

FY2006 Earnings Results Presentation



Electric Power Development Co., Ltd.

May 14, 2007

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 FY2006 Earnings Results

II. Summary of FY2007 Earnings Forecast

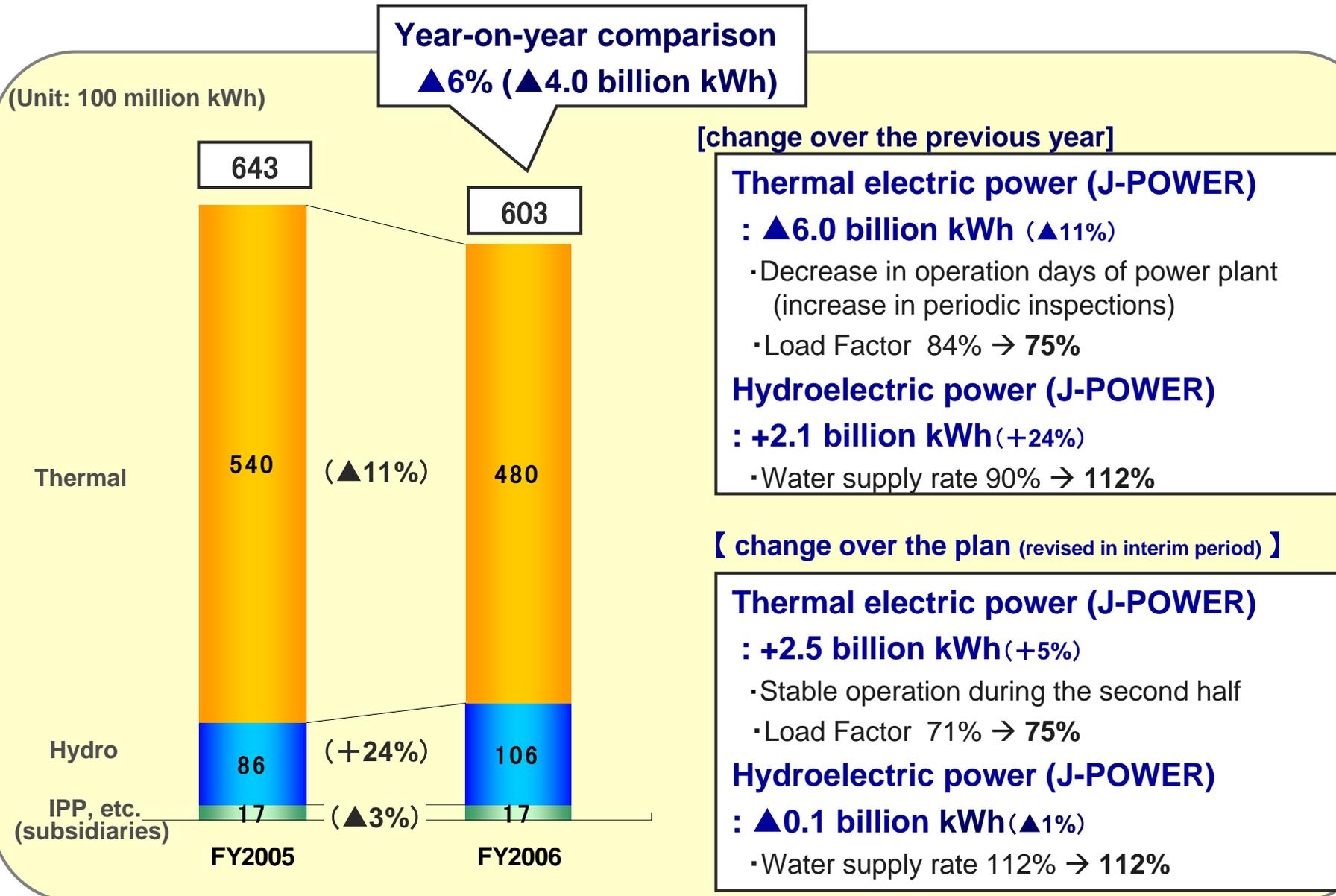
- ▶ **Year-on-year comparison : lower revenues and lower income relative to FY2005 when operating revenues and ordinary income were at historical highs**
 - Full-year effects of the rate reductions for hydroelectric and transmission in October 2005
 - Increase in repair expenses, lower load factor at thermal power plants
 - Decrease in returns on managing retirement pension assets
- ▶ **During the term, earnings forecast was revised downward because of higher repair expenses at thermal power plants, but as a result of redoubled group-wide efforts, initial target of ordinary income; 55 billion yen was achieved.**
 - (Cause) ▪ Entire group's cost-reduction approach
 - Increase in equity income of affiliates from overseas power generation business

Summary of Earnings Results

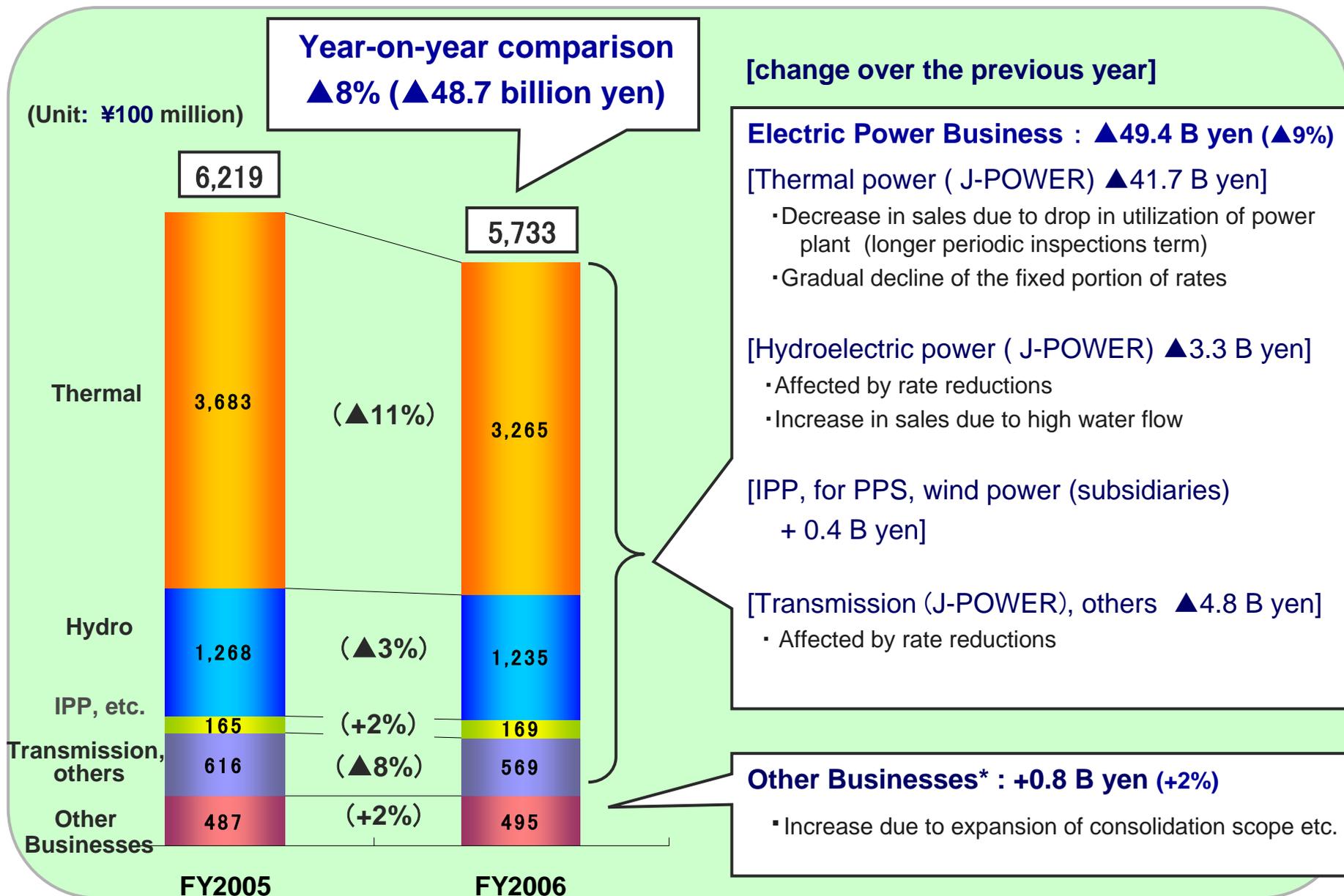
(Unit: ¥ 100 million)

	FY 2005	FY 2006		Year-on-year change	
	Actual	Forecast (revised)	Actual	Increase/Decrease	Increase/Decrease(%)
Operating Revenues	6,219	5,640	5,733	487	△7.8%
Operating Income	1,015	750	771	243	△24.0%
Ordinary Income	679	520	555	124	△18.2%
Net Income	436	330	352	84	△19.3%

