

*TRANSLATION: This is an English translation of the Japanese original, prepared only for the convenience of shareholders residing outside Japan. Please note that the notes to the financial statements are abbreviated in this translation. The original Japanese version will prevail should there be any difference in the meaning between the English version and the Japanese version. ELECTRIC POWER DEVELOPMENT CO., LTD. does not guarantee the accuracy and/or the completeness of the translation and shall have no liability for any errors or omissions therein. Names of laws of Japan herein are based on those designated in the "Japanese Law Translation Database System," a website managed by the Ministry of Justice of Japan.*



June 2, 2014

Dear Shareholder:

Masayoshi Kitamura  
President and Representative Director  
Electric Power Development Co., Ltd. (J-POWER)  
15-1, Ginza 6-chome, Chuo-ku, Tokyo  
(Securities code: 9513)

## **Notice of the 62nd Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 62nd Ordinary General Meeting of Shareholders of Electric Power Development Co., Ltd. ("the Company"), which will be held as described hereunder.

If you are unable to attend the meeting, you may exercise your voting rights in writing or by electronic means (the Internet, etc.). Please review the appended "Reference Materials for the General Meeting of Shareholders" and exercise your voting rights no later than 5:30 p.m. on Wednesday, June 25, 2014, Japan time.

### Notice

- 1. Date & Time:** 10:00 a.m., Thursday, June 26, 2014
- 2. Place:** Tokyo Prince Hotel  
3-1, Shibakoen 3-chome, Minato-ku, Tokyo
- 3. Agenda:**

#### **Matters to be reported:**

1. Business Report and Consolidated Financial Statements for the 62nd fiscal year (from April 1, 2013 to March 31, 2014), in addition to reports on the audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-consolidated Financial Statements for the 62nd fiscal year (from April 1, 2013 to March 31, 2014)

**Matters to be resolved:**

**Proposal 1.** Appropriation of Surplus

**Proposal 2.** Election of Thirteen (13) Directors

**Proposal 3.** Election of One (1) Audit & Supervisory Board Member

**4. Instructions for Voting:**

**(1) Attending the General Meeting of Shareholders**

If you are intending to attend the General Meeting of Shareholders in person, please present the enclosed Exercise of Voting Rights Form to the reception desk upon your arrival.

**(2) Voting by Proxy**

If you are unable to attend the General Meeting of Shareholders in person, you may still vote by appointing a proxy who is a shareholder of the Company entitled to exercise voting rights (or if the shareholder is a corporation, an employee of the corporation). Please have your proxy submit a written document certifying the authority of proxy to the reception desk.

**(3) Voting in Writing (by mail)**

Please indicate your vote for or against each of the proposals on the enclosed Exercise of Voting Rights Form, and return the form to us.

**(4) Exercise of Voting Rights Electronically**

To exercise your voting rights via the Internet, please refer to the attached “Instructions for Exercising Voting Rights” (abbreviated in this translation).

Shareholders participating in the ICJ’s Electric Voting Platform for institutional investors may vote using that platform.

**(5) Handling of Duplicate Votes**

If you cast multiple voting both by mail and by electronic means, the vote submitted by electronic means shall be deemed valid. If you exercise your voting rights on the same proposal more than once by the same method, the vote submitted last shall be deemed valid.

**5. Method to Inform Shareholders of Changes in the Reference Materials for the General Meeting of Shareholders, etc.:**

Should any amendments to the appended Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements arise under any unavoidable circumstances, we will inform you of such amended matters by posting them on the Company website.

(<http://www.jppower.co.jp/english>)

**REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS**

**Proposals and Reference Information**

**Proposal 1: Appropriation of Surplus**

The most notable feature of the Company’s business model is to gain investment returns from the long-term operation of power stations and other infrastructure based on the Company’s long-standing operational capability, which includes the construction of power stations and the like. The Company expects to continue applying an appropriate level of retained earnings towards business investments that will lead to new growth, while, recognizing that the Company’s financial position requires reinforcement, also working to further build equity capital.

Taking this business feature into consideration, the Company focuses on the importance of stable dividends and strives to return more profits to shareholders by continuously improving its corporate value and fostering the growth of the Company.

Based on this policy, the Company proposes 35 yen per share for the year-end dividend as follows. As the Company has already paid an interim dividend of 35 yen per share in November last year, the Company proposes an annual dividend of 70 yen per share for the 62nd fiscal year.

**Items relating to the year-end dividend:**

<b>Type of dividend assets</b>	Cash
<b>Distribution of dividends</b>	35 yen per share of common stock of the Company Total amount: 5,251,795,115 yen
<b>Effective date of the distribution</b>	Friday, June 27, 2014

## Proposal 2: Election of Thirteen (13) Directors

The term of office for all twelve (12) Directors expires as of the end of this meeting.

Accordingly, aiming to further enhance corporate governance by adding one (1) Outside Director to the member of the Board of Directors, the Company proposes the election of thirteen (13) Directors.

The candidates for Directors are as follows:

Candidate Number	Name (Date of Birth)	Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities as a Director of the Company	Number of Shares of the Company Held
1 Reappointment	Yasuo Maeda (January 31, 1951)	<p>April 1974      Joined the Company</p> <p>October 2002    Executive Officer, Department Director of Engineering Dept.</p> <p>June 2004      Executive Director, Executive Officer and Department Director of Engineering Dept.</p> <p>June 2006      Executive Managing Director</p> <p>June 2009      Executive Vice President and Representative Director</p> <p>June 2013      Chairman and Representative Director (current position)</p>	14,580 shares
2 Reappointment	Masayoshi Kitamura (May 11, 1947)	<p>April 1972      Joined the Company</p> <p>June 2000      Department Director of Corporate Planning &amp; Administration Dept.</p> <p>June 2001      Executive Director, Department Director of Corporate Planning &amp; Administration Dept.</p> <p>April 2002      Executive Director</p> <p>June 2004      Executive Managing Director</p> <p>June 2007      Executive Vice President and Representative Director</p> <p>June 2009      President and Representative Director (current position)</p>	26,440 shares
3 Reappointment	Yoshihiko Sakanashi (November 12, 1953)	<p>April 1976      Joined the Company</p> <p>July 2001      Office Director of Business Development Strategy Office</p> <p>October 2002    Executive Officer, Department Director of Business Planning Dept.</p> <p>June 2004      Executive Director</p> <p>June 2007      Executive Managing Director</p> <p>June 2009      Executive Vice President and Representative Director (current position)</p>	13,540 shares
4 Reappointment	Minoru Hino (November 11, 1947)	<p>April 1971      Joined the Company</p> <p>June 2000      Department Director of Nuclear Power Dept.</p> <p>April 2002      Executive Officer, Department Director of Nuclear Power Dept.</p> <p>June 2004      Executive Officer, Special Advisor</p> <p>June 2006      Executive Director</p> <p>June 2007      Executive Managing Director</p> <p>June 2010      Executive Vice President and Representative Director (current position)</p>	17,700 shares

<b>Candidate Number</b>	<b>Name (Date of Birth)</b>	<b>Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities as a Director of the Company</b>	<b>Number of Shares of the Company Held</b>
5 Reappointment	Toshifumi Watanabe (March 10, 1955)	<p>April 1977      Joined the Company</p> <p>April 2002      Department Director of Corporate Planning &amp; Administration Dept. and Office Director of Privatization Office, Corporate Planning &amp; Administration Dept.</p> <p>October 2002    Department Director of Corporate Planning &amp; Administration Dept. and Office Director of Privatization Office, Corporate Planning &amp; Administration Dept.</p> <p>June 2004      Department Director of Corporate Planning &amp; Administration Dept.</p> <p>June 2006      Executive Director</p> <p>June 2009      Executive Managing Director</p> <p>June 2012      Executive Director and Executive Managing Officer</p> <p>June 2013      Executive Vice President and Representative Director (current position)</p>	12,700 shares
6 Reappointment	Seigo Mizunuma (May 1, 1953)	<p>April 1978      Joined the Company</p> <p>June 2004      Executive Officer, Department Director of International Activities Dept.</p> <p>June 2007      Executive Managing Officer, Department Director of International Power Business Management Dept.</p> <p>July 2008      Executive Managing Officer</p> <p>June 2009      Executive Director</p> <p>June 2012      Executive Director and Executive Managing Officer (current position)</p>	11,200 shares
7 Reappointment	Kuniharu Takemata (September 29, 1954)	<p>April 1978      Joined the Company</p> <p>June 2004      Department Director of Business Planning Dept.</p> <p>June 2006      Executive Officer, Department Director of Business Planning Dept.</p> <p>July 2006      Executive Officer, Department Director of Corporate Planning &amp; Administration Dept.</p> <p>June 2007      Executive Managing Officer, Department Director of Corporate Planning &amp; Administration Dept.</p> <p>June 2009      Executive Director</p> <p>June 2012      Executive Director and Executive Managing Officer (current position)</p>	15,100 shares
8 Reappointment	Junji Nagashima (September 5, 1952)	<p>April 1978      Joined the Company</p> <p>April 2006      Department Director of Nuclear Power Dept.</p> <p>June 2007      Executive Officer, Department Director of Nuclear Power Dept.</p> <p>May 2008      Executive Officer, Department Director of Nuclear Power Construction Dept.</p> <p>June 2009      Executive Managing Officer, Department Director of Nuclear Power Construction Dept.</p> <p>June 2010      Executive Director</p> <p>June 2012      Executive Director and Executive Managing Officer (current position)</p>	12,100 shares

<b>Candidate Number</b>	<b>Name (Date of Birth)</b>	<b>Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities as a Director of the Company</b>	<b>Number of Shares of the Company Held</b>
9 Reappointment	Hitoshi Murayama (February 2, 1954)	<p>April 1980      Joined the Company</p> <p>June 2008      Department Director of Thermal Power Dept.</p> <p>June 2009      Executive Officer, Department Director of Thermal Power Dept.</p> <p>June 2010      Executive Officer, Department Director of Thermal Power Engineering Dept.</p> <p>December 2011 Executive Officer, Department Director of Thermal Power Engineering Dept.</p> <p>June 2012      Executive Director and Executive Managing Officer (current position)</p>	10,200 shares
10 Reappointment	Masato Uchiyama (July 23, 1955)	<p>April 1978      Joined the Company</p> <p>March 2005     Department Director of Energy Business Dept.</p> <p>July 2008      Special Advisor and Department Director of Energy Business Dept.</p> <p>June 2009      Executive Officer, Department Director of Energy Business Dept.</p> <p>December 2011 Executive Managing Officer</p> <p>June 2013      Executive Director and Executive Managing Officer (current position)</p>	7,400 shares
11 Reappointment	Naori Fukuda (March 25, 1956)	<p>April 1979      Joined the Company</p> <p>June 2008      Department Director of Civil and Electrical Engineering Dept.</p> <p>June 2010      Executive Officer, Department Director of Civil and Electrical Engineering Dept.</p> <p>June 2012      Executive Managing Officer</p> <p>June 2013      Executive Director and Executive Managing Officer (current position)</p>	8,800 shares
12 Reappointment	Go Kajitani (November 22, 1936)	<p>April 1967      Registered as an attorney at law (Dai-ichi Tokyo Bar Association) Joined KAJITANI LAW OFFICES</p> <p>April 1998      President of Dai-ichi Tokyo Bar Association, Vice President of Japan Federation of Bar Associations</p> <p>April 1999      Senior Partner of KAJITANI LAW OFFICES</p> <p>June 2003      Outside Audit &amp; Supervisory Board Member of NICHIAS Corporation</p> <p>April 2004      President of Japan Federation of Bar Associations</p> <p>June 2007      Chairman of the Central Third-Party Committee to Check Pension Records, the Ministry of Internal Affairs and Communications</p> <p>June 2009      Non-Executive Director (Outside Director) of the Company (current position)</p> <p>April 2011      President of Japan Legal Support Center</p> <p>June 2011      Outside Audit &amp; Supervisory Board Member of The Yokohama Rubber Company, Limited (current position)</p>	0 shares

