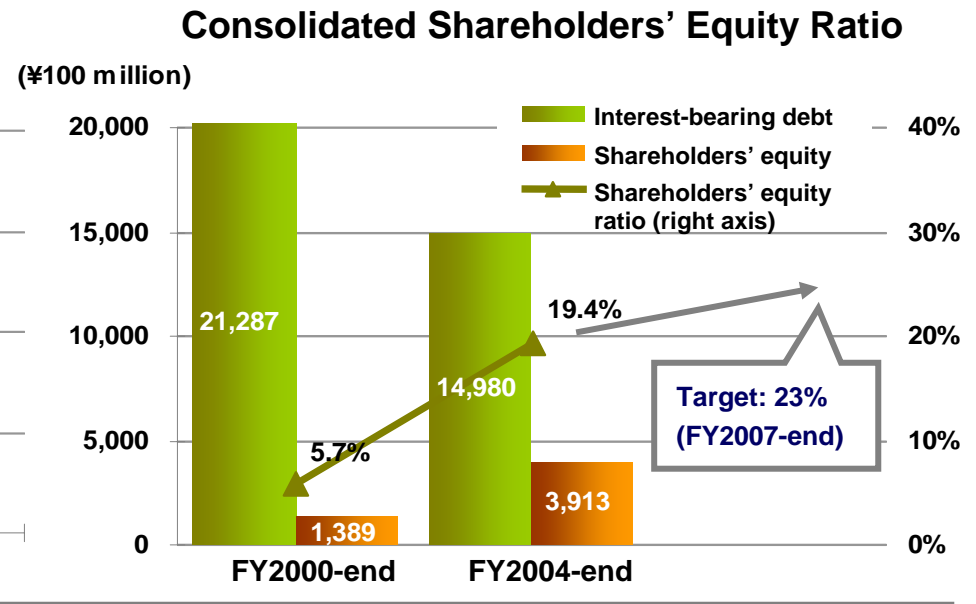
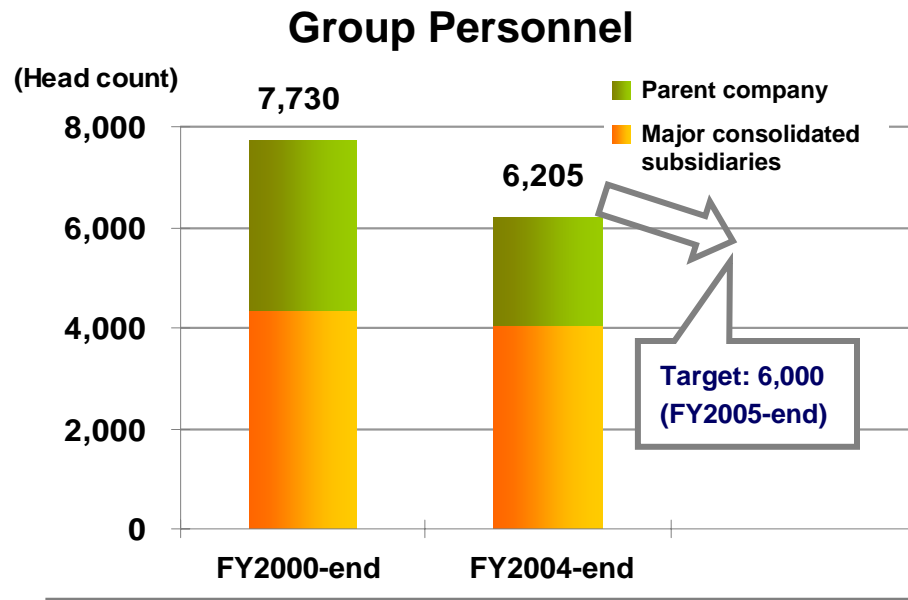
Consolidated Cash Flow Forecast



- ▶ From FY2001 onward, free cash flow became positive due to a decrease in capital expenditure.
- ▶ Free cash flow is forecast to decline in FY2005 due to increased capital expenditure in the Isogo New No. 2 Coal Fired Thermal Power Plant and the Oma Nuclear Power Plant.

