
Summary of FY2005 Third Quarter Earnings Results



Electric Power Development Co., Ltd.

February 8, 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.

Key Points Regarding Third Quarter FY2005 Consolidated Earnings Results



▶ **Increased revenues and lower profits:**

Increased revenues ⇒ Increased thermal electric power sales and the commencement of our (subsidiaries') new power plant operations contributed

Lower profits ⇒ Profits were affected by factors such as the change in the method of depreciation at some thermal power facilities and the lowering of hydroelectric power and transmission rates (commencing in October 2005).

Meanwhile, non-operating income improved due to a reduction in interest expenses and an increase of Equity income of affiliates (primarily for power generation businesses overseas).

Summary of Third Quarter Earnings Results

(Unit: ¥100 million)

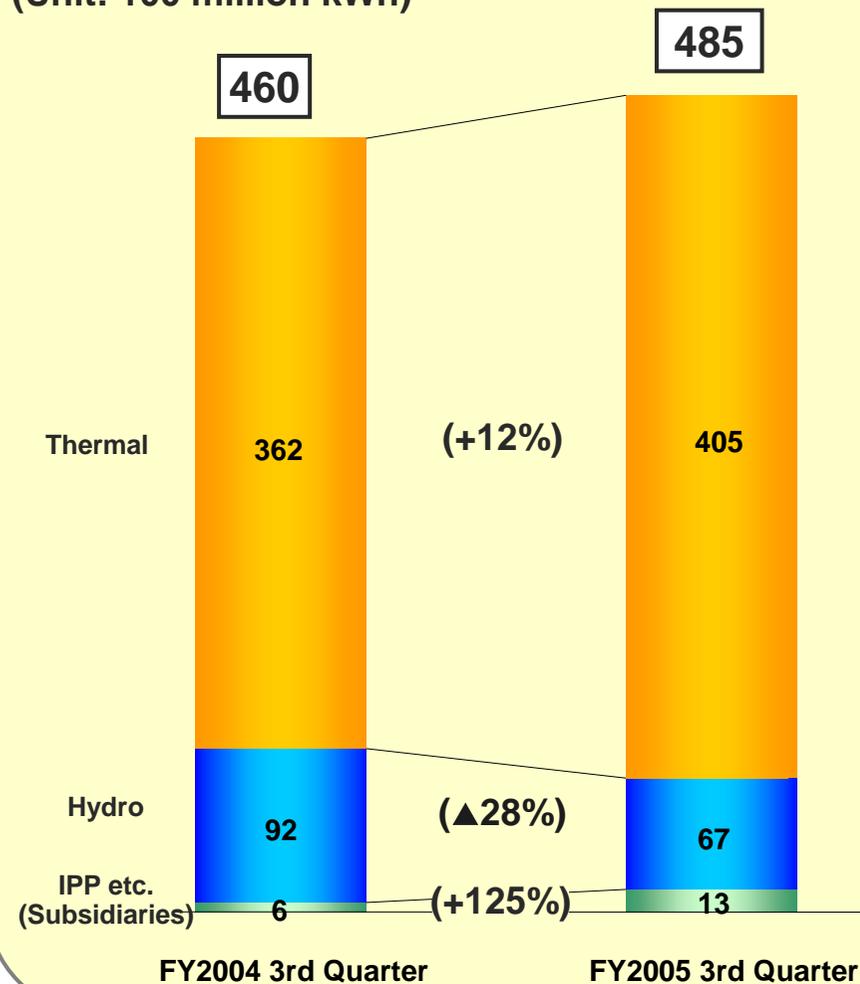
	FY2004	FY2005	Year-on-year change	
	3rd Quarter (Apr.-Dec.)	3rd Quarter (Apr.-Dec.)	Increase/ decrease	Increase/ decrease (%)
Operating Revenues	4,352	4,588	236	5.4%
Operating Income	1,007	797	210	20.8%
Ordinary Income	608	576	32	5.2%
Net Income	379	363	16	4.2%

Electric Power Business Consolidated Sales



**Year-on-year comparison
+5.3% (+2.5 billion kWh)**

(Unit: 100 million kWh)



**Primary causes of change
over the previous year**

Thermal electric power (J-POWER):

+4.3 billion kWh

- Solid demand for electric power
- Increased operation days of power plants (decrease in periodic inspection days)
- Load factor 75%⇒84%

Hydroelectric power (J-POWER):

▲2.6 billion kWh

- Affected by lower water flow
- Water supply rate 123%⇒88%

IPP, for PPS, wind power (subsidiaries):

+0.7 billion kWh

- New power plants went into operation
- The number of power plant subsidiaries increased from 5 companies to 10 (the number of those in operation)

