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Securities code: 9513  
June 6, 2005

## **Electric Power Development Co., Ltd. (J-POWER)**

Dear Shareholders

### **Notice of Convocation of the 53rd Ordinary General Meeting of Shareholders**

We are pleased to notify you of the 53rd Ordinary General Meeting of Shareholders as detailed below, and look forward to your attendance.

If you are unable to attend, kindly review the attached Reference Materials for Exercising Voting Rights, mark the enclosed proxy voting ballot for or against each Resolution, sign it, and return it to us by mail.

Sincerely,

Yoshihiko Nakagaki  
President and Representative Director  
Electric Power Development Co., Ltd.  
15-1, Ginza 6-chome, Chuo-ku, Tokyo

Details

- 1. Date & Time:** June 29, 2005, 10:00 a.m. (Wednesday)
- 2. Place:** Tokyo Prince Hotel  
3-1, Shibakoen 3-chome, Minato-ku, Tokyo

### **3. Agenda**

#### **Items to be Reported**

- Item 1: The Business Report, the Balance Sheet, and the Statement of Income for the 53rd fiscal year (April 1, 2004–March 31, 2005)
- Item 2: The Consolidated Balance Sheet and the Consolidated Statement of Income for the 53rd fiscal year (April 1, 2004–March 31, 2005), in addition to the results of the audit of the Consolidated Financial Statements by the company's accounting auditor and the Board of Auditors

Items to be Resolved

Item 1: Approval of the proposed appropriation of retained earnings for the 53rd fiscal year

Item 2: Partial amendment of the Articles of Incorporation

Details of the proposed resolution may be found in the Reference Materials for Exercising Voting Rights.

Item 3: Election of one (1) director

Item 4: Payment of retirement benefit to a retiring director

END

If attending the meeting in person, kindly submit your ballot at the reception desk.

## Reference Materials for Exercising Voting Rights

1. Number of total voting rights: 1,388,042

2. Items to be resolved and references

Item 1: Approval of the proposed appropriation of retained earnings for the 53rd fiscal year

Details of this item can be found in the attached 53rd fiscal year report.

The Company recognizes the need to strengthen its financial position, and our basic policy on profit distribution is to continue paying a stable dividend while at the same time increasing internal reserves to enhance the company's fundamentals.

Internal reserves will be used to reduce interest-bearing debt and invest in new business in an effort to continue raising enterprise value.

In view of the foregoing, we propose a per-share dividend of ¥60, identical to last year.

Item 2: Partial amendment of the Articles of Incorporation

1. Reason for the amendment

In conjunction with being listed on the exchange, the Company agreed to have the stock certificates it issues handled by the Japan Securities Depository Center, Inc. in accordance with Act 30 of 1984, i.e. the “Law concerning deposit and transfer of stock certificates”. This leads to possible inconsistency between the nominal shareholder, which would be the Center in this case, and the beneficial shareholders, and necessitates an amendment in the clause concerning beneficial stockholders and the beneficial stockholder register.

2. Details of the amendment.

The details of the changes are as follows.

(Changed portions are underlined)

Current clause	Proposed changes
<p>(Record date) Article 9. The Company shall deem the shareholder having voting rights as recorded or set forth in the register of shareholder at the closing thereof on March 31 of each year to be the shareholder entitled to exercise voting rights at the Ordinary General Meeting of Shareholders for such accounting period.</p>	<p>(Record date) Article 9. The Company shall deem the shareholder <u>(hereinafter, including a beneficial shareholder)</u> having voting rights as recorded or set forth in the register of shareholders <u>(hereinafter, including the register of beneficial shareholders)</u> at the closing thereof on March 31 of each year to be the shareholder entitled to exercise voting rights at the Ordinary General Meeting of Shareholders for such accounting period.</p>
<p>2. (omitted)</p>	<p>2. (no change)</p>

Item 3: Election of one (1) director

Following the resignation of Director Youki Kawata on June 15, 2005, the election of one (1) Director is requested.

Director Candidate

Name (Date of Birth)	Brief Personal History (Representative positions in other companies)	Number of Shares of the Company Held (shares)	
Shinichiro Ota (May 13, 1946)	July 1969	Joined the Ministry of International Trade and Industry (currently METI)	0 shares
	June 1998	Director-General of the Environmental Protection and Industrial Location Bureau	
	Sep. 1999	Director-General of the Machinery and Information Industries Bureau	
	Jan. 2001	Director-General of the Commerce and Information Policy Bureau within the Ministry of Economy, Trade and Industry (METI)	
	July 2002	Commissioner of the Japan Patent Office (under the jurisdiction of METI)	
	July 2003	Retirement from the Civil Service	
Sep. 2003	Adviser to Sompo Japan Insurance Inc. (current position)		

- Notes: 1. The candidate intends to submit his resignation as an advisor to Sompo Japan Insurance Inc. by the date of the general shareholders' meeting.
2. The candidate has no conflict of interest that would interfere with the execution of his duties for the Company.
3. In accordance with the regulations of the National Civil Service Law, the candidate is not permitted to express his intention to assume the post, and had not done so as of May 23, 2005. However, he is expected to express his intention by the date of the general shareholders' meeting.

Item 4: Payment of retirement benefit to a retiring director

Director Youki Kawata will retire from office on June 15, 2005. To reward him for the services he rendered, the Board of Directors proposes to pay retirement benefit in an amount deemed reasonable in accordance with the rules prescribed by the Company. It is proposed that the details of the terms of the amount, and the time and method of payment be determined by the Board of Directors.

The retiring director's final position in the Company is as follows:

Name	Brief Personal History
Youki Kawata	June 2001 Executive Vice President and Representative Director (current position)

END

# **Business Report for the 53rd Term**

**April 1, 2004-March 31, 2005**

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

## **I . Operating Results**

### **1. Overview of Operation**

During the period under review, the Japanese economy recovered at a modest pace, while weak exports led to inventory adjustments. On the other hand, the economy showed signs of a stable recovery due to improvement of corporate performance including operating revenues and an increase in capital expenditures.

