

May 11, 2007

Electric Power Development Co., Ltd.

**Opinion of the Board of Directors on Shareholder Proposal for
Ordinary General Meeting of Shareholders of the Company**

The Company has received a letter dated March 9, 2007 from The Children's Investment Master Fund ("TCI"), a shareholder of the Company, describing a shareholder proposal (the "TCI proposal") requesting inclusion in the agenda for the Company's Ordinary General Meeting of Shareholders for the year ended March 31, 2007 (the "Ordinary General Meeting of Shareholders") of a proposal that the Company's year-end dividend for the year ended March 31, 2007 be 100 yen per share (the total amount of the dividends, including the interim dividend, in respect of such year being 130 yen per share).

The Company has recently confirmed that, as of March 31, 2007, the record date for the Ordinary General Meeting of Shareholders, TCI met the requirements applicable to the exercise of the shareholder proposal right by it under the Corporation Law of Japan. In addition, today the Board of Directors of the Company resolved that the Company shall propose to the Ordinary General Meeting of Shareholders a year-end dividend for the year ended March 31, 2007 in the amount of 30 yen per share (the total amount of the dividends, including the interim dividend, in respect of such year being 60 yen per share), and the Company so announced in its "Release of Financial Statements for the Year Ended March 31, 2007". Therefore, the Board of Directors of the Company hereby formally announces its objection to the TCI proposal and the reasons therefor.

The most prominent characteristic of the Company's business is that the Company secures returns on its investments in power plants and other infrastructure through the long-term operation of these facilities by utilizing the Company's enterprise management expertise over the long term, including the construction of power plants and other infrastructure.

Taking into account this characteristic of the Company's business, with respect to profit distribution to its shareholders the Company places the utmost importance on continuing to pay dividends at a stable level. The Company had implemented its corporate innovation plan for the five years commencing in the year ended March 31, 2002, and has worked to reduce facility maintenance costs, personnel expenses and finance costs, etc. As a result of these efforts, the Company's consolidated ordinary income increased by approximately 26% from 44 billion yen for the year ended March 31, 2002 to 55.5 billion yen for the year ended March 31, 2007. In accordance with the Company's policy of appropriately distributing to its shareholders the result of its increased earning power gained through these corporate

efforts, the Company has increased total annual dividends from approximately 4 billion yen before the Company's IPO to approximately 8 billion yen for the year ended March 31, 2005 following its capital increase in December 2003, with a further increase to approximately 10 billion yen, an effective dividend increase of 20% by means of a stock split implemented in March 31, 2006.

Meanwhile, despite the Company's favorable operating results to date, various factors are now coming into play that will put pressure on future operating results, including measures for the global warming issue, the ongoing aging of generating and other facilities of the Company and slower growth in domestic demand for electricity. Under these circumstances, the Company needs to further expand the basis of its competitiveness, in order to achieve ongoing growth and to maximize its corporate value and its shareholders' common interests. The Company believes that various management challenges should be viewed as opportunities for new growth, and based on this position, for the next five to six years, it plans to focus its resources on capital investment in fields in which it can make the best of its potential, including an investment of approximately 400 billion yen to enhance the capacity of the Oma Nuclear Power Plant Project, the Isogo New No. 2 Thermal Power Plant Project and other generation facilities, an investment of approximately 250 billion yen to upgrade operating asset value through replacement of major equipment, and an investment of approximately 120 billion yen to pursue global expansion utilizing competitive advantages such as its environmental technologies which reach the highest global standards. The Company will pursue sureness in its operations and business management to make these investments stable sources of revenue for many years to come.

Entering the upcoming business phase in which it will construct and upgrade facilities necessary to sustain ongoing growth as described above, the Company will need a large amount of funds. The Company intends to preferentially allocate cash flows to enhancement of its operating base, but at the same time, in order to continue to ensure its profitability in business, the Company needs to maintain and further improve its competitive position with respect to funding terms, by pursuing and building financial strength at least equal to that of industry standard. Moreover, taking into account accelerating deregulation and the expansion and diversification of the Company's business in and outside Japan, the Company needs to further strengthen its own ability to endure risks. In light of these factors, the Company believes that further strengthening of its equity base is essential. If the Company implements a financial strategy that will result in increasing its dependency on interest-bearing debt, as indicated in the reasons for the TCI proposal, and if the financial indices of the Company change adversely, its cost competitiveness may be weakened, which in turn may have an adverse affect on its operating results in the medium to long term and even on its corporate value.

Taking into account the points stated above, the Company believes that it is in its shareholders' common and best interest that the Company seeks to maintain a basis of operations in which its current cash flows constitute a resource for new growth, and that, while maintaining the current level of profit

distribution to shareholders, which has reflected its business achievements to date, it endeavors to enhance future profit distribution through achievement of further growth. The Company hopes that its shareholders will understand the characteristics of the business cycle of the Company, the necessity to undertake capital investments on a medium to long term basis to make such investments a source of future growth, and the Company's efforts to ensure ongoing growth through the background explanation set forth above, and that its shareholders will support the Company over the long term.

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