April 30, 2008

To Whom It May Concern:

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Opinion of the Board of Directors with respect to TCI's shareholder proposals

With respect to the Ordinary General Meeting of Shareholders scheduled to be held in June 2008, The Children's Investment Master Fund ("TCI") has presented shareholder proposals. We, the Board of Directors of Electric Power Development Co., Ltd. (the "Company"), set forth our opinion with respect to TCI's proposals.

1. Proposal #1: AMENDMENT TO ARTICLES OF INCORPORATION (RESTRICTION ON STOCK INVESTMENT)

We oppose this proposal.

This proposal would make it seriously difficult for us to be engaged in transactions such as business or strategic alliances involving equity investments or mergers and acquisitions, and would therefore interfere with the goal of maximizing the value of the company and value for all of our shareholders.

In connection with our opposition to this proposal, it is useful to explain the policies and reasoning behind the Company's equity investments.

As we prepared to take the Company public, on the base of further improving stability and efficiencies of our electric power business, one of the key management issues was to create new business opportunities through utilizing our experienced human resources and sophisticated intellectual assets.

Prior to privatization, our experience and expertise had been limited under the relevant laws and regulation including the Electric Power Development Promotion Law. Therefore, we decided to pursue, in order to overcome our limited management resources, a strategy of aggressively promoting collaboration with other companies　As one method for achieving this goal, we are acquiring shares in companies where we believe future synergies could be expected.

As a result of this strategy, we have succeeded in generating new business in a wide range of ventures and in developing new technologies, and we are beginning to have results including some in areas where there is potential for future development, such as plant construction in the wholesale electricity business, stabilizing material and fuel procurement and shipping, management of IPP (*i.e.*, independent power producers) and power generation for PPS (*i.e.*, power producers and suppliers), wind and waste power generation.

Building a framework for collaboration through such cooperative relationships is an effective way to supplement our own management resources and enhance our knowledge base, and we are quite confident that such measures would maximize value of the Company and value for all of our shareholders.

2. Proposal #2: AMENDMENT TO ARTICLES OF INCORPORATION (MINIMUM THREE (3) OUTSIDE DIRECTORS ON THE BOARD)

We oppose this proposal.

This proposed amendment to the Articles of Incorporation would force the Company to appoint some board members in certain defined capacities as Outside Directors irrespective of whether they have sufficient knowledge and qualifications to fulfill their duties, or are otherwise the most appropriate candidates for the position. It would interfere with the shareholders' right to elect directors from the best possible candidates, which would in turn make it difficult for the Board of Directors to perform its role optimally.

By assigning directors who have extensive hands-on experience over many years in development planning, technology, finance, and regulation in the power industry to not only perform executive functions in their duties as directors but also to perform oversight functions, we believe we are achieving an optimal level of performance of the Board of Directors.

At the same time, in order to manage our expansion of business, we implemented a system of executive officers who have empowered by the Board of Directors with functions of business executions.

Following changes to regulations concerning the system of Outside Corporate Auditors under the corporate law of Japan, we increased the number of Outside Corporate Auditors from two to three, giving us a structure in which the Outside Corporate Auditors represent a majority of total auditors, although regulatory requirements only call for a number equal to the internal Corporate Auditors.

Both of our two internal Corporate Auditors' attendance and participation in important meetings in the process of decision-making enables them to provide all of our Corporate Auditors' access to corporate information with a high degree of transparency from a position independent from the executive division.

Our three Outside Corporate Auditors all have very extensive experience in managing huge organizations and making business decisions. They are also highly independent from the Company even in terms of Sarbanes-Oxley Act of 2002 of the United States or the NYSE Listed Company Manual's independence tests. They gain an insight into executive performance in the Company by gathering information through timely explanations provided by the executive division, exchanges of opinions with internal Corporate Auditors, communication with directors, and information gained through internal auditing staff. They have attended *all* meetings of the Board of Directors and meetings of the Board of Corporate Auditors and provided appropriate advice and observations.