In this business environment, industrial demand for electric power in Japan increased compared to the previous year as a result of demand from large-load customers in the machinery, steel, and chemical industries, reflecting the gradual economic recovery. Consumer demand was also higher, thanks in part to an increase in air conditioning demand due to the record hot summer weather. As a result, combined industrial and consumer electric power demand increased compared to the previous year in fiscal 2004 for the first time in two years.

Under these circumstances, sales of hydroelectric power increased 3.0% to 11.2 billion kWh, as water flows were higher than last year, with the water supply rate rising from 109% to 118%. Thermal power was up 2.9% to 49.3 billion kWh, underpinned by firm demand for electric power. As a result, the quantity of power sold by the company grew to 60.5 billion kWh, a 2.9% increase over the previous year.

Operating revenues for electric power sales in this period grew 4.2% compared to the previous year to ¥540,665 million, reflecting the increase in electric sales volume of hydroelectric and thermal power, though we have lowered our fees for electricity generated at some of our power plants. Operating revenues for incidental business rose 66.9% to ¥6,037 million due to an increase in the revenues of the consulting and coal sales business. As a result, total operating revenue grew 4.6% to ¥546,702 million. Ordinary revenues, which include non-operating revenues, rose 4.8% to ¥550,573 million.

Despite a decline in personnel expenses and progress in fixed-rate depreciation, operating expenses for electric power sales increased 10.5% compared to the previous year to ¥442,754 million due to an increase in fuel expenses caused by high utilization of thermal power plants, an increase in repair expenses as a routine inspections, and total operating expenses including incidental business expenses rose 10.9% to ¥447,964 million. Non-operating expenses fell 37.4% to ¥55,193 million due to a sharp decline in interest expenses, but ordinary expenses rose 2.3% to ¥503,158 million.

As a result, ordinary income increased 41.4% compared to the previous year to ¥47,415 million, and after a provision to the reserve for fluctuation in water levels resulting from the high water flows and income taxes, net profit reached ¥31,266 million, an increase 44.0% compared to the previous year.

### **2. Issues Facing the Company**

The Company achieved full privatization as a result of listing its shares on the First Section of the Tokyo Stock Exchange in October 2004, one year after the repeal of the Electric Power Development Promotion Law, which formed the basis of the Company's founding.

Japan's electric power industry faces a major turning point in the trend toward deregulation due to an expansion in the scope of deregulation in the retail electricity market and the launch of the Japan Electric Power Exchange in April 2005. We expect competition in the electric power industry to grow more intense as a result of these changes.

The Company and its Group are taking the following initiatives in response to this business environment.

### (1) Enhancing Competitiveness of Wholesale Power Electricity Business and Maintaining Steady Growth

In light of changes in the business environment, in its main wholesale power business, the Company seeks to raise profitability by enhancing the competitiveness of existing facilities through cost reductions. As part of the Third Phase of the Restructure Plan initiated in fiscal 2001, we have been working to reform the group's management structure, enhance employee efficiency, reduce costs, strengthen our financial position, and achieve other plan objectives as we approach the final year of the plan.

For new facilities, we plan to begin construction of the Isogo New No.2 thermal power plant in Kanagawa Prefecture in August 2005. The new 600MW facility is scheduled to begin commercial operation in July 2009. Additionally, the government is currently conducting a safety review of our plans for the Oma nuclear power plant in Aomori Prefecture. We plan to begin building the 1,383MW facility in August 2006 and commence commercial operations in March 2012. We aim to achieve optimal financing for these major capital expenditures by maintaining construction schedules, reducing construction costs, and appropriately allocating cash flow in raising funds.

### (2) Stepping Up Efforts in New Electric Power Businesses and New Areas of Business

In its domestic electric power business, the Company has participated in three wholesale power supply projects to provide 520MW of power to EPCOs, the regional general electric utilities that supply electricity to general retail customers, through IPPs and three wholesale power supply projects to provide 320MW to PPSs. We also hope to help promote the sound development of new wholesale electric power markets by use of the Japan Electric Power Exchange.

In our overseas power generation business, we are participating in 14 IPP projects in five countries and regions, primarily in Asia, where high growth in electric power demand is anticipated. Commercial operations have commenced at 12 of these 14 projects and the output is 2,830 MW. Going forward, we aim to develop our overseas power generation business into a second mainstay business while appropriately managing risk.

The Company is involved in developing wind power energy as a part of its efforts to create new businesses. Seven wind power plants are now operating commercially while two others are still under construction. These facilities will have a combined output of 210 MW. We are also looking to create new profit sources in other areas of business by leveraging the Group's core operational and technological competencies developed during a half century of conducting business both in Japan and overseas.

### (3) Responding to Global Warming Issues

As the owner of several coal-fired thermal power plants, the Company is engaged in a wide range of activities to address the problem of global warming. In addition to steady progress on the Oma nuclear power plant, which will provide a carbon dioxide-free source of power, we are also developing wind power, waste power generation, and coal gasification technology and are pursuing projects overseas to give shape to flexibility measures in the Kyoto Protocol, such as Joint Implementation<sup>1</sup> and the Clean Development Mechanism<sup>2</sup>.

The Company has set management targets in "the FY 2005 J-POWER Group Management Plan" with the aim of achieving the objectives outlined in sections (1) through (3) above. The entire Group is working together to enhance its profit-earning capacity by raising efficiency, and to continuously increase enterprise value by expanding its business in areas with growth potential.

1. The Joint Implementation is a mechanism that allows advanced countries to jointly implement projects to reduce emissions, or remove carbon from the atmosphere, and for the investing countries to earn credits from the emission reductions to help achieve their numerical targets.