<b>Candidate Number</b>	<b>Name (Date of Birth)</b>	<b>Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities as a Director of the Company</b>	<b>Number of Shares of the Company Held</b>
13 New Appointment	Mariko Fujii (March 9, 1955)	<p>April 1977      Joined the Ministry of Finance</p> <p>July 1997      Director of the International Research Division, Customs and Tariff Bureau, the Ministry of Finance</p> <p>April 1999      Associate Professor of Research Center for Advanced Science and Technology, the University of Tokyo</p> <p>March 2001     Professor of Research Center for Advanced Economic Engineering, the University of Tokyo</p> <p>April 2004      Professor of Research Center for Advanced Science and Technology, the University of Tokyo (National University Corporation) (current position)</p>	0 shares

Notes:

1. There is no conflict of interest between any of the Director candidates and the Company.
2. Of the Director candidates, Messrs. Yasuo Maeda, Masayoshi Kitamura, Yoshihiko Sakanashi, Minoru Hino, Toshifumi Watanabe, Seigo Mizunuma, Kuniharu Takemata, Junji Nagashima, Hitoshi Murayama, Masato Uchiyama, Naori Fukuda and Go Kajitani are currently Directors of the Company, and their duties and responsibilities are as described on pages 26 to 27.
3. Mr. Go Kajitani is an Outside Director candidate. The Company has appointed him as an independent director/auditor specified by the Tokyo Stock Exchange.
  - (1) With his distinguished knowledge as an attorney at law and abundant experience in the legal profession, the Company endorses his election as an Outside Director. Although he has no experience in the management of a company other than as an Outside Director/Outside Audit & Supervisory Board Member, for the aforementioned reasons, the Company judged that he would be able to appropriately execute the duties of Outside Director.
  - (2) He currently serves as an Outside Director of the Company, and his term of office will be five years as of the end of this General Meeting of Shareholders.
  - (3) The Company has entered into a contract with him that limits his liability for damages arising from failure to perform duties in accordance with Article 427, Paragraph 1 of the Companies Act. The limit under that contract will be the amount prescribed by the applicable laws and regulations. If he is elected, it is planned to continue the limited liability contract.
4. Ms. Mariko Fujii is an Outside Director candidate. If she is elected, the Company intends to appoint her as an independent director/auditor specified by the Tokyo Stock Exchange.
  - (1) With her distinguished knowledge and abundant experience she acquired through working in the administration and researches about financial economics and public policy, the Company endorses her election as an Outside Director. Although she has no experience in the management of a company, for the aforementioned reasons, the Company judged that she would be able to appropriately execute the duties of Outside Director.
  - (2) If she is elected, the Company intends to enter into a contract with her that limits her liability for damages arising from failure to perform duties in accordance with Article 427, Paragraph 1 of the Companies Act. The limit under that contract will be the amount prescribed by the applicable laws and regulations.

### Proposal 3: Election of One (1) Audit & Supervisory Board Member

Mr. Takashi Fujiwara, who serves as an Outside Audit & Supervisory Board Member, will resign as of the end of this meeting.

Accordingly, the Company proposes the election of one (1) Audit & Supervisory Board Member.

The Audit & Supervisory Board has approved this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

	<b>Name (Date of Birth)</b>	<b>Brief Personal History, Status of Major Concurrent Positions, and Duties as an Audit &amp; Supervisory Board Member of the Company</b>	<b>Number of Shares of the Company Held</b>
New Appointment	Hiroshi Fujioka (June 2, 1954)	April 1977      Joined the Ministry of Finance July 2008      Director-General of Customs and Tariff Bureau, the Ministry of Finance July 2009      Director-General for Policy Planning, the Ministry of Land, Infrastructure, Transport and Tourism January 2012    Senior Executive Vice President of Japan Housing Finance Agency (Incorporated Administrative Agency) January 2014    Councilor of the Minister's Secretariat, the Ministry of Finance February 2014   Retired from the Ministry of Finance (current position)	0 shares

Notes:

1. There is no conflict of interest between the Audit & Supervisory Board Member candidate and the Company.
2. Mr. Hiroshi Fujioka is an Outside Audit & Supervisory Board Member candidate. If he is elected, the Company intends to appoint him as an independent director/auditor specified by the Tokyo Stock Exchange.
  - (1) With his distinguished knowledge and abundant experience he acquired through working in the administration for a long time, the Company endorses his election as an Outside Audit & Supervisory Board Member. Although he has no experience in the management of a company, for the aforementioned reasons, the Company judged that he would be able to appropriately execute the duties of Outside Director.
  - (2) If he is elected, the Company intends to enter into a contract with him that limits his liability for damages arising from failure to perform duties in accordance with Article 427, Paragraph 1 of the Companies Act. The limit under that contract will be the amount prescribed by the applicable laws and regulations.



(Attachments)

**BUSINESS REPORT (from April 1, 2013 to March 31, 2014)**

**I Items Regarding Status of Group Operations**

**1. Overview of Operations**

During the fiscal year under review, the Japanese economy saw increasing signs of gradual recovery particularly in domestic demand such as consumption owing to the effect of the monetary and fiscal policies adopted by the government combined with its growth strategy.

Demand for electricity has been nearly at the same level as the previous fiscal year as an increase in air-heating demand due to generally lower temperatures in February and March as compared to those of the previous fiscal year was offset by a decrease in air-cooling demand due in part to generally lower temperatures in September as compared to those of the previous fiscal year.

The sales volume of hydroelectric power in the wholesale electric power business for the fiscal year decreased by 3.0% year on year to 8.7 billion kWh, due to such factors as a year-on-year decline in the water supply rate (from 102% to 99%) and the effect of the suspension of operation of some power stations. Meanwhile, the sales volume of thermal power stood at 54.3 billion kWh (with a load factor of 79%), which was roughly flat with the previous fiscal year. As a result, the total sales volume of the wholesale electric power business, combining the hydroelectric and thermal power, decreased by 0.5% year on year to 63.0 billion kWh. The sales volume of other electric power businesses increased by 4.7% year on year to 2.3 billion kWh, due mainly to new inclusion of Mihama Seaside Power Co., Ltd., which became a consolidated subsidiary from September 2013. As a result, the sales volume of the overall electric power business decreased by 0.3% year on year to 65.4 billion kWh.

Electricity sales volume in the overseas business was 3.6 billion kWh, due to the commencement of commercial operation of Small Power Producers (SPP) projects in Thailand in a successive manner from January 2013.

Revenues from hydroelectric power in the wholesale electric power business decreased due in part to a decrease in the water supply rate and the effect of the suspension of operation of some power stations and from thermal power due in part to reduction in basic rates. However, sales (operating revenue) increased by 7.7% year on year to 706.8 billion yen as revenue increased due mainly to the commencement of commercial operation of the abovementioned projects in Thailand. Total ordinary revenues, which are calculated by adding non-operating income to operating revenue, increased by 8.2% year on year to 729.1 billion yen.

Meanwhile, operating expenses increased by 7.7% year on year to 647.6 billion yen due mainly to an increase in fuel costs in relation to the commencement of commercial operation of the projects in Thailand despite a decrease in depreciation owing to progress in depreciation. Non-operating expenses increased by 51.7% year on year to 41.4 billion yen due mainly to foreign exchange losses. Total ordinary expenses also increased by 9.6% year on year to 689.1 billion yen.

As a result of the above, ordinary income decreased by 10.6% year on year to 40.0 billion yen, and net income for the fiscal year after income taxes decreased by 3.7% year on year to 28.6 billion yen.

## **2. Current Challenges**

In the operational climate that surrounds the J-POWER Group, the Group is required to accomplish further enhancement of its business base to respond to increased competition due to the Electricity System Reform, while facing many challenges to overcome such as increased risk of facility issues due to high load factors and aging of existing facilities, lack of clarity regarding the direction of nuclear policies and global environmental problems such as CO<sub>2</sub> emissions regulations.

Under such a climate, the Group will make steady progress in enhancing technical strengths and securing facility reliability as its core efforts in enhancing its business base in order to respond to the increasingly competitive environment and to continue to contribute to the stable electricity supply. In order to ensure further growth, we will also make progress with the initiatives for growth through new developments to secure medium- to long-term supply capacity, which is driven by domestic base load power sources that take environmental impact into consideration, thereby striving to increase our corporate value.

### **(1) Initiatives for Enhancement of Business Base**

#### **(a) Measures to Secure Facility Reliability**

The J-POWER Group will have enhanced facility maintenance and aging countermeasures in place for our thermal power, hydroelectric power and transmission and substation facilities to respond to demands for higher load factors without any trouble. Concurrently, disaster measures and environmental measures will be implemented appropriately to secure stable operation of the facilities.

In March 2014, there was an incident where the low pressure turbine rotor fell in the No. 2 generator at Matsuura Thermal Power (Matsuura-shi, Nagasaki Prefecture) during routine inspection. The Group is fully aware of the gravity of this incident in the current austere electricity supply-and-demand environment and is making concerted efforts toward early recovery. Meanwhile, we are engaged in full-scale efforts to uncover the cause of the matter as early as possible so as to set in place and thoroughly implement recurrence prevention measures.

#### **(b) Business Operation that Meets Our Corporate Social Responsibility**

While consistently promoting improvement in corporate governance in response to changes in the business environment, the J-POWER Group strives to earn and maintain the trust of society, by making every effort to ensure that an awareness of compliance is firmly established throughout the Group.

In addition, through solid measures to ensure safety and crisis management as well as enhanced abilities to respond to disasters, we will support the stable supply of electric power while contributing to a sustainable development of society through promotion of environmental management and the harmonious coexistence with communities and society at large.

#### **(c) Responses to Changes in the Business Environment and Enhancement of Business Base**

The J-POWER Group is engaged in developing new power sources, maintaining and improving reliability of existing facilities and cost reduction to synergistically enhance competitiveness on a group-wide basis, while enhancing our business base so as to respond to developments in electricity system reforms and any other changes in the business environment in the future.

Furthermore, through human resources development aiming for capacity building for each and every Group employee in aspects including technical strengths, which form the trunk of our operations, we will build an organization that can flexibly respond to changes in the business environment and strengthen the foundations of our corporation.

