

# Summary of FY2006 First Quarter Earnings Results



**Electric Power Development Co., Ltd.**

**August 11, 2006**

---

# 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.

## ▶ Lower revenues and income results

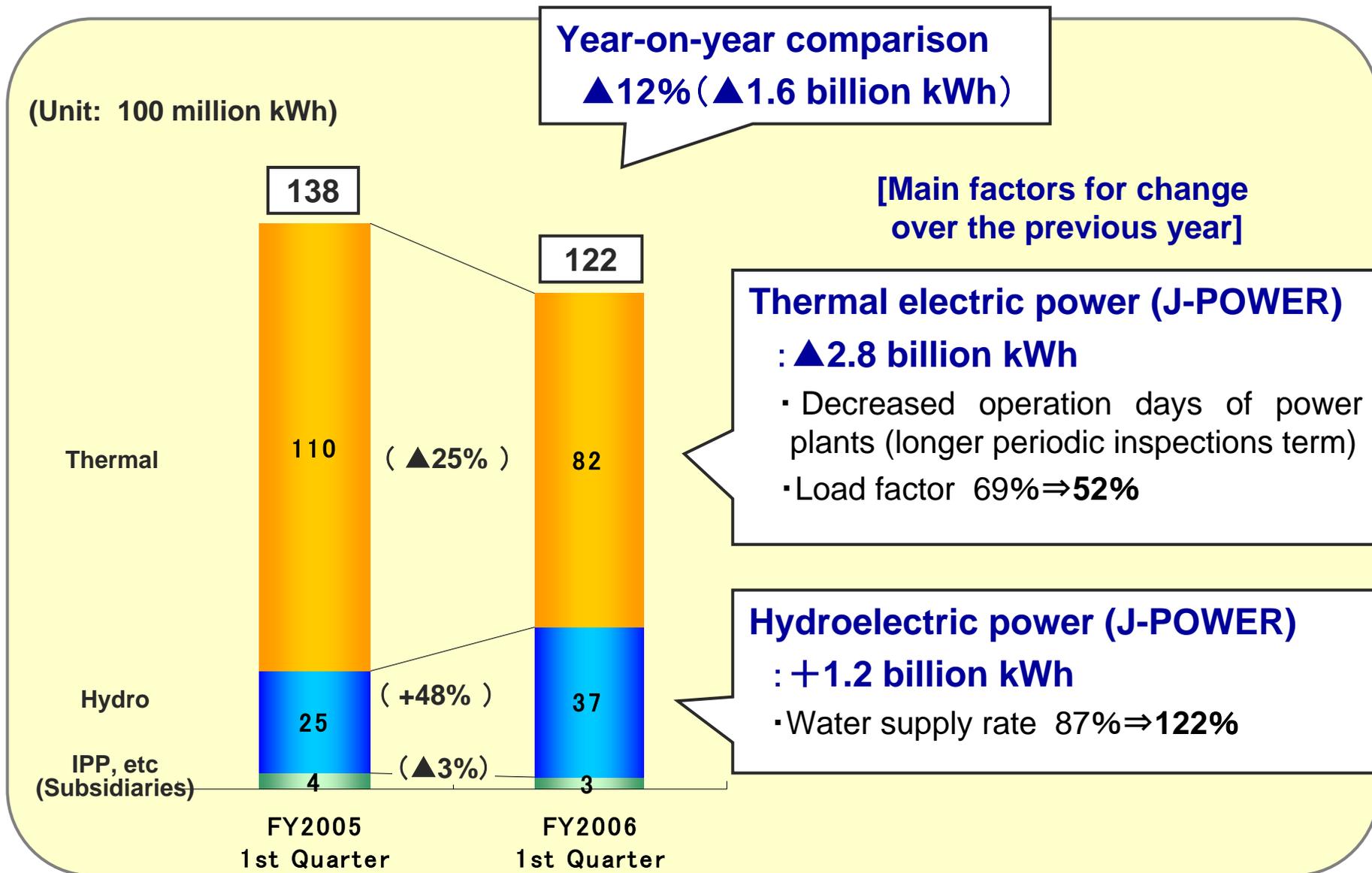
The rate reductions for hydroelectric and transmission in October of 2005, along with lower thermal electric power sales and an increase in repair expenses due to longer periodic inspections term of thermal plants, led to lower overall revenues and profits.

