

*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.*



May 30, 2016

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 64th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 64th 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 Tuesday, June 21, 2016, Japan time.

#### Notice

**1. Date & Time:** 10:00 a.m., Wednesday, June 22, 2016 (Reception desk will open at 9:00 a.m.)

**2. Place:** TKP GardenCity Shinagawa (SHINAGAWA GOOS 1F)  
13-3, Takanawa 3-chome, Minato-ku, Tokyo

\* Please note that the place is different from that of the previous meeting.

#### **3. Agenda:**

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

1. Business Report and Consolidated Financial Statements for the 64th fiscal year (from April 1, 2015 to March 31, 2016), 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 64th fiscal year (from April 1, 2015 to March 31, 2016)

**Matters to be resolved:**

**Proposal 1.** Appropriation of Surplus

**Proposal 2.** Election of Fourteen (14) 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 (a proxy statement, etc.) 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 plants and other infrastructure based on the Company's long-standing operational capability, which includes the construction of power plants and the like.

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 the year-end dividend and other items relating to the appropriation of surplus 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 64th fiscal year.

#### 1. 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: 6,406,746,815 yen
<b>Effective date of the distribution</b>	Thursday, June 23, 2016

#### 2. Other items relating to the appropriation of surplus:

<b>Increased surplus</b>	General reserve: 20,000,000,000 yen
<b>Decreased surplus</b>	Retained earnings carried forward: 20,000,000,000 yen

## Proposal 2: Election of Fourteen (14) Directors

The term of office for all current twelve (12) Directors expires as of the end of this meeting. In addition, Outside Director Ms. Mariko Fujii resigned as of October 21, 2015.

Accordingly, aiming to further enhance corporate governance by adding Outside Directors to the member of the Board of Directors, the Company proposes the election of fourteen (14) 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 at the Company		Number of Shares of the Company Held
1 Reappointment	Masayoshi Kitamura (May 11, 1947)	April 1972	Joined the Company	30,740 shares
		June 2000	Department Director of Corporate Planning & Administration Dept.	
		June 2001	Executive Director, Department Director of Corporate Planning & Administration Dept.	
		April 2002	Executive Director	
		June 2004	Executive Managing Director	
		June 2007	Executive Vice President and Representative Director	
		June 2009	President and Representative Director (current position)	
Reasons for Nomination as Candidate for Executive Director				
Mr. Masayoshi Kitamura has acquired abundant business experience through his assignments in personnel & employee relations, siting, business development, planning and other departments since joining the Company, and is well-versed in overall business operations of the Company. In addition, since June 2001 when he was appointed as Executive Director, he has continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues, and he also has distinguished knowledge and highly specialized expertise in the overall electric power business. The Company has therefore nominated him as a candidate to continue serving as Executive Director.				
2 Reappointment	Toshifumi Watanabe (March 10, 1955)	April 1977	Joined the Company	14,900 shares
		April 2002	Department Director of Corporate Planning & Administration Dept. and Office Director of Privatization Office, Corporate Planning & Administration Dept.	
		October 2002	Department Director of Corporate Planning & Administration Dept. and Office Director of Privatization Office, Corporate Planning & Administration Dept.	
		June 2004	Department Director of Corporate Planning & Administration Dept.	
		June 2006	Executive Director	
		June 2009	Executive Managing Director	
		June 2012	Executive Director and Executive Managing Officer	
		June 2013	Executive Vice President and Representative Director (current position)	
Reasons for Nomination as Candidate for Executive Director				
Mr. Toshifumi Watanabe has acquired abundant business experience through his assignments in sales, nuclear power, planning and other departments since joining the Company, and is well-versed in overall business operations of the Company. In addition, since June 2006 when he was appointed as Executive Director, he has continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues, and he also has distinguished knowledge and highly specialized expertise in the overall electric power business. The Company has therefore nominated him as a candidate to continue serving as Executive Director.				

<b>Candidate Number</b>	<b>Name (Date of Birth)</b>	<b>Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities at the Company</b>	<b>Number of Shares of the Company Held</b>
3 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</p> <p>June 2015      Executive Vice President and Representative Director (current position)</p>	12,800 shares
<p>Reasons for Nomination as Candidate for Executive Director</p> <p>Mr. Hitoshi Murayama is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of thermal power maintenance and thermal power engineering since joining the Company and also through his service as officer of group companies and since June 2009 as Executive Officer of the Company. As concurrently serving as Executive Director since June 2012, he has also continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues, and has distinguished knowledge and highly specialized expertise in the overall electric power business. The Company has therefore nominated him as a candidate to continue serving as Executive Director.</p>			
4 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</p> <p>June 2015      Executive Vice President and Executive Director (current position)</p>	10,500 shares
<p>Reasons for Nomination as Candidate for Executive Director</p> <p>Mr. Masato Uchiyama is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of general affairs, public relations, personnel &amp; employee relations, planning, and sales since joining the Company and also through his service as Executive Officer since June 2009. As concurrently serving as Executive Director since June 2013, he has also continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues, and has distinguished knowledge and highly specialized expertise in the overall electric power business. The Company has therefore nominated him as a candidate to continue serving as Executive Director.</p>			