Consolidated: Electric Power Sales



Consolidated: Causes of Change in Operating Revenues



*Other Businesses includes Electric Power-Related Businesses (See Slide P.7)

Consolidated : Income / Expenditure Comparison



(Unit: ¥100 million)

	FY 2005 Actual	FY 2006 Actual	Year-on-year Increase/ Decrease	Main factors for change	
Ordinary Revenues	Operating Revenues	6,219	5,733	487	
	Electric power business	5,732	5,238	494	Lower load factor at thermal power plants; gradual decline of thermal power rates; Rate reductions for hydroelectric and transmission
	Other businesses (*)	487	495	8	Expansion of consolidation scope
	Non-operating Revenues	76	130	54	
	Equity income of affiliates	20	56	35	Increase in overseas IPP business
	Others	56	75	19	
	Total Ordinary Revenues	6,295	5,863	433	
Ordinary Expenses	Operating Expenses	5,205	4,961	243	
	Electric power business	4,697	4,445	253	
	Personnel expenses	213	272	60	Decrease in returns on managing retirement pension assets
	Fuel cost	1,608	1,499	110	Lower load factor at thermal power plants
	Repair expense	387	412	25	Increase in periodic inspections at thermal plants; Decrease in hydroelectric
	Outsourcing expenses	314	318	4	
	Depreciation	1,315	1,186	129	Progress in depreciation
	Others	860	758	102	Decrease in waste treatment expenses; Decrease in intangible asset amortization; Decrease in taxes and duties
	Other businesses (*)	507	517	9	Expansion of consolidation scope
	Non-operating expenses	412	346	65	
	Interest expenses	357	226	131	Decrease in prepayment premium by Debt Assumption; Lower interest rates
	Others	54	121	66	Increase in non-business expenses, etc.
	Total ordinary expenses	5,616	5,308	309	
Ordinary Income	679	555	124		

*Other Businesses includes Electric Power-Related Businesses (See Slide P.7)

Consolidated: Summary of 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 operating revenues and operating income were increased due to the full-scale consolidation of subsidiaries implemented FY2006, and group-wide efforts for reducing costs, such as restraining subcontract costs.

▶ Other Businesses

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

▶[Year-on-Year Comparison] Both operating revenues and operating income were increased due primarily to the full-scale consolidation of subsidiaries implemented FY2006.

Operating Revenues		(Unit: ¥100 million)	
	FY2005	FY2006	Year-on-year change
	Actual	Actual	Increase/ decrease Increase/ decrease (%)
Electric Power Business	5,746	5,270	476 Δ8.3%
Electric Power-Related Businesses	2,404	2,501	98 4.1%
Other Businesses	169	285	116 68.9%
Subtotal	8,318	8,056	262 Δ3.2%
Eliminations	2,099	2,324	224 10.7%
Consolidated	6,219	5,733	487 Δ7.8%

Operating Income		(Unit: ¥100 million)	
	FY2005	FY2006	Year-on-year change
	Actual	Actual	Increase/ decrease Increase/ decrease (%)
Electric Power Business	871	614	256 Δ29.4%
Electric Power-Related Businesses	134	156	22 16.3%
Other Businesses	4	12	8 205.0%
Subtotal	1,009	782	227 Δ22.5%
Eliminations	6	11	17 Δ272.3%
Consolidated	1,015	771	243 Δ24.0%

※ From FY2006, the segment that had been called "Other businesses" has been divided into "Electric Power-related business" and "Other businesses".

Consolidated: Cash Flow



- ▶ Expenditures from investing activities rose 83.1 billion yen compared to the previous year as a result of an increase in capital expenditure at the Ohma Nuclear and Isogo New No.2, and increased investment for the overseas power generation business.
- ▶ Free cash flow was lower than our interim forecast (about 20 billion yen), due to factors such as the acquisition of Elwood Energy interests.
 - **Elwood Energy (U.S.A) Gas-fired, 1,350 MW (in operation) : Acquisition of interests in Jan.2007**

(Unit: ¥100 million)

	FY2005 Actual	FY2006 Actual	Year-on- year Change	Main Factors for Change
Operating activities (A)	1,739	1,572	167	Decrease in depreciation expense and others
Investing activities (B)	723	1,554	831	Increase in capital expenditure, other investments and loans
Financing activities	1,036	22	1,014	Decrease in bond redemption and others
Free Cash Flow (A+B)	1,016	18	998	

Consolidated: Balance Sheet



- ▶ Total assets grew from the end of FY2005 due to increased capital expenditure at Ohma Nuclear and Isogo New No. 2, and an increase in investments for the overseas power generation business. Meanwhile, **Equity ratio improved to 23.1%**

(Unit: ¥100 million)

	FY2005 As of March 31	FY2006 As of March 31	Year-on- year Change	Main Factors for Change	
Assets	Fixed Assets	18,279	18,618	339	
	Electric power business	14,384	13,520	864	Decrease due to progress in depreciation Increase due to expanded scope of consolidation, etc.
	Other businesses	283	337	53	
	Construction in progress	1,995	2,487	492	Ohma Nuclear, Isogo New No. 2, etc. Increase in investment on overseas power generation business, etc.
	Investments, etc.	1,616	2,274	659	
	Current assets	1,368	1,380	12	Increase in cash equivalents due to expanded scope of consolidation, etc.
Total	19,647	19,998	351		
Liabilities	Interest-bearing debt	14,082	14,215	133	Increase due to issuance of corporate bonds, etc.
	Other	1,222	1,156	66	
	Total	15,304	15,371	67	
Net Assets	Minority interests	12	15	3	
	Shareholders' equity	4,330	4,612	282	Increase in retained earnings, etc.
	Total	4,342	4,627	284	
Grand Total	19,647	19,998	351		
D/E ratio (x)	3.3	3.1			
Shareholders' equity ratio	22.0%	23.1%			

I . Summary of FY2006 Earnings Results

II . Summary of FY2007 Earnings Forecast

Consolidated: FY2007 Earnings Forecast



- ▶ Operating income is projected to decline, due to forecast of average water flow, decrease in returns on managing retirement pension assets, and an increase in depreciation costs reflecting the Japanese tax system revision.
- ▶ On the other hand, due to factors such as the profit contribution of the overseas power generation business, ordinary income is projected to be 55.0 billion yen, about the same as the previous fiscal year.
 - Kaeng Khoi No.2 Unit #1(Thailand) Gas-Fired, 734MW: Commenced operation in May 2007.

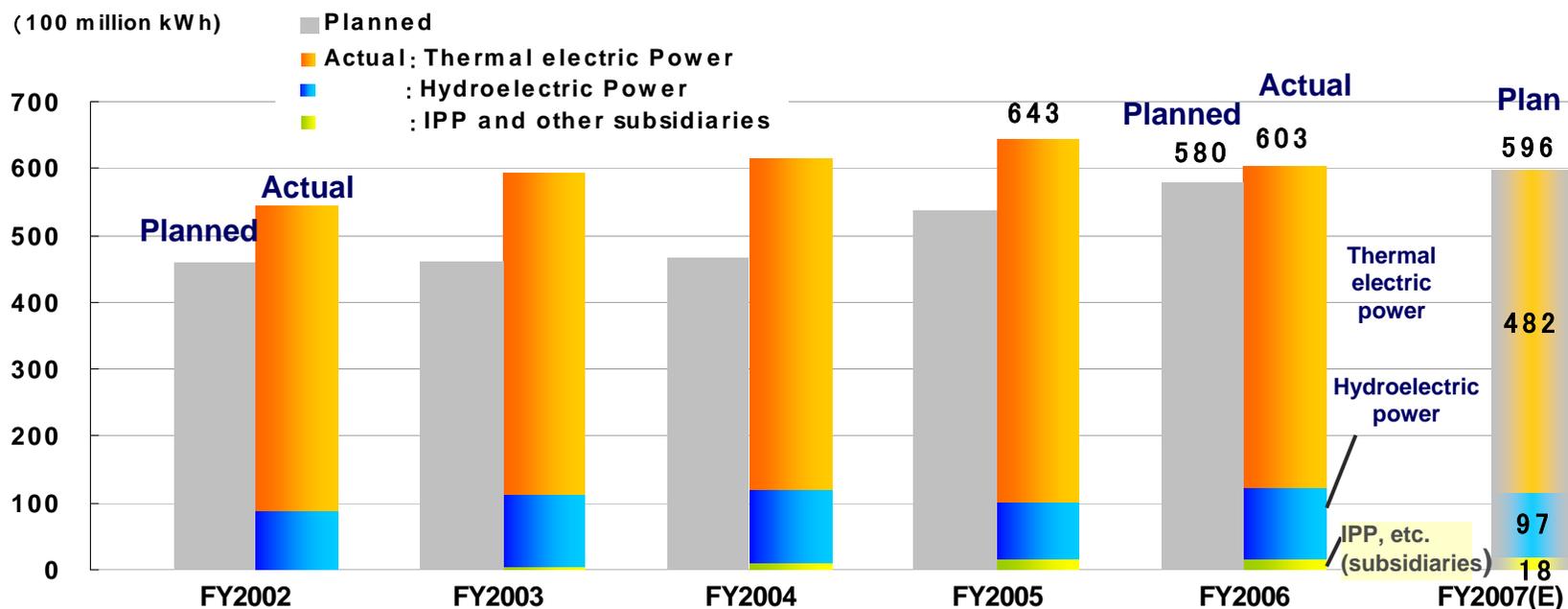
(Unit: ¥100 million)