### Summary of First Quarter Earnings Results

(Unit: ¥100 million)

	FY2005	FY2006	Year-on-year change	
	1st Quarter (Apr.-Jun.)	1st Quarter (Apr.-Jun.)	Increase/ decrease	Increase/ decrease (%)
<b>Operating Revenues</b>	1,447	1,301	△ 146	△10.1%
<b>Operating Income</b>	303	228	△ 75	△24.7%
<b>Ordinary Income</b>	252	207	△ 45	△17.8%
<b>Net Income</b>	158	134	△ 24	△15.1%

# Electric Power Business Consolidated Sales

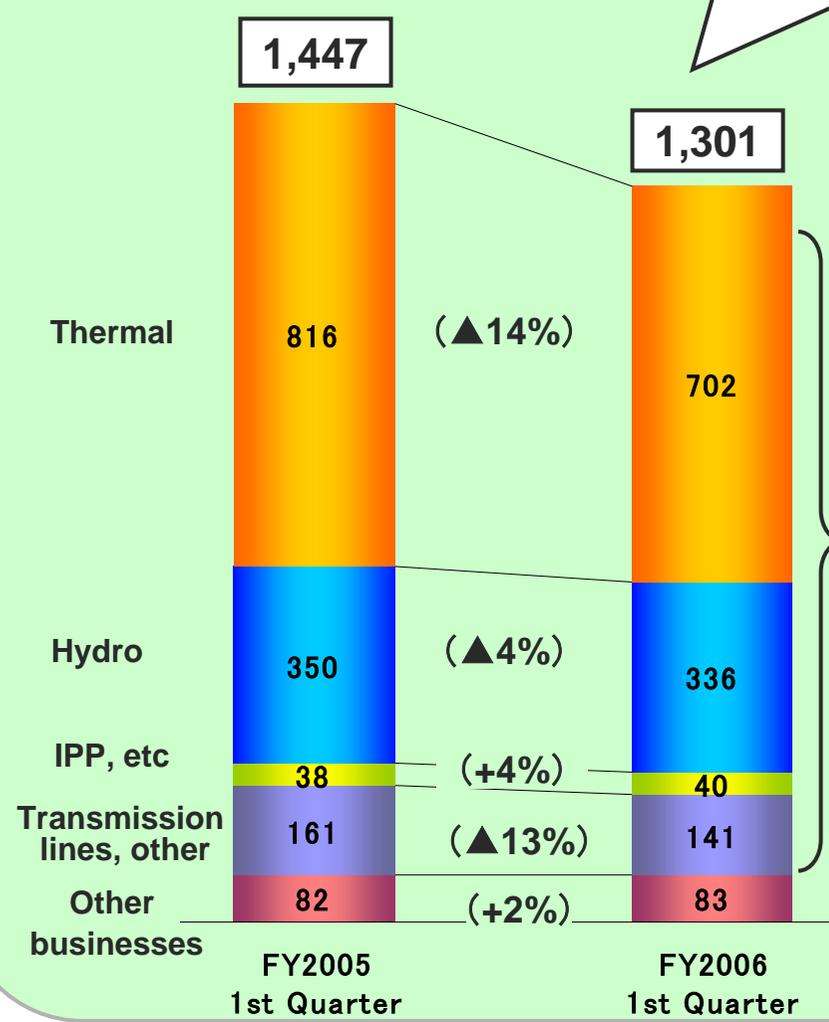


# Causes of Change in Consolidated Operating Revenues



**Year-on-year comparison**  
**▲10% (▲14.6 B yen)**

(Unit: ¥100 million)



[Main factors for change over the previous year]

- Electric power business: ▲14.7B yen**
  - [Thermal power (J-POWER) ▲11.4B yen]
    - Decline in sales due to drop in utilization (longer periodic inspections term)
  - [Hydroelectric power (J-POWER) ▲1.4B yen]
    - Affected by rate reductions
    - Increase in sales due to high water flow
  - [IPP, for PPS, wind power (subsidiaries) +0.2B yen]
    - Contribution of new power plants commenced operation in the previous fiscal year, etc.
  - [Transmission lines, other (J-POWER) ▲2.1B yen]
    - Affected by rate reductions
- Other businesses: +0.1B yen**

# Consolidated Income: Comparison



(Unit: ¥100 million)

	FY2005	FY2006	Year-on-year change	Main factors for change	
	1st Quarter (Apr.-Jun.)	1st Quarter (Apr.-Jun.)	Increase/ Decrease		
Ordinary Revenues	<b>Operating Revenues</b>	1,447	1,301	△ 146	
	Electric power operating revenues	1,365	1,218	△ 147	Lower load factor at thermal power plants; rate reductions for hydroelectric and transmission
	Other operating revenues	82	83	1	
	<b>Non-operating revenues</b>	18	36	18	
	Equity income of affiliates	5	16	11	Increase in overseas IPP business
	Other	13	20	6	
	<b>Total ordinary revenues</b>	1,465	1,337	△ 128	
Ordinary Expenses	<b>Operating expenses</b>	1,145	1,074	△ 71	
	Electric power operating expenses	1,049	977	△ 73	
	Personnel expense	77	75	△ 2	
	Fuel cost	306	261	△ 45	Lower power sales
	Repair expense	104	117	13	Increase in periodic inspections of thermal plants
	Outsourcing expense	68	70	2	
	Depreciation	327	292	△ 35	Progress in declining-balance depreciation
	Others	167	162	△ 6	
	Other operating expenses	95	97	2	
	<b>Non-operating expenses</b>	69	57	△ 12	
	Interest expenses	62	54	△ 8	Lower interest rates and reduced debt outstanding
Other	7	3	△ 4		
	<b>Total Ordinary Expenses</b>	1,214	1,130	△ 83	
	<b>Ordinary Income</b>	252	207	△ 45	

# 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).

The rate reductions for hydroelectric and transmission, lower thermal power sales, led to lower overall revenue and operating income.

