

---

# Summary of FY2008 First Quarter Earnings Results



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

The English version is a translation of the original Japanese version.  
Please note that if there is any discrepancy, the Japanese version will take priority.

---

# 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.

## ※Display of Figures

Amounts less than 100 million yen and electric power sales volume less than 100 million kWh shown in the consolidated financial data have been rounded down. Consequently, the sum of the individual amounts may not necessarily agree with figures shown in total columns.

## Consolidated: Key Points Regarding FY2008 First Quarter Earnings Results



### ▶ Revenue Up, Income Down (year on year comparison)

Raise in electricity rates due to fuel price hike resulted in an increase in revenues, while an increase in repair expenses for thermal power plants resulted in a fall of both operating income and ordinary income.

## Summary of First Quarter Earnings Results (consolidated)

(Unit: ¥100 million)

	FY2008 1st Quarter (Apr.-Jun.)	FY2007 1st Quarter (Apr.-Jun.)	Year-on-year change	
			Increase/ Decrease	Increase/ Decrease(%)
Operating Revenues	1,562	1,390	172	12.4%
Operating Income	109	180	-70	-39.2%
Ordinary Income	103	146	-43	-29.4%
Net Income	73	101	-27	-27.4%

## Operating Revenues (+17.2 B yen)

- ▶ Thermal electric power (J-POWER): + 11.1 B yen
  - Raise in electricity rates due to fuel price hike
  - Lower load factor of power plants (increase in periodic inspections):  
Load factor: 74% ⇒ 62% (-1.8 B kWh)
- ▶ Hydroelectric power (J-POWER): -1.5 B yen
  - Improvement in water flow: 77% ⇒ 92% (+0.4 B kWh)
  - Full-year effect of rate reductions for hydroelectric and transmission (from September 2007)
- ▶ Other businesses: +6.5 B yen
  - Increase in coal sales, external sales by subsidiaries

## Operating Income (-7.0 B yen)

- ▶ Increase in maintenance requirements for thermal power plants  
(total no. of periodic inspection days from about 380 days ⇒ about 630 days, etc.)
- ▶ Full-year effect of rate reductions for hydroelectric and transmission from  
September 2007

## Ordinary Income (-4.3 B yen)

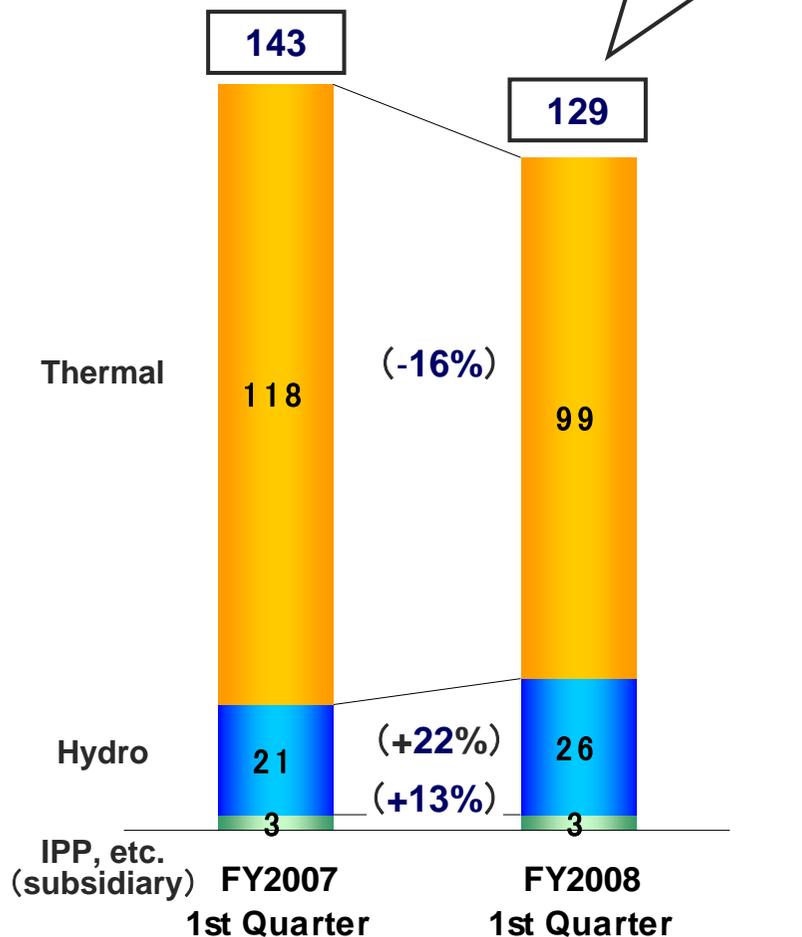
- ▶ Decrease in non-operating expenses (non-business expenses, etc.)