	FY2006	FY2007	year-on-year change	
	Actual	Forecast	Increase/ decrease	Increase/ decrease (%)
Operating Revenues	5,733	5,680	53	△0.9%
Operating Income	771	710	61	△8.0%
Ordinary Income	555	550	5	△0.9%
Net Income	352	370	18	5.2%

Consolidated: Electric Power Sales Forecast



- ▶ Total sales volume is expected about the same level as the FY2006 results. (6% above the FY2006 plan)
 - Thermal : Higher load factor is expected due to less periodic inspections. (FY2006's initial plan: 70% ⇒ 75%)
 - Hydroelectric : Average water flow rate (100%) is assumed.
 - IPP, etc.: Slight increase attributed to the effect of full-year operation of the Koriyama Nunobiki Kogen Wind Power.



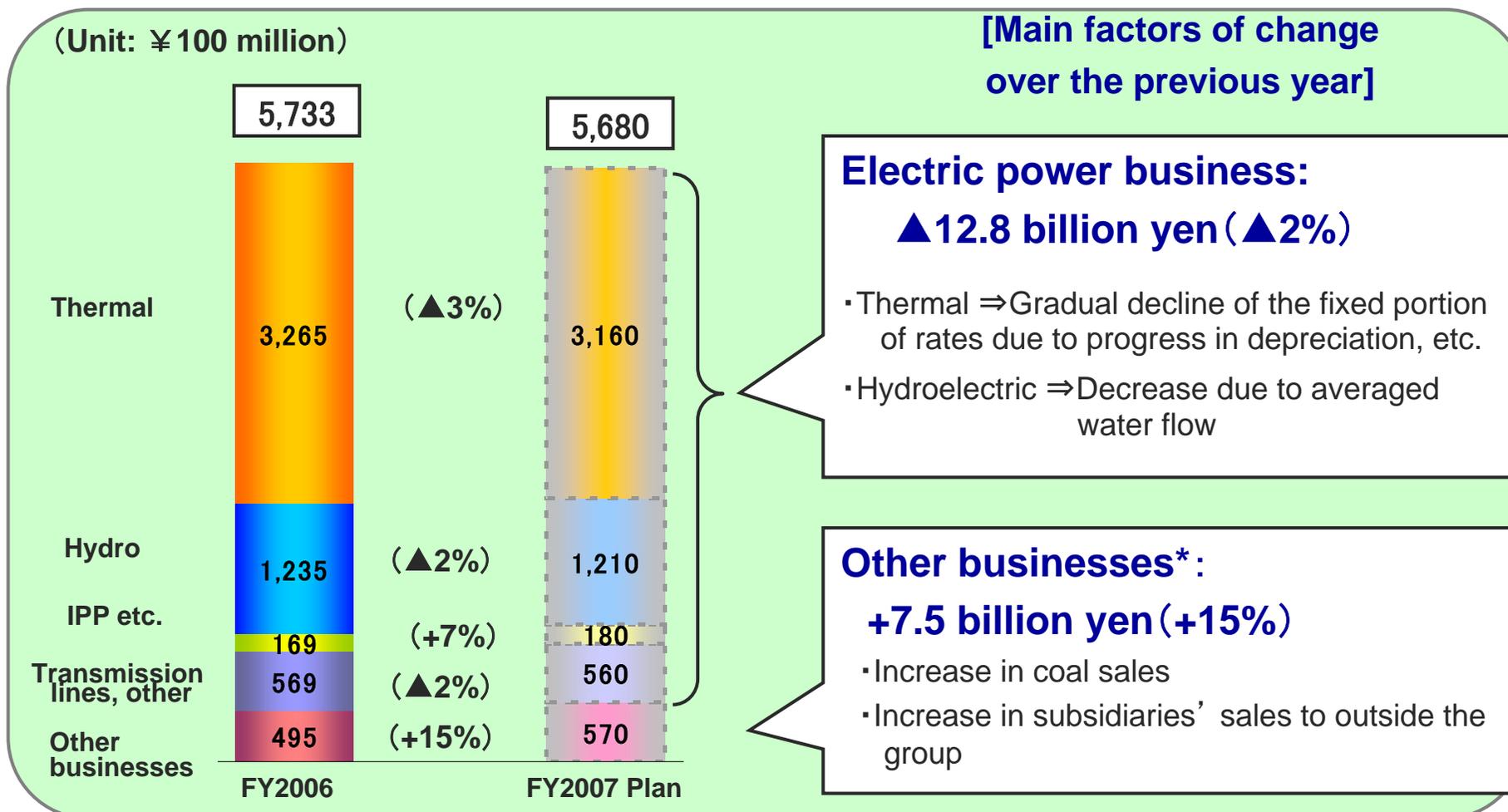
Thermal electric power Load factor (*)	71%	75%	77%	84%	75%	(75%)
Hydroelectric power Water supply rate (*)	91%	109%	118%	90%	112%	(100%)
Major new facilities	◆Isogo New No.1 Thermal power Plant (600MW)	◆Expansion of Okutadami and Otori Hydro(287MW) ◆Itoigawa Power(134MW)	◆Ichihara Power (110MW)	◆Bay Side Energy (108MW)	◆Koriyama Nunobiki Kogen Wind power (66MW)	

*FY2002 -2006: actual , FY2007: forecast

Consolidated: Operating Revenues Forecast



- ▶ We forecast a year-on-year decrease of 5.3 billion yen (- 0.9%) to 568.0 billion yen.
- ▶ This reflects a gradual decline of the fixed portion of thermal power rates and an averaged water flow rate for Hydroelectric [112%(FY2006 results) ⇒ 100% (FY2007 forecast)].

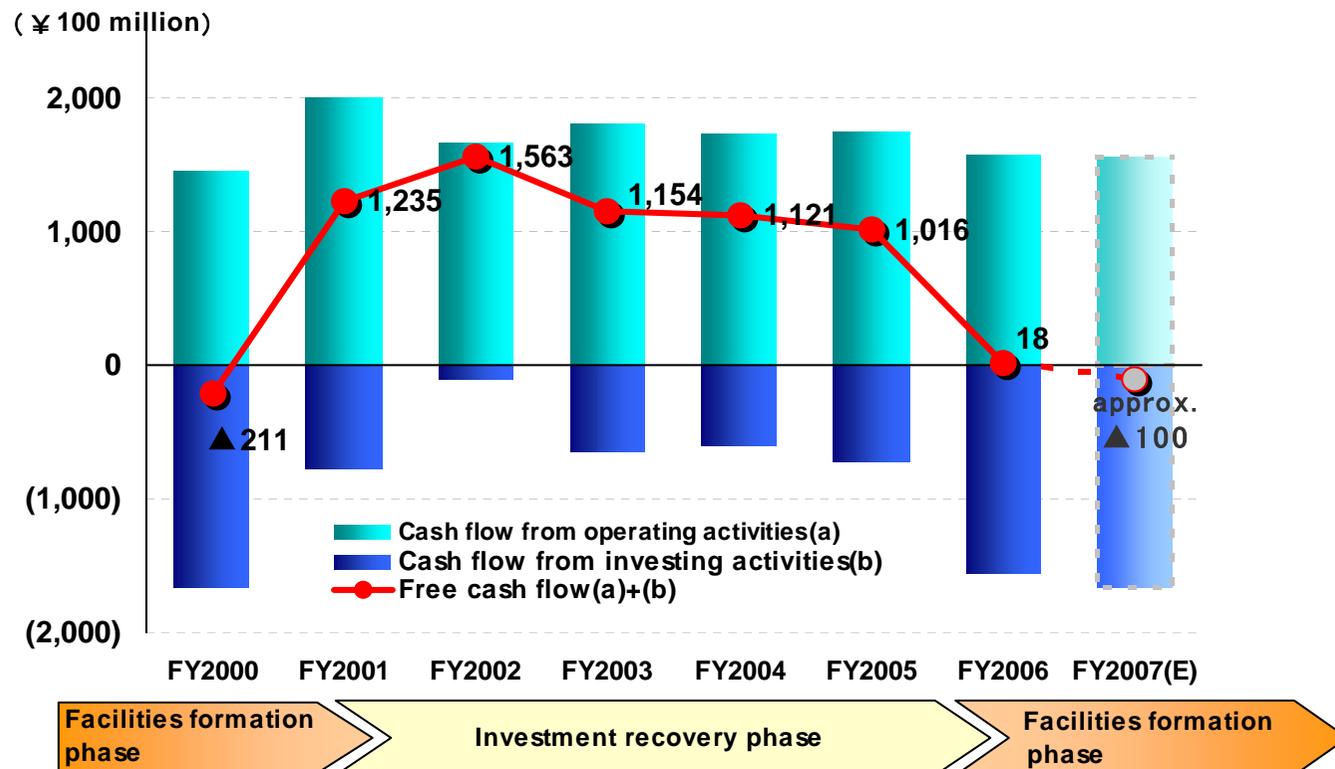


*Other Businesses includes Electric Power-Related Businesses (See Slide P.7)