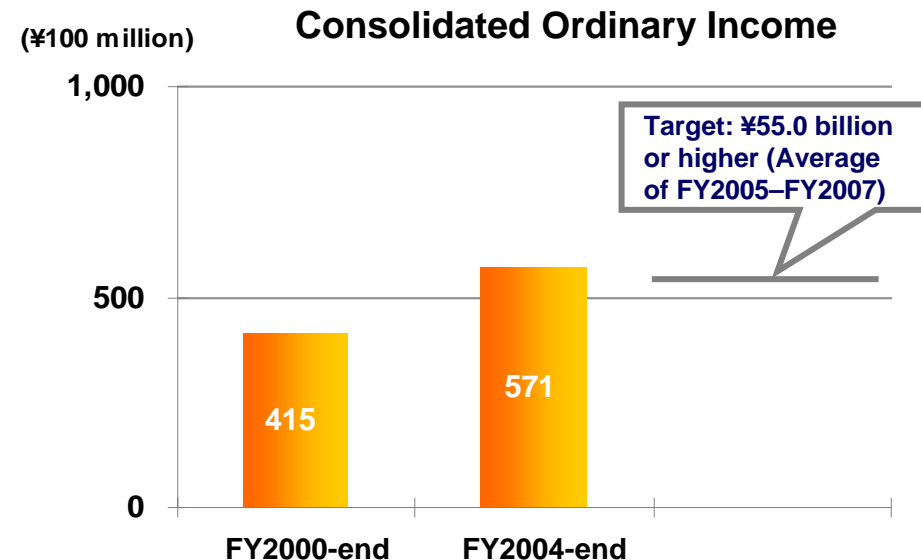


Cost Reductions and Improvement in Financial Position



▶ **Management Goals**

- Number of Group personnel: 6,000 (FY2005-end)
- Shareholders' equity ratio: 23% (FY2007-end)
- Ordinary income: ¥55.0 billion or higher (Average of FY2005–FY2007)



* "Group personnel" includes parent-company personnel, executives and personnel of major consolidated subsidiaries, and employees dispatched to companies other than consolidated subsidiaries.

We are currently considering dividend payouts as below:

- ▶ **We will continue to keep dividends at a stable ¥60 per share.**
 - One payment of ¥60 per share at end of FY2004
 - Two payments at half year and at year end from FY2005

- ▶ **We are reviewing our dividend policy, while simultaneously taking into account business environment, our wholesale fee trends, investments for growth, and the strengthening of our financial position, and will announce our conclusion of such review as early as possible during the term of our new three-year management plan.**

II . APPENDIX

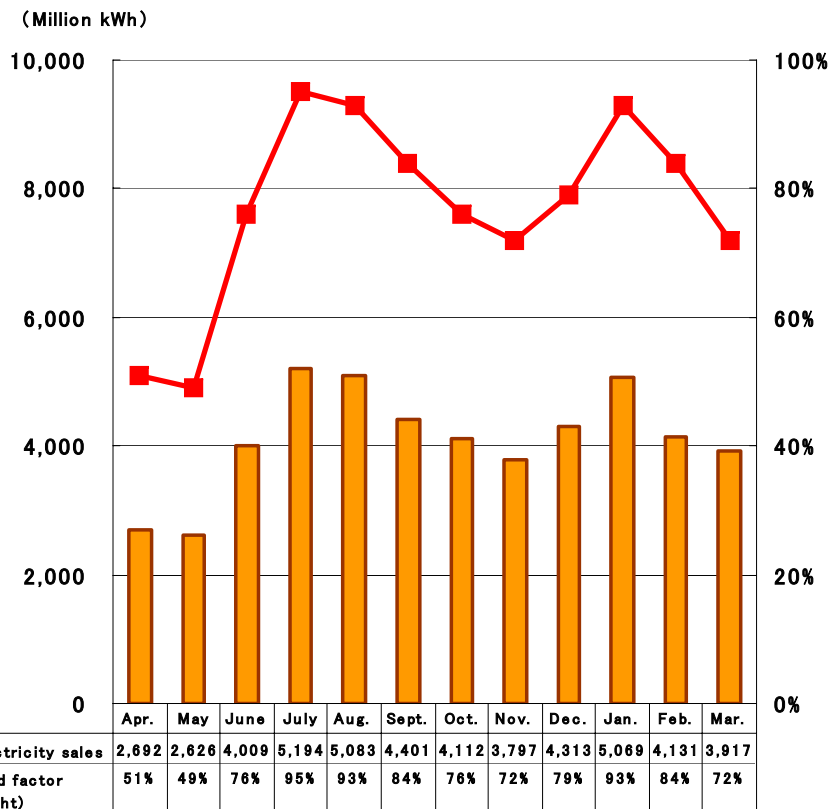
Wholesale Electric Power Business: Monthly Electricity Sales