## **(2) Initiatives for Growth Based on New Development**

### **(a) Replacing or Constructing New/Additional Coal Thermal Power Stations in Japan and Research and Technical development**

The J-POWER Group will, in its efforts to respond to the demand from society to provide a stable supply of electricity in the medium- to long-term, strive to improve efficiency by replacing aging thermal power stations and develop base load power sources that utilize coal-fired thermal power. To this end, we will make steady progress with the Takehara No.1 Thermal Power generator replacement plan (Takehara-shi, Hiroshima Prefecture; planned commencement of operation in 2020) as well as the Kashima Power plan (Kashima-shi, Ibaraki Prefecture; planned commencement of operation in 2020) which is being conducted through joint investment with Nippon Steel & Sumitomo Metal Corporation and provide coal-fired thermal power generation meeting the world's highest efficiency levels. We will continue to maximize on business opportunities to replace or construct new facilities to follow these projects.

In addition, we are engaged in initiatives to develop technologies that bring forth power generation with lower carbon footprint and higher efficiency, such as Integrated coal Gasification Combined Cycle (IGCC) power generation and CO<sub>2</sub> Capture and Storage (CCS). As part of this technological development, the Group has established the Osaki CoolGen Corporation (Osakikamijima-cho, Toyota-gun, Hiroshima Prefecture) jointly with the Chugoku Electric Power Company. We are currently constructing a demonstration facility with the aim of commencing demonstration testing for oxygen-blown IGCC technologies in FY2016.

### **(b) Steady Progress of Ohma Nuclear Power Construction**

The J-POWER Group is currently constructing the Ohma Nuclear Power Station (output 1,383 MW; commencement of operation is to be determined) that will use uranium plutonium mixed oxide (MOX) fuel in Ohma-machi, Shimokita-gun, Aomori Prefecture.

The construction of the power station is a core project for nuclear fuel recycling through plutonium use while responding to the twofold needs for securing base load power sources that provide a stable supply of energy and taking global warming countermeasures. For this reason, with safety as a fundamental priority, the Group will continue to garner the understanding of the local community to steadily progress with the project.

Currently, preparations are underway to gain approval for changes to nuclear reactor installation to pass conformity reviews to new regulatory requirements by the Nuclear Regulation Authority. After submitting the application as soon as possible, we will receive reviews by the Nuclear Regulation Authority and aim to commence operation in the near future.

### **(c) Increased Engagement with Renewable Energies**

The J-POWER Group is committed to the development of renewable energy towards attainment of a lower carbon footprint.

For wind power generation facilities, the Group continuously promotes the development of new projects by exploring potential sites favorable to setting up wind power stations, while increasing profitability through higher capacity utilization and more efficient maintenance and operation. The Group is also working on to put it into a practice to utilize offshore wind power.

For geothermal power generation, the Group is promoting the Wasabizawa Geothermal project (Yuzawa-shi, Akita Prefecture; planned commencement of operation in 2019) through joint investment with Mitsubishi Materials Corporation and Mitsubishi Gas Chemical Company, Inc. while engaging in further initiatives to develop new projects for

other areas. In the medium- to small-scale hydropower business, we are progressing with construction work for the Kuttari Power Station (Shintoku-cho, Kamikawa-gun, Hokkaido Prefecture; planned commencement of operation in 2015).

In addition to the above initiatives, we are engaged in the steady introduction of biomass co-combustion at coal-fired power stations by promoting the business of converting sewage sludge and other biomass resources into fuel.

**(d) Steady Development in the Overseas Business**

With respect to the overseas businesses, the J-POWER Group currently has 35 power stations operating in seven countries and regions with a combined owned capacity of approximately 4,600 MW (as of March 31, 2014).

In Thailand, the Group is currently engaged in the development of the Nong Saeng IPP project (1,600 MW; planned commencement of operation in 2014) and the U-Thai IPP project (1,600 MW; planned commencement of operation in 2015). In addition, Central Java coal thermal IPP project (2,000 MW) is in preparation in Indonesia. As land acquisition has not been completed as scheduled, the commencement of the construction for the project has been delayed from its initial plan in October 2012, but the Group continuously strives to commence the construction at an earliest possible date in cooperation with the project partners. (The finance syndication term deadline on the long-term electricity sales agreement was set for October 2013, but it has been extended to October 2014.)

Once these power stations are all in operation, the owned capacity is projected to be approximately 8,000 MW. The Group will continue to cultivate new projects for the future, while committing to the steady execution of these projects under construction and in preparation, and the improvement of its earning capacity in the overseas businesses including existing projects.

### 3. Capital Investment

Total Capital Investment: 195,026 million yen

Major Facilities under Construction

<b>Power Generation Facility</b>	<b>Power Transmission Facility</b>
(Nuclear Power) Ohma Nuclear Power Station (1,383 MW)	(Transmission) Ohma Main-Transmission Line (500 kV, 61 km in length)

### 4. Financing Activities

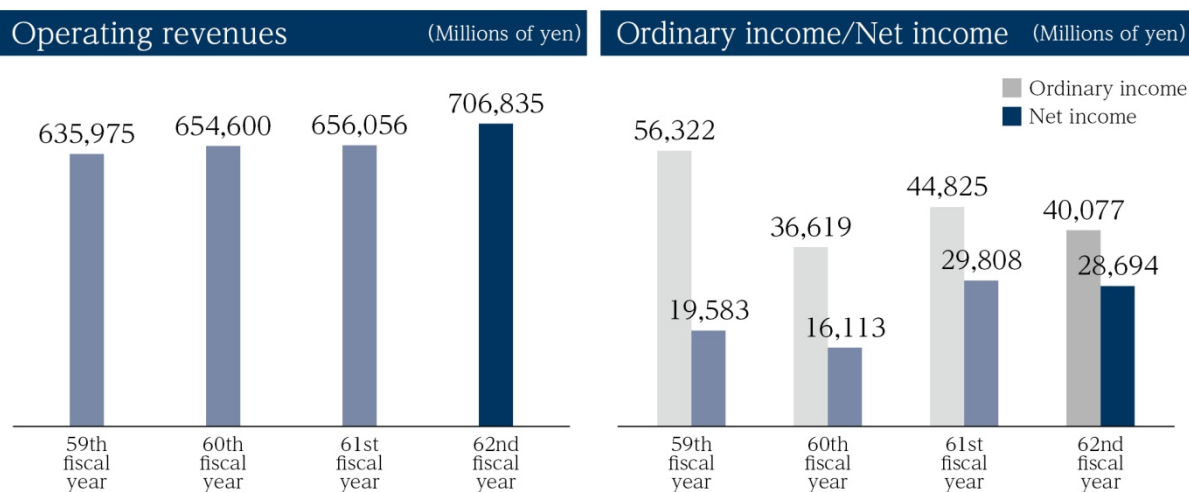
The following corporate bond issuance and long-term loans have been made in order to fund capital investment and pay down interest-bearing debt.

<b>Category</b>	<b>Amount</b>	<b>Remarks</b>
Bonds	80,000 million yen	Domestic straight bonds
Long-term Loans	241,625 million yen	
Total	321,625 million yen	

## 5. Trend in Assets and Profit/Loss

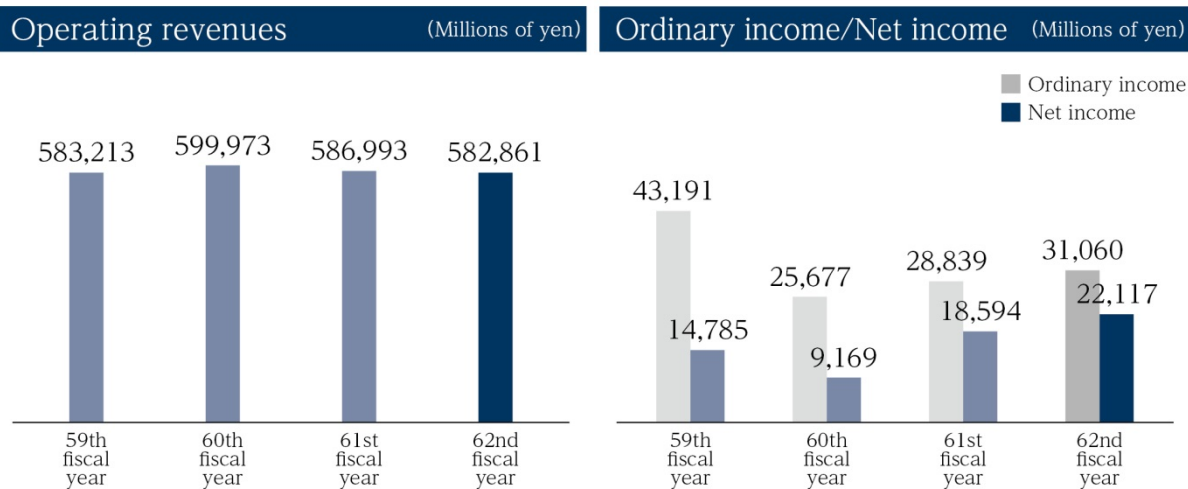
### (1) Trend in Assets and Profit/Loss (Consolidated)

Category	59th fiscal year (FY2010)	60th fiscal year (FY2011)	61st fiscal year (FY2012)	62nd fiscal year (FY2013)
Operating revenues (millions of yen)	635,975	654,600	656,056	706,835
Ordinary income (millions of yen)	56,322	36,619	44,825	40,077
Net income (millions of yen)	19,583	16,113	29,808	28,694
Earnings per share (yen)	130.51	107.39	198.65	191.23
Total assets (millions of yen)	2,012,386	2,016,394	2,169,909	2,385,216
Net assets (millions of yen)	414,898	406,192	453,885	519,477



**(2) Trend in Assets and Profit/Loss (Non-consolidated)**

Category	59th fiscal year (FY2010)	60th fiscal year (FY2011)	61st fiscal year (FY2012)	62nd fiscal year (FY2013)
Operating revenues (millions of yen)	583,213	599,973	586,993	582,861
Ordinary income (millions of yen)	43,191	25,677	28,839	31,060
Net income (millions of yen)	14,785	9,169	18,594	22,117
Earnings per share (yen)	98.53	61.11	123.92	147.40
Total assets (millions of yen)	1,884,830	1,844,261	1,870,291	1,926,731
Net assets (millions of yen)	349,079	346,039	358,950	374,689



## 6. Major Areas of Operation (as of March 31, 2014)

The business of the J-POWER Group is comprised of four business segments. The “electric power business,” which consists of wholesale electric power business operated by the Company as a core, as well as other electric power businesses operated by its subsidiaries and affiliates, such as the wind power business, the wholesale electricity supply business provided by IPPs (independent power producers) for general electric utilities, and the wholesale electricity supply business for PPSs (Power Producers and Suppliers) etc. The other segments are the “electric power-related businesses,” which complement the electric power business and contribute to its smooth and efficient operation, the “overseas business,” which consists of power generation business and related businesses in overseas countries, and “other businesses,” which utilize the Group’s management resources and expertise, for example, the coal sales business.

Segment	Major Areas of Activity
Electric Power Business	Wholesale electric power business, other electric power businesses
Electric Power-Related Businesses	Design, installation, inspection, and repair of power generation equipment for power stations; operation of port facilities for fuel and coal ash; coal mine development; coal importing and transport; biomass fuel procurement and production; management of welfare facilities; and computer services, etc.
Overseas Business	Investment in overseas power generation and its related businesses; overseas engineering consulting business, etc.
Other Businesses	Waste-fueled power generation; cogeneration system business; environment-related businesses; IT communications; domestic engineering consulting business; and coal sales business, etc.