Consolidated: Cash Flow Forecast



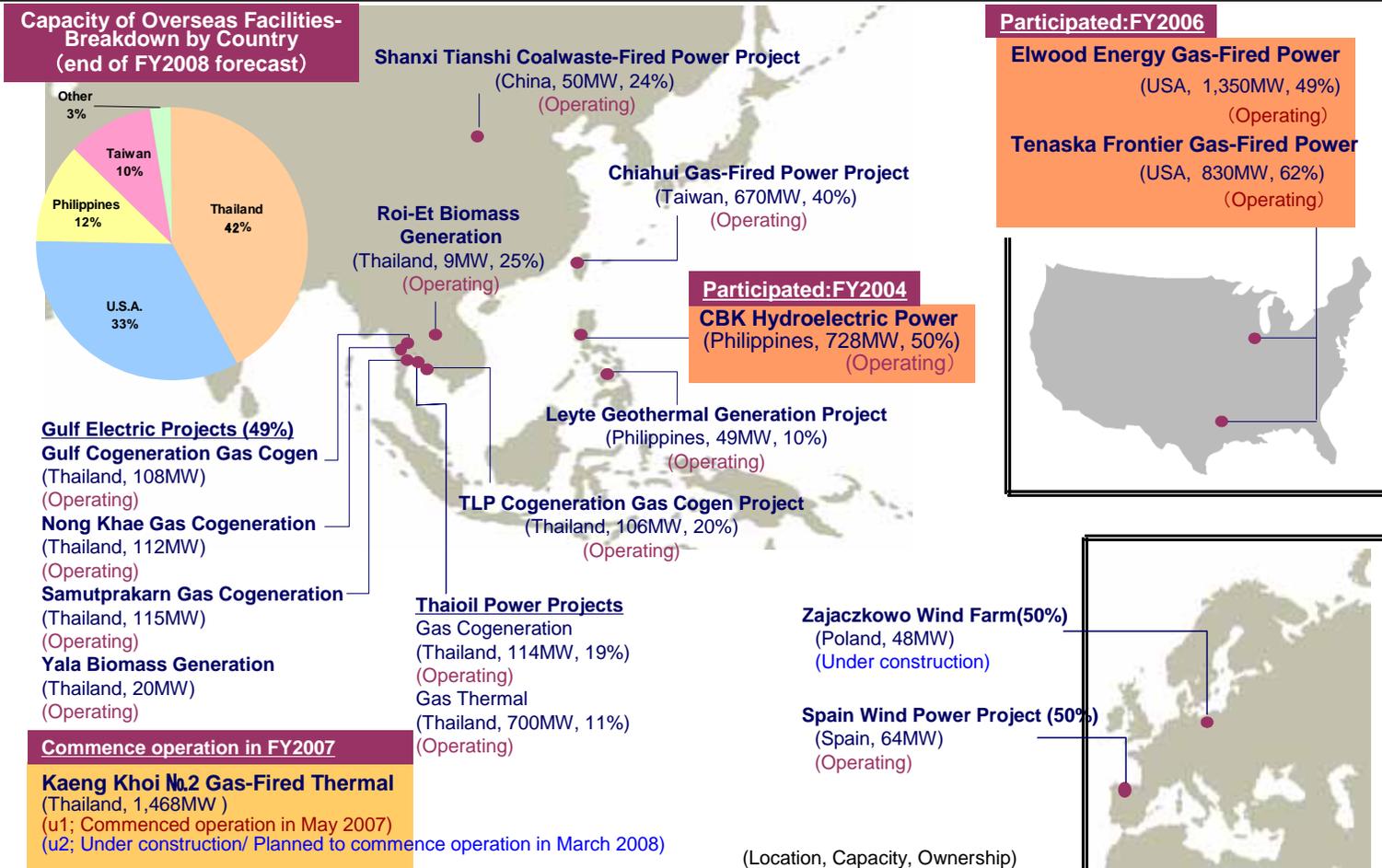
- ▶ The cycle of continuous large-scale capital investments ceased in FY2001; since then, free cash flow has tended to stay at the 100 billion yen level.
- ▶ Our cash flow situation grew tight starting in FY2006, which marked the start of a facility formation phase aimed at sustainable growth.
 - In order to ensure mid- to long-term profit, we are moving steadily ahead with construction of the Isogo New No.2 and Ohma Nuclear plants, and working to improve the reliability and asset value of existing facilities through more efficient replacement investments etc., while also continuing our efforts to realize profits from overseas power generation and other businesses.



Overseas Power Generation Business: Steady expansion of the projects



- ▶ Participating in 17 IPPs in 7 countries / regions, where share of power output over 2 GW.
- ▶ Working on business growth in key markets such as Thailand, Southeast Asian Countries, US, and China. Changes in the global business environment (global warming and rising fossil fuel prices) taking as new business opportunities, where we aim to put our strengths to work for certain projects.



Note : Generation capacity figures shown relate to the entire capacity of respective projects.

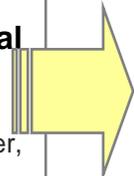
Overseas Power Generation Business: Earnings contribution



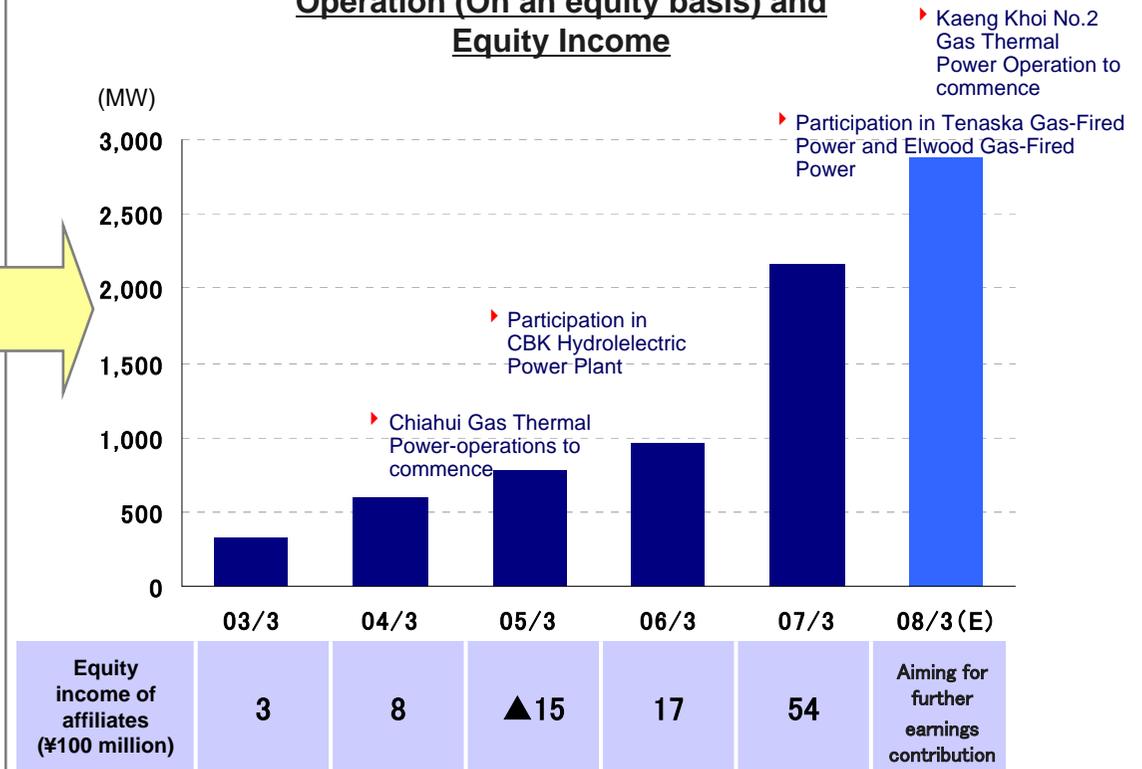
▶ Contributions to earnings are gradually increasing. We will assess the profitability of each project to accomplish target equity-method income of ¥10 billion within 2 to 3 years.