# Consolidated: Electric Power Sales and Operating Revenues

## Electric Power Sales

(Unit: 100 million kWh)

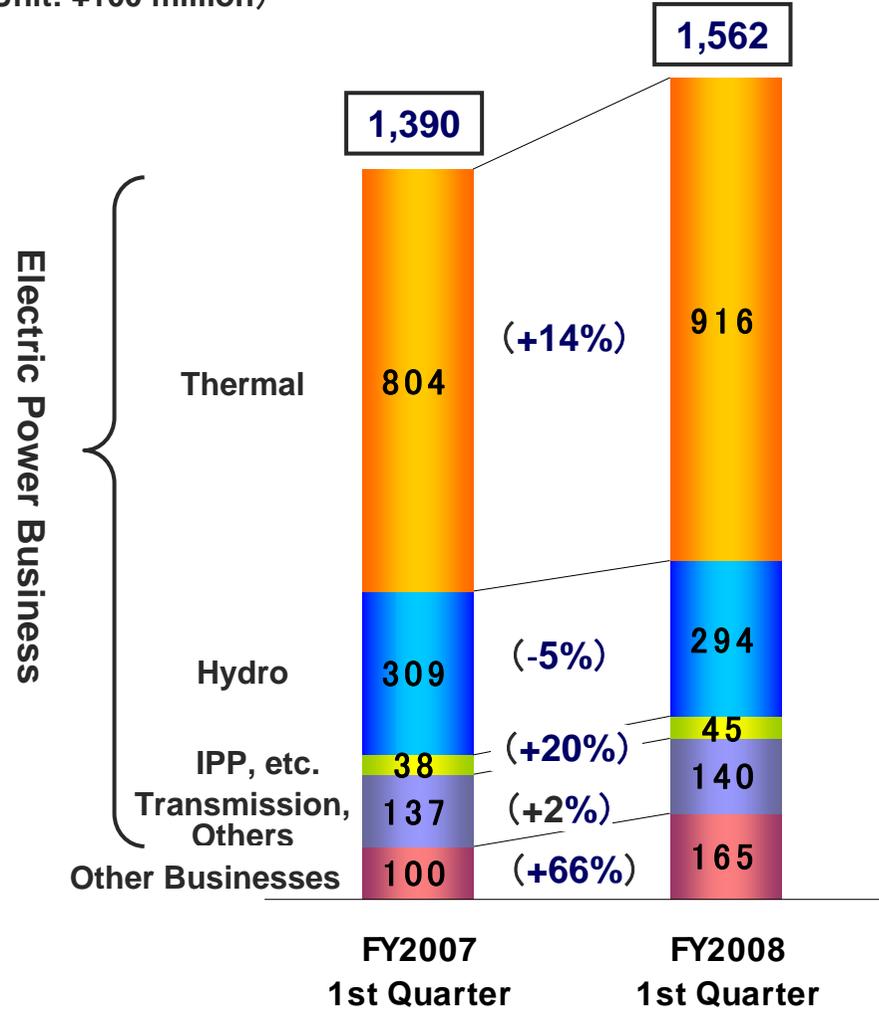
Year-on-year comparison  
-10% (-1.3 B kWh)



## Operating Revenues

(Unit: ¥100 million)

Year-on-year comparison  
+12% (+17.2 B yen)



# Consolidated: Revenue/ Expenditure Comparison



(Unit: ¥100 million)

	FY2008	FY2007	Year-on-year change Increase/ Decrease	Main factors for change
	1st Quarter (Apr.-Jun.)	1st Quarter (Apr.-Jun.)		
<b>Operating Revenues</b>	<b>1,562</b>	<b>1,390</b>	<b>172</b>	
Electric utility	1,397	1,290	107	Rise in fuel prices, rate reductions for hydroelectric and transmission
Other business	165	100	65	Increase in coal sales, external sales by subsidiaries
<b>Operating Expenses</b>	<b>1,453</b>	<b>1,209</b>	<b>243</b>	
Electric utility	1,273	1,094	179	
Personnel expenses	92	77	15	Mainly due to increase in retirement allowance
Fuel cost	443	402	40	Rise in fuel prices
Repair expense	218	108	109	Increase in maintenance requirements for thermal power plants (periodic inspections, etc.)
Outsourcing expenses	68	67	0	
Depreciation/ amortization	257	272	-15	Progress in depreciation
Other	194	165	29	Mainly due to increase in removal costs of fixed assets
Other business	179	115	63	Increase in cost of sales due to higher sales volume
<b>Operating Income</b>	<b>109</b>	<b>180</b>	<b>-70</b>	
<b>Non-operating Revenues</b>	<b>54</b>	<b>45</b>	<b>8</b>	
Equity income of affiliates	31	31	0	
Other	23	14	8	
<b>Non-operating expenses</b>	<b>61</b>	<b>80</b>	<b>-18</b>	
Financial expenses	56	58	-1	
Other	4	21	-17	Decrease in non-business expenses
<b>Ordinary Income</b>	<b>103</b>	<b>146</b>	<b>-43</b>	