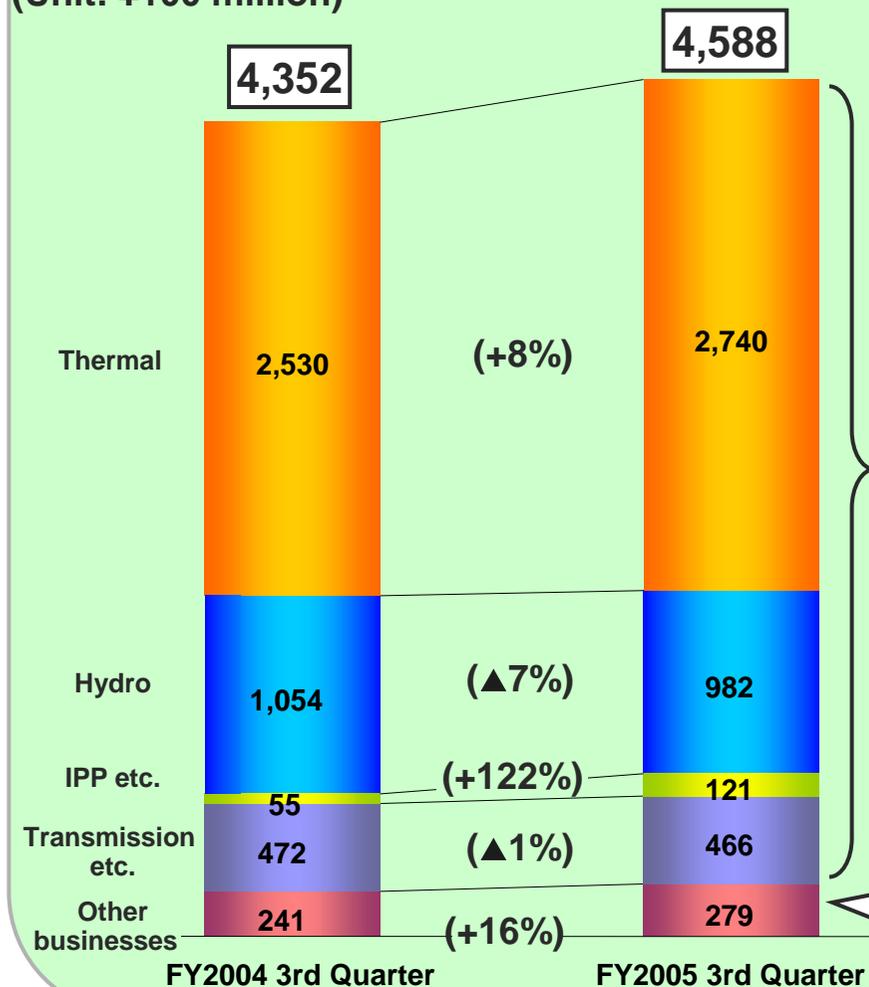
Causes of Change in Consolidated Operating Revenues



**Year-on-year comparison
+5.4% (+23.6 billion yen)**

**Primary causes of change
over the previous year**

(Unit: ¥100 million)



Electric power business: +19.9 billion yen

[Thermal electric power (J-POWER): +21.0 billion yen]

- High load factor at power plants
- Increased coal prices reflected in rates

[Hydroelectric power (J-POWER): ▲7.2 billion yen]

- Affected by rate reductions
- Affected by lower water flow

[IPP, for PPS, wind power (subsidiaries): +6.6 billion yen]

- New power plants went into operation

[Transmission etc. (J-POWER): ▲0.6 billion yen]

- Affected by rate reductions

Other businesses: +3.8 billion yen

- Increase in coal sales
- Increased sales by subsidiary constructing telecommunications facilities, etc.

Consolidated Income: Comparison



(Unit: ¥100 million)

	FY2004 3rd Quarter	FY2005			Year-on-year change Increase/ decrease	Main factors for change	
		Interim	Oct.-Dec. change	3rd Quarter			
Ordinary Revenue	Operating Revenues	4,352	3,054	1,534	4,588	236	
	Electric power operating revenues	4,111	2,872	1,437	4,309	198	High load factor at thermal power plants and increased sales by electric power subsidiaries
	Other operating revenues	241	182	97	279	38	Increased sales by telecommunications construction subsidiary and increased coal sales
	Non-operating revenues	23	28	16	44	21	
	Equity income of affiliates	0	4	11	15	15	Increase in overseas IPP business
	Other	23	24	5	29	6	Increase in dividends received
	Total Ordinary Revenues	4,375	3,082	1,550	4,632	257	
Ordinary Expense	Operating expenses	3,346	2,509	1,282	3,791	446	
	Electric power operating expenses	3,064	2,305	1,186	3,491	427	
	Personnel expenses	267	149	76	225	42	Decrease in retirement benefit expenses
	Fuel costs	843	738	456	1,194	351	Increase in fuel prices and volume of electric power sold
	Repair expenses	286	228	61	289	3	Increased for hydro, decrease in periodic inspections of thermal
	Outsourcing expenses	223	141	69	209	14	Decrease in software depreciation
	Depreciation	907	656	328	984	77	Increase due to change in method of depreciation at some thermal power facilities
	Other	539	394	195	589	50	Increase in waste treatment expenses, intangible assets amortization
	Other operating expenses	282	204	97	301	19	
	Non-operating expenses	422	191	74	265	157	
	Interest expenses	374	173	69	242	133	Lower interest rates and reduced debt, reduced prepayment premiums for early repayments of debt
	Other	47	18	6	23	24	Decrease in impairment of assets, decrease in investment loss on equity method
	Total Ordinary Expenses	3,767	2,700	1,356	4,056	289	
	Ordinary Income	608	382	194	576	32	

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).

In the third quarter of FY2005, increased thermal electricity sales at the parent company and the commencement of operations at new power generating subsidiaries contributed to earnings.

▶ 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.

In the third quarter of FY2005, the volume of coal sales grew and sales outside the group by engineering subsidiaries also increased.