J-POWER's strengths in overseas operations

- ✓ **Trustworthy reputation in many countries, built up for nearly 50 years**
 - Engineering consulting, 276 projects in 61 countries/regions
 - 17 IPP projects in 7 countries/regions
- ✓ **Plant construction and O&M based on a high level of technical expertise**
 - Building a management organization for local operations
- ✓ **Superlative technology for environmental protection and power generation**
 - Clean Coal Technology
 - Broad range of experience in wind power, biomass power, and geothermal power
- ✓ **Based on this experience, we are capable of strict screening and management of projects**
 - Existence of long-term contracts (PPA)
 - Technical reliability of generation facilities
 - Profitability evaluation (setting hurdles for each project)
 - Periodic monitoring after investment



Capacity of Overseas Facilities in Operation (On an equity basis) and Equity Income



Consolidated: Management's Targets



▶ **Consolidated Ordinary Income**
 : Over 55.0 B yen (Average, FY2005-07)

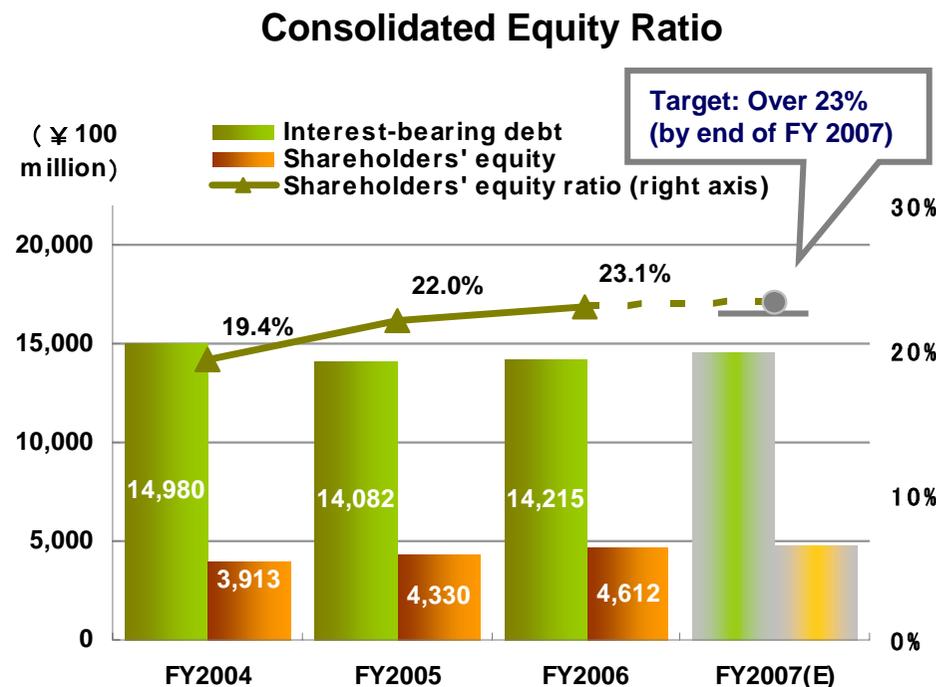
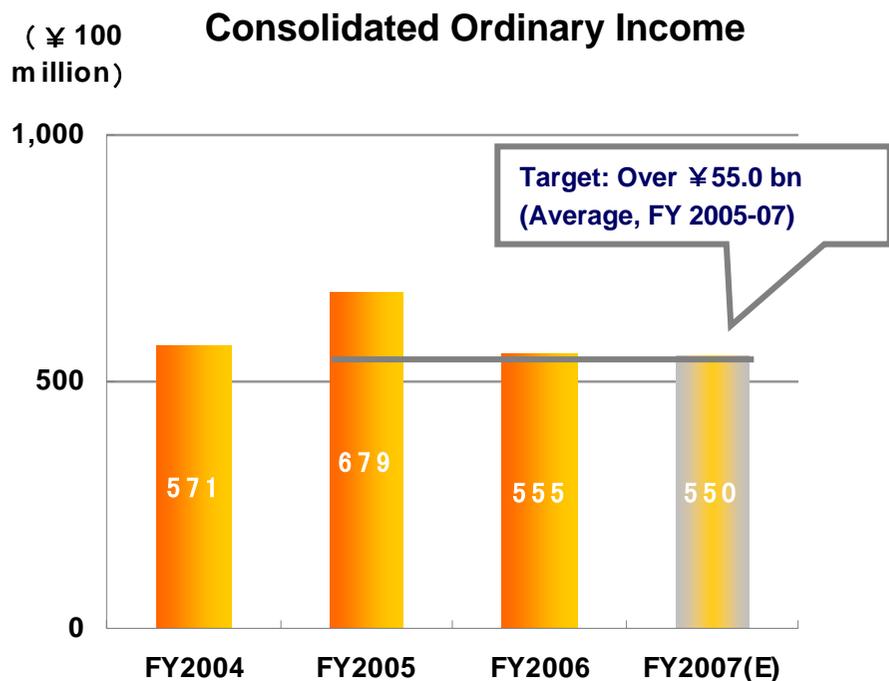
➤ As the business environment grows harsher, our Group works together to achieve our targets.

- Strengthen sales and competitiveness in our wholesale electricity business
- Contribution to profits from overseas power generation business, etc.

▶ **Consolidated Equity ratio**
 : Over 23% (by end of FY 2007)

➤ We will continue efforts to further strengthen our equity base.

- To procure funds under competitive conditions continuously
- To strengthen our ability to endure risks toward expansion and diversification of our business



Year-end Dividend for FY2006



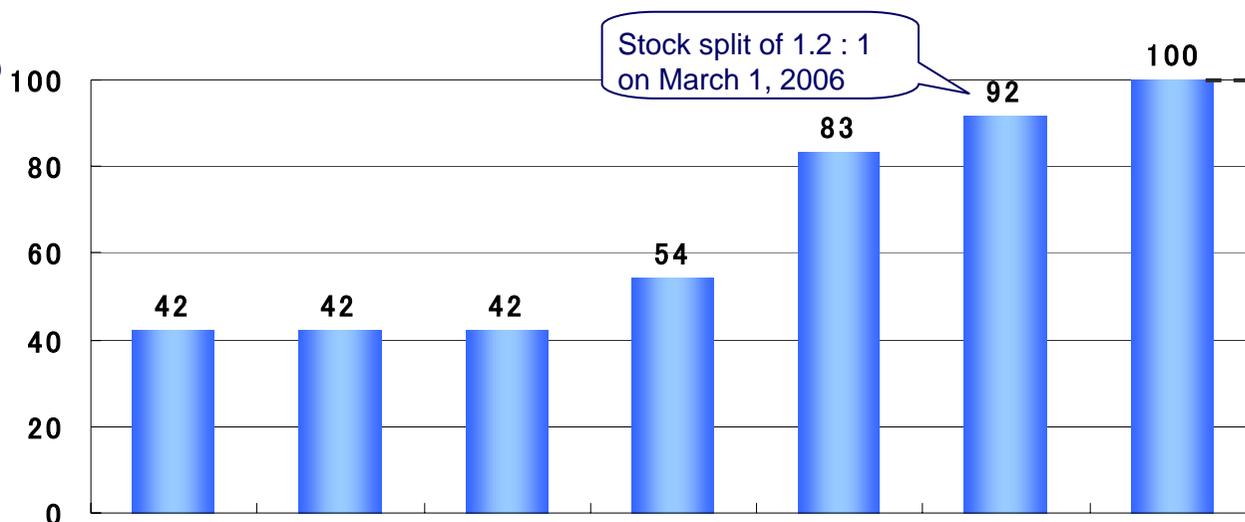
▶ We shall propose a year-end dividend of 30 yen per share for FY 2006 (a total dividend for FY2006 of 60 yen per share).

⇒ Please see our press release; “Opinion of the Board of Directors on Shareholder Proposal for Ordinary General Meeting of Shareholders of the Company” announced on May 11.

➢ While maintaining the current level of profit distribution to shareholders, which has reflected its business achievements to date, we endeavor to enhance future profit distribution through achievement of further growth.

[Consolidated] Change in Total Dividends

(unit: 100 million yen)



·To enhance future profit distribution to shareholders through achievement of new growth.