# Consolidated: Cash Flow



- ▶ Expenditure on investing activities increased year on year due to an increase in capital expenditures and investment in overseas power generation business. As a result, free cash flow for the quarter was negative 19.3 billion yen
- ▶ The outlook for free cash flow for the full year is about negative 20 billion yen

(Unit: ¥100 million)

	FY2008	FY2007	Year-on-year Increase/ Decrease	Main Factors for Change
	1st Quarter (Apr.-Jun.)	1st Quarter (Apr.-Jun.)		
Operating activities (A)	123	312	-188	Increase in inventories (coals), decrease in depreciation cost, etc.
Investing activities (B)	-317	-213	-104	Increase in capital expenditures, investments and loans, etc.
Financing activities	198	-14	212	Increase in issuance of corporate bonds, etc.
Free Cash Flow (A+B)	-193	99	-293	

# Consolidated: Balance Sheet



- ▶ Interest-bearing debt increased 26.3 B yen due mainly to the issuance of corporate bonds
- ▶ Shareholders' equity ratio edged slightly downwards in comparison with end of FY2007 (23.2% ⇒ 22.6%)

(Unit: ¥100 million)

		FY2008	FY2007	Change from prior year end	Main Factors for Change
		End of Q1	End of FY	Increase/Decrease	
Assets	Noncurrent assets	18,792	18,643	148	
	Electric utility plant and equipment	12,612	12,654	-42	Decrease due to progress in depreciation
	Other noncurrent assets	390	402	-11	
	Construction in progress	3,430	3,274	156	Ohma Nuclear, Isogo New No. 2
	Nuclear fuel	109	103	6	
	Investments and other assets	2,248	2,208	39	Mainly due to increase in investment on overseas power generation business, etc.
	Current assets	1,738	1,487	250	Mainly due to increase in accounts receivable and inventory assets (coals), etc.
	<b>Total</b>	<b>20,530</b>	<b>20,131</b>	<b>399</b>	
Liabilities	Interest-bearing debt	14,502	14,238	263	Mainly due to increase in corporate bonds
	Others	1,373	1,211	161	Mainly due to increase in accrued accounts
	<b>Total</b>	<b>15,875</b>	<b>15,450</b>	<b>425</b>	
Net Assets	Minority interests	17	17	0	
	Shareholders' equity	4,637	4,663	-26	Mainly due to decrease in foreign currency translation adjustments
	<b>Total</b>	<b>4,654</b>	<b>4,681</b>	<b>-26</b>	
<b>Grand Total</b>		<b>20,530</b>	<b>20,131</b>	<b>399</b>	
D/E ratio (x)		3.1	3.1		
Shareholders' equity ratio		22.6%	23.2%		

## FY2008 Consolidated Earnings Forecast

(Unit: ¥100 million)

	FY2008		FY2007
	Full-year Forecast (unchanged)	1st Quarter (Apr.-Jun.)	Full-year Actual
Operating Revenues	7,120	1,562	5,877
Operating Income	620	109	507
Ordinary Income	500	103	428
Net Income	420	73	293

※Trend of the first quarter results was generally as planned.  
The full-year forecast remains unchanged.

# APPENDIX

## ※Display of Figures

Figures for yen amounts, electric power sales volume and generation capacity shown in the consolidated financial data are rounded down to the nearest unit. Consequently, the sum of the individual amounts may not necessarily agree with the figures shown in total columns.

