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# Summary of FY2006 Third Quarter Earnings Results



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

February 9, 2007

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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.

# Key Points Regarding Third Quarter FY2006 Consolidated Earnings Results



▶ **Lower revenues and income results ( year-on-year comparison) :**

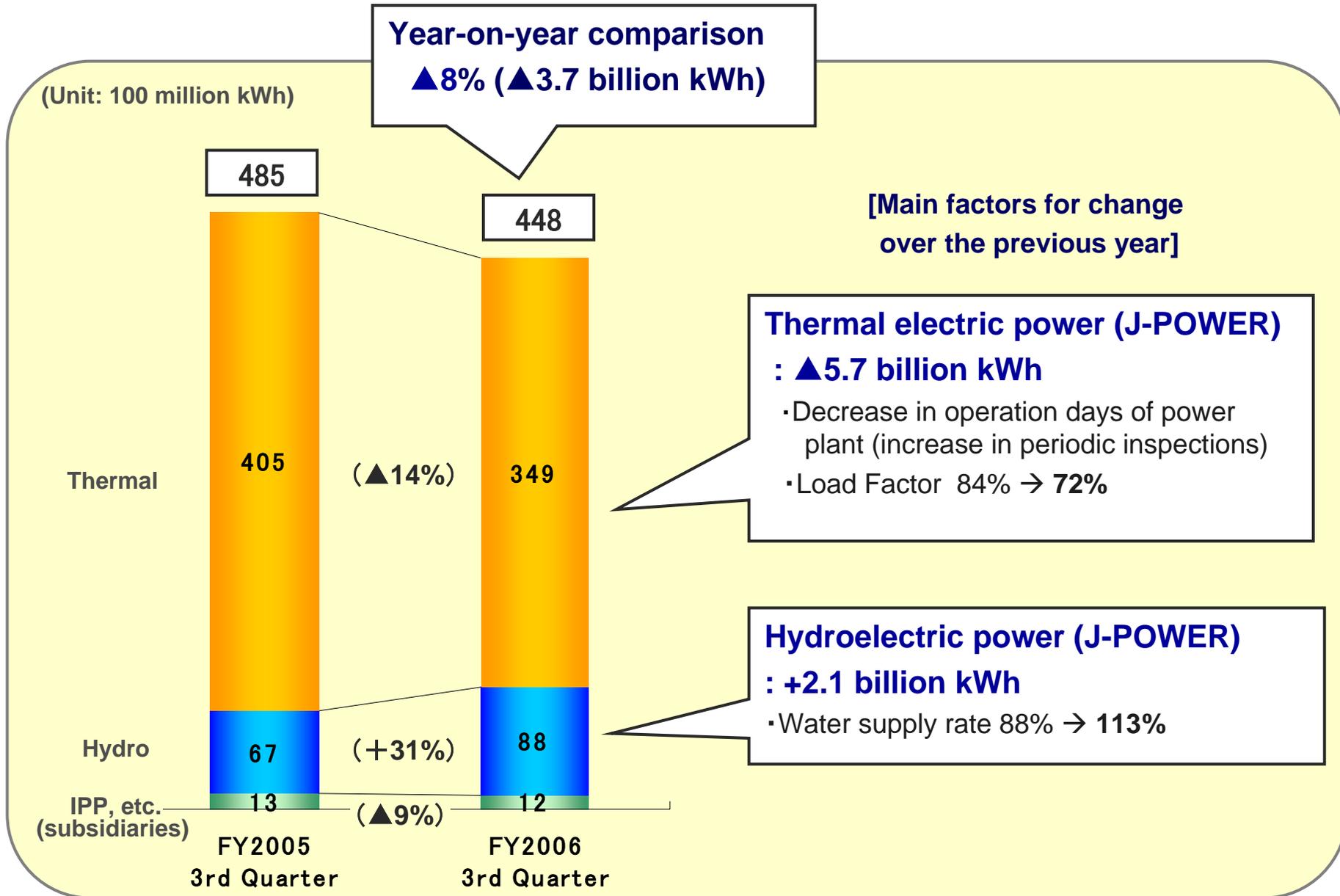
Operating Income declined due primarily to the effects of the rate reductions for hydroelectric and transmission in October 2005 and an increase in thermal power repair expenses. Meanwhile, Ordinary Income decreased slightly as a result of improvements in Non-operating income and expenses owing to decrease in interest expenses and an increase in equity income of affiliates.