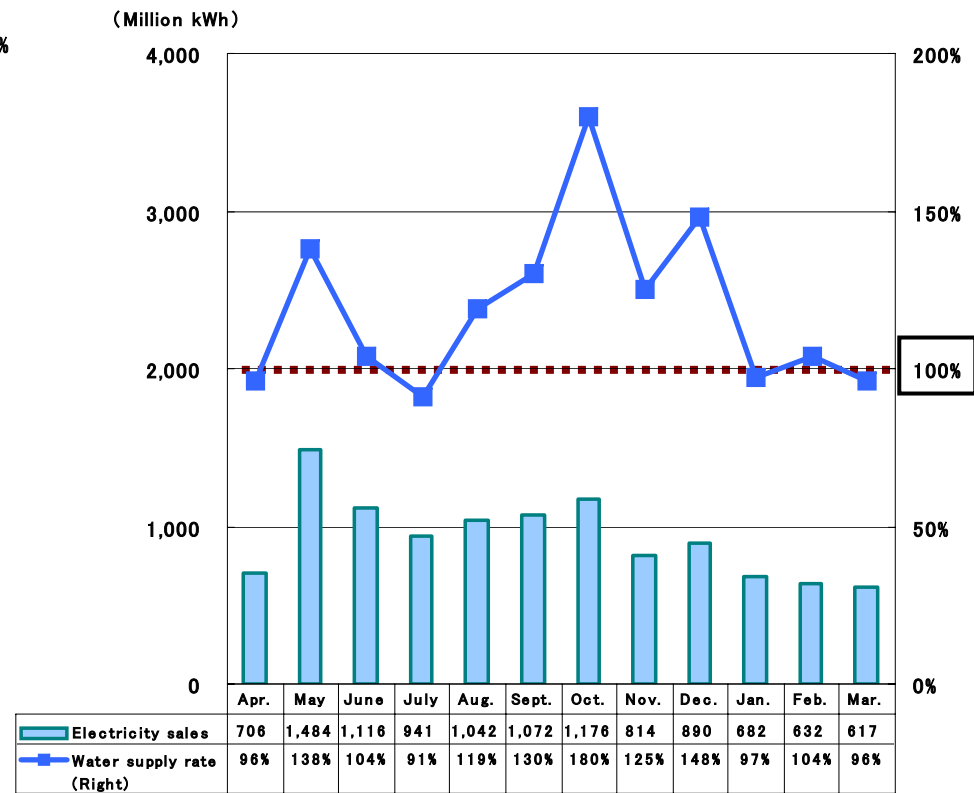
▶ **Thermal Power: Apr.-Mar. Results (Cumulative)**
 Load factor ⇒ 77%
 Electricity sales ⇒ 49.3B kWh

▶ **Hydroelectric Power: Apr.-Mar. Results (Cumulative)**
 Water supply rate ⇒ 118%
 Electricity sales ⇒ 11.2B kWh