A brief overview of the business results of each business segment is provided below.

### (Electric Power Business)

Sales (Electric Power Business Operating Revenue) for the fiscal year increased by 0.4% year on year to 610.7 billion yen. This was due mainly to the increase of revenues from the other electric power businesses resulting from new inclusion of Mihama Seaside Power Co., Ltd. as a fully-consolidated subsidiary as of September 2013, despite the decrease of revenues from the wholesale hydroelectric power due mainly to the reduction of the water supply rate and the effect of a hydroelectric power station’s suspension of operation, and from the wholesale thermal power, due mainly to the reduction of basic rates.

Segment income decreased by 6.4% year on year to 29.0 billion yen, due mainly to an increase in fuel costs accompanying devaluation of the yen despite an increase in sales.

### (Electric Power-Related Businesses)

Sales (Other Business Operating Revenue) for the fiscal year increased by 4.5% year on year to 361.3 billion yen, due mainly to an increase in revenue from order receipts of facility upgrade works by consolidated subsidiaries of the Company.

Segment income increased by 5.8% year on year to 9.6 billion yen, due mainly to an increase in sales.

### (Overseas Business)

Sales (Overseas Operating Revenue) for the fiscal year increased by 41.1 billion yen year on year to 42.8 billion yen, due to the commencement of commercial operation of projects in Thailand.



Segment income decreased by 98.7% year on year to 0.05 billion yen, due mainly to foreign exchange losses despite an increase in equity earnings of affiliates.

**(Other Businesses)**

Sales (Other Business Operating Revenue) for the fiscal year increased by 6.5% year on year to 26.3 billion yen, due mainly to an increase in telecommunication construction sales by consolidated subsidiaries of the Company.

Segment income decreased by 0.03 billion yen year on year to 0.9 billion yen, due mainly to an increase in cost of sales.

## 7. Major Subsidiaries (as of March 31, 2014)

Company Name	Capital (millions of yen)	Equity Share (%)	Primary Areas of Business
<b>Electric Power Business</b>			
Bay Side Energy Co., Ltd.	2,400	100	Electric power supplier
Mihama Seaside Power Co., Ltd.	914	100	Electric power supplier
Green Power Aso Co., Ltd.	490	100	Wind power facilities construction and operation
J-Wind Co., Ltd.	100	100	Wind power facilities construction and operation
Japan Clean Energy Development Co., Ltd.	95	100	Wind power facilities construction and operation
Sarakitomanai Wind Power Co., Ltd.	30	100	Wind power facilities construction and operation
Minami Kyushu Wind Power Co., Ltd.	320	99	Wind power facilities construction and operation
ITOIGAWA POWER Inc.	1,006	80	Electric power supplier
Nagasaki-Shikamachi Wind Power Co., Ltd.	490	70	Wind power facilities construction and operation
Nikaho-kogen Wind Power Co., Ltd.	100	67	Wind power facilities construction and operation
Ichihara Power Co., Ltd.	600	60	Electric power supplier
<b>Electric Power-Related Businesses</b>			
J-POWER AUSTRALIA PTY. LTD.	548 (million AUD)	100	Investment in coal mine development projects in Australia
JPec Co., Ltd.	500	100	Construction, engineering, design, consulting, and maintenance inspections for thermal and nuclear power stations; shipping of coal for thermal power stations; sales of fly ash, and marine transport of coal fuel for electricity generation; environmental protection studies and planning
JPHYTEC Co., Ltd.	500	100	Construction, engineering, design, consulting, and maintenance inspections for hydroelectric power stations and transmission & transformation facilities; real estate indemnity, land surveying, civil engineering work, general architecture, construction supervision
JP Business Service Corporation	450	100	Management of welfare facilities; building maintenance; administrative, labor, and accounting services; computer software development
J-POWER RESOURCES Co., Ltd.	450	100	Coal imports, sales, transportation
J-POWER EnTech Inc.	177	100	Engineering of equipment for removal of atmospheric and water pollutants
KEC Corporation	110	100	Installation and maintenance of applied electronic and communications equipment
JPOWER GENEX CAPITAL Co., Ltd.	100	100	Management of IPP joint venture projects
J-Wind Service Co., Ltd.	50	100	Wind power facilities maintenance and operation
JP Design Co., Ltd.	20	100	Design, supervision, research and consultant services for electric power facilities and other general facilities
Miyazaki Wood Pellet Co., Ltd.	300	98	Management and maintenance of woody pellet production facilities, procurement of forest waste
JM Activated Coke, Inc.	490	90	Production and sales of activated coke
EPDC CoalTech and Marine Co., Ltd.	20	100 (100)	Marine transport of coal ash, fly ash

Company Name	Capital (millions of yen)	Equity Share (%)	Primary Areas of Business
<b>Overseas Business</b>			
J-Power Investment Netherlands B.V.	66 (million USD)	100	Management of overseas investments
J-POWER Consulting (China) Co., Ltd.	6 (million RMB)	100	Management of overseas investments, research and development activities
J-POWER North America Holdings Co., Ltd.	1 (USD)	100	Management of overseas investments
J-POWER Holdings (Thailand) Co., Ltd.	19,149 (million bahts)	100 (100)	Management of overseas investments
J-POWER Generation (Thailand) Co., Ltd.	39 (million bahts)	100 (100)	Management of overseas investments, research and development activities
J-POWER USA Investment Co., Ltd.	32 (USD)	100 (100)	Management of overseas investments
J-POWER USA Development Co., Ltd.	1 (USD)	100 (100)	Research and development of overseas investments
Gulf JP Co., Ltd.	19,391 (million bahts)	90 (90)	Management of overseas investments
Gulf JP NNK Co.,Ltd.	1,490 (million bahts)	90 (90)	Electric power supplier
Gulf JP CRN Co.,Ltd.	1,440 (million bahts)	90 (90)	Electric power supplier
Gulf JP NK2 Co.,Ltd.	1,370 (million bahts)	90 (90)	Electric power supplier
Gulf JP TLC Co.,Ltd.	1,365 (million bahts)	90 (90)	Electric power supplier
Gulf JP KP1 Co.,Ltd.	1,360 (million bahts)	90 (90)	Electric power supplier
Gulf JP KP2 Co.,Ltd.	1,275 (million bahts)	90 (90)	Electric power supplier
Gulf JP NLL Co.,Ltd.	1,384 (million bahts)	67 (67)	Electric power supplier

<b>Company Name</b>	<b>Capital (millions of yen)</b>	<b>Equity Share (%)</b>	<b>Primary Areas of Business</b>
<b>Other Businesses</b>			
KAIHATSU HIRYOU Co., Ltd.	450	100	Production and sales of coal ash-based fertilizer
Japan Network Engineering Co., Ltd.	50	100	Telecommunications; operation and maintenance of telecommunications facilities
Omuta Plant Service Co., Ltd.	50	100	Operation and maintenance of waste-fueled power stations
Biocoal Osaka-Hirano Co., Ltd.	50	60	Construction and operation of sewage sludge to fuel conversion facilities
Greencoal Saikai Co., Ltd.	20	60	Operation of facilities to process non-industrial waste into carbonized fuel

- Notes:
1. Equity share in parentheses indicates the level of indirect holdings.
  2. The Company has 72 consolidated subsidiaries, including the major subsidiaries as listed above, and 80 affiliates accounted for by the equity method.
  3. On April 1, 2014, Green Power Aso Co., Ltd. and Sarakitomanai Wind Power Co., Ltd. were merged into J-Wind Co., Ltd. in an absorption-type merger.

## 8. Major Business Locations (as of March 31, 2014)

### (1) The Company's Major Offices and Power Stations

#### (a) Offices

Office Name		Location
Head Office		Chuo-ku, Tokyo
Regional Headquarters	Hokkaido Regional Headquarter	Sapporo-shi, Hokkaido Pref.
	East Regional Headquarter	Kawagoe-shi, Saitama Pref.
	Chubu Regional Headquarter	Kasugai-shi, Aichi Pref.
	West Regional Headquarter	Osaka-shi, Osaka Pref.

#### (b) Power Stations

Sector	Power Station Name (Location)
Hydroelectric Power (Output of 100 MW or more)	Okutadami, Tagokura, Otori, Shimogo (all in Fukushima Pref.), Okukiyotsu, Okukiyotsu #2 (both in Niigata Pref.), Numappara (Tochigi Pref.), Shintoyone (Aichi Pref.), Sakuma (Shizuoka Pref.), Miboro (Gifu Pref.), Nagano (Fukui Pref.), Tedorigawa #1 (Ishikawa Pref.), Ikehara (Nara Pref.), Sendaigawa #1 (Kagoshima Pref.) (44 other power stations with output below 100 MW)
Thermal Power	Isogo (Kanagawa Pref.), Takasago (Hyogo Pref.), Takehara (Hiroshima Pref.), Tachibanawan (Tokushima Pref.), Matsuura, Matsushima (both in Nagasaki Pref.), Ishikawa Coal Thermal (Okinawa Pref.), Onikobe Geothermal (Miyagi Pref.)

## (2) Location of Major Subsidiaries

Company Name	Head Office Location
Bay Side Energy Co., Ltd.	Chuo-ku, Tokyo
Mihama Seaside Power Co., Ltd.	Chiba-shi, Chiba Pref.
Green Power Aso Co., Ltd.	Nishihara-mura, Aso-gun, Kumamoto Pref.
J-Wind Co., Ltd.	Chuo-ku, Tokyo
Japan Clean Energy Development Co., Ltd.	Chuo-ku, Tokyo
Sarakitomanai Wind Power Co., Ltd.	Wakkanai-shi, Hokkaido Pref.
Minami Kyushu Wind Power Co., Ltd.	Minami Osumi-cho, Kimotsuki-gun, Kagoshima Pref.
ITOIGAWA POWER Inc.	Itoigawa-shi, Niigata Pref.
Nagasaki-Shikamachi Wind Power Co., Ltd.	Sasebo-shi, Nagasaki Pref.
Nikaho-kogen Wind Power Co., Ltd.	Nikaho-shi, Akita Pref.
Ichihara Power Co., Ltd.	Ichihara-shi, Chiba Pref.
J-POWER AUSTRALIA PTY. LTD.	Australia
JPec Co., Ltd.	Chuo-ku, Tokyo
JPHYTEC Co., Ltd.	Chiyoda-ku, Tokyo
JP Business Service Corporation	Koto-ku, Tokyo
J-POWER RESOURCES Co., Ltd.	Chuo-ku, Tokyo
J-POWER EnTech Inc.	Minato-ku, Tokyo
KEC Corporation	Bunkyo-ku, Tokyo
JPOWER GENEX CAPITAL Co., Ltd.	Chuo-ku, Tokyo
J-Wind Service Co., Ltd.	Chuo-ku, Tokyo
JP Design Co., Ltd.	Chiyoda-ku, Tokyo
Miyazaki Wood Pellet Co., Ltd.	Kobayashi-shi, Miyazaki Pref.
JM Activated Coke, Inc.	Kitakyushu-shi, Fukuoka Pref.
EPDC CoalTech and Marine Co., Ltd.	Chuo-ku, Tokyo
J-Power Investment Netherlands B.V.	The Netherlands
J-Power Consulting (China) Co., Ltd.	The People's Republic of China
J-POWER North America Holdings Co., Ltd.	U.S.A.
J-POWER Holdings (Thailand) Co., Ltd.	Thailand
J-POWER Generation (Thailand) Co., Ltd.	Thailand
J-POWER USA Investment Co., Ltd.	U.S.A.
J-POWER USA Development Co., Ltd.	U.S.A.
Gulf JP Co., Ltd.	Thailand
Gulf JP NNK Co.,Ltd.	Thailand

<b>Company Name</b>	<b>Head Office Location</b>
Gulf JP CRN Co.,Ltd.	Thailand
Gulf JP NK2 Co.,Ltd.	Thailand
Gulf JP TLC Co.,Ltd.	Thailand
Gulf JP KP1 Co.,Ltd.	Thailand
Gulf JP KP2 Co.,Ltd.	Thailand
Gulf JP NLL Co.,Ltd.	Thailand
KAIHATSU HIRYOU Co., Ltd.	Takehara-shi, Hiroshima Pref.
Japan Network Engineering Co., Ltd.	Chuo-ku, Tokyo
Omuta Plant Service Co., Ltd.	Omuta-shi, Fukuoka Pref.
Biocoal Osaka-Hirano Co., Ltd.	Osaka-shi, Osaka Pref.
Greencoal Saikai Co., Ltd.	Saikai-shi, Nagasaki Pref.