Revenue	(Unit: ¥100 million)			
	FY2004 3rd Quarter (Apr.-Dec.)	FY2005 3rd Quarter (Apr.-Dec.)	Year-on-year change	
			Increase/ decrease	Increase/ decrease (%)
Electric Power Business	4,121	4,319	198	4.8%
Other Businesses	1,557	1,774	217	13.9%
Subtotal	5,679	6,093	415	7.3%
Eliminations	1,326	1,505	179	13.5%
Consolidated	4,352	4,588	236	5.4%

Operating Income

	Operating Income			
	FY2004 3rd Quarter (Apr.-Dec.)	FY2005 3rd Quarter (Apr.-Dec.)	Year-on-year change	
			Increase/ decrease	Increase/ decrease (%)
Electric Power Business	920	700	221	△ 24.0%
Other Businesses	72	91	20	27.2%
Subtotal	992	791	201	△ 20.3%
Eliminations	14	6	8	△ 58.2%
Consolidated	1,007	797	210	△ 20.8%

Consolidated Cash Flow



- ▶ Much of operating cash flow was allocated to the reduction of interest-bearing debt, aiming to improve our financial position
- ▶ Construction of Isogo New Plant No. 2 commenced in August. As we project increased capital investment for the Oma Nuclear Power Plant as well, investment outlays for the full year will increase over the prior year, but we expect free cash flow to remain positive

* Construction began 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)

	FY2004 3rd Quarter	FY2005		Year-on- year Change	Main Factors for Change
		Interim	Oct.-Dec. change		
Operating activities (A)	1,276	773	474	1,247	29 Increase in corporation tax payments, etc.
Investing activities (B)	312	225	139	363	51 Increase in capital investment, etc.
Financing activities	801	479	325	804	3
Cash and cash equivalents (change)	186	76	12	88	97
Free cash flow (A+B)	964	549	335	884	80

Consolidated Balance Sheet



- ▶ Financial position improved steadily due to the reduction of in interest-bearing debt
- ▶ Shareholders' equity ratio moved to 21.3% (target of 23% by the end of FY2007)

(Unit: ¥100 million)

	FY2004	FY2005			Change from prior year-end Increase/decrease	Main Factors for Change
	As of March 31	As of Sep. 30	Oct.-Dec. Change	As of Dec. 31		
Assets						
Fixed Assets	18,900	18,485	153	18,332	568	
Electric power business	15,474	14,936	261	14,675	799	Decrease due to progress in depreciation
Other businesses	279	263	4	267	12	
Construction in progress	1,706	1,773	24	1,797	91	Construction of Isogo New Power Plant No. 2, etc.
Investment, etc.	1,441	1,513	81	1,593	152	Overseas IPP investment, etc.
Current assets	1,317	1,485	40	1,525	209	Increase in accounts receivable etc.
Total	20,217	19,970	113	19,857	359	
Liabilities						
Interest-bearing debt	14,980	14,595	281	14,314	666	Reduced through debt repayment
Other	1,311	1,260	54	1,315	4	
Total	16,291	15,855	227	15,629	663	
Minority interests	12	11	1	11	1	
Shareholders' equity	3,913	4,104	113	4,217	304	Increase in retained earnings
Total	20,217	19,970	113	19,857	359	
D/E ratio (x)	3.8	3.6		3.4		
Shareholders' equity ratio	19.4%	20.5%		21.2%		

FY2005 Consolidated Earnings Forecast



▶ Our forecast for the fiscal year, issued when we announced FY 2005 Interim Earnings Results, is unchanged

⇒ Although there have been slight fluctuations for items of revenues and expenses since the announcement of Interim Earnings Results, the trend is close to expectations, so there is no change in the full-year earnings forecast at this time.

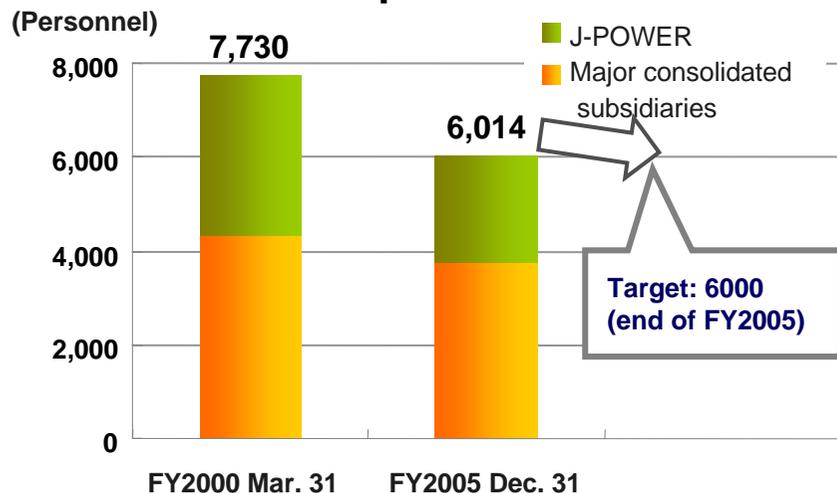
FY 2005 Consolidated Earnings Forecast

	(Unit: ¥100 million)		
	FY2004	FY2005	
	Full-year Actual	3rd Quarter Actual	Full-year Forecast (unchanged)
Operating Revenues	5,944	4,588	6,100
Operating Income	1,119	797	900
Ordinary Income	571	576	550
Net Income	356	363	360