Thermal Power: Monthly Electricity Sales

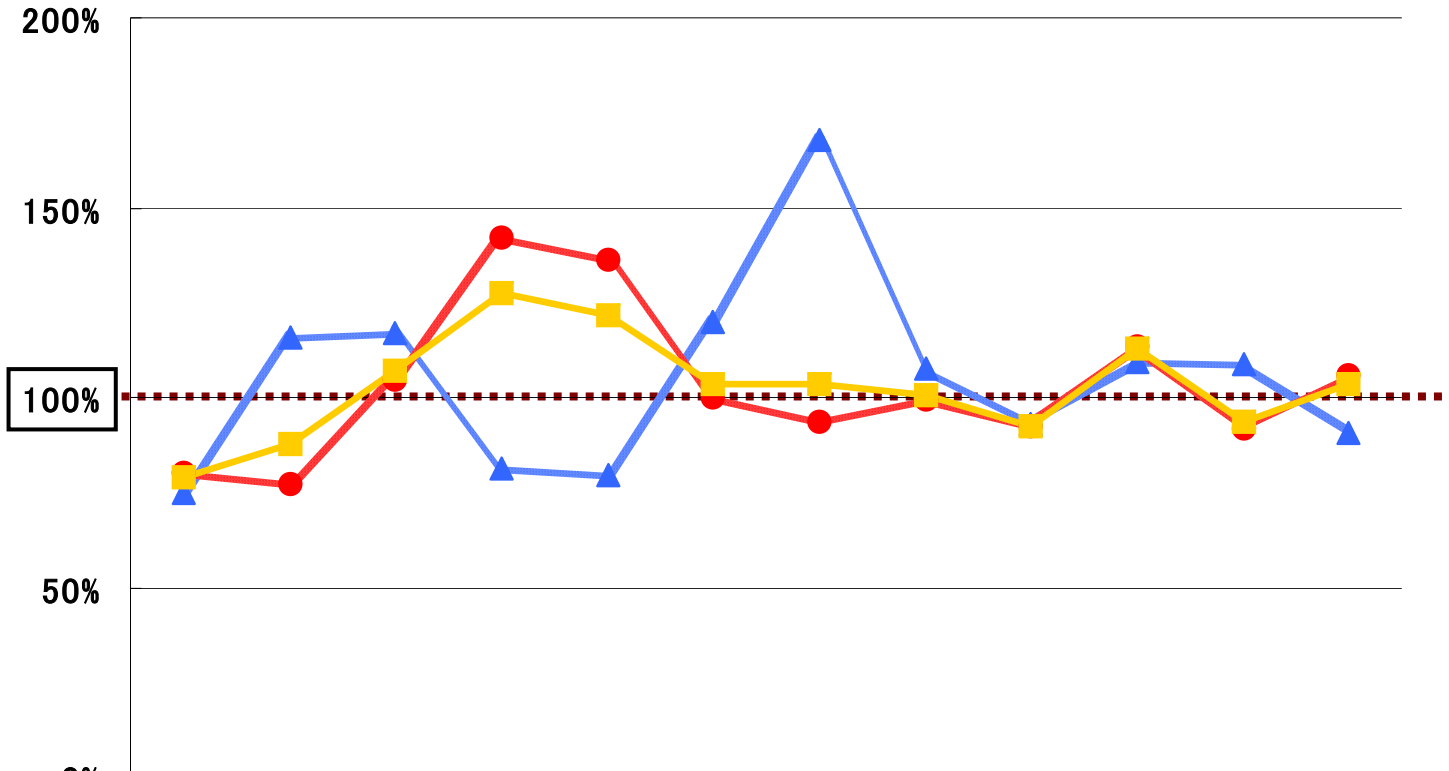





Hydroelectric Power: Monthly Electricity Sales



Wholesale Electric Power Business: Changes in Monthly Electricity Sales

Year-on-year Comparison of Monthly Electricity Sales:
Thermal Power and Hydroelectric Power



	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Cumulative Apr.-Mar.
 Year-on-year (Hydro)	75%	116%	117%	81%	79%	120%	168%	108%	93%	109%	109%	91%	103%
 Year-on-year (Thermal Power)	80%	77%	105%	142%	136%	100%	94%	99%	92%	114%	92%	106%	103%
 Year-on-year Total	79%	88%	107%	127%	122%	103%	104%	101%	92%	113%	94%	104%	103%