[Payout ratio(%)]	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006(E)
Consolidated	23.7	24.0	20.4	19.6	23.4	21.0	28.4 (E)
Non-consolidated	28.7	28.8	24.7	24.9	26.6	27.4	41.8 (E)

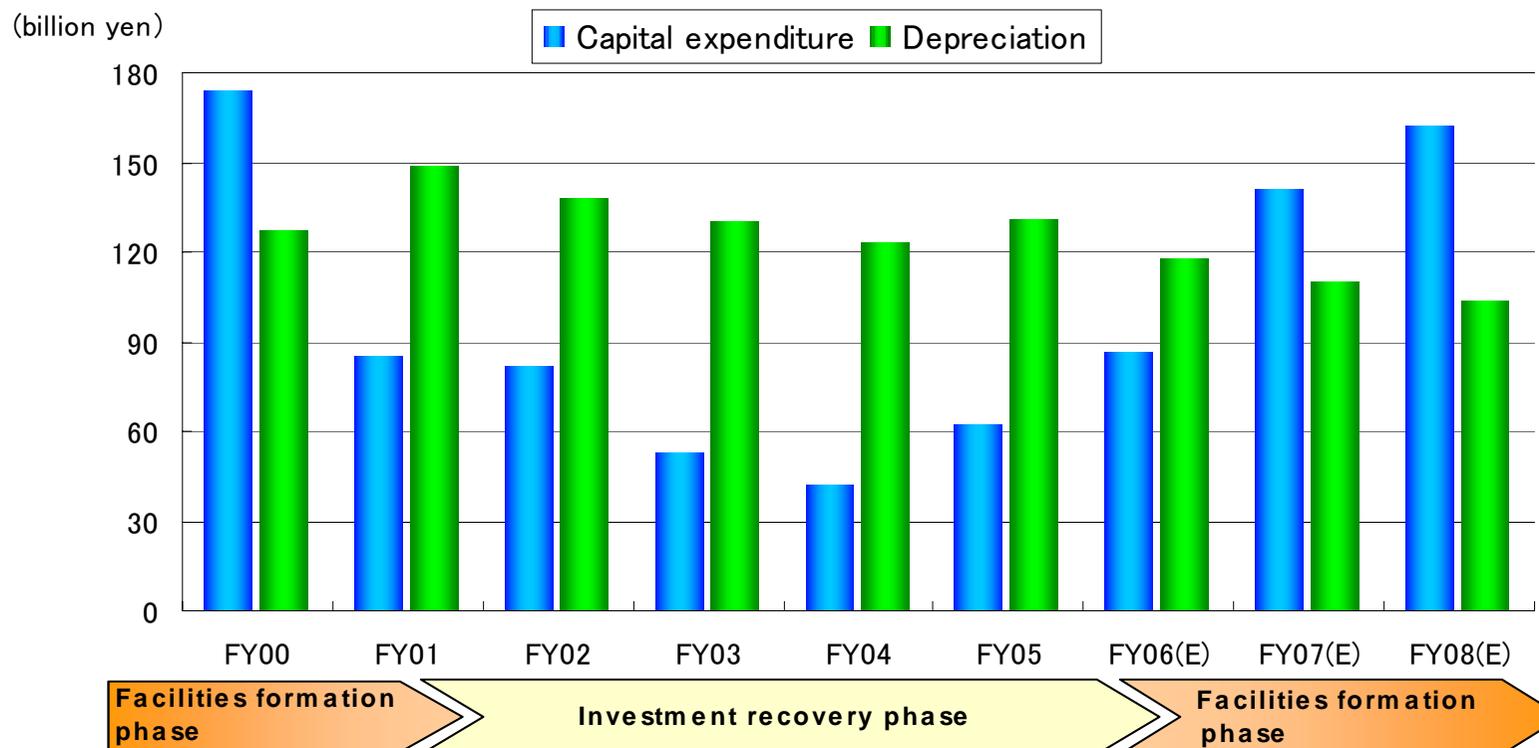
Note) “Payout ratio” = Total dividends / Net income

APPENDIX

Non-consolidated: Capital Expenditure Plan



(Unit: Billion yen)	FY2006(E)	FY2007(E)	FY2008(E)
Generation Assets	71.7	95.8	112.0
Transmission /Substation	9.4	15.1	18.0
Other	5.2	30.2	32.0
Total	86.3	141.1	162.0



【 Wholesale Electric Power Business: Monthly Electricity Sales 】



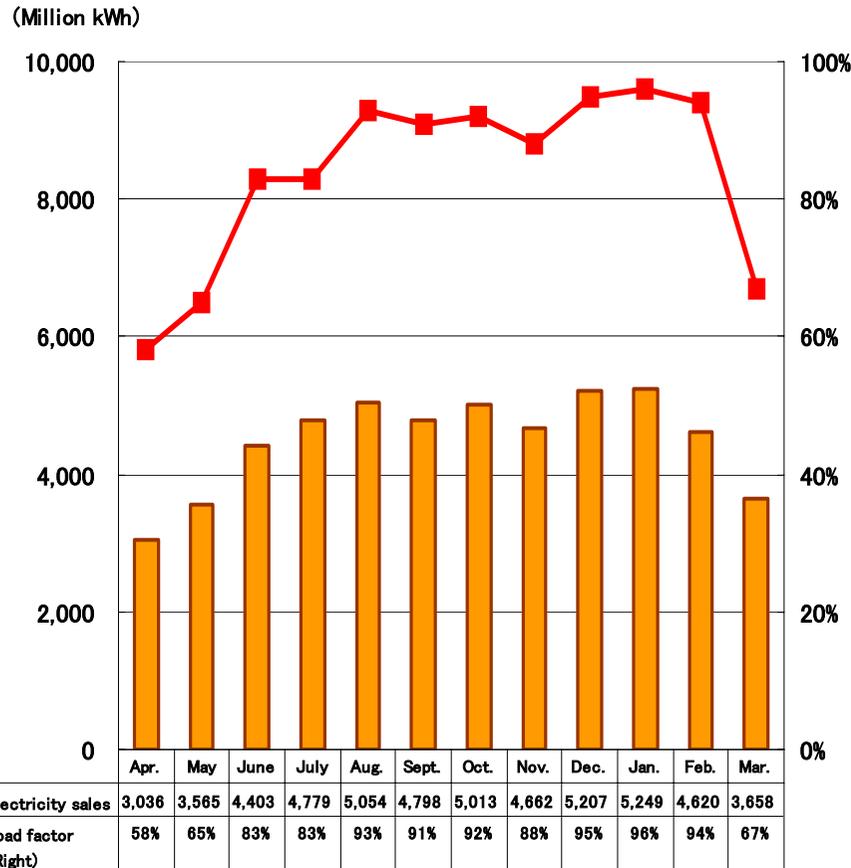
▶ Thermal Power: Apr.2005 - Mar. 2006 Results (Cumulative)

Load factor ⇒ 84%
Electricity sales ⇒ 54.0B kWh

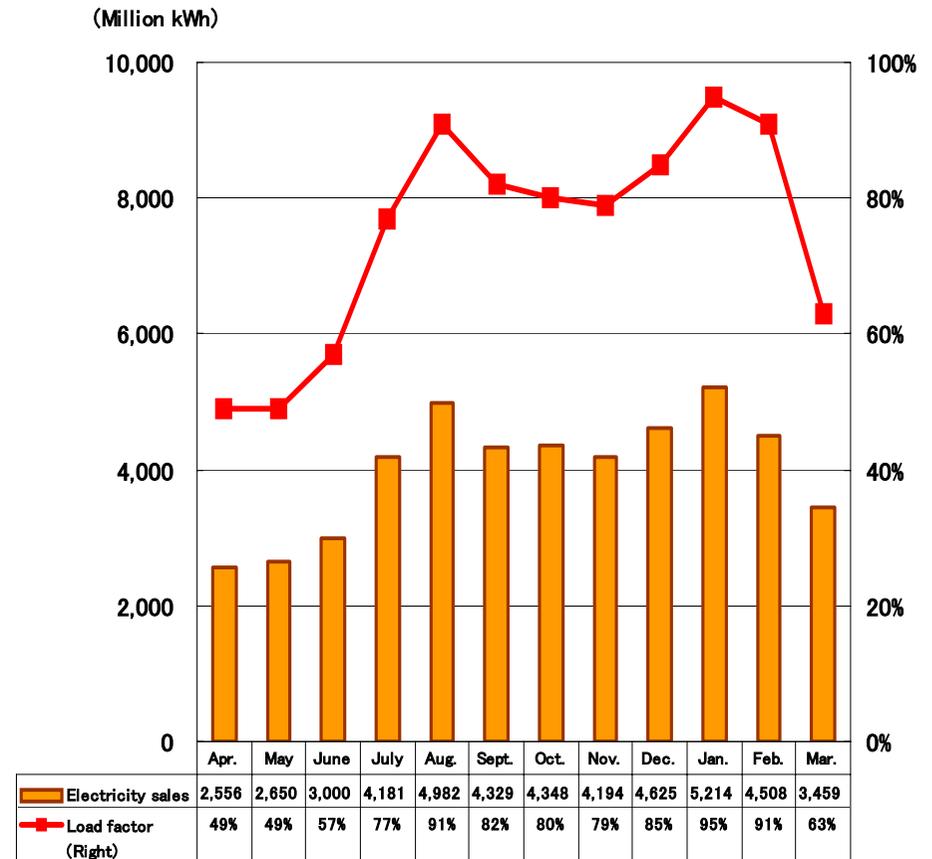
▶ Thermal Power: Apr.2006 - Mar.2007 Results (Cumulative)