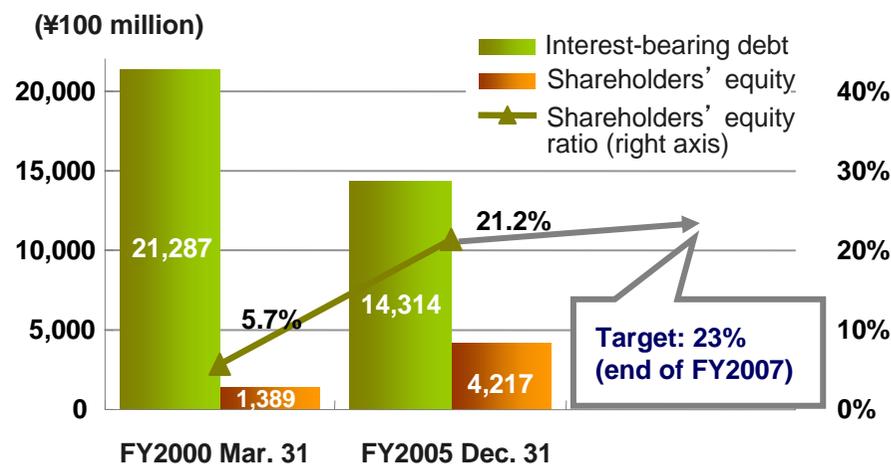
Management Targets



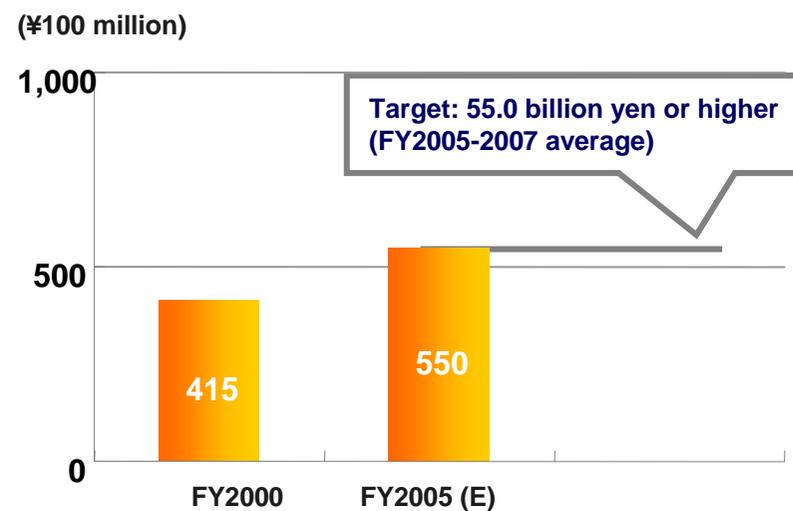
Group Personnel



Consolidated Shareholders' Equity Ratio



Consolidated Ordinary Income



▶ Steady progress toward achieving our targets

▶ Management targets

Group personnel: 6,000 (end of FY2005)

Shareholders' equity ratio: 23%
(end of FY2007)

Ordinary income: 55.0 billion yen or higher
(FY2005-2007 average)

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

Characteristics of Our Businesses : Long-term business cycle

- Securing returns on our investment in power plants and other infrastructure through the long-term operation of these facilities
- The business results achieved over the long-term becoming a source of shareholder returns

We hope that our shareholders will understand the nature of our business cycle and support our company over the long term

Basic Policy regarding Profit Distribution to Shareholders

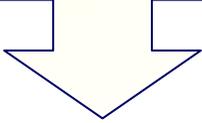
- ▶ Considering above characteristics, we intend to **continue to reflect the results of our efforts for mid-and long-term profit growth in future profit distributions to shareholders, and we will place the utmost importance on continuing to provide a stable level of dividends**
- ▶ On this occasion, responding to shareholder expectations, **we have decided to increase the level of direct returns to shareholders** after considering forecasts of future business results, our financial position, and the scale of our investments, and **intend to maintain this level in the future as well**

Decision to Undertake the Share Split



In order to increase profit distributions to shareholders, to improve the liquidity of our shares, and to broaden our investor base, we shall undertake a share split based on the aforementioned basic policy and in consideration of the following factors:

- ▶ In the short term, **steadily progressing toward the following management targets:**
 - Consolidated ordinary income of over 55 billion yen (3-year average from FY2005 to '07)
 - Consolidated shareholders' equity ratio of 23% by the end of FY2007.
- ▶ In the mid-term, **anticipating a demand for large-scale capital** due to the construction of the Isogo New No. 2 and Oma Nuclear Power Plant, **the strengthening of our financial position will continue to be an important management issue**



Return to Shareholders by undertaking Share Splits

- ▶ **On March 1, 2006**, one share of common stock is to be split into **1.2 shares**
- ▶ We intend to pay a year-end dividend per share of 30 yen for FY2005, as already disclosed, and when the share split is taken into account, this represents **an effective dividend increase of 20%**