# Wholesale Electric Power Business: Monthly Electricity Sales



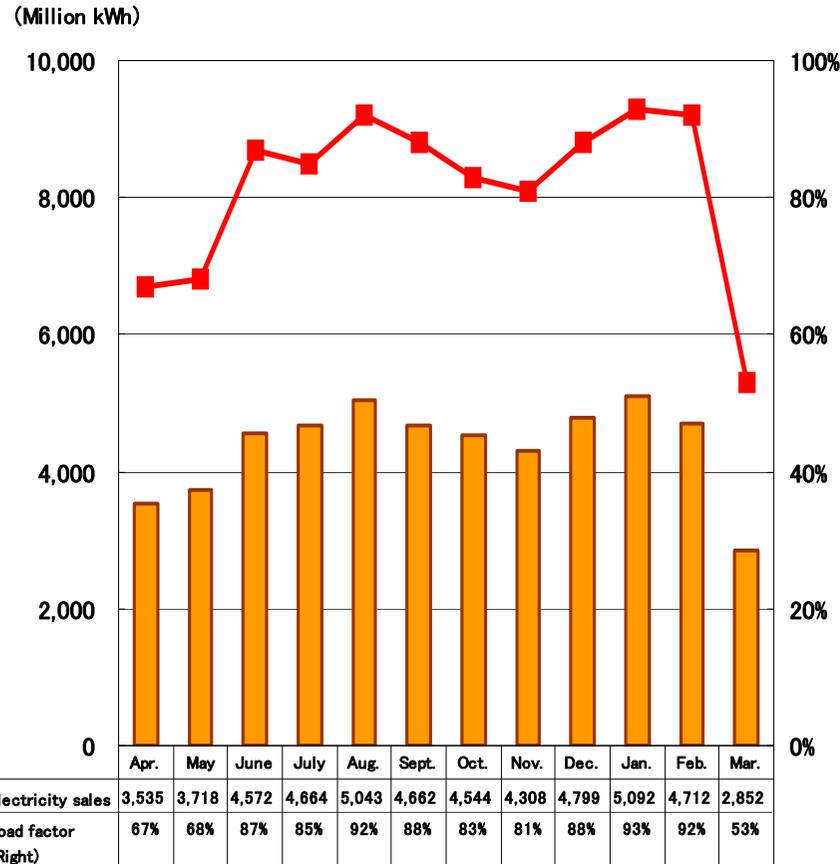
## ▶ Thermal Power: Apr.2007 - Mar.2008 Results (Cumulative)

Load factor ⇒ 81 %  
Electricity sales ⇒ 52.4B kWh

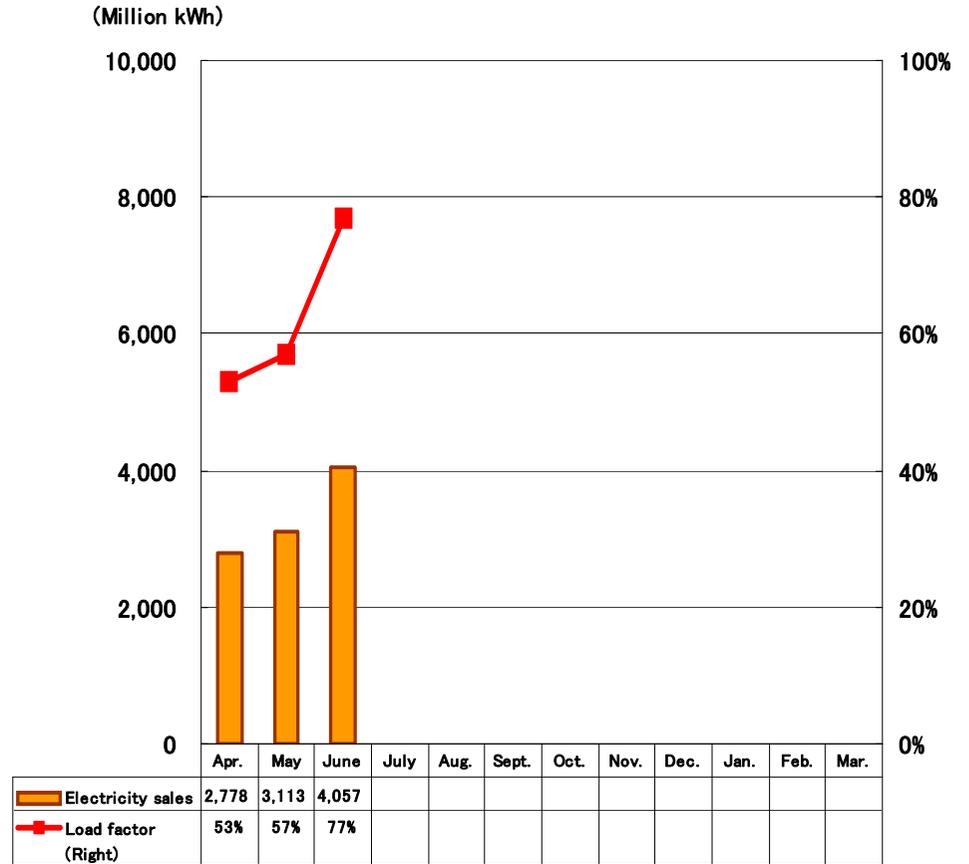
## ▶ Thermal Power: Apr.2008 - Jun.2008 Results (Cumulative)