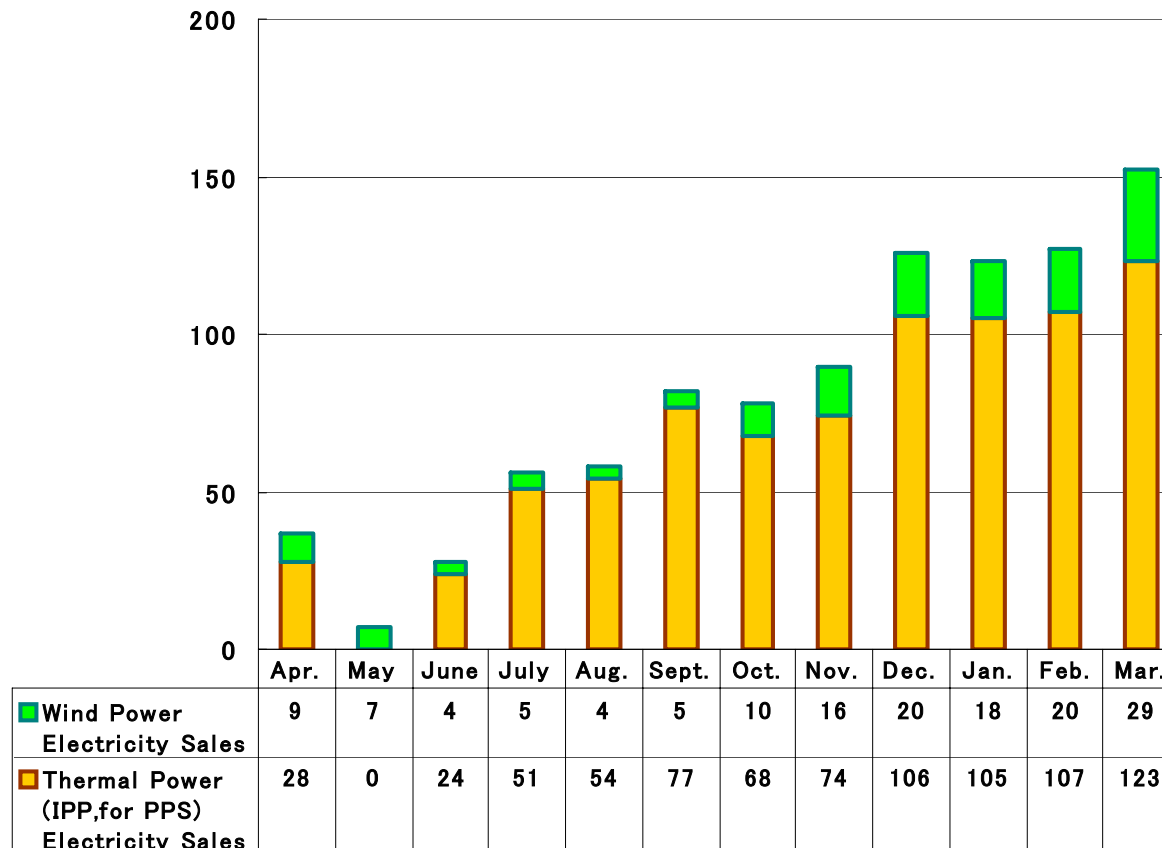
Other Electric Power Businesses: Monthly Electricity Sales



- ▶ Other Electric Power Businesses (IPP, for PPS, Wind Power):
Total Electricity Sales (Cumulative Apr.-Mar.) ⇒ 1.0 B kWh

Other Electric Power Businesses: Monthly Electricity Sales

(Million kWh)



Note: Does not take proportion of equity holdings into account

Currently Operating Electric Power Subsidiaries (Consolidated)

Thermal Power:

(IPP)

Itoigawa Power 134 MW (80%)

(for PPS)

Ichihara Power 110 MW (60%)

Wind Power:

Dream-Up Tomamae 31 MW (100%)

Green Power Kuzumaki 21 MW (100%)

Nikaho-Kogen 25 MW (67%)

Nagasaki Shikamachi 15 MW (70%)

Green Power Aso 18 MW (81%)

J-Wind TAHARA 22 MW (66%)

Note: equity stake shown in parentheses

: Bay Side Energy (108MW) launched operation in April 2005

【Major financial data : Consolidated】



(Unit: ¥100 million)