### ▶ 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 proportion of the Company's power plant maintenance and coal transportation activities.

Revenue	(Unit: ¥100 million)			
	FY2005	FY2006	Year-on-year change	
	1st Quarter (Apr.-Jun.)	1st Quarter (Apr.-Jun.)	Increase/decrease	Increase/decrease (%)
<b>Electric Power Business</b>	1,368	1,226	△ 142	△10.4%
<b>Other Businesses</b>	570	572	2	0.3%
<b>Subtotal</b>	1,939	1,798	△ 141	△7.3%
<b>Eliminations</b>	△ 491	△ 496	△ 5	1.0%
<b>Consolidated</b>	1,447	1,301	△ 146	△10.1%

## Operating Income

Operating Income	Year-on-year change			
	FY2005	FY2006	Year-on-year change	
	1st Quarter (Apr.-Jun.)	1st Quarter (Apr.-Jun.)	Increase/decrease	Increase/decrease (%)
<b>Electric Power Business</b>	271	192	△ 79	△29.0%
<b>Other Businesses</b>	27	36	10	36.0%
<b>Subtotal</b>	298	229	△ 69	△23.2%
<b>Eliminations</b>	5	△ 1	△ 6	-
<b>Consolidated</b>	303	228	△ 75	△24.7%

# Consolidated Cash Flow



- ▶ Investment outlays for the quarter were 28 billion yen higher than in the same period last year, due to increased capital investments in the Oma nuclear plant, as well as investment in overseas power generation business.
- ▶ While investment outlays for the full year are expected to exceed 100 billion yen, we nevertheless expect to maintain a positive free cash flow.

(Unit: ¥100 million)

	FY2005 1st Quarter (Apr.-Jun.)	FY2006 1st Quarter (Apr.-Jun.)	Year-on-year change Increase/ Decrease	Main Factors for Change
Operating activities (A)	292	297	5	
Investing activities (B)	△ 129	△ 409	△ 280	Increase in capital investment, etc.
Financing activities	△ 129	60	189	Increased long-term debt, etc.
Free Cash Flow (A+B)	163	△ 112	△ 275	

# Consolidated Balance Sheet



- ▶ Financial position improved steadily, with an increase in shareholders' equity ratio to 22.5% (target of "over 23%" by the end of FY2007)

Note: Shareholders' equity ratio = (net assets - minority interests - share warrants).

(Unit: ¥100 million)

		FY2005	FY2006	Change from prior year-end	Main Factors for Change
		End of FY	End of Q1	Increase/Decrease	
Assets	Fixed Assets	18,279	18,438	160	
	Electric power business	14,384	14,157	△ 227	Decrease due to progress in depreciation
	Other businesses	283	340	57	Wider scope of consolidation Oma Nuclear Plant, Isogo New No. 2
	Construction in progress	1,995	2,295	300	Power Plant, etc.
	Investment, etc.	1,616	1,646	30	Overseas IPP investment, etc
	Current assets	1,368	1,341	△ 27	Lower accounts receivable, etc.
	<b>Total</b>	<b>19,647</b>	<b>19,779</b>	<b>132</b>	
Liabilities	Interest-bearing debt	14,082	14,235	153	Increase due to new borrowing
	Other	1,222	1,088	△ 134	Lower outstanding taxes payable
	<b>Total</b>	<b>15,304</b>	<b>15,324</b>	<b>19</b>	
Net Assets	Minority interests	12	13	1	
	Shareholders' equity	4,330	4,442	112	Increase in retained earnings
	<b>Total</b>	<b>4,342</b>	<b>4,455</b>	<b>113</b>	
	<b>Total</b>	<b>19,647</b>	<b>19,779</b>	<b>132</b>	
	D/E Ratio (x)	3.3	3.2		
	Shareholders' equity ratio	22.0%	22.5%		

# Consolidated Earnings Forecast for the Full Year



- ▶ The first quarter results were generally as planned. No changes are being made to the full-year forecast.