## Summary of Third Quarter Earnings Results

(Unit: ¥100 million)

	FY2005	FY2006	Year-on-year comparison	
	3rd Quarter (Apr.-Dec.)	3rd Quarter (Apr.-Dec.)	Increase/ Decrease	Increase/ Decrease (%)
<b>Operating Revenues</b>	4,588	4,211	△ 377	△ 8.2%
<b>Operating Income</b>	797	657	△ 140	△ 17.6%
<b>Ordinary Income</b>	576	562	△ 14	△ 2.5%
<b>Net Income</b>	363	358	△ 5	△ 1.4%

# Electric Power Business Consolidated Sales



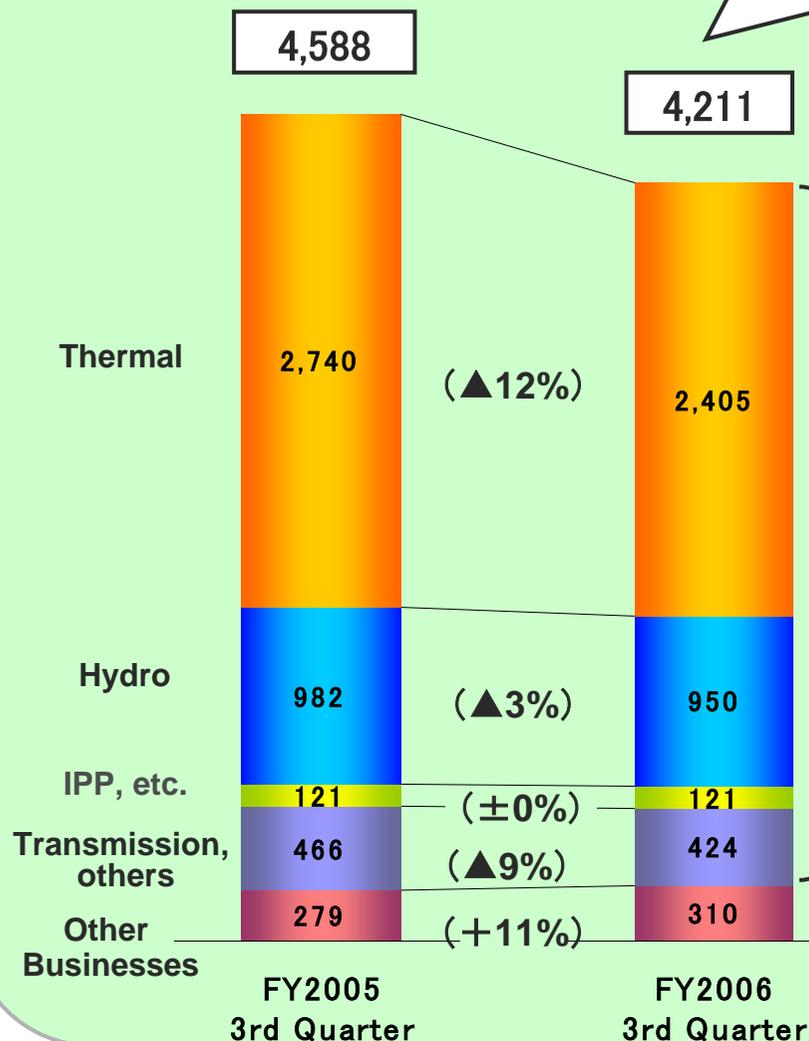
# Causes of Change in Consolidated Operating Revenues



(Unit: ¥100 million)

**Year-on-year comparison**  
**▲8% (▲37.7 billion yen)**

**[Main factors for change over the previous year]**



**Electric Power Business : ▲40.8 B yen**

[Thermal power ( J-POWER) ▲33.5 B yen]

- Decrease in sales due to drop in utilization of power plant (longer periodic inspections term)

[Hydroelectric power ( J-POWER) ▲3.2 B yen]

- Affected by rate reductions
- Increase in sales due to high water flow

[IPP, for PPS, wind power (subsidiaries) ±0 yen]

[Transmission (J-POWER), others ▲4.1 B yen]

- Affected by rate reductions

**Other Businesses\* : +3.1 B yen**

- Increase due to expansion of consolidation scope etc.

\*Other Businesses includes Electric Power-Related Businesses (See Slide P.6)

# Consolidated Income: comparison



(Unit: ¥100 million)

	FY2005	FY2006			Year-on-year change Increase/ decrease	Main factors for change	
	3rd Quarter	Interim	Oct.- Dec.	3rd Quarter			
Ordinary Revenues	Operating Revenues	4,588	2,770	1,441	4,211	△ 377	
	Electric power business	4,309	2,579	1,322	3,901	△ 408	Lower load factor at thermal power plants; Rate reductions for hydroelectric and transmission
	Other businesses ( * )	279	191	119	310	31	Expansion of consolidation scope
	Non-operating Revenues	44	56	35	91	47	
	Equity income of affiliates	15	22	25	47	32	Increase in overseas IPP business
	Others	29	34	10	44	15	
	<b>Total Ordinary Revenues</b>	<b>4,632</b>	<b>2,827</b>	<b>1,476</b>	<b>4,302</b>	<b>△ 330</b>	
Ordinary Expenses	Operating Expenses	3,791	2,329	1,225	3,554	△ 237	
	Electric power business	3,491	2,116	1,100	3,216	△ 275	
	Personnel expenses	225	141	70	212	△ 14	Decrease in retirement benefits expenses
	Fuel cost	1,194	677	401	1,078	△ 115	Lower power sales
	Repair expense	289	224	77	301	12	Increase in periodic inspections at thermal plants; Decrease in hydroelectric
	Outsourcing expenses	209	144	69	213	4	
	Depreciation	984	589	296	885	△ 99	Progress in depreciation
	Others	589	340	187	526	△ 63	Decrease in waste treatment expenses; Decrease in Intangible asset amortization
	Other businesses ( * )	301	213	125	339	38	Expansion of consolidation scope
	Non-operating expenses	265	125	62	186	△ 79	
	Interest expenses	242	110	58	168	△ 73	Decrease in prepayment premium by debt assumption; Lower interest rates and reduced debt outstanding
	Others	23	14	4	18	△ 5	
	<b>Total ordinary expenses</b>	<b>4,056</b>	<b>2,454</b>	<b>1,287</b>	<b>3,741</b>	<b>△ 315</b>	
<b>Ordinary Income</b>	<b>576</b>	<b>373</b>	<b>189</b>	<b>562</b>	<b>△ 14</b>		