2. The Clean Development Mechanism allows advanced and developing countries to jointly implement projects to reduce greenhouse gases in the developing country, and for the advanced country to earn credits for a portion of the reductions achieved.

### 3. Capital Investment

Total capital investment: ¥42,133 million

#### Major construction projects

	Power generation facilities
Under construction	(Hydroelectric power) Tokuyama Power Plant (153,000 kW)
Pre-construction	(Nuclear power) Oma Nuclear Power Plant (1,383,000 kW)

### 4. Capital Raised

The company issued corporate bonds and made long-term borrowings as follows for purposes of capital investment and repayment of interest-bearing debt.

Type	Amount	Remarks
Corporate bonds	¥90,000 million	Domestic straight bonds
Long-term borrowings	¥70,000 million	
Total	¥160,000 million	

### 5. Trend in Operating Results and Assets

Item	50th term FY2001	51st term FY2002	52nd term FY2003	53rd term FY2004
Ordinary revenues (¥million)	547,733	546,209	522,595	546,702
Ordinary income (¥million)	36,883	27,275	33,522	47,415
Net income (¥million)	14,711	17,121	21,718	31,266
Earnings per share (yen)	208.38	241.69	240.25	224.89
Total assets (¥million)	2,260,233	2,137,705	2,004,703	1,949,660
Shareholders' equity (¥million)	141,143	153,603	338,336	370,137

Notes: 1. During the 52nd term, on December 18, 2003, the Company increased capital through a third party allocation of 68,208,000 shares.

## II. Company Overview (as of March 31, 2005)

### 1. Primary business

Electric power business

### 2. Shares

- (1) Total number of shares authorized for issue: 550,000,000
- (2) Total number of shares issued and outstanding: 138,808,000
- (3) Number of shareholders: 62,465
- (4) Major shareholders

Shareholder name	Number of shares held (thousands)	Equity stake (%)	Investment by the Company in shareholder	
			Number of shares held (thousands)	Equity stake (%)
Morgan Stanley and Company, Inc.	14,940	10.76	—	—
The Master Trust Bank of Japan, Ltd. (Account in trust)	6,484	4.67	—	—
Mizuho Corporate Bank, Ltd.	6,315	4.55	—	—
Japan Trustee Services Bank, Ltd. (Account in trust)	5,359	3.86	—	—
Nippon Life Insurance Company	4,885	3.52	—	—
Daido Life Insurance Company	3,048	2.20	—	—
Sumitomo Mitsui Banking Corporation	2,129	1.53	—	—
Goldman Sachs International	1,939	1.40	—	—
The Chase Manhattan Bank, NA London, SL Omnibus Account	1,901	1.37	—	—
State Street Bank and Trust Company	1,898	1.37	—	—

Notes: 1. As of March 31, 2005, the Company held 10,000 shares of preferred stock in Mizuho Financial Group, the wholly owning parent company of Mizuho Holdings, which is the wholly owning parent company of Mizuho Corporate Bank.

2. As of March 31, 2005, the Company held 2,876,525 of common stocks (1.19%) of T&D Holdings Corporation, the wholly owning parent company of Daido Life Insurance Company.

3. It has been reported to us by means of a change report related to the report on large holdings dated March 8, 2005 and submitted by Schroder Investment Management (Japan) Limited that the total number of shares held by the investment management companies of the same group is 11,755,600 as of February 28, 2005, but this is not listed in the table above due to the fact that we cannot verify the actual holdings of the company.

### 3. Acquisition of Company shares for inclusion in treasury stock, and for disposal and holding of shares in treasury

#### (1) Shares acquired

Ordinary shares: 481

Acquisition cost: ¥1,482 thousand

#### (2) Shares disposed of:

None

#### (3) Shares cancelled:

None

#### (4) Shareholdings at closing:

481

### 4. Employees

Number of employees (charge from end of previous term)	Average age	Average years of service
2,144 (Down 242)	38.3	17.8 years

## 5. The Company's Group

### (1) Major subsidiaries

Company name	Capital (¥ million)	Equity stake (%)	Major businesses
Green Power Kuzumaki Co., Ltd. (Iwate-gun, Iwate Prefecture)	490	100	Construction and operation of wind power plants
Dream-Up Tomamae Co., Ltd. (Tomamae-gun, Hokkaido Prefecture)	10	100	Construction and operation of wind power plants
Green Power Aso Co., Ltd. (Aso-gun, Kumamoto Prefecture)	490	81	Construction and operation of wind power plants
ITOIGAWA POWER Inc. (Itoigawa City, Niigata Prefecture)	1,006	80	Electric power supply
Nagasaki-Shikamachi Wind Power Co., Ltd. (Kita-matsuura-gun, Nagasaki Prefecture)	490	70	Construction and operation of wind power plants
Nikaho-kogen Wind Power Co., Ltd. (Yuri-gun, Akita Prefecture)	100	67	Construction and operation of wind power plants
J-Wind TAHARA Ltd. (Tahara City, Aichi Prefecture)	245	66	Construction and operation of wind power plants
Ichihara Power Co., Ltd. (Ichihara City, Chiba Prefecture)	490	60	Electric power supply
JPOWER GENEX CAPITAL Co., Ltd. (Chuo-ku, Tokyo)	570	100	Management of IPP projects
Jpec Co., Ltd. (Chuo-ku, Tokyo)	500	100	Construction, technical development, design, consulting, maintenance and research for thermal and nuclear power plants; unloading and transporting of coal to thermal power plants; sale of flied ash; shipping of coal for thermal power plants; research, construction and maintenance for environmental engineering; research and planning of environmental conservation
JPHYTECH Co., Ltd. (Chiyoda-ku, Tokyo)	500	100	Construction, technical development, design, consulting, maintenance and research for hydroelectric power plants, substations and transmission lines; surveying and compensation of construction sites; civil engineering, construction management and construction services
Kaihatsu Denshi Gijutsu Co., Ltd. (Bunkyo-ku, Tokyo)	110	100	Construction and maintenance of electronic and communications facilities
EPDC CoalTech and Marine Co., Ltd. (Chuo-ku, Tokyo)	20	100 (100)	Marine transportation of ash and flied ash from thermal power plants
Kaihatsu Sekkei Consultant Co., Ltd. (Nakano-ku, Tokyo)	20	100	Design and construction management of electric power facilities; engineering and construction
J-POWER RESOURCES Co., Ltd. (Chuo-ku, Tokyo)	1,000	100	Research, exploration and development of, and investments in coal mines
J-POWER AUSTRALIA PTY.LTD. (Australia)	10,000,000 A\$	100 (100)	Investments in coal mines in Australia
JP Business Service Corporation (Koto-ku, Tokyo)	450	100	Operation of welfare facilities; facility maintenance; business process outsourcing; development of computer software
J-Power Investment Netherlands B.V. Netherlands	50,000,000 Euro	100	Management of overseas investments