APPENDIX

【 Wholesale Electric Power Business: Monthly Electricity Sales 】



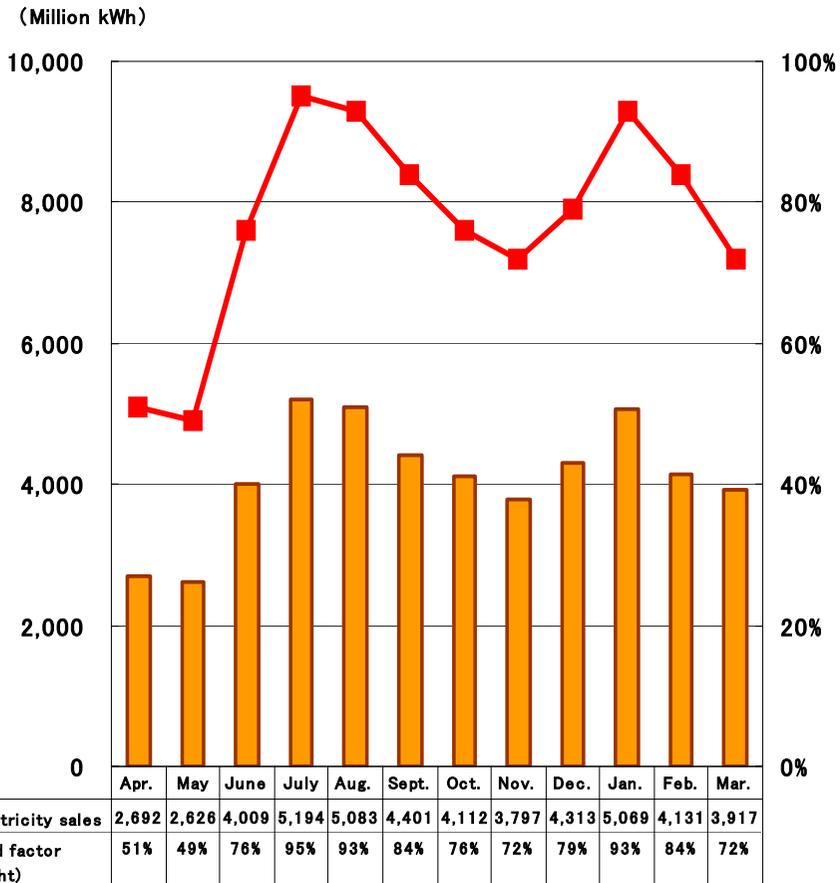
▶ Thermal Power: Apr.2004 - Mar. 2005 Results (Cumulative)

Load factor ⇒ 77%
Electricity sales ⇒ 49.3B kWh

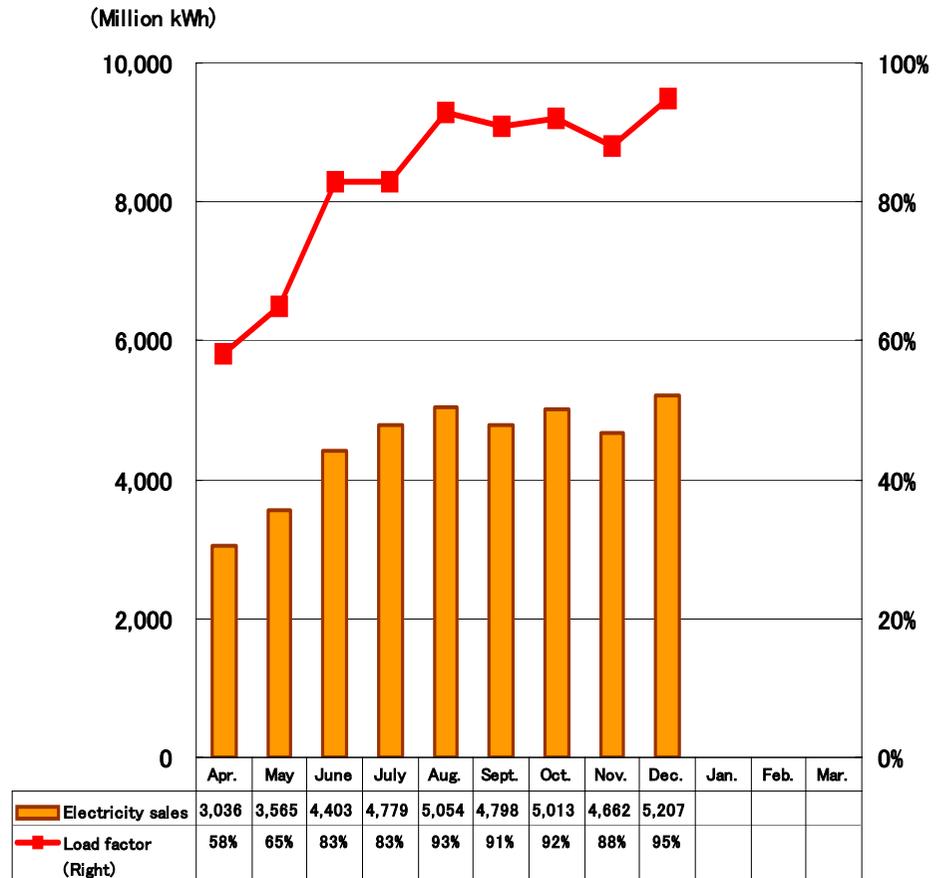
▶ Thermal Power: Apr.- Dec. 2005 Results (Cumulative)