## FY 2006 Consolidated Earnings Forecast

(Unit: ¥100 million)

	FY2005	FY2006	
	Full-year Actual	1st Quarter Actual	Full-year Forecast (unchanged)
Operating Revenues	6,219	1,301	5,580
Operating Income	1,015	228	800
Ordinary Income	679	207	550
Net Income	436	134	350

# APPENDIX

# 【 Wholesale Electric Power Business: Monthly Electricity Sales 】



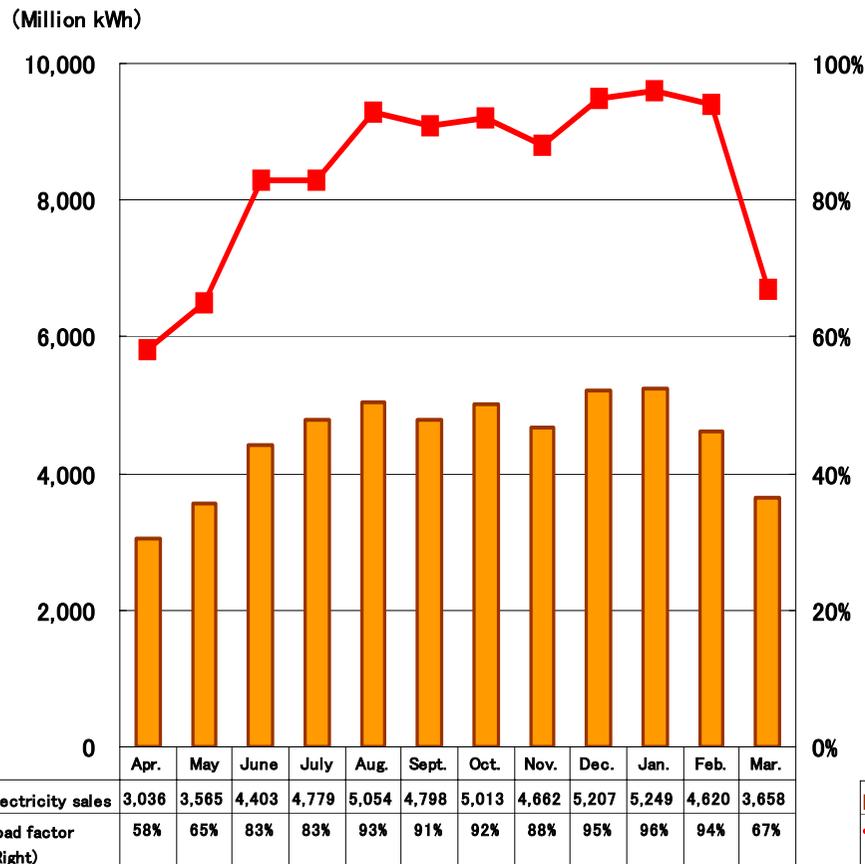
## ▶ Thermal Power: Apr.2005 - Mar. 2006 Results (Cumulative)

Load factor ⇒ 84 %  
Electricity sales ⇒ 54.0B kWh

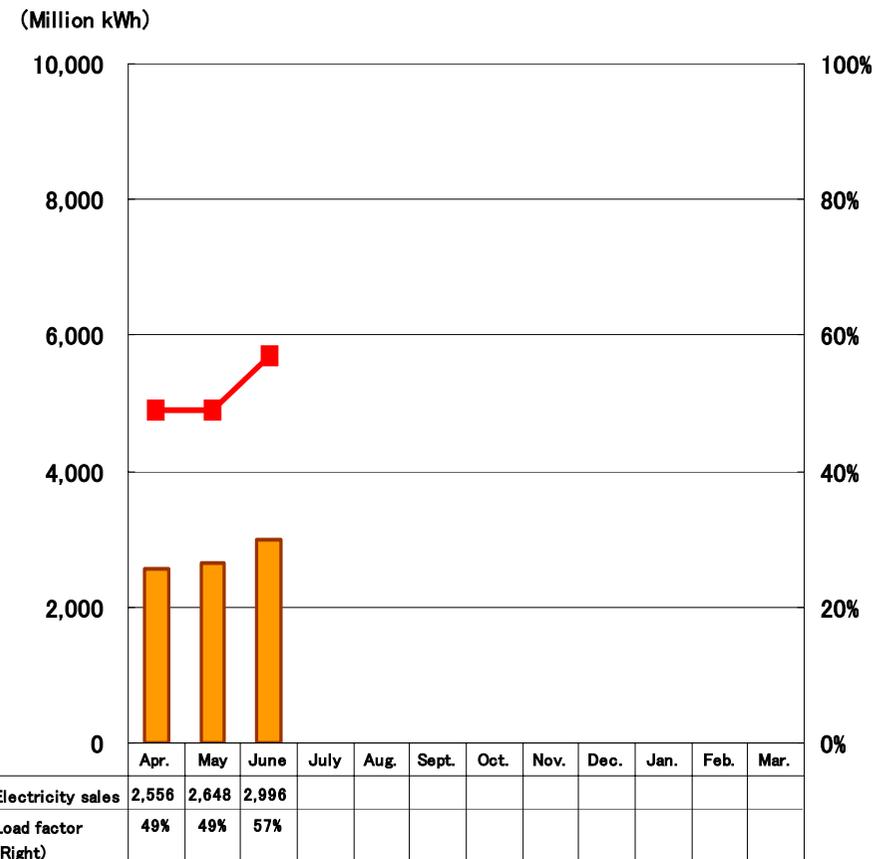
## ▶ Thermal Power: Apr.2006 - Jun. 2006 Results (Cumulative)