Note: The equity stake values shown in parentheses are indirect holding ratios.

## (2) Major affiliated companies

Company name	Capital	Equity stake (%)	Major businesses
Gulf Electric Public Co., Ltd. (Thailand)	5,874 million baht	49	Holding company for thermal power generation companies
Thaioil Power Co., Ltd. (Thailand)	2,810 million baht	19	Operation of gas cogeneration facilities
SEC HoldCo, S.A. (Spain)	121 thousand Euros	50 (50)	Operation of wind power generation facilities
GENEX COMPANY, LIMITED Kawasaki City, Kanagawa Prefecture	¥2.8 billion	40 (40)	Electric power supply
Chiahui Power Corporation (Taiwan)	4,300 million NT\$	40 (40)	Operation of gas combined cycle power plants
Gulf Energy Co., Ltd. (Thailand)	2,022 million baht	0 [100]	Holding company for thermal power generation companies
Gulf IPP Co., Ltd. (Thailand)	2,021 million baht	0 [100]	Holding company for thermal power generation companies
Gulf Power Generation Co., Ltd. (Thailand)	1,850 million baht	0 [100]	Construction and operation of thermal power plants
Nong Khae Cogeneration Co., Ltd. (Thailand)	1,241 million baht	0 [100]	Operation of gas cogeneration facilities
Samutprakarn Cogeneration Co., Ltd. (Thailand)	981 million baht	0 [100]	Operation of gas cogeneration facilities
Gulf Cogeneration Co., Ltd. (Thailand)	850 million baht	0 [100]	Operation of gas cogeneration facilities
SPP General Services Co., Ltd. (Thailand)	900 thousand baht	0 [100]	Plant service for gas thermal power plants
Trang Biomass Co., Ltd. (Thailand)	250 thousand baht	0 [100]	Construction and operation of bio-mass power plants
Gulf Yala Green Co., Ltd. (Thailand)	200 million baht	0 [95]	Construction and operation of bio-mass power plants
Independent Power (Thailand) Co., Ltd. (Thailand)	1,771 million baht	0 [56]	Operation of gas combined cycle power plants

Note: The equity stake values shown in parentheses are indirect holding ratios, while those shown in brackets are the ratios held by closely-related parties or parties in agreement.

## (3) Changes in corporate relationships

### a. Relationship to parent

J-POWER Privatization Fund Co., Ltd., which was previously the Company's parent company, sold its entire shareholding in the Company and ceased to be its parent company when the Company listed its shares on the First Section of the Tokyo Stock Exchange on October 6, 2004.

### b. Reorganization of group companies

The Company reorganized group companies on April 1, 2004 in order to step up efforts to advance group-wide operations and reduce costs with the aim of enhancing the competitiveness of the wholesale power business. The following consolidated subsidiaries were affected by this reorganization. Denpatsu Holding Co., Ltd. was absorbed by the Company. EPDC Industrial Co., Ltd. merged with The Kaihatsu Keisan Center Ltd. and the resulting company was named JP Business Service Corporation. Kaihatsu Koji Co., Ltd. absorbed the compensation division of Denpatsu Kankyo Ryokka Center Co., Ltd. and the hydroelectric, transmission, and substation division of Kaihatsu Denki Co., Ltd. and was renamed JPHYTEC Co., Ltd. Kaihatsu Denki Co., Ltd. absorbed the environmental afforestation division of Denpatsu Kankyo Ryokka Center Co., Ltd. and the power plant coal delivery and coal marine transport division of EPDC CoalTech and Marine Co., Ltd. and was renamed JPec Co., Ltd. The Company decided to dissolve Denpatsu Kankyo Ryokka Center Co., Ltd. on April 5, 2004 due to the foregoing reorganization, and its liquidation was completed on June 14, 2004.

## 6. Major Lenders

Lender	Loan balance as of the balance sheet date (¥ million)	Shares of the Company held by lender	
		Number of shares held (thousands)	Equity stake (%)
Mizuho Corporate Bank, Ltd.	79,094	6,315	4.55
Nippon Life Insurance Company	77,233	4,885	3.52
Sumitomo Mitsui Banking Corporation	65,400	2,129	1.53
The Bank of Tokyo-Mitsubishi Ltd.	56,380	1,749	1.26
Norinchukin Bank	55,168	1,717	1.24

## 7. Major Facilities

(1) Head Office (Chuo-ku, Tokyo)

(2) Branches: Hokkaido Branch (Sapporo City, Hokkaido Prefecture); Eastern Japan Branch (Kawagoe City, Saitama Prefecture); Central Japan Branch (Kasugai City, Aichi Prefecture); Western Japan Branch (Osaka City, Osaka Prefecture)