Load factor 84 %
Electricity sales 40.5B kWh

Thermal Power: Monthly Electricity Sales



Thermal Power: Monthly Electricity Sales



【 Wholesale Electric Power Business: Monthly Electricity Sales 】



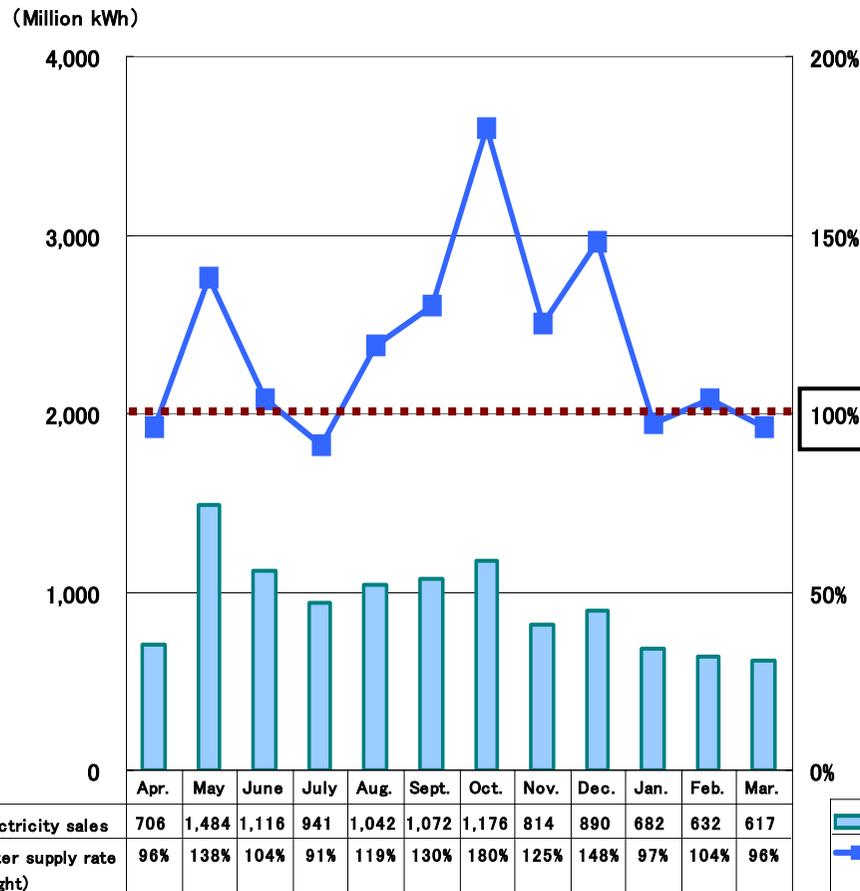
▶ Hydroelectric Power: Apr.2004 - Mar.2005 Results (Cumulative)

Water supply rate ⇒ 118%
Electricity sales ⇒ 11.2B kWh

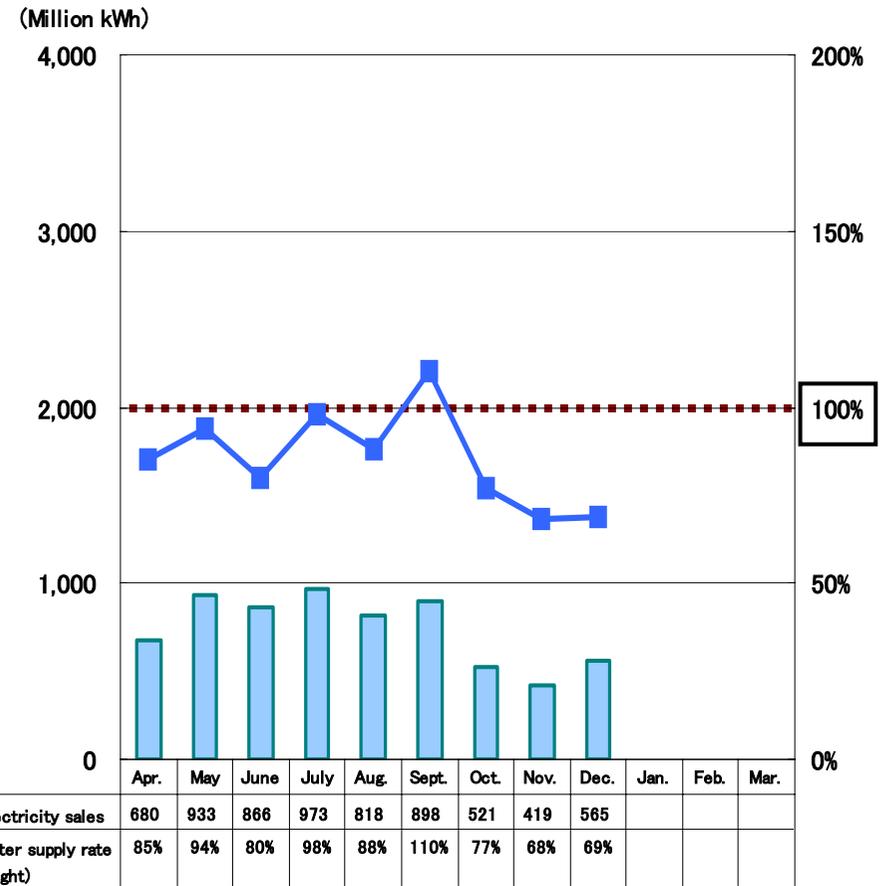
▶ Hydroelectric Power: Apr.- Dec. 2005 Results (Cumulative)