Load factor ⇒ 52 %  
Electricity sales ⇒ 8.2B kWh

Thermal Power: Monthly Electricity Sales



Thermal Power: Monthly Electricity Sales



# 【 Wholesale Electric Power Business: Monthly Electricity Sales 】



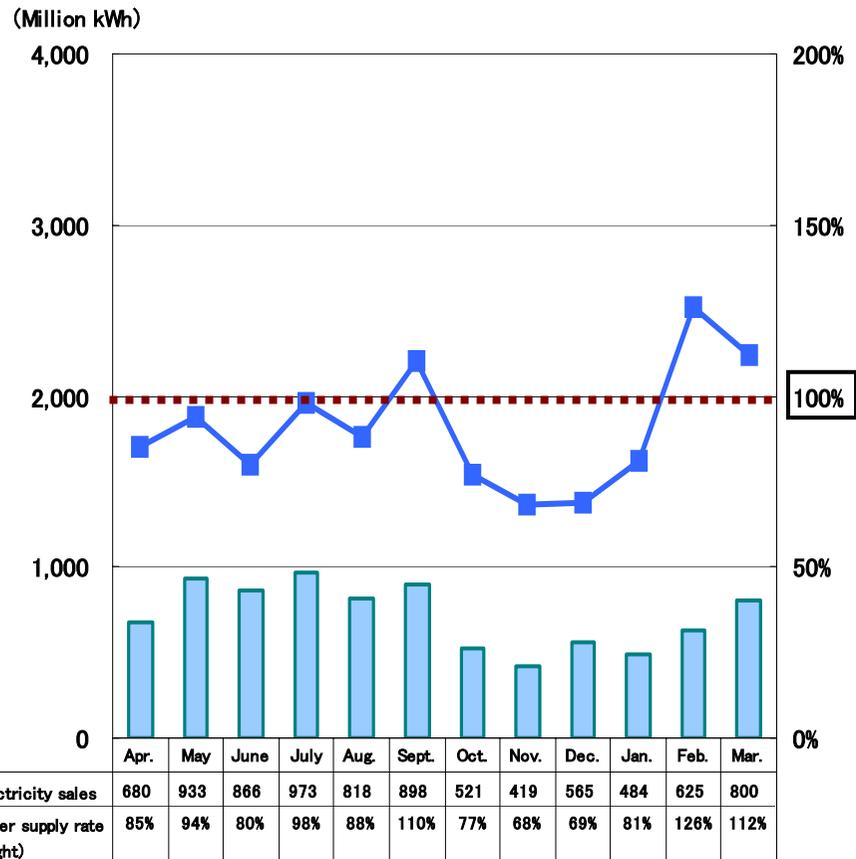
▶ Hydroelectric Power: Apr.2005 - Mar. 2006  
Results (Cumulative)