Notes: On April 1, 2014, Green Power Aso Co., Ltd. and Sarakitomanai Wind Power Co., Ltd. were merged into J-Wind Co., Ltd. in an absorption-type merger.

## 9. Employees (as of March 31, 2014)

### (1) Employees of the J-POWER Group

<b>Segment</b>	<b>Number of Employees</b>
Electric Power Business	2,326
Electric Power-Related Businesses	3,998
Overseas Business	713
Other Businesses	225
<b>Total</b>	<b>7,262</b>

Notes: 1. The number of employees represents a number of employees at work.

2. The number of temporary employees is omitted as it is less than 10% of the total.

### (2) Employees of the Company

<b>Number of Employees</b>	<b>Change Since Previous FY</b>	<b>Average Age</b>	<b>Average Years of Service</b>
2,352	-21	40.7	19.6

Notes: 1. The number of employees represents a number of employees at work, and does not include 734 employees on loan, etc.

2. The number of temporary employees is omitted as it is less than 10% of the total.

**10. Major Lenders** (as of March 31, 2014)

<b>Lender</b>	<b>Loan Balance at End of this Fiscal Year</b>
Mizuho Bank, Ltd.	90,397 million yen
Sumitomo Mitsui Banking Corporation	81,800 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	55,940 million yen
The Norinchukin Bank	50,000 million yen
Nippon Life Insurance Company	49,617 million yen

Note: In addition to those listed above, there are two other major borrowings for overseas business projects under loan syndication arrangements (158,964 million yen in total).



## II Items Regarding Shares of the Company

Shares (as of March 31, 2014)

- (1) Number of shares authorized for issue      660,000,000 shares
- (2) Number of shares issued                      166,569,600 shares  
(including 16,518,311 shares of treasury stock)
- (3) Number of shareholders                      32,727
- (4) Major shareholders (top 10 shareholders)

Shareholder Name	Number of share held (thousands)	Shareholding ratio (%)
Nippon Life Insurance Company	9,120	6.08
Mizuho Bank, Ltd.	7,465	4.98
Japan Trustee Services Bank, Ltd. (Account in Trust)	6,982	4.65
The Master Trust Bank of Japan, Ltd. (Account in Trust)	6,504	4.33
Sumitomo Mitsui Banking Corporation	4,295	2.86
J-POWER Employees Shareholding Association	3,917	2.61
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,331	2.22
Fukoku Mutual Life Insurance Company	2,750	1.83
JPMorgan Chase Bank, N.A. (Account 385078)	2,252	1.50
Sumitomo Mitsui Trust Bank, Limited	2,247	1.50

Note: The above shareholding ratios are calculated excluding treasury stock.

### III Items Regarding Directors/Audit & Supervisory Board Members of the Company

#### 1. Directors and Audit & Supervisory Board Members (as of March 31, 2014)

Title	Name	Roles and responsibilities of the current position and other major concurrent positions
Chairman and Representative Director	Yasuo Maeda	<ul style="list-style-type: none"> <li>• Company-wide compliance</li> <li>• Group technology improvements</li> </ul>
President and Representative Director	Masayoshi Kitamura	
Executive Vice President and Representative Director	Yoshihiko Sakanashi	<ul style="list-style-type: none"> <li>• Assistant to the president for businesses described below: <ul style="list-style-type: none"> <li>Corporate Planning &amp; Administration Dept.;</li> <li>Accounting &amp; Finance Dept.;</li> <li>Personnel &amp; Employee Relations Dept.;</li> <li>Siting &amp; Environment Dept.;</li> <li>Energy Business Dept.;</li> <li>Environment &amp; Energy Business Dept.;</li> <li>International Business Management Dept.; and</li> <li>International Business Development Dept.</li> </ul> </li> <li>• Compliance and risk management (matters under special assignment)</li> <li>• Hydroelectric power business (matters under special assignment)</li> <li>• Department Director of International Business (delegation of administrative works)</li> <li>• Regional operations (central)</li> </ul>
Executive Vice President and Representative Director	Minoru Hino	<ul style="list-style-type: none"> <li>• Assistant to the president for businesses described below: <ul style="list-style-type: none"> <li>Civil &amp; Architectural Engineering Dept.;</li> <li>Transmission System &amp; Telecommunications Dept.;</li> <li>Thermal Power Dept.;</li> <li>Thermal Power Engineering Dept.;</li> <li>Nuclear Power Management Dept.;</li> <li>Nuclear Power Construction Dept.;</li> <li>Ohma General Management Dept.; and</li> <li>Research &amp; Development Dept.</li> </ul> </li> <li>• Compliance and risk management (matters under special assignment)</li> <li>• Department Director of Nuclear Power Business (delegation of administrative works)</li> <li>• Regional operations (central, west &amp; east region)</li> </ul>

Title	Name	Roles and responsibilities of the current position and other major concurrent positions
Executive Vice President and Representative Director	Toshifumi Watanabe	<ul style="list-style-type: none"> <li>• Assistant to the president for businesses described below: <ul style="list-style-type: none"> <li>Secretarial Affairs &amp; Public Relations Dept.;</li> <li>General Affairs Dept.;</li> <li>Business Planning Dept.;</li> <li>Power Sales Dept.;</li> <li>Procurement Office;</li> <li>Power System Operation Dept.; and</li> <li>Hydropower Dept.;</li> </ul> </li> <li>• Compliance and risk management (matters under special assignment)</li> <li>• Disaster readiness</li> <li>• Nuclear power business (matters under special assignment)</li> <li>• Thermal power business (matters under special assignment)</li> <li>• Department Deputy Director of Nuclear Power Business (delegation of administrative works)</li> <li>• Regional operations (central region)</li> </ul>
Executive Director and Executive Managing Officer	Seigo Mizunuma	<ul style="list-style-type: none"> <li>• Accounting &amp; Finance Dept.</li> <li>• International Business Development Dept.</li> <li>• Department Deputy Director of International Business (delegation of administrative works)</li> </ul>
Executive Director and Executive Managing Officer	Kuniharu Takemata	<ul style="list-style-type: none"> <li>• Siting &amp; Environment Dept.</li> <li>• Environment &amp; Energy Business Dept.</li> <li>• Regional operations (east region)</li> </ul>
Executive Director and Executive Managing Officer	Junji Nagashima	<ul style="list-style-type: none"> <li>• Nuclear Power Construction Dept.</li> <li>• Ohma General Management Dept.</li> <li>• Department Deputy Director of Nuclear Power Business (delegation of administrative works)</li> </ul>
Executive Director and Executive Managing Officer	Hitoshi Murayama	<ul style="list-style-type: none"> <li>• Thermal Power Dept.</li> <li>• Thermal Power Engineering Dept.</li> <li>• Research &amp; Development Dept.</li> <li>• International power business (matters under special assignment)</li> <li>• Thermal power business (matters under special assignment)</li> <li>• Regional operations (west region)</li> </ul>
Executive Director and Executive Managing Officer	Masato Uchiyama	<ul style="list-style-type: none"> <li>• Personnel &amp; Employee Relations Dept.</li> <li>• Power Sales Dept.</li> <li>• Power System Operation Dept.;</li> </ul>
Executive Director and Executive Managing Officer	Naori Fukuda	<ul style="list-style-type: none"> <li>• Civil &amp; Architectural Engineering Dept.</li> <li>• Hydroelectric power business, thermal power engineering business, nuclear power business &amp; international power business (matters under special assignment)</li> <li>• Regional operations (central region)</li> </ul>
Non-Executive Director	Go Kajitani	<ul style="list-style-type: none"> <li>• Attorney at law (KAJITANI LAW OFFICES)</li> <li>• President of Japan Legal Support Center</li> <li>• Outside Audit &amp; Supervisory Board Member of The Yokohama Rubber Company, Limited</li> </ul>

<b>Title</b>	<b>Name</b>	<b>Roles and responsibilities of the current position and other major concurrent positions</b>
Senior Audit & Supervisory Board Member	Akira Samata	(Full-time)
Senior Audit & Supervisory Board Member	Takashi Fujiwara	(Full-time)
Audit & Supervisory Board Member	Hirotsada Tanou	(Full-time)
Audit & Supervisory Board Member	Mutsutake Otsuka	<ul style="list-style-type: none"> <li>• Advisor of East Japan Railway Company</li> <li>• Vice Chairman of Nippon Keidanren</li> <li>• Outside Director of JX Holdings, Inc.</li> </ul>
Audit & Supervisory Board Member	Kiyoshi Nakanishi	<ul style="list-style-type: none"> <li>• Adviser of GENESIS RESEARCH INSTITUTE, INC.</li> <li>• Audit &amp; Supervisory Board Member of TOYOTA TECHNOCRAFT Co., LTD.</li> </ul>

- Notes: 1. Mr. Go Kajitani, who serves as an Outside Director of the Company, was appointed by the Company as an independent director/auditor specified in the regulations of the Tokyo Stock Exchange.
2. KAJITANI LAW OFFICES, Japan Legal Support Center, and The Yokohama Rubber Company, Limited have no special relationship with the Company.
3. Mr. Go Kajitani, who serves as a Director of the Company, resigned from his position as President of Japan Legal Support Center as of April 9, 2014.
4. Mr. Takashi Fujiwara, who serves as an Outside Audit & Supervisory Board Member of the Company, was appointed by the Company as an independent director/auditor specified in the regulations of the Tokyo Stock Exchange.
5. Mr. Takashi Fujiwara, who serves as an Outside Audit & Supervisory Board Member of the Company, has a high level of knowledge in the area of finance and accounting as he has had experience in the management of a stock exchange.
6. Mr. Mutsutake Otsuka, who serves as an Outside Audit & Supervisory Board Member of the Company, was appointed by the Company as an independent director/auditor specified in the regulations of the Tokyo Stock Exchange.
7. East Japan Railway Company and JX Holdings, Inc. have no special relationship with the Company.
8. Mr. Mutsutake Otsuka, who serves as an Outside Audit & Supervisory Board Member of the Company, intends to assume the office of an Outside Director of NIPPON STEEL & SUMITOMO METAL CORPORATION as of June 25, 2014.
9. Mr. Kiyoshi Nakanishi, who serves as an Outside Audit & Supervisory Board Member of the Company, was appointed by the Company as an independent director/auditor specified in the regulations of the Tokyo Stock Exchange.
10. GENESIS RESEARCH INSTITUTE, INC. and TOYOTA TECHNOCRAFT Co., LTD. have no special relationship with the Company.
11. Mr. Kiyoshi Nakanishi, who serves as an Outside Audit & Supervisory Board Member, resigned from his position as Adviser of Toyota Central R&D Labs., Inc. as of June 28, 2013. Toyota Central R&D Labs., Inc. has no special relationship with the Company.