(3) Major Power Plants

a. Hydroelectric (100,000 kW or more)

Okutadami, Tagokura, Otori, Shimogo (Fukushima Prefecture); Okukiyotsu, Okukiyotsu #2 (Niigata Prefecture); Numappara (Tochigi Prefecture); Shintoyone (Aichi Prefecture); Sakuma (Shizuoka Prefecture); Miboro (Gifu Prefecture); Nagano (Fukui Prefecture); Tedorigawa #1 (Ishikawa Prefecture); Ikehara (Nara Prefecture); Sendaigawa #1 (Kagoshima Prefecture)  
(45 thermal power plants with output under 100,000 kW)

Thermal

Isogo (Kanagawa Prefecture); Takasago (Hyogo Prefecture); Takehara (Hiroshima Prefecture), Tachibana-wan (Tokushima Prefecture); Matsuura, Matsushima (Nagasaki Prefecture); Ishikawa coal-thermal (Okinawa Prefecture), Onikobe Geothermal (Miyagi Prefecture)

## 8. Directors and Corporate Auditors

The position, name, and responsibilities of each director and corporate auditor as of the end of the term are as follows.

Position	Name	Responsibility
President (Representative Director)	Yoshihiko Nakagaki	
Executive Vice President (Representative Director)	Youki Kawata	Assistant to the president for businesses described below (Corporate Planning & Administration Dept., Personnel & Employee Relations Dept., Accounting & Finance Dept., General Affairs Dept.) Regional Operations (central and western regions)
Executive Vice President (Representative Director)	Hisao Nakagami	Assistant to the president for businesses described below (Business Planning Dept., Technology Development Center, Power Sales Dept., Power System Operation Dept., Nuclear Power Dept., Business Development Dept.,) Regional operations (central and eastern regions)
Executive Vice President (Representative Director)	Katsuhiko Miyashita	Assistant to the president for businesses described below (Hydropower & Power Network Dept., Thermal Power Dept., Nuclear Power Dept. (matters under special assignment), International Activities Dept., Engineering Dept.)
Executive Managing Director	Akinobu Yasumoto	Business Development Dept. Environmental Administration (matters under special assignment)
Executive Managing Director	Kiyoshi Sawabe	Personnel & Employee Relations Dept. General Affairs Dept. Site Administration Regional Management (central region)
Executive Managing Director	Masayoshi Kitamura	Corporate Planning & Administration Dept. Power Sales Dept. (matters under special assignment) Procurement Administration Environmental Administration Regional operations (western region)
Executive Director	Masashi Hatano	Technology Development Center Thermal Power Dept.
Executive Director	Akio Ushio	Accounting & Finance Dept.
Executive Director	Yasuo Maeda	Oma Nuclear Power work preparatory to construction (matters under special assignment) (also serving as executive officer; Engineering Department Director)
Executive Director	Kanji Shimada	Power Sales Dept.
Executive Director	Yoshihiko Sakanashi	Business Planning Dept. Energy Business Dept.
Senior corporate auditor	Masayuki Hori	(full-time)
Corporate auditor	Takeshi Sone	(full-time)
Corporate auditor	Yasuo Matsushita	(external)

Notes: 1. Yasuo Matsushita is a corporate Auditor as provided for in Article 18, Paragraph 1, of “the Law for special provisions for the Commercial Code concerning Audit, etc. of Joint Stock Corporations.”

2. On June 30, 2004, Katsuhiko Miyashita was promoted from Managing Director to Representative Director and Executive Vice President, and Akinobu Yasumoto, Kiyoshi Sawabe, and Masayoshi Kitamura from Executive Director to Executive Managing Director.

3. Executive Director Takeharu Okitsu retired from the board on June 28, 2004. In addition, on June 30, 2004 the following individuals retired: Yoshihide Yamasaki, Representative Director and Executive Vice President; Masamichi Ono, Tooru Namiki, and Masaaki Tanaka, Executive Managing Directors; Masayuki Hori, Executive Director, and Koichi Fujino, Corporate Auditor.

4. Changes in responsibilities after the closing of accounts for the period

The assignment of responsibilities to board members was changed as follows on April 1, 2005.

Position	Name	New	Old
Executive Vice President (Representative Director)	Katsuhiko Miyashita	Assistant to the president for businesses described below (Power System Operation Dept., Hydropower & Transmission System Dept., Thermal Power Dept., Nuclear Power Dept. (matters under special assignment), International Activities Dept., Engineering Dept.)	Assistant to the president for businesses described below (Hydropower & Power Network Dept., Thermal Power Dept., Nuclear Power Dept. (matters under special assignment), International Activities Dept., Engineering Dept.)

**9. Amounts paid as compensation to directors and corporate auditors**

Category	Fixed compensation		Director bonuses approved at the General Meeting of Shareholders	
	Number of officers	Amount paid	Number of officers	Amount paid
Directors	18	¥292 million	15	¥49 million
Corporate Auditors	4	¥48 million	3	¥6 million
Total	22	¥341 million	18	¥55 million

Notes: 1. The maximum compensation as resolved at the General Meeting of Shareholders is as follows.

Directors: ¥481 million (resolution of the General Meeting of Shareholders dated June 29, 1992)  
(not including portion paid as salary when director also serves as employee)

Corporate Auditors: ¥80 million (resolution of the General Meeting of Shareholders dated June 30, 1994)

2. The amounts paid in retirement benefits to retiring directors and a corporate auditor in accordance with a resolution of the General Meeting of Shareholders are as follows.

Directors: 6 individuals, ¥113 million

Corporate Auditors: 1 individual, ¥13 million

3. “Number of officers” includes the six retired directors and one retired corporate auditor for the reporting term.

4. In addition to the above, ¥4 million was paid in salaries to individuals concurrently serving as employees as well as directors.