\*Other Businesses includes Electric Power-Related Businesses (See Slide P.6)

# Summary of Consolidated Results by Segment



## ▶ Electric Power Business

Wholesale power business: J-Power's hydroelectric, thermal power, and transmission business. Most consolidated revenue is derived from this segment.

Other electric power businesses: Subsidiaries' thermal power( IPP, for PPSs) and wind power.

## ▶ Electric Power-Related Businesses

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

Intra-group transactions account for a large portion of this segment, such as Company's power plant maintenance, coal transportation activities.

➢[Year-on-year comparison] Both revenue and operating income were increased due primarily to the full-scale consolidation of subsidiaries implemented FY2006.

## ▶ Other Businesses

Diversified businesses such as telecommunication, environmental, and investing in overseas power generation

➢[Year-on-Year Comparison] While revenue increased due primarily to the full-scale consolidation of subsidiaries implemented FY2006, operating income was decreased because of development and other costs at a newly consolidated overseas subsidiary, etc.

Revenue	(Unit: ¥100 million)			
	FY2005	FY2006	Year-on-year change	
	3rd Quarter (Apr.-Dec.)	3rd Quarter (Apr.-Dec.)	Increase/ decrease	Increase/ decrease (%)
Electric Power Business	4,319	3,925	△ 394	△9.1%
Electric Power-Related Businesses	1,694	1,740	46	2.7%
Other Businesses	93	175	82	87.8%
Subtotal	6,106	5,840	△ 266	△4.4%
Eliminations	△ 1,518	△ 1,629	△ 111	7.3%
Consolidated	4,588	4,211	△ 377	△8.2%

Operating Income	(Unit: ¥100 million)			
	FY2005	FY2006	Year-on-year change	
	3rd Quarter (Apr.-Dec.)	3rd Quarter (Apr.-Dec.)	Increase/ decrease	Increase/ decrease (%)
Electric Power Business	700	557	△ 143	△20.4%
Electric Power-Related Businesses	90	104	14	15.8%
Other Businesses	1	△ 1	△ 3	-
Subtotal	791	660	△ 131	△16.6%
Eliminations	6	△ 3	△ 9	-
Consolidated	797	657	△ 140	△17.6%

# Consolidated Cash Flow



- ▶ Expenditures from investing activities for the 3rd quarter rose 51.1 billion yen compared to the same period the previous year as a result of an increase in construction at the Ohma Nuclear Power Plant and increased investment in the overseas power generation business.
- ▶ For the full year, while expenditures from investing activities are expected to increase due to investment and financing for new overseas power generation projects, free cash flow is expected to remain positive.
  - **Elwood Energy (U.S.A) Gas-fired, 1,350 MW : Acquisition of interest in Jan.2007**

(Unit: ¥100 million)

	FY2005	FY2006			Year-on-year Change	Main Factors for Change
	3rd Quarter	Interim	Oct.-Dec. change	3rd Quarter		
<b>Operating activities (A)</b>	1,247	727	370	1,097	△ 150	Decrease in depreciation expense and others
<b>Investing activities (B)</b>	△ 363	△ 741	△ 132	△ 874	△ 511	Increase in capital expenditure, other investments and loans
<b>Financing activities</b>	△ 804	△ 20	△ 216	△ 236	568	Decrease in bond redemption and others
<b>Free Cash Flow (A+B)</b>	884	△ 15	238	223	△ 661	

# Consolidated Balance Sheet



- ▶ Total assets grew from the end of FY2005 due to increased capital investments as well as an increase in investments for the overseas power generation business.  
⇒ Equity ratio improved to 23.1%
- ▶ With both Ohma Nuclear and Isogo New No. 2 projects entering their major construction phases, we will continue to strengthen our financial position. (Target : “over 23%” by the end of FY2007)

(Unit: ¥100 million)