## 2. Directors' and Audit & Supervisory Board Members' Remuneration

<b>Category</b>	<b>Number of Persons</b>	<b>Total Amount</b>
Directors (Outside Directors)	14 (1)	417 million yen (9 million yen)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	6 (3)	109 million yen (44 million yen)
Total	20	527 million yen

- Notes: 1. The Directors' remuneration includes a performance-linked bonus of 48 million yen for this fiscal year.
2. The number of Directors and Audit & Supervisory Board Members includes two Directors and one Audit & Supervisory Board Member who have resigned at the end of 61st Ordinary General Meeting of Shareholders held on June 25, 2013.

### 3. Policy for the Determination of Remuneration for Directors and Audit & Supervisory Board Members

The Company has established a policy for determining the amount of remuneration for Directors and Audit & Supervisory Board Members as follows:

By resolution at the 54th Ordinary General Meeting of Shareholders held on June 28, 2006, the Directors' remuneration was capped at 625 million yen annually (a fixed monthly salary calculated according to position and a performance-linked bonus paid once a year. Employee salaries for Directors who serve in dual capacity as employees are excluded).

By resolution at the 54th Ordinary General Meeting of Shareholders held on June 28, 2006, the Audit & Supervisory Board Members' remuneration was capped at 120 million yen annually (a fixed monthly salary calculated according to position).

Specific amounts are determined within these limits by the Board of Directors in the case of Directors' remuneration and by consultation among Audit & Supervisory Board Members in the case of Audit & Supervisory Board Members' remuneration.

### 4. Items Regarding Outside Directors/Audit & Supervisory Board Members

#### (1) Major Concurrent Positions of Outside Officers and Their Relationships with the Company

Details of major concurrent positions of Outside Directors/Audit & Supervisory Board Members and their relationships with the Company are described on page 28.

#### (2) Key Activities in this Fiscal Year

Name (Title)	Key Activities
Go Kajitani (Non-Executive Director)	Has attended 11 of the 12 Board of Directors meetings and made comments primarily based on his distinguished knowledge and a wide range of experience as an attorney at law.
Takashi Fujiwara (Senior Audit & Supervisory Board Member)	Has attended 12 of the 12 Board of Directors meetings and 12 of the 12 Audit & Supervisory Board meetings and made comments primarily based on his distinguished knowledge and a wide range of experience in the management of a stock exchange.
Mutsutake Otsuka (Audit & Supervisory Board Member)	Has attended 12 of the 12 Board of Directors meetings and 12 of the 12 Audit & Supervisory Board meetings and made comments primarily based on his distinguished knowledge and a wide range of experience in the management of a listed company.
Kiyoshi Nakanishi (Audit & Supervisory Board Member)	Has attended 11 of the 12 Board of Directors meetings and 11 of the 12 Audit & Supervisory Board meetings and made comments primarily based on his distinguished knowledge and a wide range of experience in the management of a listed company.

### **(3) Overview of Limitation of Liability Contracts**

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into contracts with its Outside Directors and Outside Audit & Supervisory Board Members that limit their liability for damages arising from failure to perform duties. The limit of their liability under these contracts is the amount prescribed by the applicable laws and regulations.

#### IV Status of Accounting Auditors

##### 1. Name of Accounting Auditors

Ernst & Young ShinNihon LLC

##### 2. Amount of Accounting Auditor Remuneration in this Fiscal Year

Segment	Amount Paid
Amount of compensation paid in this fiscal year	96 million yen
Total amount owed to Accounting Auditor by the Company and its subsidiaries in the form of cash or other financial benefit	179 million yen

Notes: 1. According to the Auditing Agreement between the Company and its Accounting Auditor, no separation is made in auditor remuneration between auditing under the Companies Act and auditing under the Financial Instruments and Exchange Act, and since the two cannot, in fact, be distinguished, the amount noted above represents total compensation for services under both categories in the current fiscal year.

2. Of the Company's key subsidiaries, 6 companies, including J-POWER AUSTRALIA PTY. LTD. use the accounting audit services of other audit firms.

##### 3. Non-audit Services

The Company has entrusted its Accounting Auditor to provide certain services, such as an advisory service for the introduction of the International Accounting Standards, other than those defined in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan (non-audit services).

##### 4. Policy Regarding Discharge or Non-reelection of Accounting Auditors

In addition to the discharge of Accounting Auditors by the Audit & Supervisory Board, as provided for in Article 340 of the Companies Act, the Company, at the behest of or with the consent of its Audit & Supervisory Board, may put forth a proposal at its General Meeting of Shareholders calling for the discharge or non-reelection of its Accounting Auditors if they are deemed unable to adequately perform their duties, or for other justifiable reason.

## V Corporate Structure and Policies

### 1. Systems for Ensuring Appropriate Business Operations

Basis policy regarding the systems for ensuring appropriate execution of business operations (i.e. internal control systems) resolved by the Board of Directors is as follows:

#### **(1) Systems for Ensuring Proper Execution of Business Operations by Directors and Employees in Compliance with Laws and Regulations, and the Articles of Incorporation**

In accordance with the “J-POWER Codes of Conduct for Corporate Activities” based on the “J-POWER Corporate Philosophy,” the Directors shall strive under their own initiative to set an example of honest and fair conduct in a spirit of resolute compliance with the law and an ethical outlook, and to thoroughly instill the same in their employees. Furthermore, the Directors shall, and will thoroughly instruct its employees to, resolutely and in a definitive attitude, confront anti-social forces that threaten the order and safety of the civil society.

In order to further enhance the effectiveness of the supervisory function over the Board of Directors, we have established the position of Chairman who principally supervises as a Director, as well as the position of Outside Director who principally participates in the decision making for the management of the Company as a non-executive director.

In order to ensure appropriate execution of business operations, the Internal Audit Department shall, being functionally separated from other departments of the Company, independently conduct internal audit activities, and each department also conducts self-audit of the respective business operations.

In order to promote compliance in the activities of each employee, including managers, the “Compliance Code” has been formulated as a more specific criterion for assessing business activities. The Chairman shall be responsible for the company-wide compliance promotion system. The system for promoting compliance, as an organization that strives to discuss policies for promoting compliance, evaluate situations for carrying them out, and respond to issues of non-compliance throughout the Company, in addition to setting up Executive Vice President in charge of compliance who shall assist the Chairman and President and execute business operations promoting compliance, has set up the “Company-wide Compliance Action Committee” chaired by the Chairman, which is supported by two subcommittees on company-wide compliance promotion activities and on voluntary safety and security promotion activities based on safety regulations for the purpose of promptly and appropriately carrying out business operations concerning the promotion of compliance. The “Compliance Consultation Desk” has also been established in the Internal Audit Department along with an external law office to serve as a direct point of contact for employees to seek advice on compliance issues. In addition to these aspects of our compliance promotion system, an “Oath of Compliance” has been circulated to all Directors, Executive Officers, and employees in an effort to raise awareness of compliance issues in a handy, easy-to-read format.

In order to improve transparency and accountability of corporate activities, the “Disclosure Committee” chaired by the President has been set up to implement the timely disclosure of corporate information in a proactive, fair, and transparent manner.



In order to ensure the reliability of financial reports, we shall strive, in accordance with both internal and external laws and regulations, to maintain and implement internal control concerning financial reports for the entire J-POWER Group and to evaluate its effectiveness.

**(2) Systems for Maintaining and Managing Information Concerning the Directors' Execution of Business Operations**

Representative Directors and Executive Officers shall regularly, and whenever required, report on situations involving the execution of business operations either to meetings of the Board of Directors or the Executive Committee, record the meeting minutes thereof in accordance with both internal and external laws and regulations, and maintain and manage them appropriately. Documentation concerning the execution of other business operations shall also be appropriately drafted, maintained, and managed in accordance with internal regulations.

**(3) Regulations and Other Systems of Risk Management**

Regarding risks involved in the execution of corporate activities, we shall make thoroughgoing efforts through a mutually supervised decision-making process, discussions at all meeting bodies, and the maintenance of routine, internal regulation-based risk management systems, to raise awareness of risks and set up policies to avoid them, and also strive to minimize the impact of losses when risks occur.

**(4) Systems for Ensuring that Directors Efficiently Execute Business Operations**

The Board of Directors' meetings, in principle, shall be held once a month or when required with the attendance of all Directors and Audit & Supervisory Board Members including Outside Directors and Outside Audit & Supervisory Board Members. The Executive Committee attended by all Directors (excluding Outside Directors), Executive Managing Officers, and full-time Audit & Supervisory Board Members shall also be held, in principle, once a week to discuss essential Company-wide matters relevant to the President and Executive Vice President's execution of business operations on the basis of matters raised in Board of Directors meetings and policies decided by the Board of Directors. Furthermore, meetings of Management Executing Committee composed of all Representative Directors, affiliated Executive Officers, and full-time Audit & Supervisory Board Members shall, in principle, be held twice a month to discuss essential matters concerning the execution of business operations on a case-by-case basis. In addition to the allocation of functions through Board of Directors, Executive Committee and Management Executing Committee, a system of Executive Officers shall be implemented to clarify responsibilities and jurisdiction, make appropriate and prompt decisions, and conduct Company operations effectively through the creation of a system that divides responsibilities for the execution of business operations among Representative Directors and Executive Officers.

**(5) Systems for Ensuring Appropriate Execution of Business Operations by the J-POWER Group Comprising the Company and its Subsidiaries**

Management of affiliated companies shall strive, in its basic policy, for the comprehensive expansion of the J-POWER Group as a whole in accordance with the J-POWER Group's business plan, and also strive, in addition to the management of affiliated companies in accordance with internal regulations, to realize appropriate business operations by the J-POWER Group through the Group Management Committee. Audit & Supervisory Board Members and the Internal Audit Department shall audit affiliated companies to ensure the propriety of business operations by the J-POWER Group.

**(6) Matters Concerning Employees when Audit & Supervisory Board Members Request the Placement of Said Employees to Assist Business Operations; Matters Concerning the Independence of Said Employees from the Directors**

As for the Audit & Supervisory Board Member personnel system, the Audit & Supervisory Board Members' Office shall be set up independent of the chain of command of the Directors, and an exclusive staff shall be set up to assist audits conducted by the Audit & Supervisory Board Members. Matters concerning the personnel of the Audit & Supervisory Board Members' Office shall furthermore be discussed with the full-time Audit & Supervisory Board Members.