Load factor ⇒ 62 %  
Electricity sales ⇒ 9.9B kWh

Thermal Power: Monthly Electricity Sales



Thermal Power: Monthly Electricity Sales



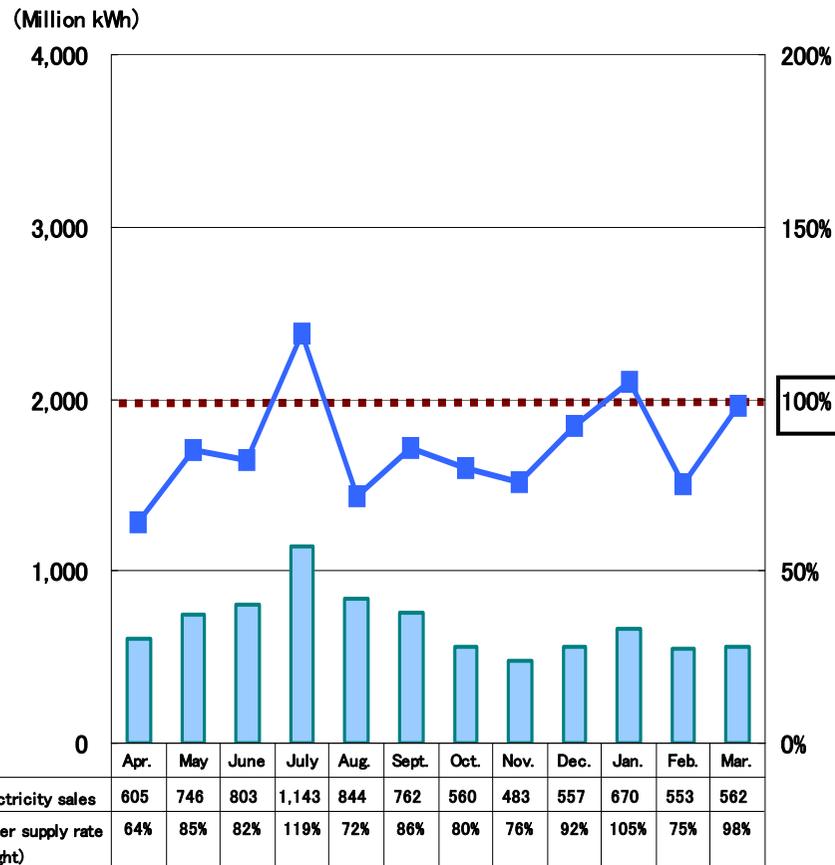
# Wholesale Electric Power Business: Monthly Electricity Sales



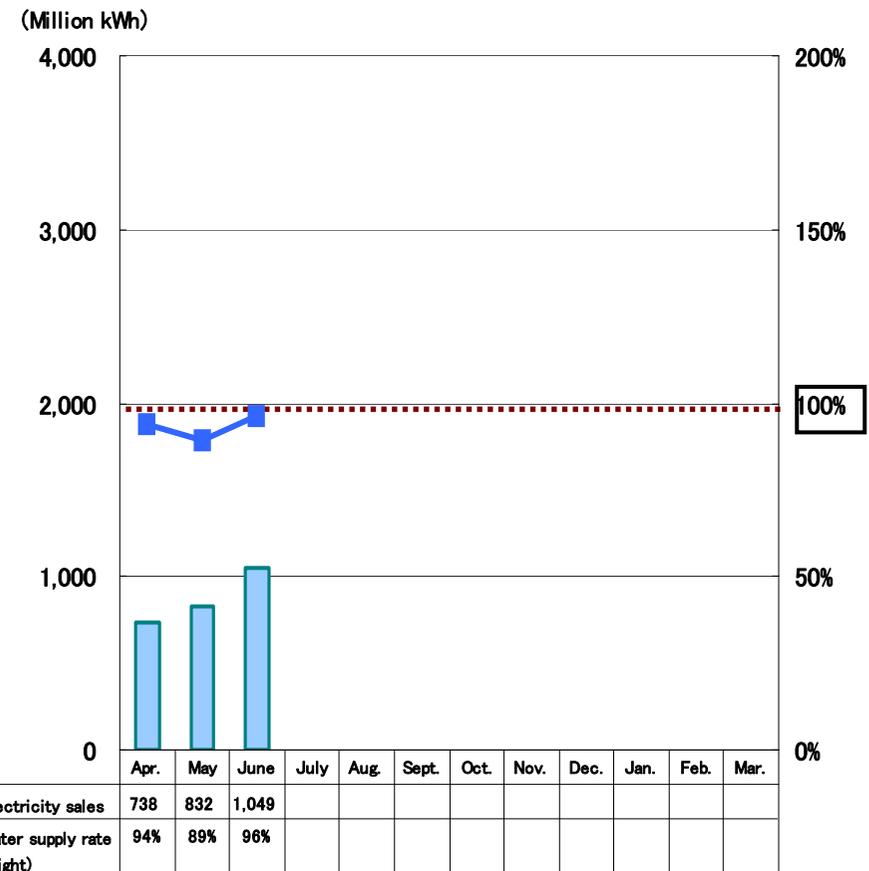
- ▶ Hydroelectric Power: Apr.2007 - Mar.2008  
Results (Cumulative)  
Water supply rate ⇒ 85 %  
Electricity sales ⇒ 8.2B kWh