	FY2005	FY2006		Change from prior year-end	Main Factors for Change
	As of Mar. 31	As of Sep. 30	Oct.-Dec. Change		
<b>Assets</b>					
Fixed Assets	18,279	18,397	△ 19	18,377	99
Electric power business	14,384	13,890	△ 225	13,665	△ 719
Other businesses	283	594	8	602	319
Construction in progress	1,995	2,351	167	2,518	522
Investments, etc.	1,616	1,561	31	1,592	△ 24
Current assets	1,368	1,410	42	1,452	84
<b>Total</b>	<b>19,647</b>	<b>19,807</b>	<b>22</b>	<b>19,829</b>	<b>182</b>
<b>Liabilities</b>					
Interest-bearing debt	14,082	14,156	△ 164	13,992	△ 90
Other	1,222	1,155	86	1,241	19
<b>Total</b>	<b>15,304</b>	<b>15,311</b>	<b>△ 79</b>	<b>15,233</b>	<b>△ 71</b>
<b>Net Assets</b>					
Minority interests	12	10	4	14	2
Shareholders' equity	4,330	4,485	96	4,582	251
<b>Total</b>	<b>4,342</b>	<b>4,495</b>	<b>101</b>	<b>4,596</b>	<b>254</b>
<b>Grand Total</b>	<b>19,647</b>	<b>19,807</b>	<b>22</b>	<b>19,829</b>	<b>182</b>
D/E ratio (x)	3.3	3.2		3.1	
Shareholders' equity ratio	22.0%	22.6%		23.1%	

# FY2006 Consolidated Earnings Forecast



▶ While there have been slight fluctuations for items of revenues and expenses through the 3rd quarter, they are generally well within our forecast issued when we announced FY2006 Interim Earnings Results. Therefore, we are making no change in our full-year earnings forecast at this time.

## FY2006 Consolidated Earnings Forecast

	FY 2005	FY 2006	
	Full-year results	3rd Quarter Results (Apr.-Dec.)	Full-year Forecast (Current)
<b>Operating Revenues</b>	6,219	4,211	5,640
<b>Operating Income</b>	1,015	657	750
<b>Ordinary Income</b>	679	562	520
<b>Net Income</b>	436	358	330

# APPENDIX

# 【 Wholesale Electric Power Business: Monthly Electricity Sales 】



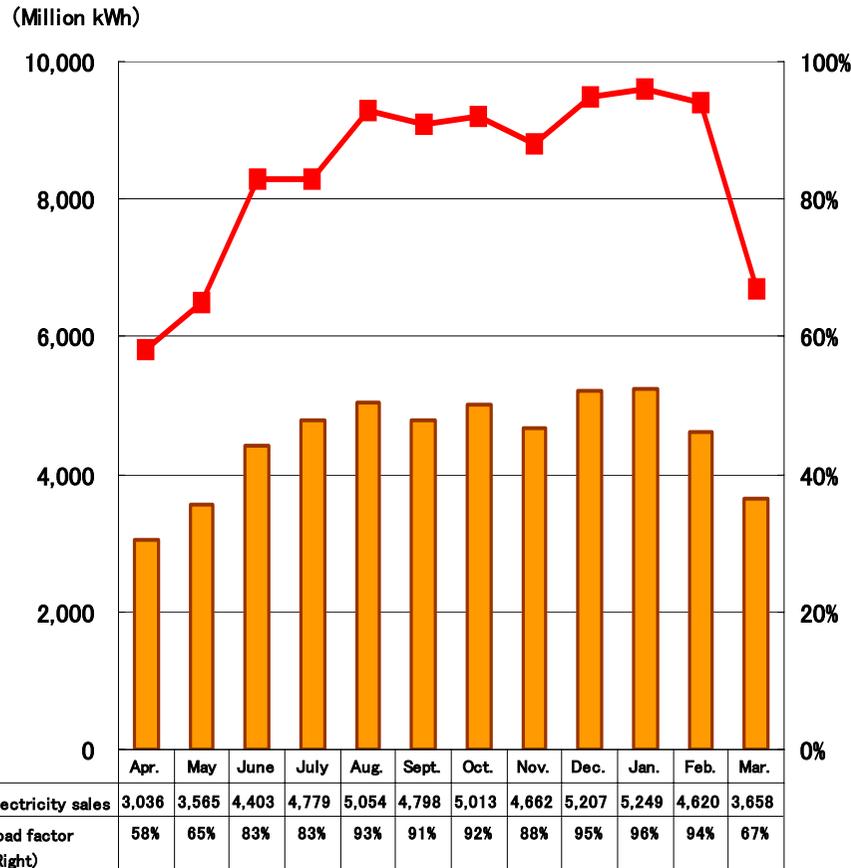
## ▶ Thermal Power: Apr.2005 - Mar. 2006 Results (Cumulative)