	FY2000	FY2001	FY2002	FY2003	FY2004
《 P L 》					
Operating revenues	5,416	5,933	5,841	5,699	5,944
(EBITDA)※1	2,446	2,687	2,713	2,635	2,372
Operating income	1,173	1,196	1,342	1,321	1,119
Ordinary income	415	440	355	444	571
Extra ordinary loss	117	138	—	—	—
Net income	178	176	207	276	356
《 B S 》					
Shareholder's equity	1,389	1,523	1,683	3,596	3,913
Assets	24,207	23,147	21,959	20,761	20,217
Interest-bearing debt	21,287	20,075	18,939	15,929	14,980
《 C F 》					
Cash flows from operating activities	1,458	2,007	1,674	1,799	1,726
Cash flows from investing activities	-1,669	-772	-110	-645	-606
Cash flows from financing activities	221	-1,256	-1,177	-1,475	-1,118
FCF ※2	-211	1,235	1,563	1,154	1,121
Depreciation	1,273	1,491	1,371	1,314	1,253
Capital expenditures	1,915	766	534	462	509
《Group Employees》※3	7,730	7,374	6,916	6,367	6,205

※1 EBITDA = Operating income + Depreciation

※2 FCF = Cash flow from operating activities + Cash flow from investing activities

※3 "Group employees" includes company employees, directors and employees at our main consolidated subsidiaries, and employees on temporary transfers from consolidated subsidiaries

【Electric Power sales and revenues, Generation capacity : Consolidated】

	FY2000	FY2001	FY2002	FY2003	FY2004
Electric power sales (million kWh)					
Wholesale electric power business	48,915	50,403	54,429	58,787	60,517
Hydroelectric	9,929	8,873	8,902	10,850	11,172
Thermal	38,986	41,530	45,527	47,937	49,345
Other electric power business	–	–	–	517	965
Total	48,915	50,403	54,429	59,305	61,483
Electric power revenues (100 million yen)					
Wholesale electric power business	4,252	4,778	4,736	4,535	4,763
Hydroelectric	1,441	1,379	1,382	1,358	1,371
Thermal	2,811	3,399	3,354	3,177	3,392
Other electric power business	–	–	–	45	87
Transmission	671	672	667	634	612
Total	4,923	5,450	5,403	5,213	5,462
Generation capacity (MW)					
Wholesale electric power business	16,015	16,085	16,085	16,375	16,375
Hydroelectric	8,261	8,261	8,261	8,551	8,551
Thermal	7,755	7,825	7,825	7,825	7,825
Other electric power business	–	–	–	134	375
Total	16,015	16,085	16,085	16,509	16,750

【Key ratios and Primary data】



【 Key ratios : Consolidated】	FY2000	FY2001	FY2002	FY2003	FY2004
Ordinary Income/Operating Revenues ¹	7.7%	7.4%	6.1%	7.8%	9.6%
Shareholder's equity ratio(%)	5.7%	6.6%	7.7%	17.3%	19.4%
D/E ratio	15.3	13.2	11.3	4.4	3.8
ROE(%)	13.4%	12.1%	12.9%	10.5%	9.5%
ROA(%) ^{※1}	0.75%	0.74%	0.92%	1.29%	1.74%
EPS(円)	252.7	249.8	291.4	304.9 ^{※2}	255.0
BPS(円)	1,967.0	2,157.3	2,381.7	2,590.0	2,818.0

※1: ROA = Net income/total assets (average)

※2: We've expanded shareholder equity by increasing capital through a third-party allocation of shares in December 2003.

【 Primary data 】	FY2000	FY2001	FY2002	FY2003	FY2004
Coal:					
Amount purchase (10 thousand ton)	1,551	1,523	1,748	1,828	1,969
Load factor of coal-fired thermal power plants (%)	64%	66%	71%	75%	77%
Water supply rate (%)	102%	92%	91%	109%	118%
Australian coal price (FOB, US\$) ^{※1}	28.75	34.50	31.85	26.75	45.00
Exchange rate (¥/\$) ^{※2}	111	125	122	113	108

※1: Reference price

※2: TTM



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