Direction of Management and Near-Term Managerial Policies of J-POWER Group

Japan's energy landscape has undergone extensive changes since the Great East Japan Earthquake and the outlook concerning electric power supply and demand remains uncertain, but in April of this year, the Cabinet conducted a complete review of energy strategies from before the earthquake disaster and adopted the Fourth Energy Basic Plan. The plan adopts new policies including reform of electric power systems and positioning nuclear power and coal-fired power as key baseload power sources.

In April 2014, the J-POWER Group announced its Direction of Management and Near-Term Managerial Policy as its policy for conducting business under this management environment, responding to management issues, and pursuing higher corporate value through contributions to the stable supply of electric power.

The figure below shows the relationship between J-POWER Group initiatives set forth in the Direction of Management and Near-Term Managerial Policy and the content of this report.

Issue

- · Development of a competitive environment through reform of electric power systems
- · Increase in problems in conjunction with aging and higher operating rates of existing facilities
- · Uncertainty concerning developments in nuclear power policy
- · Global environmental issues (restrictions on CO₂ emissions)

Basic Direction

- Stable operation of existing facilities including excellent hydroelectric and thermal power, as well as networks that support stable power supply in Japan
- Reinforce supply through development of new baseload power sources within
- Steady progress on construction of the Ohma Nuclear Power Station while ensuring safety as an essential requirement
- · Responding to global environmental issues through the active introduction of renewable energy
- · Steady development in overseas power generation businesses

Reinforce business foundations that support the stable supply of electric power

Ensure the reliability of facilities

→Domestic electric power business (pp. 17-22, 25)

Legal compliance, safety, and disaster prevention

- →Foundations of business operations (pp. 33-35, 38)
- ⇒Environmental preservation, environmental management (pp. 29-32, 43-50)
- → Mutual benefit with local communities and societies (pp. 39-42)

Reinforcement of human resources and organizations

→ Recruiting and nurturing human resources and creating dynamic workplaces (pp. 36-38)

Responding to changes in the domestic power generation business in conjunction with reform of electric power systems

Continual cost structure improvements

Maintaining financial health

Developing domestic baseload electricity sources that contribute to the stability of electric power supply over the medium to long term

Replacing or upgrading existing coal-fired power facilities

⇒Special Feature: Creating the Future of Coal-Fired Power Generation (pp. 7-12)

Steady progress on construction of the Ohma Nuclear Power Station

- → Report: The Ohma Nuclear Power Station (pp. 13-16)
- Reducing environmental impact

Promoting high-efficiency and low-carbon coal-fired power stations (technological development)

⇒Special Feature: Creating the Future of Coal-Fired Power Generation (pp. 7-12)

Expanding renewable energy (wind, geothermal, small-scale hydroelectric and biomass power)

- → Hydroelectric power (pp. 21-22)
- → Renewable energy (pp. 23-24)
- Steady development in overseas power generation businesses

Steady progress on projects under construction and development of projects aimed at future growth in the overseas power generation business

→ Overseas business (pp. 26-28)

Strive to increase corporate value by responding to developments in the competitive environment and continuously contributing to the stable supply of electric power