Load factor ⇒ 84%  
Electricity sales ⇒ 54.0B kWh

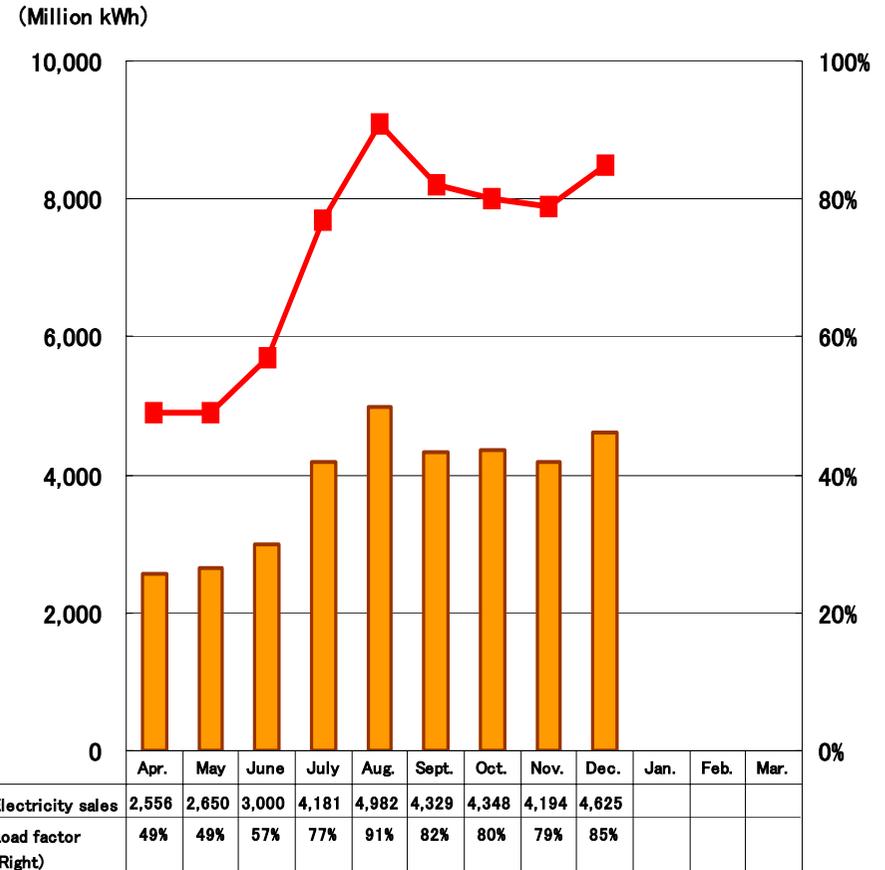
## ▶ Thermal Power: Apr.2006 - Dec.2006 Results (Cumulative)

Load factor 72 %  
Electricity sales 34.9B kWh

Thermal Power: Monthly Electricity Sales



Thermal Power: Monthly Electricity Sales



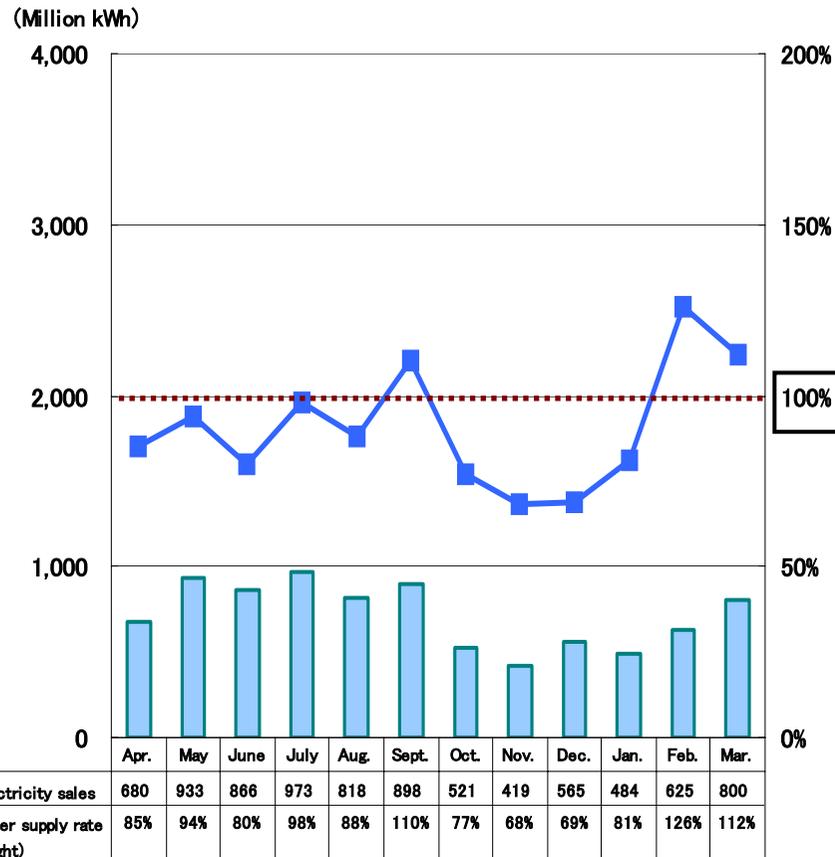
# 【 Wholesale Electric Power Business: Monthly Electricity Sales 】