Water supply rate ⇒ 90 %  
Electricity sales ⇒ 8.6B kWh

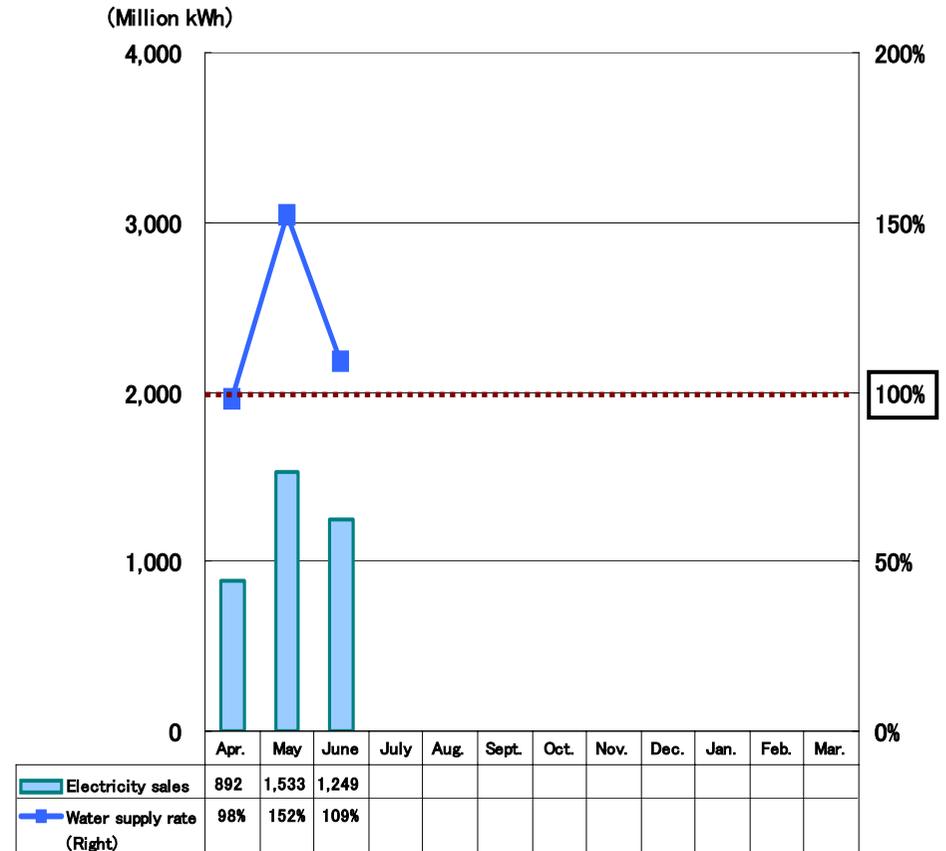
▶ Hydroelectric Power: Apr.2006 - Jun. 2006  
Results (Cumulative)

Water supply rate ⇒ 122 %  
Electricity sales ⇒ 3.7B kWh

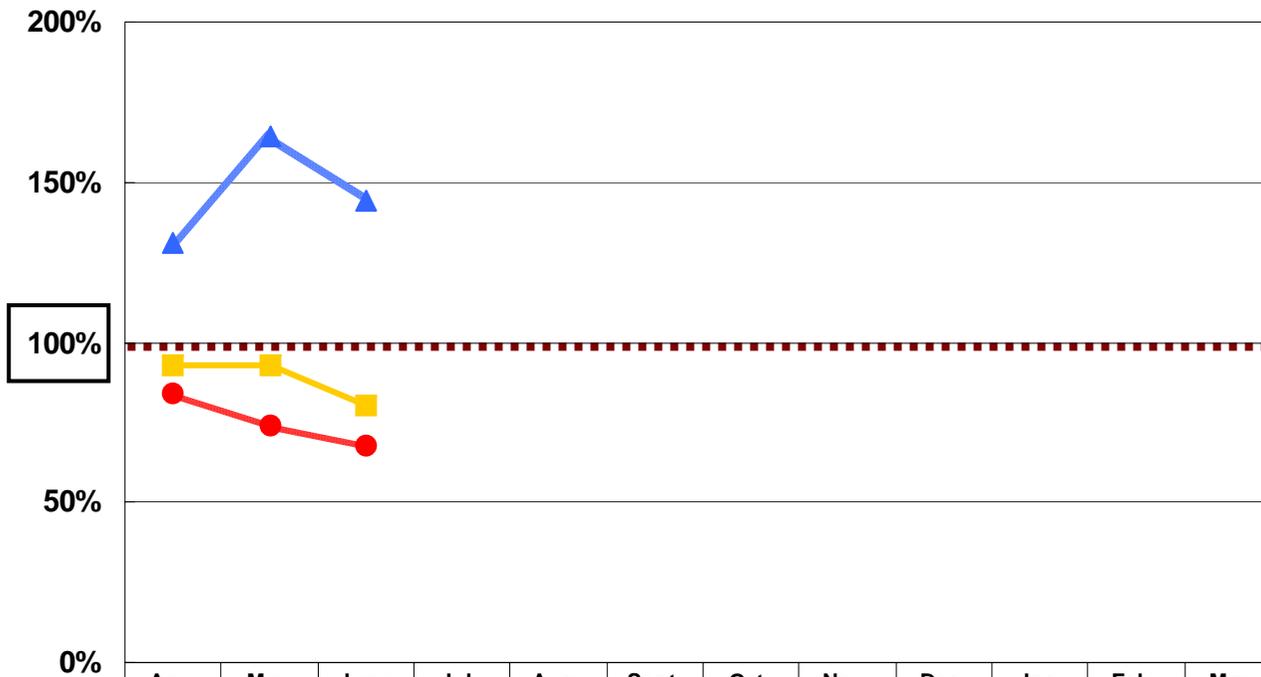
Hydroelectric Power: Monthly Electricity Sales



Hydroelectric Power: 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.- Jun.
▲ Year-on-year (Hydro)	131%	164%	144%										148%
● Year-on-year (Thermal Power)	84%	74%	68%										75%
■ Year-on-year Total	93%	93%	81%										88%