Water supply rate 88 %
Electricity sales 6.7B kWh

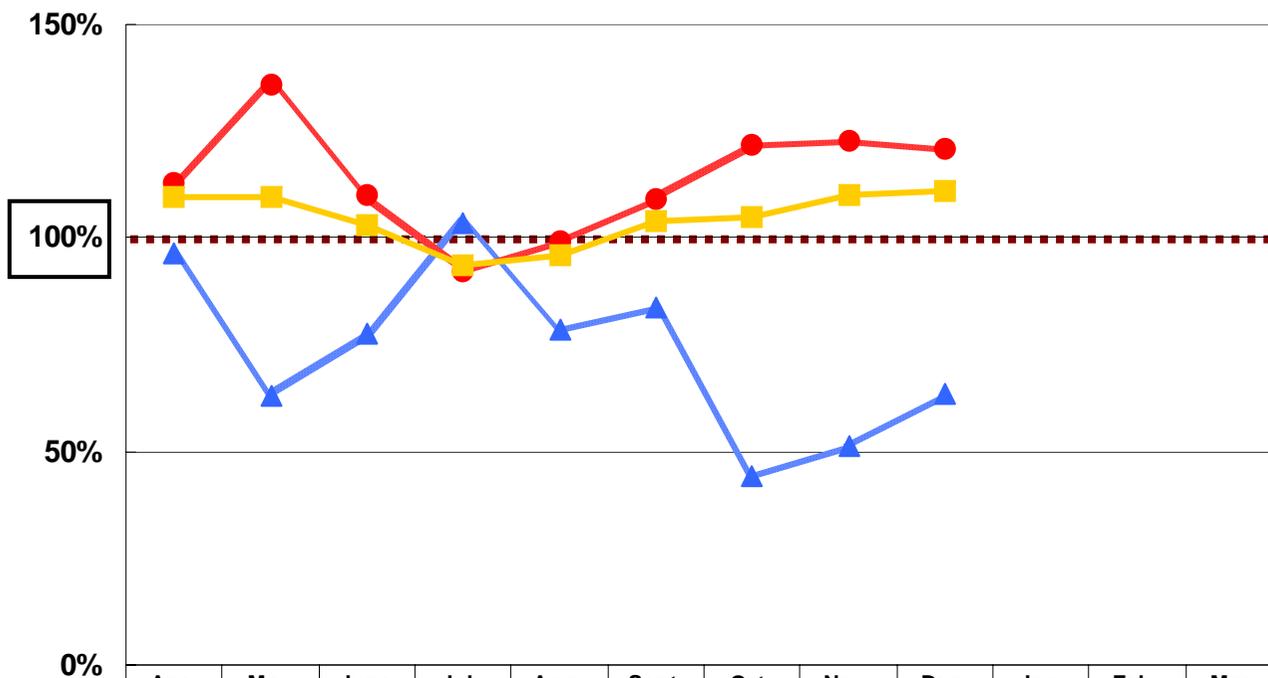
Hydroelectric Power: Monthly Electricity Sales



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.-Dec.
Year-on-year (Hydro)	96%	63%	78%	103%	79%	84%	44%	51%	64%				72%
Year-on-year (Thermal Power)	113%	136%	110%	92%	99%	109%	122%	123%	121%				112%
Year-on-year Total	109%	109%	103%	94%	96%	104%	105%	110%	111%				104%

【 Other Electric Power Businesses: Monthly Electricity Sales 】



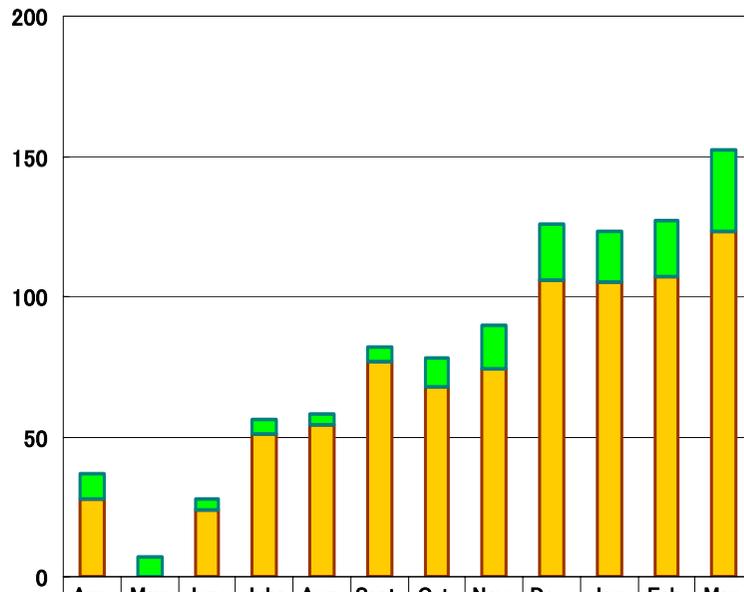
▶ Other Electric Power Businesses (IPP, for PPS, Wind Power):

Total Electricity Sales
(Cumulative Apr.2004 - Mar.2005)
 ⇒ 1.0 B kWh

Total Electricity Sales
(Cumulative Apr.- Dec. 2005)
 1.3 B kWh

Other Electric Power Businesses:
 Monthly Electricity Sales

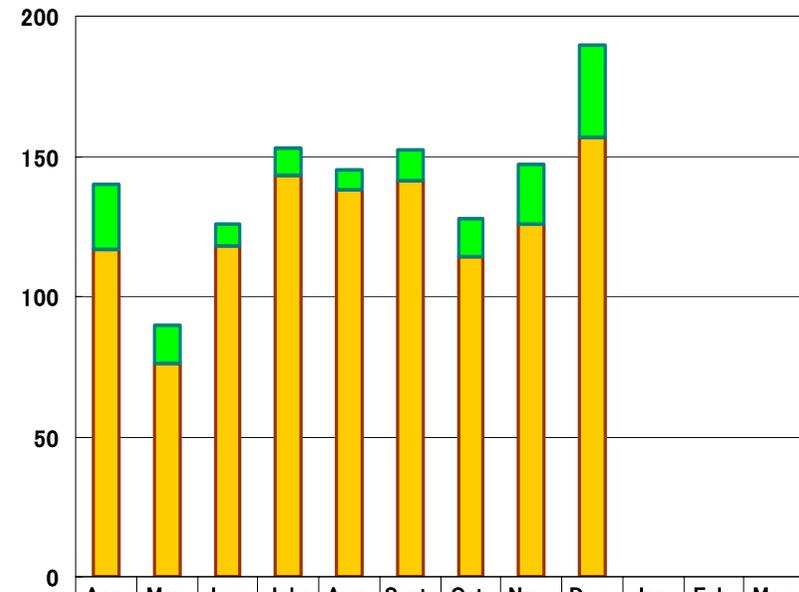
(Million kWh)