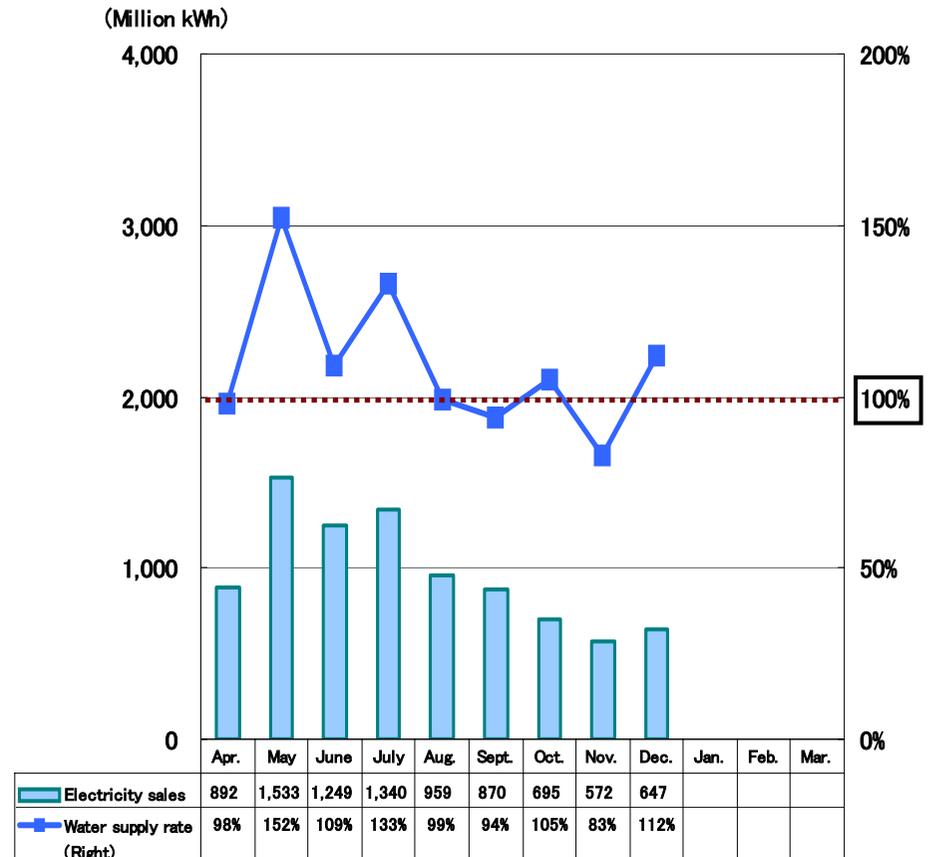
- ▶ Hydroelectric Power: Apr.2005 - Mar.2006  
Results (Cumulative)  
Water supply rate ⇒ 90%  
Electricity sales ⇒ 8.6B kWh

- ▶ Hydroelectric Power: Apr.2006 - Dec.2006  
Results (Cumulative)  
Water supply rate 113 %  
Electricity sales 8.8B kWh

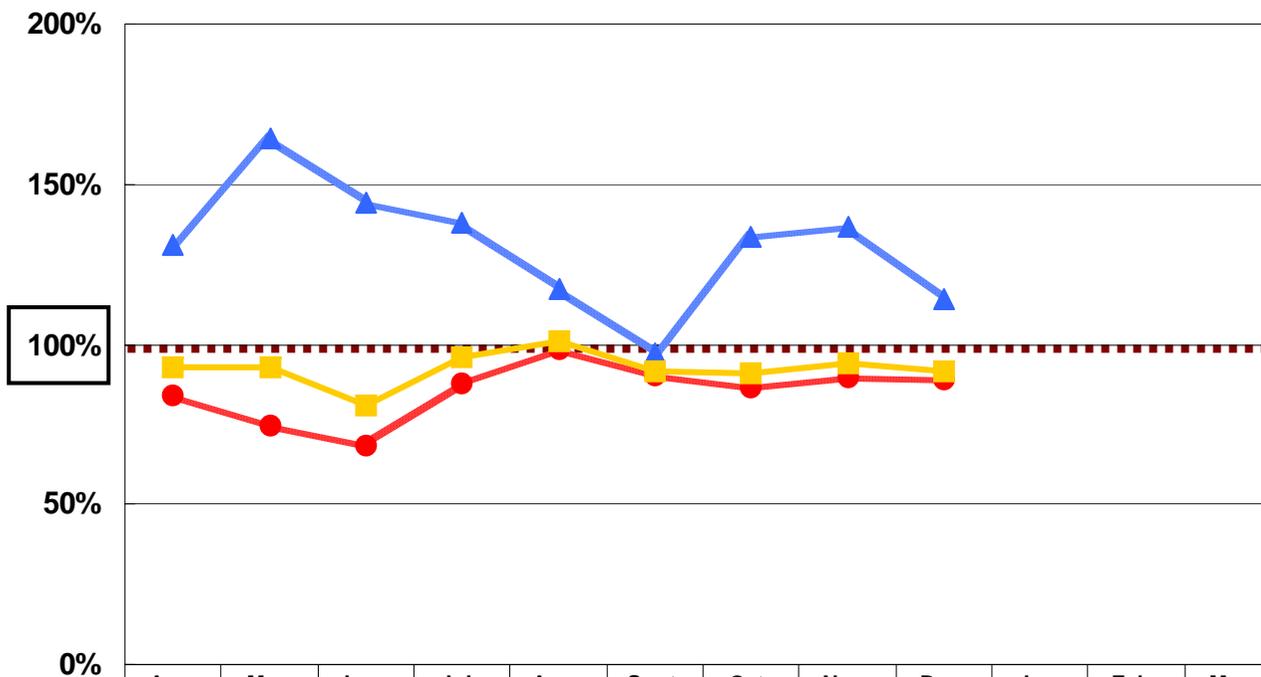
Hydroelectric Power: Monthly Electricity Sales