Load factor 75 %
Electricity sales 48.0B kWh

Thermal Power: Monthly Electricity Sales



Thermal Power: Monthly Electricity Sales



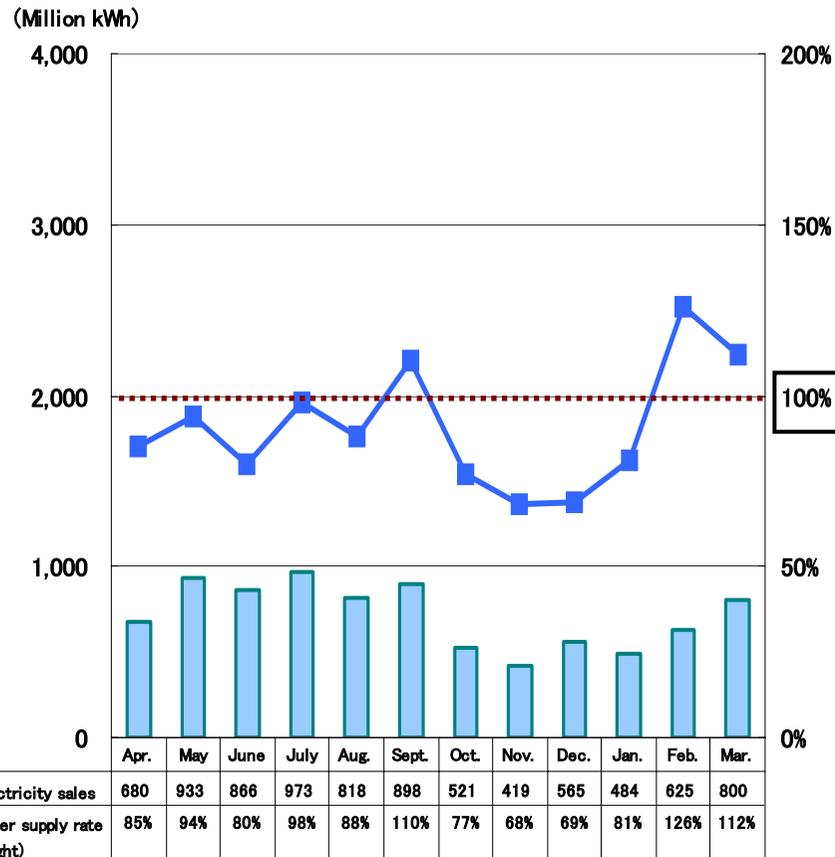
【 Wholesale Electric Power Business: Monthly Electricity Sales 】



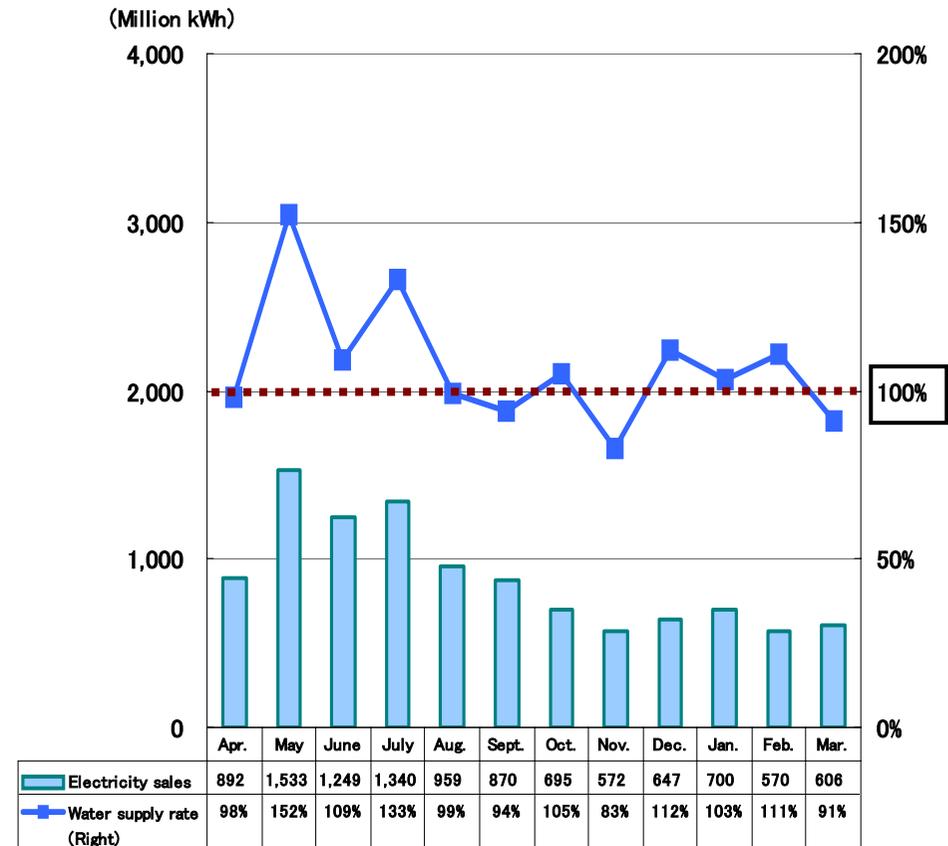
- ▶ Hydroelectric Power: Apr.2005 - Mar.2006
Results (Cumulative)
Water supply rate ⇒ 90%
Electricity sales ⇒ 8.6B kWh

- ▶ Hydroelectric Power: Apr.2006 - Mar.2007
Results (Cumulative)
Water supply rate 112%
Electricity sales 10.6B kWh

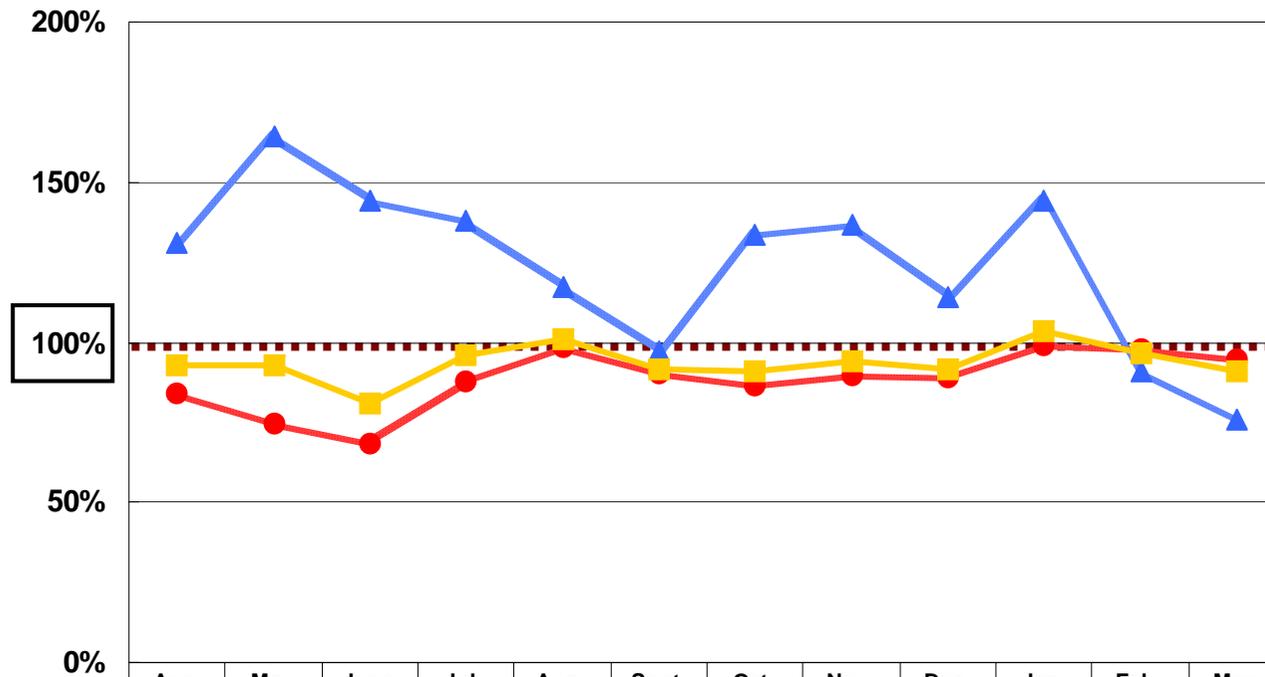
Hydroelectric Power: Monthly Electricity Sales