- ▶ Hydroelectric Power: Apr.2008 - Jun.2008  
Results (Cumulative)  
Water supply rate ⇒ 92 %  
Electricity sales ⇒ 2.6B kWh

Hydroelectric Power: Monthly Electricity Sales

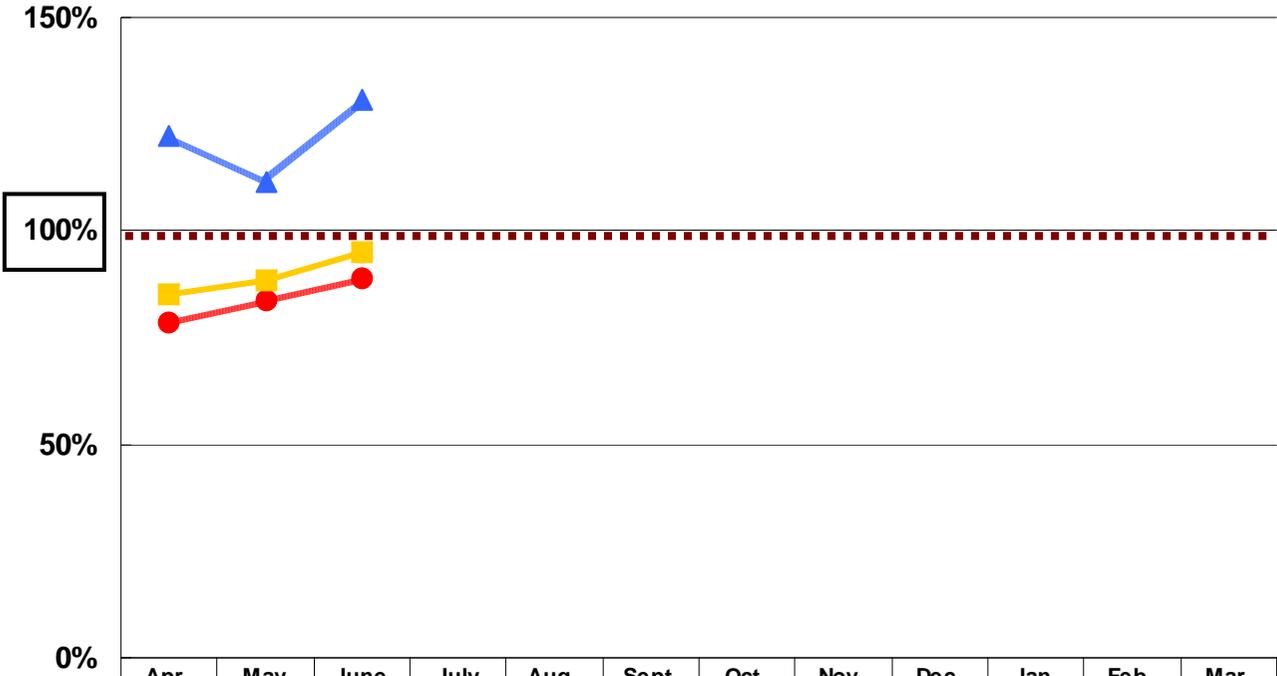


Hydroelectric Power: Monthly Electricity Sales



# 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.- Jun.
Year-on-year (Hydro)	122%	112%	131%										122%
Year-on-year (Thermal Power)	79%	84%	89%										84%
Year-on-year Total	85%	88%	95%										90%