**10. Amounts paid as compensation to accounting auditor**

	Payment amount
a. Total amount of compensation paid by the Company and its subsidiaries to auditing firms	¥82 million
b. Of the amount in a), total amount of compensation paid for audit verification duties as defined in Article 2, Paragraph 1 of the Certified Public Accountant Law	¥78 million
c. Of the amount in b), amount paid in compensation by the Company to auditing firm for services as accounting auditor	¥62 million

Note: Under the Company’s contracts with the auditing said firms, amounts paid for auditing under “the Law for special provisions for the Commercial Code concerning Audit, etc. of Joint Stock Corporations” and auditing under the Securities Exchange Law are determined in lump-sum, and as such amounts cannot be distinguished in practice, the Company posts the total amount in c).

**NON-CONSOLIDATED BALANCE SHEET**

As of March 31, 2005

(Unit: millions of yen)

(Assets)	
Property, Plant and Equipment	1,856,227
Power plants	1,545,226
Hydroelectric power production facilities	494,625
Thermal power production facilities	691,781
Transmission facilities	280,726
Transformation facilities	42,733
Communication facilities	10,748
General facilities	24,609
Incidental business-related property, plant & equipment	399
Non-operating property, plant & equipment	513
Construction in progress	174,187
Investments and other assets	135,901
Long-term investments	43,186
Long-term investments in affiliated companies	63,263
Long-term prepaid expenses	2,730
Deferred tax assets	26,721
Current assets	93,432
Cash and bank deposits	7,505
Accounts receivable	47,207
Accrued income	6,667
Inventories	11,999
Prepaid expenses	1,122
Short-term loans to affiliated companies	7,142
Deferred tax assets	3,346
Other current assets	8,440
Total assets	1,949,660

As of March 31, 2005

(Unit: millions of yen)

(Liabilities)	
Long-term liabilities	1,253,566
Bond	591,171
Long-term loans	619,495
Long-term accrued liabilities	956
Accrued employee retirement benefits	34,409
Other long-term liabilities	7,533
Current liabilities	324,157
Current portion of long-term debt and other	107,593
Short-term loans	47,000
Commercial paper	105,000
Accounts payable	3,446
Accrued accounts	4,309
Accrued expenses	10,994
Income and other taxes payable	18,708
Deposits received	236
Short-term debt to affiliated companies	24,857
Advances received	399
Other current liabilities	1,610
Reserves under special laws	1,798
Reserve for fluctuation in water levels	1,798
Total liabilities	1,579,522
(Shareholders' equity)	
Common stock	152,449
Capital surplus	81,852
Additional paid-in capital	81,852
Retained earnings	129,979
Legal reserve	6,029
Voluntary reserve	74,887
Reserve for loss from overseas investment, etc.	51
Reserve for special disaster	14
Exchange-fluctuation preparation reserve	1,960
General reserve	72,861
Unappropriated retained earnings at the end of the term	49,062
Unrealized gain on securities	5,858
Treasury stock	(1)
Total shareholders' equity	370,137
Total Liabilities and Shareholders' Equity	1,949,660

## NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

Year ended March 31, 2005

(Unit: millions of yen)

Ordinary revenues	
Operating revenues	546,702
Electric power	540,665
Electric power sales to other companies	476,335
Transmission revenues	61,194
Other electricity revenues	3,136
Incidental business revenues	6,037
Consulting business	3,375
Coal sales business	2,473
Other incidental business	188
Non-operating revenues	3,871
Financial revenues	2,683
Dividend income	1,841
Interest income	842
Non-business revenues	1,187
Gain on sale of fixed assets	16
Other	1,171
Total ordinary revenues	550,573
Ordinary expenses	
Operating expenses	447,964
Electric power	442,754
Hydroelectric power production expenses	68,883
Thermal power production expenses	262,271
Transmission expenses	32,391
Transformation expenses	7,577
Selling expenses	948
Communication expenses	5,384
General and administrative expenses	58,229
Enterprise tax	7,067
Incidental business expenses	5,210
Consulting business	2,629
Coal sales business	2,315
Other incidental business	264
(Operating income)	98,738
Non-operating expenses	55,193
Financial expenses	51,044
Interest expenses	50,374
Amortization of bond issue expenses	621
Amortization of bond issue discount	48
Non-business expenses	4,149
Loss on sale of fixed assets	23
Other	4,126
Total ordinary expenses	503,158
Ordinary income	47,415
(Provision for) reversal of reserve for fluctuation in water levels	1,108
Income before income taxes	46,306
Income taxes - current	18,151
Income taxes - deferred	(3,111)
Net income	31,266
Retained earnings brought from previous term	17,190
Unappropriated retained earnings	49,062

## Changes to Accounting Policies

### Accounting standards related to impairment losses on fixed assets

Accounting standards related to impairment losses on fixed assets (“Statement of Position on the Setting of Accounting Standards Related to Impairment Losses on Fixed Assets,” (Business Accounting Council, August 9, 2002)) and “Application Guidelines for Accounting Standards Related to Impairment Losses on Fixed Assets,” (Guideline No. 6 of Application Guidelines for Business Accounting Standards, October 31, 2003) became applicable to financial statements for the fiscal year ending March 31, 2004 (these accounting standards are mandatory from the fiscal year ending March 31, 2006), and, therefore, these accounting standards and guidelines have been applied from the fiscal year ending March 31, 2005. The effect of this change was to decrease income before income taxes by 1.347 billion yen.

Please note that impairment losses comprising the cumulative total have been written off directly from the respective assets.