**(7) Systems Whereby Directors and Employees Report to Audit & Supervisory Board Members and Other Systems Involving Reports Made to Audit & Supervisory Board Members**

The following shall be reported to the Audit & Supervisory Board Members:

- (a) Matters with the potential to inflict significant losses on the Company
- (b) Results of audits conducted by the Internal Auditing Department
- (c) Other matters required for the Audit & Supervisory Board Members to conduct their professional duties

**(8) Other Systems for Ensuring Efficient Audits by Audit & Supervisory Board Members**

The Directors shall set up an environment that enables the Audit & Supervisory Board Members to attend and provide advice at meetings of the Board of Directors, Executive Committee, Management Executing Committee and other such business meetings, as well as to hear about the status concerning the execution of business operations by Directors, Executive Officers and others, and smoothly investigate all Company institutions and their major subsidiaries. The Directors shall furthermore set up an environment that enables the Audit & Supervisory Board Members to maintain mutual cooperation with the Internal Audit Department and the Accounting Auditor through formulation of audit plans and reporting of their results.

## **2. Basic Policy Regarding Control of the Company**

In the more than half-century since the Company was founded in 1952 to help augment the domestic supply of electricity, it has continued to deliver low-cost, stable power, and to build and operate a nationwide infrastructure of primary transmission lines, contributing to the growth of our nation's economy and improvement in the standard of living of its citizens.

During this time, the Company has continued to hold as its corporate philosophy the mission to meet the peoples' need for energy with an uninterrupted supply, and to contribute to the sustainable growth of Japan and the world, while making the coexistence of energy and the environment the keynote of our business, working to build an attractive business with stable growth, and continuing our never-ending efforts to enhance corporate value.

Our business is primarily characterized by investment in power stations and other public infrastructure, and in recovering that investment through the long-term operation of those facilities. We believe that over the course of these long-term operations, it is through cooperation with our many stakeholders, and our ability to deliver stable growth, that we are able to maximize the corporate value of the Company.

While we hope that our shareholders will understand the unique characteristics of our business, we also believe that our shareholders should naturally be free to exercise their own will in buying or selling Company stock.

Nevertheless, when it comes to large-scale acquisition of Company shares with the intent to acquire management control, the Directors of the Company, who serve at your mandate, also believe that a response needs to be based on careful consideration, in light of corporate value, of the benefits to our shareholders collectively.

As a result, in cases where the shareholders and Directors have not been provided with sufficient time or information to properly consider such a move, or when, upon consideration, it is determined that such an attempt may inflict serious damage to the collective interests of our shareholders, and consequently to our corporate value, the Company's policy shall be to take such measures as are appropriate and permitted under the Companies Act and other relevant laws and regulations.

**CONSOLIDATED BALANCE SHEETS** (as of March 31, 2014)

(millions of yen)

<b>Assets</b>	
<b>Non-current assets</b>	2,149,579
<b>Electric utility plant and equipment</b>	1,023,751
Hydroelectric power production facilities	355,616
Thermal power production facilities	362,307
Internal combustion engine power production facilities	5,414
Renewable power production facilities	36,698
Transmission facilities	176,102
Transformation facilities	30,482
Communication facilities	8,596
General facilities	48,532
<b>Overseas business facilities</b>	125,018
<b>Other non-current assets</b>	109,787
<b>Construction in progress</b>	512,604
Construction and retirement in progress	512,604
<b>Nuclear fuel</b>	69,216
Nuclear fuel in processing	69,216
<b>Investments and other assets</b>	309,201
Long-term investments	244,181
Deferred tax assets	40,734
Investments and other assets	24,331
Allowance for doubtful accounts	(45)
<b>Current assets</b>	235,636
Cash and deposits	50,333
Notes and accounts receivable - trade	70,135
Short-term investments	35,000
Inventories	34,053
Deferred tax assets	8,637
Other current assets	37,477
Allowance for doubtful accounts	(0)
<b>Total assets</b>	2,385,216

**CONSOLIDATED BALANCE SHEETS** (as of March 31, 2014) *(Continued)*

(millions of yen)

<b>Liabilities</b>	
<b>Non-current liabilities</b>	1,522,905
Bonds payable	691,346
Long-term loans payable	741,509
Lease obligations	981
Other provision	43
Net defined benefit liability	49,071
Asset retirement obligations	6,644
Deferred tax liabilities	14,730
Other non-current liabilities	18,579
<b>Current liabilities</b>	342,714
Current portion of non-current liabilities	207,968
Short-term loans payable	20,318
Notes and accounts payable - trade	33,197
Accrued taxes	8,791
Other provision	302
Asset retirement obligations	245
Deferred tax liabilities	9
Other current liabilities	71,880
<b>Reserves under special laws</b>	119
Reserve for fluctuation in water levels	119
<b>Total liabilities</b>	1,865,739
<b>Net Assets</b>	
<b>Shareholders' equity</b>	478,860
Capital stock	152,449
Capital surplus	81,849
Retained earnings	307,829
Treasury stock	(63,268)
<b>Accumulated other comprehensive income</b>	37,350
Valuation difference on available-for-sale securities	9,030
Deferred gains or losses on hedges	1,772
Foreign currency translation adjustment	22,955
Remeasurements of defined benefit plans	3,592
<b>Minority interests</b>	3,265
<b>Total net assets</b>	519,477
<b>Total liabilities and net assets</b>	2,385,216

**CONSOLIDATED STATEMENTS OF INCOME** (from April 1, 2013 to March 31, 2014)

(millions of yen)

<b>Ordinary revenue</b>	
<b>Operating revenue</b>	706,835
Electric utility operating revenue	609,080
Overseas business operating revenue	42,834
Other business operating revenue	54,920
<b>Non-operating income</b>	22,357
Dividend income	1,454
Interest income	1,054
Equity in earnings of affiliates	16,380
Other	3,468
<b>Total ordinary revenue</b>	729,192
<b>Ordinary expenses</b>	
<b>Operating expenses</b>	647,663
Electric utility operating expenses	545,430
Overseas business operating expenses	43,899
Other business operating expenses	58,333
[Operating income	59,171]
<b>Non-operating expenses</b>	41,451
Interest expenses	25,305
Foreign exchange losses	11,190
Other	4,955
<b>Total ordinary expenses</b>	689,115
<b>Ordinary income</b>	40,077
<b>Provision or reversal of reserve for fluctuation in water levels</b>	(306)
Reversal of reserve for fluctuation in water levels	(306)
<b>Extraordinary income</b>	2,386
Insurance income	2,386
<b>Income before income taxes and minority interests</b>	42,770
<b>Income taxes - current</b>	8,372
<b>Income taxes - deferred</b>	6,579
<b>Income before minority interests</b>	27,817
<b>Minority interests in loss</b>	(876)
<b>Net income</b>	<b>28,694</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(from April 1, 2013 to March 31, 2014)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at the beginning of current period</b>	152,449	81,849	289,639	(63,265)	460,673
<b>Changes of items during the period</b>					
Dividends from surplus			(10,503)		(10,503)
Net income			28,694		28,694
Purchase of treasury stock				(3)	(3)
Net changes of items other than shareholders' equity					
<b>Total changes of items during the period</b>	–	–	18,190	(3)	18,187
<b>Balance at the end of current period</b>	152,449	81,849	307,829	(63,268)	478,860

(millions of yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at the beginning of current period</b>	4,855	(6,929)	(4,693)	–	(6,768)	(19)	453,885
<b>Changes of items during the period</b>							
Dividends from surplus							(10,503)
Net income							28,694
Purchase of treasury stocks							(3)
Net changes of items other than shareholders' equity	4,175	8,702	27,648	3,592	44,118	3,285	47,404
<b>Total changes of items during the period</b>	4,175	8,702	27,648	3,592	44,118	3,285	65,591
<b>Balance at the end of current period</b>	9,030	1,772	22,955	3,592	37,350	3,265	519,477

(Reference)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(from April 1, 2013 to March 31, 2014)

(millions of yen)

<b>Income before minority interests</b>	27,817
<b>Other comprehensive income</b>	
Valuation difference on available-for-sale securities	4,162
Deferred gains or losses on hedges	8,696
Foreign currency translation adjustment	12,822
Share of other comprehensive income of associates accounted for using equity method	15,946
<b>Total other comprehensive income</b>	<b>41,628</b>
<b>Comprehensive income</b>	<b>69,446</b>

(Comprehensive income attributable to abstract)

Comprehensive income attributable to owners of the parent	69,220
Comprehensive income attributable to minority interests	225



**NON-CONSOLIDATED BALANCE SHEETS** (as of March 31, 2014)

(millions of yen)

<b>Assets</b>	
<b>Non-current assets</b>	1,780,429
<b>Electric utility plant and equipment</b>	1,003,628
Hydroelectric power production facilities	365,343
Thermal power production facilities	367,935
Renewable power production facilities	1,541
Transmission facilities	178,925
Transformation facilities	31,645
Communication facilities	9,257
General facilities	48,979
<b>Incidental business facilities</b>	2,213
<b>Non-operating facilities</b>	857
<b>Construction in progress</b>	367,748
Construction in progress	367,563
Retirement in progress	185
<b>Nuclear fuel</b>	69,216
Nuclear fuel in processing	69,216
<b>Investments and other assets</b>	336,763
Long-term investments	70,612
Long-term investment for subsidiaries and affiliates	236,195
Long-term prepaid expenses	9,597
Deferred tax assets	24,041
Allowance for doubtful accounts	(3,682)
<b>Current assets</b>	146,302
Cash and deposits	3,934
Accounts receivable - trade	46,228
Other accounts receivable	782
Short-term investments	35,000
Supplies	28,210
Prepaid expenses	2,370
Short-term receivables from subsidiaries and affiliates	11,079
Deferred tax assets	5,289
Other current assets	13,405
<b>Total assets</b>	1,926,731

**NON-CONSOLIDATED BALANCE SHEETS** (as of March 31, 2014) *(Continued)*

(millions of yen)

<b>Liabilities</b>	
<b>Non-current liabilities</b>	1,226,516
Bonds payable	691,346
Long-term loans payable	479,549
Long-term accrued liabilities	269
Lease obligations	342
Long-term debt to subsidiaries and affiliates	4,932
Provision for retirement benefits	42,089
Asset retirement obligations	202
Other non-current liabilities	7,784
<b>Current liabilities</b>	325,406
Current portion of non-current liabilities	201,395
Short-term loans payable	18,350
Accounts payable - trade	1,839
Accounts payable - other	8,362
Accrued expenses	9,519
Accrued taxes	4,919
Deposits received	308
Short-term debt to subsidiaries and affiliates	74,979
Other advances	694
Other current liabilities	5,037
<b>Reserves</b>	119
Reserve for fluctuation in water levels	119
<b>Total liabilities</b>	1,552,042

**NON-CONSOLIDATED BALANCE SHEETS** (as of March 31, 2014) *(Continued)*

(millions of yen)