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.- Mar.
Year-on-year (Hydro)	131%	164%	144%	138%	117%	97%	133%	136%	114%	144%	91%	76%	124%
Year-on-year (Thermal Power)	84%	74%	68%	87%	99%	90%	87%	90%	89%	99%	98%	95%	89%
Year-on-year Total	93%	93%	81%	96%	101%	91%	91%	94%	91%	103%	97%	91%	94%

【 Other Electric Power Businesses: Monthly Electricity Sales 】



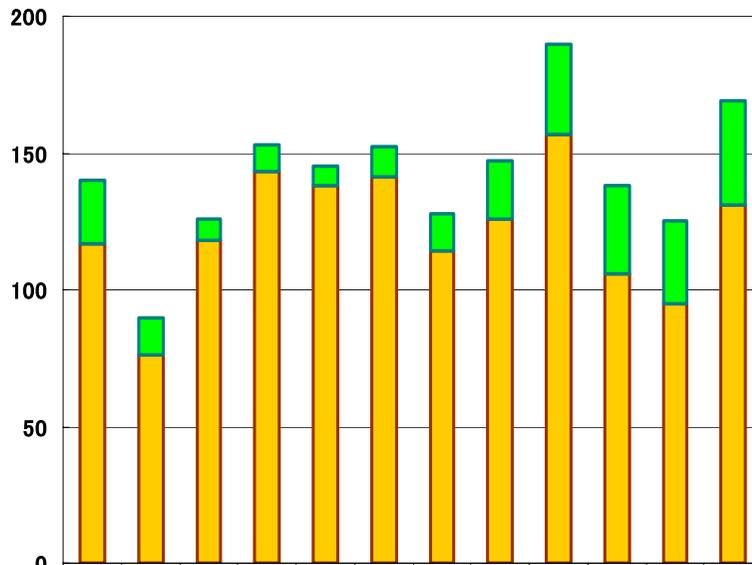
▶ Other Electric Power Businesses (IPP, for PPS, Wind Power):

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

Total Electricity Sales
(Cumulative Apr.2006 - Mar.2007)
 1.7 B kWh

Other Electric Power Businesses:
 Monthly Electricity Sales

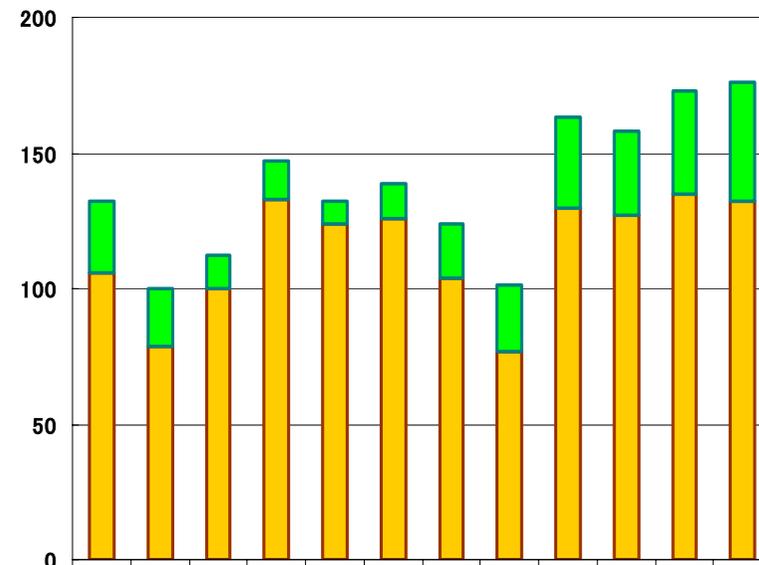
(Million kWh)



	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	31	38	44
Thermal Power (IPP,for PPS) Electricity Sales	106	79	100	133	124	126	104	77	130	127	135	132

Note: Does not take proportion of equity holdings into account

【Major financial data: Consolidated】



(Unit: ¥100 million)

	FY2002	FY2003	FY2004	FY2005	FY2006
《 P L 》					
Operating revenues	5,841	5,699	5,944	6,219	5,733
(EBITDA)※1	2,713	2,635	2,372	2,365	2,002
Operating income	1,342	1,321	1,119	1,015	771
Ordinary income	355	444	571	679	555
Net income	207	276	356	436	352
《 B S 》					
Shareholder's equity	1,683	3,596	3,913	4,330	4,612
Assets	21,959	20,761	20,217	19,647	19,998
Interest-bearing debt	18,939	15,929	14,980	14,082	14,215
《 C F 》					
Cash flows from operating activities	1,674	1,799	1,726	1,739	1,572
Cash flows from investing activities	-110	-645	-606	-723	-1,554
Cash flows from financing activities	-1,177	-1,475	-1,118	-1,036	-22
FCF ※2	1,563	1,154	1,121	1,016	18
Depreciation	1,371	1,314	1,253	1,350	1,231
Capital expenditures	534	462	509	609	907
《Group Employees》※3	6,543	5,871	5,925	5,868	6,484

※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】	FY2002	FY2003	FY2004	FY2005	FY2006
Ordinary Income/Operating Revenues(%)	6.1%	7.8%	9.6%	10.9%	9.7%
Shareholders' equity ratio(%)	7.7%	17.3%	19.4%	22.0%	23.1%
D/E ratio	11.3	4.4	3.8	3.3	3.1
ROE(%)	12.9%	10.5%	9.5%	10.6%	7.9%
ROA(%)	0.92%	1.29%	1.74%	2.20%	1.8%
EPS(¥)	291.4	304.9※1	255.0	260.8※2	211.1
BPS(¥)	2,381.7	2,590.0	2,818.0	2,598.9※2	2,769.0

※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	FY2006
Coal:					
Amount purchase (10 thousand ton) ※1	1,748	1,828	1,969	2,136	1,928
Load factor of coal-fired thermal power plants (%)	71%	75%	77%	84%	75%
Water supply rate (%)	91%	109%	118%	90%	112%
Australian coal price (FOB, US\$) ※2	31.85	26.75	45.00	52.5~54.0	52.0~53.0
Average Exchange rate (¥/\$) ※3	122	113	108	113	117

※1: Figures through FY2005 were on consolidated basis, and FY2006 figure is on non-consolidated basis (preliminary).

※2: Reference price

※3: TTM

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

	FY2002	FY2003	FY2004	FY2005	FY2006
Electric power sales (million kWh)					
Wholesale electric power business	54,429	58,787	60,517	62,627	58,672
Hydroelectric	8,902	10,850	11,172	8,583	10,633
Thermal	45,527	47,937	49,345	54,044	48,039
Other electric power business	–	517	965	1,701	1,657
Total	54,429	59,305	61,483	64,328	60,329
Electric power revenues (100 million yen)					
Wholesale electric power business	4,736	4,535	4,763	4,951	4,500
Hydroelectric	1,382	1,358	1,371	1,268	1,235
Thermal	3,354	3,177	3,392	3,683	3,265
Other electric power business	–	45	87	165	169
Transmission	667	634	612	583	552
Total	5,403	5,213	5,462	5,698	5,221
Generation capacity (MW)					
Wholesale electric power business	16,085	16,375	16,375	16,375	16,380
Hydroelectric	8,261	8,551	8,551	8,551	8,556
Thermal	7,825	7,825	7,825	7,825	7,825
Other electric power business	–	134	375	495	561
Total	16,085	16,509	16,750	16,870	16,941

【 Revenues and Expenses : Consolidated 】



(Unit : ¥100 million)

	FY2002	FY2003	FY2004	FY2005	FY2006
Operating revenues	5,841	5,699	5,944	6,219	5,733
Electric power operating revenues	5,458	5,229	5,480	5,732	5,238
Other operating revenues	383	469	464	487	495
Operating expenses	4,499	4,377	4,825	5,204	4,961
Electric power operating expenses	4,071	3,865	4,317	4,697	4,445
Personnel expenses	499	422	338	213	272
Fuel cost	864	859	1,166	1,608	1,499
Repair expense	362	287	475	387	412
Outsourcing expenses	251	262	340	314	318
Depreciation and amortization cost	1,340	1,284	1,220	1,315	1,186
Other	754	751	778	860	758
Other operating expenses	428	513	508	507	517
Operating income	1,342	1,321	1,119	1,015	771
Non-operating revenues	32	41	39	76	130
Non-operating expenses	1,019	918	587	412	346
Interest expenses	871	835	509	357	226
Other	148	82	78	54	121
Ordinary income	355	444	571	679	555



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