# Other Electric Power Businesses: Monthly Electricity Sales



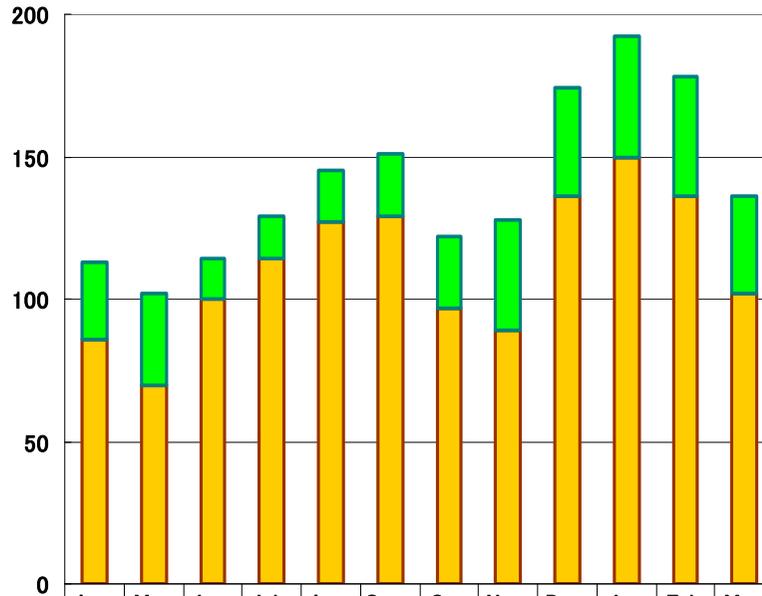
▶ Other Electric Power Businesses (IPP, for PPS, Wind Power):

**Total Electricity Sales**  
 (Cumulative Apr.2007 - Mar.2008)  
 ⇒ 1.68B kWh

**Total Electricity Sales**  
 (Cumulative Apr.2008 - Jun.2008)  
 ⇒ 0.37B kWh

Other Electric Power Businesses:  
 Monthly Electricity Sales

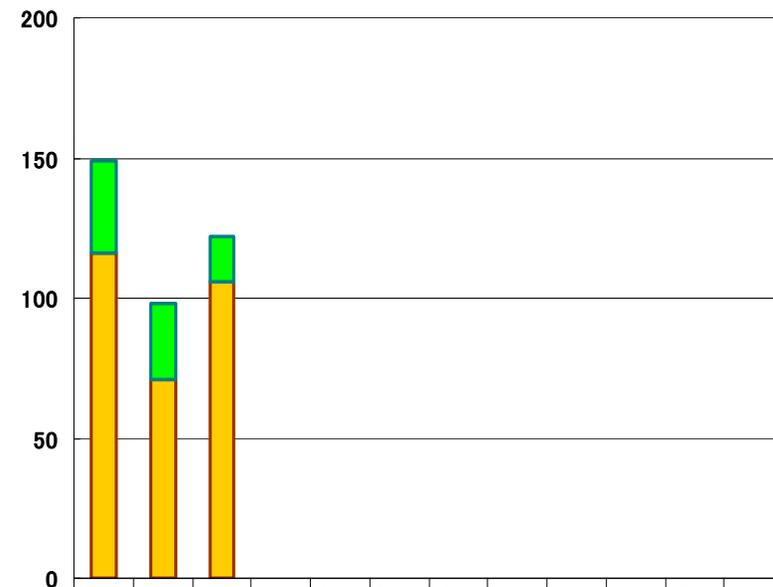
(Million kWh)



Wind Power Electricity Sales	27	32	14	15	18	22	25	39	38	42	42	34
Thermal Power (IPP, for PPS) Electricity Sales	86	70	100	114	127	129	97	89	136	150	136	102

Other Electric Power Businesses:  
 Monthly Electricity Sales

(Million kWh)



Wind Power Electricity Sales	33	27	16									
Thermal Power (IPP, for PPS) Electricity Sales	116	71	106									

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

## Major financial data: Consolidated



(Unit: ¥100 million)

	FY2004	FY2005	FY2006	FY2007	FY2007 1Q	FY2008 1Q
<b>《 P L 》</b>						
Operating revenues	5,943	6,219	5,732	5,877	1,390	1,562
(EBITDA)※1	2,372	2,364	2,002	1,657	463	378
Operating income	1,118	1,014	771	507	180	109
Ordinary income	570	679	555	428	146	103
Net income	355	435	351	293	101	73
<b>《 B S 》</b>						
Shareholder's equity	3,913	4,330	4,611	4,663	4,624	4,637
Assets	20,216	19,646	19,997	20,131	19,986	20,530
Interest-bearing debt	14,980	14,082	14,215	14,238	14,249	14,502
<b>《 C F 》</b>						
Cash flows from operating activities	1,726	1,739	1,572	1,362	312	123
Cash flows from investing activities	-605	-723	-1,554	-1,525	-213	-317
Cash flows from financing activities	-1,117	-1,036	-21	171	-14	198
FCF ※2	1,120	1,016	18	-162	99	-193
Depreciation	1,253	1,350	1,230	1,150	282	268
Capital expenditures	509	608	907	1,220	153	406
《Group Employees》※3	5,925	5,868	6,494	6,525	-	-

※1 EBITDA = Operating income + Depreciation

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

※3 All subsidiaries were made consolidated subsidiaries in FY2006, which became a primal cause of year-on-year increase in FY2006.