# 【 Other Electric Power Businesses: Monthly Electricity Sales 】



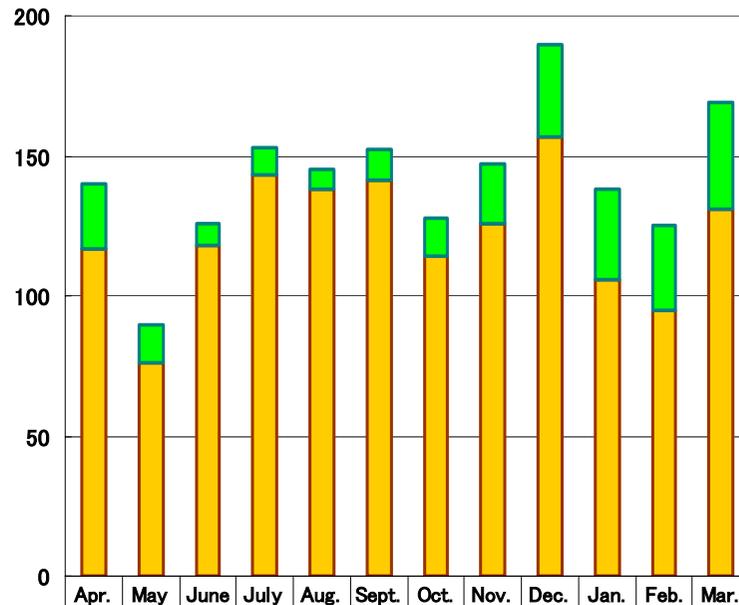
## Other Electric Power Businesses (IPP, for PPS, Wind Power):

- ▶ Total Electricity Sales  
(Cumulative Apr.2005 - Mar.2006)  
⇒ 1.7 B kWh

- ▶ Total Electricity Sales  
(Cumulative Apr.2006 - Jun.2006)  
⇒ 0.3 B kWh

Other Electric Power Businesses:  
Monthly Electricity Sales

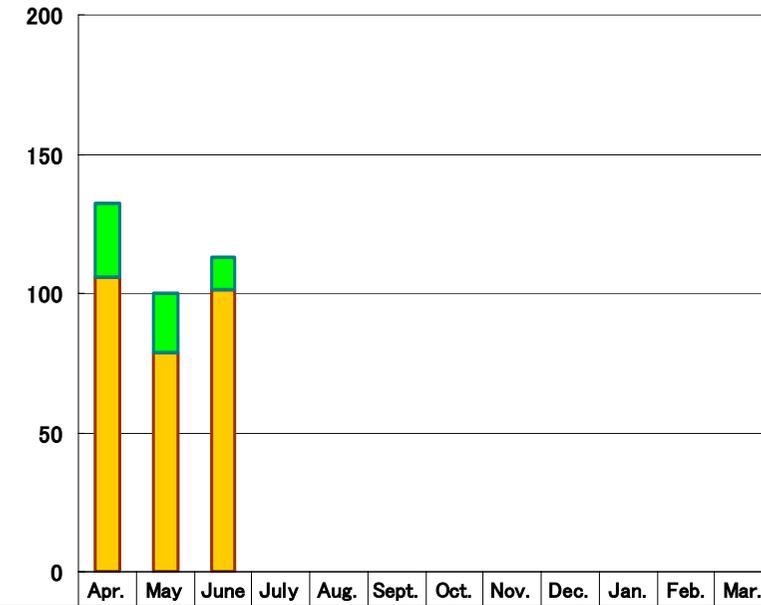
(Million kWh)



Wind Power Electricity Sales	23	14	8	10	7	11	14	21	33	32	30	38
Thermal Power (IPP, for PPS) Electricity Sales	117	76	118	143	138	141	114	126	157	106	95	131

Other Electric Power Businesses:  
Monthly Electricity Sales

(Million kWh)



Wind Power Electricity Sales	26	21	12									
Thermal Power (IPP, for PPS) Electricity Sales	106	79	101									

**Note: Does not take proportion of equity holdings into account**

# 【Major financial data : Consolidated】



(Unit: ¥100 million)

	FY2002	FY2003	FY2004	FY2005	FY2005 Q1	FY2006 Q1
<b>《 P L 》</b>						
Operating revenues	5,841	5,699	5,944	6,219	1,447	1,301
(EBITDA)※1	2,713	2,635	2,372	2,365	637	530
Operating income	1,342	1,321	1,119	1,015	303	228
Ordinary income	355	444	571	679	252	207
Extra ordinary loss	—	—	—	—	—	—
Net income	207	276	356	436	158	134
<b>《 B S 》</b>						
Shareholder's equity	1,683	3,596	3,913	4,330	3,988	4,442
Assets	21,959	20,761	20,217	19,647	20,122	19,779
Interest-bearing debt	18,939	15,929	14,980	14,082	14,945	14,235
<b>《 C F 》</b>						
Cash flows from operating activities	1,674	1,799	1,726	1,739	292	297
Cash flows from investing activities	-110	-645	-606	-723	-129	-409
Cash flows from financing activities	-1,177	-1,475	-1,118	-1,036	-129	60
FCF ※2	1,563	1,154	1,121	1,016	163	-112
<b>Depreciation</b>	1,371	1,314	1,253	1,350	334	302
<b>Capital expenditures</b>	534	462	509	609	135	310
<b>《Group Employees》※3</b>	6,916	6,367	6,205	5,971	—	—