**Proposed Appropriation of Retained Earnings**

Year ended March 31, 2005

(Unit: yen)

Retained earnings	49,062,278,790
Transfer from the reserve for losses on overseas investment	468,642
Total	49,062,747,432
Appropriations are made as follows	
Dividends ( ¥ 60 per share)	8,328,451,140
Bonuses to directors and corporate auditors	50,600,000
[to corporate auditors]	[6,710,000]
Transfer from the reserve for overseas investment	5,523,914
Reserve for special disasters	4,179,840
General reserve	20,000,000,000
Balance to be carried forward	20,673,992,538

# Independent Auditors' Report

The Board of Directors  
Electric Power Development Co., Ltd.

May 6, 2005

Ernst & Young Shin Nihon

Ikuzo Komatsu

Designated and Engagement Partner  
Certified Public Accountant

Nobutaka Motohashi

Designated and Engagement Partner  
Certified Public Accountant

Satoshi Tamai

Designated and Engagement Partner  
Certified Public Accountant

In accordance with Article 2(1) of “The Law for special provisions for the Commercial Code concerning Audits, etc. of Joint Stock Corporations,” we have audited the balance sheet, the statement of income, the accounting matters stated in the business report, the proposal for appropriation of retained earnings and the accounting matters stated in the supplementary schedules of Electric Power Development Co., Ltd. applicable to the 53rd fiscal year from April 1, 2004 to March 31, 2005. The accounting matters which we have audited in the business report and the supplementary schedules were derived from the accounting books and records of the Company and its subsidiaries. These financial statements and the supplementary schedules are the responsibility of the Company’s management. Our responsibility is to independently express an opinion on these financial statements and the supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules. We believe that our audit provides a reasonable basis for our opinion. Our audit included procedures applied to the accounts of the Company's subsidiaries as considered necessary.

As a result of our audit, it is our opinion that:

- a) the balance sheet and the statement of income present properly the Company's financial position and the results of its operations in accordance with the related regulations and the Articles of Incorporation,

as stated in "Change of Accounting Policies." with effect from the start of reporting period (i.e. April 1, 2005), the Company has adopted impairment accounting standards for fixed assets (the Business Accounting Council on Aug. 9, 2002). In our opinion, the adoption of impairment accounting is appropriate.

- b) the accounting matters stated in the business report present properly the Company's affairs in accordance with the related regulations and the Articles of Incorporation,
- c) the proposal for appropriation of retained earnings is presented in accordance with the related regulations and the Articles of Incorporation, and
- d) there is nothing to point out as to the accounting matters stated in the supplementary schedules in accordance with the provisions of the Commercial Code.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

## Board of Corporate Auditors' Report

Having been reported by each Corporate Auditor on the methods and results of the audit in regard to the performance of duties by the Directors of Electric Power Development Co., Ltd. (the "Company") for the 53rd fiscal year (from April 1, 2004 to March 31, 2005), the Board of Corporate Auditors of the Company prepares this audit report on deliberation and reports as follows:

### 1. Outline of the auditing methods used by the Corporate Auditors

Each Corporate Auditor, according to, inter alia, the audit standards, the audit policy and the audit plan set up by the Board of Corporate Auditors, has attended meetings of the Board of Directors and other meetings as deemed important, as well as having received from Members of the Board of Directors, etc. reports on the execution of their duties, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and principal operating offices. As for the subsidiaries of the Company, we examined their business and financial conditions, having received explanations from Members of the Board of Directors, etc., as well as having asked the subsidiaries for reports on their business conditions. In addition, we received reports and explanations from the Independent Accountants on their audit and examined the statutory report and the supplementary schedules.

With respect the competitive transactions of the Members of the Board of Directors, conflict-of-interest transactions between the Company and the Members of the Board of Directors, benefits without compensation furnished by the Company, irregular transactions with subsidiaries or shareholders and acquisition and disposal, etc., of treasury stocks, we have examined these matters by means of methods such as conducting a full investigation of related records, in addition to the auditing methods mentioned above.

### 2. Results of the audit

- (1) We confirm that the auditing methods and results made by Ernst & Young Shin Nihon the auditing corporation, are appropriate.
- (2) We confirm that the business report accurately describes the situation of the Company in accordance with all relevant laws and regulations and the Articles of Incorporation.
- (3) With respect to the proposed appropriation of unappropriated retained earnings, we confirm that there is no matter to be disclosed in light of the state of the Company's assets or other circumstances.
- (4) The supplementary schedules present fairly the information required, and we confirm that there is no other matter to be disclosed.
- (5) With respect to the performance of the Members of the Board of Directors' duties, including those associated with the Company's subsidiaries, we confirm that there has been no improper act committed, nor important violation of applicable laws and regulations or the Articles of Incorporation.

In addition, with respect to the competitive transactions of the Members of the Board of Directors, conflict-of-interest transactions between the Company and the Members of the Board of Directors, benefits without compensation furnished by the Company, irregular transactions

with subsidiaries or shareholders and acquisition and disposal, etc., of treasury stocks, we confirm that there has been no breach of the Members of the Board of Directors' responsibilities.

May 12, 2005

Masayuki Hori  
Senior Corporate Auditor (Full-time)

Takeshi Sone  
Corporate Auditor (Full-time)

Yasuo Matsushita  
Corporate Auditor

Note: Yasuo Matsushita is a Corporate Auditor as provided for in Article 18, Paragraph 1, of "the Law for special provisions for the Commercial Code concerning Audit, etc. of Joint Stock Corporations."