## Key ratios and Primary data



【 Key ratios : Consolidated】	FY2004	FY2005	FY2006	FY2007	FY2007 1Q	FY2008 1Q
Ordinary Income/Operating Revenues(%)	9.6%	10.9%	9.7%	7.3%	10.5%	6.6%
Shareholders' equity ratio(%)	19.4%	22.0%	23.1%	23.2%	23.1%	22.6%
D/E ratio	3.8	3.3	3.1	3.1	3.1	3.1
ROE(%)※1	9.5%	10.6%	7.9%	6.3%	–	–
ROA(%)※2	2.8%	3.4%	2.8%	2.1%	–	–
EPS(¥)	255.01	260.76※3	211.14	175.99	61.03	44.28
BPS(¥)	2,818.04	2,598.90※3	2,768.95	2,800.18	2,776.49	2,784.47

※1: ROE=Consolidated current net income / The average of consolidated shareholders' equity at the beginning and the end of the period

※2: ROA=Consolidated ordinary income / The average of consolidated total assets at the beginning and the end of the period

※3: 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 】	FY2004	FY2005	FY2006	FY2007	FY2007 1Q	FY2008 1Q
Coal:						
Amount purchase (10 thousand ton)	1,968	2,135	1,890	2,074	–	–
Load factor of coal-fired thermal power plants (%)	77%	84%	75%	81%	74%	62%
Water supply rate (%)	118%	90%	112%	85%	77%	92%
Australian coal price (FOB, US\$) ※1	45.0	52.5~54.0	52.0~53.0	55.0~56.0	55.0~56.0	125.0
Average Exchange rate (¥/US\$) ※2	108	113	117	114	121	105

※1: Reference price

※2: TTM

# Electric Power sales and revenues, Generation capacity : Consolidated

	FY2004	FY2005	FY2006	FY2007	FY2007 1Q	FY2008 1Q
<b>Electric power sales (million kWh)</b>						
Wholesale electric power business	60,517	62,626	58,672	60,786	13,979	12,570
Hydroelectric	11,172	8,582	10,633	8,287	2,154	2,620
Thermal	49,344	54,044	48,039	52,499	11,825	9,949
Other electric power business	965	1,701	1,657	1,682	327	370
Total	61,482	64,328	60,329	62,469	14,307	12,941
<b>Electric power revenues (100 million yen)</b>						
Wholesale electric power business	4,763	4,950	4,500	4,572	1,114	1,210
Hydroelectric	1,371	1,268	1,234	1,145	309	294
Thermal	3,392	3,682	3,265	3,427	804	916
Other electric power business	86	164	168	177	38	45
Transmission	611	582	551	549	135	138
Total	5,462	5,698	5,220	5,299	1,287	1,394
<b>Generation capacity (MW)</b>						
Wholesale electric power business	16,375	16,375	16,380	16,380	16,380	16,385
Hydroelectric	8,550	8,550	8,555	8,555	8,555	8,560
Thermal	7,824	7,824	7,824	7,824	7,824	7,824
Other electric power business	374	494	560	560	560	560
Total	16,749	16,869	16,940	16,940	16,940	16,945

## Revenues and Expenses : Consolidated



( Unit: ¥100 million)

	FY2004	FY2005	FY2006	FY2007	FY2007 1Q	FY2008 1Q
Operating revenues	5,943	6,219	5,732	5,877	1,390	1,562
Electric power operating revenues	5,479	5,731	5,237	5,317	1,290	1,397
Other operating revenues	464	487	494	560	100	165
Operating expenses	4,824	5,204	4,961	5,370	1,209	1,453
Electric power operating expenses	4,316	4,697	4,444	4,778	1,094	1,273
Personnel expenses	337	212	272	377	77	92
Fuel cost	1,166	1,608	1,498	1,915	402	443
Repair expense	474	387	411	304	108	218
Outsourcing expenses	340	314	317	302	67	68
Depreciation and amortization cost	1,220	1,315	1,185	1,103	272	257
Others	778	859	758	774	165	194
Other operating expenses	508	507	516	591	115	179
Operating income	1,118	1,014	771	507	180	109
Non-operating revenues	38	76	130	215	45	54
Non-operating expenses	586	411	346	293	80	61
Interest expenses	508	357	225	227	58	56
Others	77	54	120	66	21	4
Ordinary income	570	679	555	428	146	103



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

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