	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Wind Power Electricity Sales	9	7	4	5	4	5	10	16	20	18	20	29
Thermal Power (IPP,for PPS) Electricity Sales	28	0	24	51	54	77	68	74	106	105	107	123

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			
Thermal Power (IPP,for PPS) Electricity Sales	117	76	118	143	138	141	114	126	157			

Note: Does not take proportion of equity holdings into account

【Major financial data: Consolidated】



(Unit: ¥100 million)

	FY2001	FY2002	FY2003	FY2004	FY2004 3Q	FY2005 3Q
《 P L 》						
Operating revenues	5,933	5,841	5,699	5,944	4,352	4,588
(EBITDA)※1	2,687	2,713	2,635	2,372	1,937	1,805
Operating income	1,196	1,342	1,321	1,119	1,007	797
Ordinary income	440	355	444	571	608	576
Extra ordinary loss	138	—	—	—	—	—
Net income	176	207	276	356	379	363
《 B S 》						
Shareholder's equity	1,523	1,683	3,596	3,913	3,923	4,217
Assets	23,147	21,959	20,761	20,217	20,557	19,857
Interest-bearing debt	20,075	18,939	15,929	14,980	15,296	14,314
《 C F 》						
Cash flows from operating activities	2,007	1,674	1,799	1,726	1,276	1,247
Cash flows from investing activities	-772	-110	-645	-606	-312	-363
Cash flows from financing activities	-1,256	-1,177	-1,475	-1,118	-801	-804
FCF ※2	1,235	1,563	1,154	1,121	964	884
Depreciation	1,491	1,371	1,314	1,253	930	1,008
Capital expenditures	766	534	462	509	280	318
《Group Employees》※3	7,374	6,916	6,367	6,205	6,293	6,014

※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】	FY2001	FY2002	FY2003	FY2004	FY2004 3Q	FY2005 3Q
Ordinary Income/Operating Revenues(%)	7.4%	6.1%	7.8%	9.6%	14.0%	12.6%
Shareholder's equity ratio(%)	6.6%	7.7%	17.3%	19.4%	19.1%	21.2%
D/E ratio	13.2	11.3	4.4	3.8	3.9	3.4
ROE(%)	12.1%	12.9%	10.5%	9.5%	—	—
ROA(%)	0.74%	0.92%	1.29%	1.74%	—	—
EPS(円)	249.8	291.4	304.9※1	255.0	272.8	261.4
BPS(円)	2,157.3	2,381.7	2,590.0	2,818.0	2,826.3	3,038.1

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

【 Primary data 】	FY2001	FY2002	FY2003	FY2004	FY2004 3Q	FY2005 3Q
Coal:						
Amount purchase (10 thousand ton)	1,523	1,748	1,828	1,969	—	—
Load factor of coal-fired thermal power plants (%)	66%	71%	75%	77%	75%	84%
Water supply rate (%)	92%	91%	109%	118%	123%	88%
Australian coal price (FOB, US\$) ※1	34.50	31.85	26.75	45.00	45.00	52.5~54.0
Average Exchange rate (¥/\$) ※2	125	122	113	108	108	113

※1: Reference price

※2: TTM

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



	FY2001	FY2002	FY2003	FY2004	FY2004 3Q	FY2005 3Q
Electric power sales (million kWh)						
Wholesale electric power business	50,403	54,429	58,787	60,517	45,469	47,190
Hydroelectric	8,873	8,902	10,850	11,172	9,242	6,673
Thermal	41,530	45,527	47,937	49,345	36,227	40,517
Other electric power business	–	–	517	965	563	1,269
Total	50,403	54,429	59,305	61,483	46,032	48,459
Electric power revenues (100 million yen)						
Wholesale electric power business	4,778	4,736	4,535	4,763	3,584	3,722
Hydroelectric	1,379	1,382	1,358	1,371	1,054	982
Thermal	3,399	3,354	3,177	3,392	2,530	2,740
Other electric power business	–	–	45	87	55	121
Transmission	672	667	634	612	459	444
Total	5,450	5,403	5,213	5,462	4,098	4,287
Generation capacity (MW)						
Wholesale electric power business	16,085	16,085	16,375	16,375	16,375	16,375
Hydroelectric	8,261	8,261	8,551	8,551	8,551	8,551
Thermal	7,825	7,825	7,825	7,825	7,825	7,825
Other electric power business	–	–	134	375	320	495
Total	16,085	16,085	16,509	16,750	16,695	16,870

【 Revenues and Expenses : Consolidated 】



(Unit:¥100 million)

	FY2001	FY2002	FY2003	FY2004	FY2004 3Q	FY2005 3Q
Operating revenues	5,933	5,841	5,699	5,944	4,352	4,588
Electric power operating revenues	5,473	5,458	5,229	5,480	4,111	4,309
Other operating revenues	460	383	469	464	241	279
Operating expenses	4,738	4,499	4,377	4,825	3,346	3,791
Electric power operating expenses	4,218	4,071	3,865	4,317	3,064	3,491
Personnel expenses	542	499	422	338	267	225
Fuel costs	929	864	859	1,166	843	1,194
Repair expenses	304	362	287	475	286	289
Outsourcing expenses	230	251	262	340	223	209
Depreciation and amortization cost	1,457	1,340	1,284	1,220	907	984
Other	757	754	751	778	539	589
Other operating expenses	519	428	513	508	282	301
Operating income	1,196	1,342	1,321	1,119	1,007	797
Non-operating revenues	21	32	41	39	23	44
Non-operating expenses	777	1,019	918	587	422	265
Interest expenses	682	871	835	509	374	242
Other	95	148	82	78	47	23
Ordinary income	440	355	444	571	608	576



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