Our current governance structure thus operates on the basis of a delegation of clear roles through our corporate management consisting of board members and executive officers, who are thoroughly versed in our company's affairs, and a Board of Corporate Auditors, consisting of experienced internal Corporate Auditors and Outside Corporate Auditors, which provides independent oversight of corporate management. We believe, at this moment, this structure works effective enough, without any essential problem.

Meanwhile, in view of our social responsibility and need for closer communication with our shareholders as a respected publicly-traded company, we continue to sincerely evaluate and re-evaluate our system of corporate governance to make it even more transparent and effective. Topics for discussion include setting up an advisory board with a view to placing better information and expertise at the disposal of the Board of Directors; achieving more effective oversight by the Board of Corporate Auditors; and implementing changes in the structure of the Board of Directors, including the possibility of introducing Outside Directors at and after the Ordinary General Meeting of Shareholders in 2009.

3. Proposal #3: APPROVAL OF A 90 YEN YEAR-END DIVIDEND
Proposal #4: APPROVAL OF A 50 YEN YEAR-END DIVIDEND

We oppose these two proposals.

The most notable feature of our business model is to gain investment returns from long-term business operations focused on the construction and operation of power plants. With this in mind, we have weighed the importance of a stable dividend and have attempted to realize growth in shareholder distributions through the growth of the Company.

We have successfully achieved our three-year management targets (relating to average consolidated ordinary profit and consolidated shareholders' equity ratio) from FY 2005 through FY 2007. We believe that our efforts to achieve these targets have substantially strengthened our earning capacity on a consolidated-basis, with a more stable foundation for our wholesale power business and the introduction of new businesses such as our power generation business abroad. As a result, although short-term future prospects are not optimal, we expect continual and stable growth in the mid-to-long term future.

Therefore, based on the degree of achievement of the management targets, expected profit amounts in the coming years, and financial status of the Company, at the Ordinary General Meeting of Shareholders in June 2008, we will propose a 70 Yen per share dividend in aggregate for FY 2007, which represents an increase of 10 Yen per share compared with FY 2006. As we have already paid an interim dividend of 30 Yen per share in November 2007, we propose an additional 40 Yen per share year-end dividend for FY 2007.

We will maintain this level of dividend (70 Yen per share per annum) distributions in the upcoming years and make best efforts to achieve the new management targets by continuing to improve efficiencies, increasing the reliability of our existing facilities, developing new power plants, and improving the earning capacity of our power generation business abroad.

4. Proposal #5: ACQUISITION OF THE COMPANY'S OWN SHARES

We oppose this proposal.

This proposal would make it difficult for us to strengthen the financial condition of the Company, including, *inter alia*, the shareholders' equity ratio, the improvement of which is one of our key management concerns. Accordingly, we believe that it would be inappropriate, at this time, to authorize the Company to repurchase certain amount of its own shares.

In recent years, improving the financial condition of the Company has been one of our key management concerns, and in pursuit of this improvement we have been making continuous efforts to improve especially the shareholders' equity ratio. As a result of these efforts, our shareholders' equity ratio on a consolidated basis rose to 23.2% in FY2007, which represents a considerable improvement over the 7.7% equity ratio of FY2002, five years ago.

While the Company has continued to work hard, our shareholders' equity ratio levels continue to be low compared with other Japanese power companies. As the business environment surrounding our electric power business continues to change, we believe that, going forward, to maintain sound fund raising potential, taking into account the roll-over of existing loans that exceed 100 billion yen annually, we will need to carefully monitor the levels of other companies in the sector, and to maintain our own numbers at levels at least not significantly below these.

Please note that we can execute a share buy-back through market, etc. by the resolution of the Board of Directors pursuant to Article 8 of the Articles of Incorporation, irrespective of this Proposal.

Please refer to our opinion regarding the Proposal #3 set forth above for our policy regarding shareholder distributions and to our opinion regarding Proposal #1 set forth above for our policy regarding equity investment.

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