**CONSOLIDATED BALANCE SHEET**

As of March 31, 2005

(Unit: millions of yen)

(Assets)	
Property, Plant and Equipment	1,890,001
Power plants	1,547,374
Hydroelectric power production facilities	499,017
Thermal power production facilities	686,072
Internal combustion power generation facilities	10,071
Transmission facilities	276,661
Transformation facilities	41,605
Communication facilities	9,985
General facilities	23,961
Other property, plant & equipment	27,877
Construction in progress	170,613
Investments and other assets	144,135
Long-term investments	95,031
Deferred tax assets	46,150
Other investments	2,954
Allowance for doubtful accounts	(1)
Current assets	131,654
Cash and bank deposits	30,351
Notes and accounts receivable	52,150
Short-term investments	1,551
Inventories	13,158
Deferred tax assets	5,083
Other current assets	29,383
Allowance for doubtful accounts	(24)
Total assets	2,021,655

As of March 31, 2005

(Unit: millions of yen)

(Liabilities, Minority Interests and Shareholders' Equity)	
Long-term liabilities	1,286,912
Bond	591,171
Long-term loans	639,929
Accrued employee retirement benefits	45,729
Other allowances	460
Deferred tax liabilities	314
Other long-term liabilities	9,307
Current liabilities	340,405
Current portion of long-term debt and other	111,163
Short-term loans	50,750
Commercial paper	105,000
Notes and accounts payable	11,053
Income and other taxes payable	21,783
Other allowances	90
Deferred tax liability	0
Other current liabilities	40,562
Reserves under special laws	1,798
Reserve for fluctuation in water levels	1,798
Total liabilities	1,629,115
Minority interests	1,212
(Shareholders' equity)	
Common stock	152,449
Capital surplus	81,849
Retained earnings	152,121
Unrealized gain on other securities	6,207
Foreign currency translation adjustments	(1,299)
Treasury stock	(1)
Total shareholders' equity	391,327
Total Liabilities, Minority Interests and Shareholders' Equity	2,021,655

**CONSOLIDATED STATEMENTS OF INCOME**

Year ended March 31, 2005

(Unit: millions of yen)

(Revenues)	
Operating revenues	594,375
Electric power	547,960
Other	46,414
Non-operating revenues	3,880
Dividend income	1,241
Interest income	846
Other	1,792
Total Ordinary Revenues	598,255
(Expenses)	
Operating expenses	482,489
Electric power	431,678
Other	50,810
(Operating income )	111,885
Non-operating expenses	58,673
Interest expenses	50,881
Investment loss on equity method	1,311
Other	6,479
Total Ordinary Expenses	541,162
Ordinary income	57,093
(Provision for) reversal of reserve for fluctuation in water levels	1,108
Income before income taxes and minority interests	55,984
Income taxes - current	22,909
Income taxes - deferred	(2,511)
Minority interests or losses	27
Net income	35,559

## Changes to Accounting Policies

### Accounting standards related to impairment losses on fixed assets

Accounting standards related to impairment losses on fixed assets (“Statement of Position on the Setting of Accounting Standards Related to Impairment Losses on Fixed Assets,” (Business Accounting Council, August 9, 2002)) and “Application Guidelines for Accounting Standards Related to Impairment Losses on Fixed Assets,” (Guideline No. 6 of Application Guidelines for Business Accounting Standards, October 31, 2003) became applicable to financial statements for the fiscal year ending March 31, 2004 (these accounting standards are mandatory from the fiscal year ending March 31, 2006), and, therefore, these accounting standards and guidelines have been applied from the fiscal year ending March 31, 2005. The effect of this change was to decrease income before income taxes by 1.959 billion yen.

Please note that impairment losses comprising the cumulative total have been written off directly from the respective assets.

## Independent Auditors' Report

The Board of Directors  
Electric Power Development Co., Ltd.

May 16, 2005

Ernst & Young Shin Nihon

Ikuzo Komatsu

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Designated and Engagement Partner  
Certified Public Accountant

Nobutaka Motohashi

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Designated and Engagement Partner  
Certified Public Accountant

Satoshi Tamai

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Designated and Engagement Partner  
Certified Public Accountant

In accordance with Article 19-2(3) of “The Law for special provisions for the Commercial Code concerning Audits, etc. of Joint Stock Corporations,” we have audited the consolidated balance sheet and the consolidated statement of income of Electric Power Development Co., Ltd. and consolidated subsidiaries applicable to the 53rd fiscal year from April 1, 2004 to March 31, 2005. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion. Our audit included procedures applied to the accounts of the Company’s subsidiaries as considered necessary.

As a result of our audit, it is our opinion that the consolidated balance sheet and the consolidated statement of income present properly the consolidated financial position of the Company and consolidated subsidiaries and the consolidated results of their operations in accordance with the related regulations and the Articles of Incorporation.

As stated in “Change of Accounting Policies.” with effect from the start of reporting period (i.e. April 1, 2005), the Company has adopted impairment accounting standards for fixed assets (the Business Accounting Council on Aug. 9, 2002). In our opinion, the adoption of impairment accounting is appropriate.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

**Board of Corporate Auditors' Report  
(consolidated)**

May 20, 2005

Having been reported by each Corporate Auditor on the methods and results of the audit in regard to the Consolidated Financial Statements, this is the consolidated balance sheet and the consolidated statement of income, of Electric Power Development Co., Ltd. (the "Company") for the 53rd fiscal year from April 1, 2004 to March 31, 2005, the Board of Corporate Auditors of the Company prepares this audit report on deliberation and reports as follows:

1. Outline of the auditing methods used by the Corporate Auditors

Each Corporate Auditor, according to, inter alia, the audit standards, the audit policy and the audit plan set up by the Board of Corporate Auditors audited the Consolidated Financial Statements on deliberation, having received reports and explanation from Directors, etc. and Corporate Auditors.

2. Results of the audit

We confirm that the auditing methods and results made by Ernst & Young Shin Nihon, the auditing firm, are appropriate.

Masayuki Hori  
Senior Corporate Auditor (Full-time)

Takeshi Sone  
Corporate Auditor (Full-time)

Yasuo Matsushita  
Corporate Auditor

Note: Yasuo Matsushita is a Corporate Auditor as provided for in Article 18, Paragraph 1, of "the Law for special provisions for the Commercial Code concerning Audit, etc. of Joint Stock Corporations."