※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

## 【Key ratios and Primary data】



【 Key ratios : Consolidated】	FY2002	FY2003	FY2004	FY2005	FY2005 Q1	FY2006 Q1
Ordinary Income/Operating Revenues(%)	6.1%	7.8%	9.6%	10.9%	17.4%	15.9%
Shareholders' equity ratio(%)	7.7%	17.3%	19.4%	22.0%	19.8%	22.5%
D/E ratio	11.3	4.4	3.8	3.3	3.7	3.2
ROE(%)	12.9%	10.5%	9.5%	10.6%	—	—
ROA(%)	0.92%	1.29%	1.74%	2.20%	—	—
EPS(¥)	291.4	304.9※1	255.0	260.8※2	94.6※2	80.3
BPS(¥)	2,381.7	2,590.0	2,818.0	2,598.9※2	2,394.3※2	2667.1

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

※2: Effective March 1, 2006, we carried out a 1.2-for-1 stock split.

These figures are calculated based on the assumption that the said stock split was carried out at the beginning of that year.

【 Primary data 】	FY2002	FY2003	FY2004	FY2005	FY2005 Q1	FY2006 Q1
Coal:						
Amount purchase (10 thousand ton)	1,748	1,828	1,969	2,136	—	—
Load factor of coal-fired thermal power plants (%)	71%	75%	77%	84%	69%	52%
Water supply rate (%)	91%	109%	118%	90%	87%	122%
Australian coal price (FOB, US\$) ※1	31.85	26.75	45.00	52.5~54.0	52.5~54.0	—
Average Exchange rate (¥/\$) ※2	122	113	108	113	109	116

※1: Reference price

※2: TTM

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



	FY2002	FY2003	FY2004	FY2005	FY2005 Q1	FY2006 Q1
<b>Electric power sales (million kWh)</b>						
Wholesale electric power business	54,429	58,787	60,517	62,627	13,484	11,881
Hydroelectric	8,902	10,850	11,172	8,583	2,480	3,675
Thermal	45,527	47,937	49,345	54,044	11,004	8,206
Other electric power business	–	517	965	1,701	355	345
Total	54,429	59,305	61,483	64,328	13,839	12,226
<b>Electric power revenues (100 million yen)</b>						
Wholesale electric power business	4,736	4,535	4,763	4,951	1,166	1,037
Hydroelectric	1,382	1,358	1,371	1,268	350	336
Thermal	3,354	3,177	3,392	3,683	816	702
Other electric power business	–	45	87	165	38	40
Transmission	667	634	612	583	153	138
Total	5,403	5,213	5,462	5,698	1,357	1,215
<b>Generation capacity (MW)</b>						
Wholesale electric power business	16,085	16,375	16,375	16,375	16,375	16,380
Hydroelectric	8,261	8,551	8,551	8,551	8,551	8,556
Thermal	7,825	7,825	7,825	7,825	7,825	7,825
Other electric power business	–	134	375	495	483	495
Total	16,085	16,509	16,750	16,870	16,858	16,875

# 【 Revenues and Expenses : Consolidated 】



( Unit : ¥100 million )

	FY2002	FY2003	FY2004	FY2005	FY2005 Q1	FY2006 Q1
Operating revenues	5,841	5,699	5,944	6,219	1,447	1,301
Electric power operating revenues	5,458	5,229	5,480	5,732	1,365	1,218
Other operating revenues	383	469	464	487	82	83
Operating expenses	4,499	4,377	4,825	5,204	1,145	1,074
Electric power operating expenses	4,071	3,865	4,317	4,697	1,049	977
Personnel expenses	499	422	338	213	77	75
Fuel costs	864	859	1,166	1,608	306	261
Repair expenses	362	287	475	387	104	117
Outsourcing expenses	251	262	340	314	68	70
Depreciation and amortization cost	1,340	1,284	1,220	1,315	327	292
Other	754	751	778	860	167	162
Other operating expenses	428	513	508	507	95	97
Operating income	1,342	1,321	1,119	1,015	303	228
Non-operating revenues	32	41	39	76	18	36
Non-operating expenses	1,019	918	587	412	69	57
Interest expenses	871	835	509	357	62	54
Other	148	82	78	54	7	3
Ordinary income	355	444	571	679	252	207



<http://www.jpowers.co.jp/>