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.- Dec.
Year-on-year (Hydro)	131%	164%	144%	138%	117%	97%	133%	136%	114%				131%
Year-on-year (Thermal Power)	84%	74%	68%	87%	99%	90%	87%	90%	89%				86%
Year-on-year Total	93%	93%	81%	96%	101%	91%	91%	94%	91%				92%

# 【 Other Electric Power Businesses: Monthly Electricity Sales 】



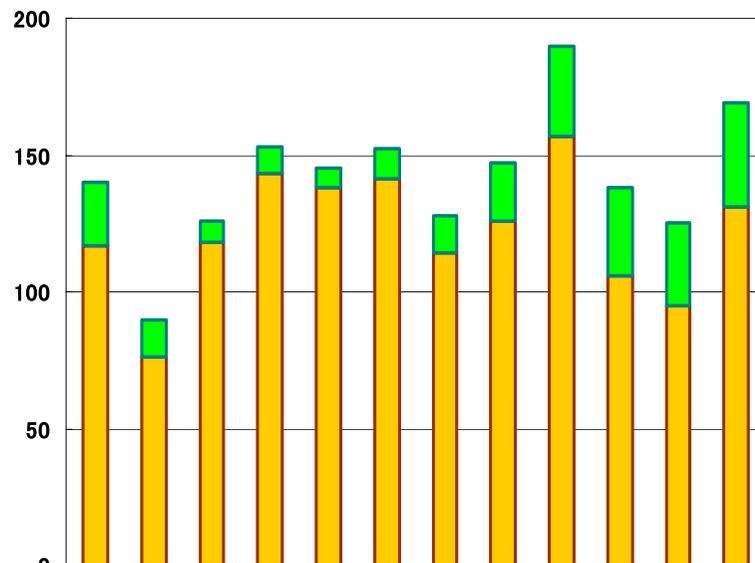
▶ Other Electric Power Businesses (IPP, for PPS, Wind Power):

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

**Total Electricity Sales**  
**(Cumulative Apr.2006 - Dec.2006)**  
 1.2 B kWh

Other Electric Power Businesses:  
 Monthly Electricity Sales

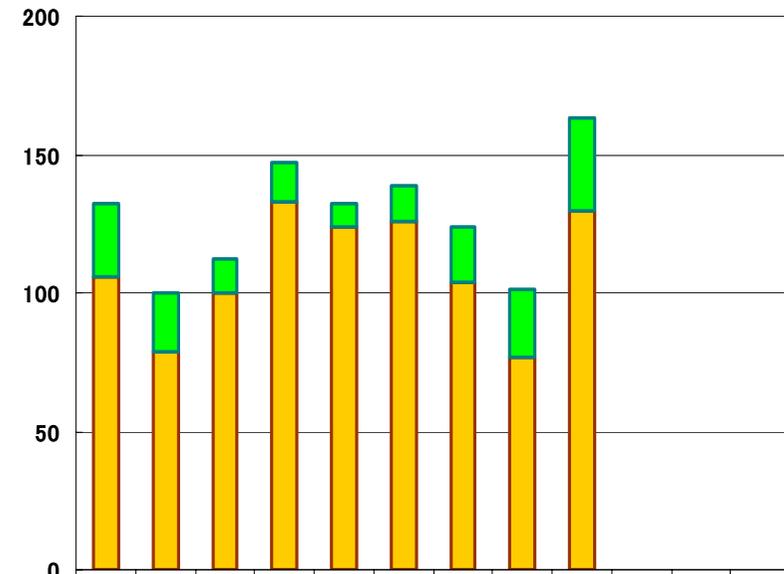
(Million kWh)



	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
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)