<b>Net Assets</b>	
<b>Shareholders' equity</b>	366,524
<b>Capital stock</b>	152,449
<b>Capital surplus</b>	81,852
Legal capital surplus	81,852
<b>Retained earnings</b>	195,491
Legal retained earnings	6,029
Other retained earnings	189,462
Reserve for special disaster	82
Exchange-fluctuation preparation reserve	1,960
General reserve	152,861
Retained earnings brought forward	34,558
<b>Treasury stock</b>	(63,268)
<b>Valuation and translation adjustments</b>	8,164
Valuation difference on available-for-sale securities	8,154
Deferred gains or losses on hedges	9
<b>Total net assets</b>	374,689
<b>Total liabilities and net assets</b>	1,926,731

**NON-CONSOLIDATED STATEMENTS OF INCOME** (from April 1, 2013 to March 31, 2014)

(millions of yen)

<b>Ordinary revenue</b>	
<b>Operating revenue</b>	582,861
<b>Electric utility operating revenue</b>	572,937
Sold power to other suppliers	516,701
Transmission revenue	52,182
Other electricity revenue	4,054
<b>Incidental business operating revenue</b>	9,923
Operating revenue - consulting business	2,077
Operating revenue - coal sale business	6,664
Operating revenue - other businesses	1,181
<b>Non-operating income</b>	14,773
<b>Financial revenue</b>	11,700
Dividends income	10,275
Interest income	1,425
<b>Non-operating revenue</b>	3,072
Gain on sales of non-current assets	89
Miscellaneous revenue	2,983
<b>Total ordinary revenue</b>	597,635
<b>Ordinary expenses</b>	
<b>Operating expenses</b>	542,396
<b>Electric utility operating expenses</b>	533,444
Hydroelectric power production expenses	60,633
Thermal power production expenses	383,857
Renewable power production expenses	926
Purchased power from other suppliers	520
Transmission expenses	27,054
Transformation expenses	6,218
Selling expenses	3,197
Communicating expenses	4,714
General and administrative expenses	39,018
Enterprise tax	7,301

**NON-CONSOLIDATED STATEMENTS OF INCOME**

(from April 1, 2013 to March 31, 2014) (Continued)

	(millions of yen)
<b>Incidental business operating expenses</b>	8,952
Operating expenses - consulting business	1,598
Operating expenses - coal sale business	6,558
Operating expenses - other businesses	795
[Operating income	40,464]
<b>Non-operating expenses</b>	24,177
<b>Financial expenses</b>	20,348
Interest expenses	20,088
Bond issuance cost	259
<b>Non-operating expenses</b>	3,829
Loss on sales of non-current assets	631
Miscellaneous expenses	3,197
<b>Total ordinary expenses</b>	566,574
<b>Ordinary income</b>	31,060
<b>Provision or reversal of reserve for fluctuation in water levels</b>	(306)
Reversal of reserve for fluctuation in water levels	(306)
<b>Income before income taxes</b>	31,367
<b>Income taxes</b>	9,250
Income taxes - current	4,375
Income taxes - deferred	4,874
<b>Net income</b>	22,117

## NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(from April 1, 2013 to March 31, 2014)

(millions of yen)

	Capital stock	Shareholders' equity							
		Capital surplus		Retained earnings					
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					Reserve for special disaster	Exchange-fluctuation preparation reserve	General reserve	Retained earnings brought forward	
<b>Balance at the beginning of current period</b>	152,449	81,852	81,852	6,029	77	1,960	147,861	27,950	183,878
<b>Changes of items during the period</b>									
Dividends from surplus								(10,503)	(10,503)
Net income								22,117	22,117
Purchase of treasury stock									
Provision of reserve					5		5,000	(5,005)	-
Net changes of items other than shareholders' equity									
<b>Total changes of items during the period</b>	-	-	-	-	5	-	5,000	6,608	11,613
<b>Balance at the end of current period</b>	152,449	81,852	81,852	6,029	82	1,960	152,861	34,558	195,491

(millions of yen)

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
<b>Balance at the beginning of current period</b>	(63,265)	354,914	4,281	(245)	4,035	358,950
<b>Changes of items during the period</b>						
Dividends from surplus		(10,503)				(10,503)
Net income		22,117				22,117
Purchase of treasury stock	(3)	(3)				(3)
Provision of reserve						
Net changes of items other than shareholders' equity			3,873	255	4,128	4,128
<b>Total changes of items during the period</b>	(3)	11,610	3,873	255	4,128	15,738
<b>Balance at the end of current period</b>	(63,268)	366,524	8,154	9	8,164	374,689

**THE AUDIT REPORT OF INDEPENDENT AUDITORS**  
**CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS**

Report of Independent Auditors

May 12, 2014

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

Ernst & Young ShinNihon LLC  
Hidehito Uchida  
Certified Public Accountant  
Designated and Engagement Partner  
Kenji Deguchi  
Certified Public Accountant  
Designated and Engagement Partner  
Koki Takahashi  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Electric Power Development Co., Ltd. (the “Company”) applicable to the 62nd fiscal year from April 1, 2013 through March 31, 2014.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the J-POWER Group, which consisted of the Company and consolidated subsidiaries, applicable to the 62nd fiscal year ended March 31, 2014 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

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

**THE AUDIT REPORT OF INDEPENDENT AUDITORS**  
**CONCERNING THE NON-CONSOLIDATED FINANCIAL STATEMENTS**

Report of Independent Auditors

May 12, 2014

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

Ernst & Young ShinNihon LLC  
Hidehito Uchida  
Certified Public Accountant  
Designated and Engagement Partner  
Kenji Deguchi  
Certified Public Accountant  
Designated and Engagement Partner  
Koki Takahashi  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Electric Power Development Co., Ltd. (the "Company") applicable to the 62nd fiscal year from April 1, 2013 through March 31, 2014.

*Management's Responsibility for the Financial Statements and the Related Supplementary Schedules*

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Electric Power Development Co., Ltd. applicable to the 62nd fiscal year ended March 31, 2014 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

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



## **REPORT OF THE AUDIT & SUPERVISORY BOARD**

### **Audit Report**

The Audit & Supervisory Board hereby reports as follows regarding the performance of duties by the Directors of the Electric Power Development Co., Ltd. (the “Company”) during its 62nd fiscal year, from April 1, 2013 to March 31, 2014, based on reports prepared by each Audit & Supervisory Board Member and subsequent deliberations of the Audit & Supervisory Board.

#### 1. Method of the audits by the individual Audit & Supervisory Board Members and the Audit & Supervisory Board; content of audits

In addition to receiving reports on the progress in and results of audits by the individual Audit & Supervisory Board Members, based on the Audit & Supervisory Board’s policies and audit plans, the Audit & Supervisory Board also received reports on business performance from the Directors and the Accounting Auditors, and requested explanations from them as necessary.

In accordance with the auditing standards, policies, and plans set forth by the Audit & Supervisory Board, each of the Audit & Supervisory Board Members worked to communicate with the Directors, the Internal Audit Department, and other employees in collecting information and establishing an appropriate audit environment. Audit & Supervisory Board Members also participated in meetings of the Board of Directors and other key meetings, received reports from the Directors and other employees regarding the performance of their duties, and when necessary, requested explanations of those reports. Audit & Supervisory Board Members also reviewed key decision documents, and conducted surveys of the operations and assets of both the head office and other local offices.

Further, Audit & Supervisory Board Members were responsible for monitoring and verifying the status of various corporate structures, including those necessary to ensure compliance by Directors with laws and regulations, and the Articles of Incorporation, and those needed for ensuring the fair performance of the Company’s operations as a stock corporation as described in the Business Report, namely decisions by the Board of Directors regarding the establishment of systems as set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act (the internal control system).

Additional consideration was given to the policies set forth in Article 118, Item 3 (a) of the Ordinance for Enforcement of the Companies Act, as noted in the Business Reports, based on the status of deliberations at the meeting of Board of Directors and other key meetings.

Regarding subsidiaries, Audit & Supervisory Board Members worked to communicate with Directors, Audit & Supervisory Board Members, and other parties at those subsidiaries, and when necessary conduct hearings with them regarding the status of their performance of duties, including surveys of operations and assets of those subsidiaries.

Based on the above methods, Audit & Supervisory Board Members examined the Business Report and supplemental statements regarding the fiscal year under review.

Further, while also monitoring and reviewing the audit of the Accounting Auditor to ensure they maintained an independent position and conducted their audits fairly, Audit & Supervisory Board Members received reports from them regarding the performance of their duties, and when necessary, asked for further explanation regarding those reports.

Audit & Supervisory Board Members also received notice from the Accounting Auditor in accordance with “the system for ensuring appropriate execution of their duties” (as enumerated in each Item of Article 131 of the Company Accounting Regulation Ordinance) in compliance with the “Quality Control Standards Relating to Auditing” (adopted by the Business Accounting Deliberations Council in October 28, 2005), and, where necessary, Audit & Supervisory Board Members requested further explanation regarding that notice.

Based on the above methods, Audit & Supervisory Board Members proceeded to review the non-consolidated financial statements (consist of the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statement of changes in shareholders’ equity, and notes on significant accounting policies used in preparation of the non-consolidated financial statements) with supplemental statements, and the consolidated financial statements (consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statement of changes in shareholders’ equity, and notes on significant accounting policies used in preparation of the consolidated financial statements) for the fiscal year under review.

## 2. Audit Results

### (1) Results of Audit of Business Reports, etc.

- (i) The Audit & Supervisory Board confirms that the Business Reports and supplemental statements conformed to the applicable laws and regulations, and the Articles of Incorporation, and that they accurately present the situation of the Company.
- (ii) With respect to the performance of the Directors, the Audit & Supervisory Board found no improper acts or important violation of applicable laws and regulations or the Articles of Incorporation.
- (iii) The Audit & Supervisory Board confirms that decisions by the Board of Directors regarding the Company's internal control systems to be fair and adequate, and found no areas that require mention regarding the description of the internal control systems in the Business Report and the performance of duties by Directors.
- (iv) The Audit & Supervisory Board found no items that need to be pointed out regarding the Basic Policy Regarding Control of the Company, noted in the Business Report.

### (2) Results of Audit of Non-consolidated Financial Statements and Supplemental Statements

The Audit & Supervisory Board confirms that the methods used and results achieved by the Accounting Auditor, Ernst & Young ShinNihon LLC, to be fair and adequate.

### (3) Results of Audit of Consolidated Financial Statements

The Audit & Supervisory Board confirms that the methods used and results achieved by the Accounting Auditor, Ernst & Young ShinNihon LLC, to be fair and adequate.

May 14, 2014

Audit & Supervisory Board  
Electric Power Development Co., Ltd.

Akira Samata (seal)  
Senior Audit & Supervisory Board Member  
(Full-time)

Takashi Fujiwara (seal)  
Senior Audit & Supervisory Board Member  
(Full-time)

Hirotsada Tanou (seal)  
Audit & Supervisory Board Member (Full-time)

Mutsutake Otsuka (seal)  
Audit & Supervisory Board Member

Kiyoshi Nakanishi (seal)  
Audit & Supervisory Board Member

Note: Senior Audit & Supervisory Board Member Takashi Fujiwara, Audit & Supervisory Board Members Mutsutake Otsuka and Kiyoshi Nakanishi are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.