	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Wind Power Electricity Sales	26	21	12	14	8	13	20	24	33			
Thermal Power (IPP,for PPS) Electricity Sales	106	79	100	133	124	126	104	77	130			

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

# 【Major financial data : Consolidated】



( Unit: ¥100 million)

	FY2002	FY2003	FY2004	FY2005	FY2005 3Q	FY2006 3Q
<b>《 P L 》</b>						
Operating revenues	5,841	5,699	5,944	6,219	4,588	4,211
(EBITDA) <sup>※1</sup>	2,713	2,635	2,372	2,365	1,805	1,580
Operating income	1,342	1,321	1,119	1,015	797	657
Ordinary income	355	444	571	679	576	562
Net income	207	276	356	436	363	358
<b>《 B S 》</b>						
Shareholder's equity	1,683	3,596	3,913	4,330	4,217	4,582
Assets	21,959	20,761	20,217	19,647	19,857	19,829
Interest-bearing debt	18,939	15,929	14,980	14,082	14,314	13,992
<b>《 C F 》</b>						
Cash flows from operating activities	1,674	1,799	1,726	1,739	1,247	1,097
Cash flows from investing activities	-110	-645	-606	-723	-363	-874
Cash flows from financing activities	-1,177	-1,475	-1,118	-1,036	-804	-236
FCF <sup>※2</sup>	1,563	1,154	1,121	1,016	884	223
<b>Depreciation</b>	1,371	1,314	1,253	1,350	1,008	923
<b>Capital expenditures</b>	534	462	509	609	318	667
<b>《Group Employees》<sup>※3</sup></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 3Q	FY2006 3Q
Ordinary Income/Operating Revenues(%)	6.1%	7.8%	9.6%	10.9%	12.6%	13.3%
Shareholders' equity ratio(%)	7.7%	17.3%	19.4%	22.0%	21.2%	23.1%
D/E ratio	11.3	4.4	3.8	3.3	3.4	3.1
ROE(%)	12.9%	10.5%	9.5%	10.6%	8.9%	8.0%
ROA(%)	0.92%	1.29%	1.74%	2.20%	1.8%	1.8%
EPS(¥)	291.4	304.9※1	255.0	260.8※2	217.8※2	214.8
BPS(¥)	2,381.7	2,590.0	2,818.0	2,598.9※2	2,531.7※2	2,750.8

※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 3Q	FY2006 3Q
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%	84%	72%
Water supply rate (%)	91%	109%	118%	90%	88%	113%
Australian coal price (FOB, US\$) ※1	31.85	26.75	45.00	52.5~54.0	52.5~54.0	52.0~53.0
Average Exchange rate (¥/\$) ※2	122	113	108	113	113	117

※1: Reference price

※2: TTM

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



	FY2002	FY2003	FY2004	FY2005	FY2005 3Q	FY2006 3Q
<b>Electric power sales (million kWh)</b>						
Wholesale electric power business	54,429	58,787	60,517	62,627	47,190	43,616
Hydroelectric	8,902	10,850	11,172	8,583	6,673	8,757
Thermal	45,527	47,937	49,345	54,044	40,517	34,859
Other electric power business	–	517	965	1,701	1,269	1,150
Total	54,429	59,305	61,483	64,328	48,459	44,766
<b>Electric power revenues (100 million yen)</b>						
Wholesale electric power business	4,736	4,535	4,763	4,951	3,722	3,355
Hydroelectric	1,382	1,358	1,371	1,268	982	950
Thermal	3,354	3,177	3,392	3,683	2,740	2,405
Other electric power business	–	45	87	165	121	121
Transmission	667	634	612	583	444	414
Total	5,403	5,213	5,462	5,698	4,287	3,890
<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	495	495
Total	16,085	16,509	16,750	16,870	16,870	16,875

# 【 Revenues and Expenses : Consolidated 】



( Unit: ¥100 million)

	FY2002	FY2003	FY2004	FY2005	FY2005 3Q	FY2006 3Q
Operating revenues	5,841	5,699	5,944	6,219	4,588	4,211
Electric power operating revenues	5,458	5,229	5,480	5,732	4,309	3,901
Other operating revenues	383	469	464	487	279	310
Operating expenses	4,499	4,377	4,825	5,204	3,791	3,554
Electric power operating expenses	4,071	3,865	4,317	4,697	3,491	3,216
Personnel expenses	499	422	338	213	225	212
Fuel cost	864	859	1,166	1,608	1,194	1,078
Repair expense	362	287	475	387	289	301
Outsourcing expenses	251	262	340	314	209	213
Depreciation and amortization cost	1,340	1,284	1,220	1,315	984	885
Other	754	751	778	860	589	526
Other operating expenses	428	513	508	507	301	339
Operating income	1,342	1,321	1,119	1,015	797	657
Non-operating revenues	32	41	39	76	44	91
Non-operating expenses	1,019	918	587	412	265	186
Interest expenses	871	835	509	357	242	168
Other	148	82	78	54	23	18
Ordinary income	355	444	571	679	576	562



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