<b>Candidate Number</b>	<b>Name (Date of Birth)</b>	<b>Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities at the Company</b>	<b>Number of Shares of the Company Held</b>
5 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</p> <p>June 2015      Executive Vice President and Executive Director (current position)</p>	14,300 shares
<p>Reasons for Nomination as Candidate for Executive Director</p> <p>Mr. Junji Nagashima is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of research &amp; development and nuclear power since joining the Company and also through his service as Executive Officer since June 2007. As concurrently serving as Executive Director since June 2010, he has also continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues, and has distinguished knowledge and highly specialized expertise in the overall electric power business. The Company has therefore nominated him as a candidate to continue serving as Executive Director.</p>			
6 Reappointment	Shuji Etoh (February 3, 1957)	<p>April 1979      Joined the Company</p> <p>October 2005    Department Director of Accounting &amp; Finance Dept.</p> <p>July 2008      Department Director of International Business Management Dept.</p> <p>June 2009      Executive Officer, Department Director of International Business Management Dept.</p> <p>June 2012      Executive Officer, Department Director of Nuclear Power Management Dept.</p> <p>June 2013      Executive Managing Officer</p> <p>June 2015      Executive Director and Executive Managing Officer (current position)</p>	9,100 shares
<p>Reasons for Nomination as Candidate for Executive Director</p> <p>Mr. Shuji Etoh is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of planning, thermal power maintenance, accounting &amp; finance, international business, and nuclear power since joining the Company and also through his service as officer of group companies and since June 2009 as Executive Officer of the Company. As concurrently serving as Executive Director since June 2015, he has also continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues, and has distinguished knowledge and highly specialized expertise in the overall electric power business. The Company has therefore nominated him as a candidate to continue serving as Executive Director.</p>			

Candidate Number	Name (Date of Birth)	Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities at the Company		Number of Shares of the Company Held
7 Reappointment	Itaru Nakamura (January 10, 1955)	April 1979	Joined the Company	8,660 shares
		July 2007	Department Director of Personnel & Employee Relations Dept.	
		June 2009	Executive Officer, Department Director of Corporate Planning & Administration Dept.	
		December 2011	Executive Officer	
		June 2013	Executive Managing Officer	
		June 2015	Executive Director and Executive Managing Officer (current position)	
<p>Reasons for Nomination as Candidate for Executive Director</p> <p>Mr. Itaru Nakamura is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of general affairs, planning, and personnel &amp; employee relations since joining the Company and also through his service as Executive Officer since June 2009. As concurrently serving as Executive Director since June 2015, he has also continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues, and has distinguished knowledge and highly specialized expertise in the overall electric power business. The Company has therefore nominated him as a candidate to continue serving as Executive Director.</p>				
8 Reappointment	Yoshiki Onoi (July 14, 1955)	April 1979	Joined the Company	5,200 shares
		July 2006	Department Director of Business Planning Dept.	
		June 2009	Executive Officer, Department Director of Business Planning Dept.	
		January 2011	Executive Officer	
		June 2013	Executive Managing Officer	
		June 2015	Executive Director and Executive Managing Officer (current position)	
<p>Reasons for Nomination as Candidate for Executive Director</p> <p>Mr. Yoshiki Onoi is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of civil engineering, international business, and planning since joining the Company and also through his service as Executive Officer since June 2009. As concurrently serving as Executive Director since June 2015, he has also continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues, and has distinguished knowledge and highly specialized expertise in the overall electric power business. The Company has therefore nominated him as a candidate to continue serving as Executive Director.</p>				
9 Reappointment	Akihito Urashima (July 18, 1955)	April 1980	Joined the Company	10,300 shares
		December 2009	Office Director of Ohma Nuclear Power Station Construction Office, Ohma General Management Dept.	
		June 2010	Executive Officer, Office Director of Ohma Nuclear Power Station Construction Office, Ohma General Management Dept.	
		June 2014	Executive Managing Officer	
		June 2015	Executive Director and Executive Managing Officer (current position)	
<p>Reasons for Nomination as Candidate for Executive Director</p> <p>Mr. Akihito Urashima is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of thermal power engineering, thermal power maintenance, planning, and nuclear power since joining the Company and also through his service as Executive Officer since June 2010. As concurrently serving as Executive Director since June 2015, he has also continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues, and has distinguished knowledge and highly specialized expertise in the overall electric power business. The Company has therefore nominated him as a candidate to continue serving as Executive Director.</p>				

<b>Candidate Number</b>	<b>Name (Date of Birth)</b>	<b>Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities at the Company</b>		<b>Number of Shares of the Company Held</b>
10 New Appointment	Hiromi Minaminosono (October 19, 1956)	April 1981	Joined the Company	4,520 shares
		June 2009	Department Director of Personnel & Employee Relations Dept.	
		December 2011	Department Director of Secretarial Affairs & Public Relation Dept. and Office Director of Public Relation Office, Secretarial Affairs & Public Relation Dept.	
		June 2012	Department Director of Secretarial Affairs & Public Relation Dept.	
		June 2013	Executive Officer, Department Director of Secretarial Affairs & Public Relation Dept.	
		June 2014	Executive Managing Officer, Department Director of Ohma General Management Dept. (current position)	
<p>Reasons for Nomination as Candidate for Executive Director</p> <p>Mr. Hiromi Minaminosono is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of general affairs, personnel &amp; employee relations, sales, and secretarial affairs &amp; public relations since joining the Company and also through his service as officer of group companies and since June 2013 as Executive Officer of the Company. The Company therefore believes he has distinguished knowledge and highly specialized expertise required as qualifications of Executive Director and has nominated him as a new candidate for Executive Director.</p>				
11 New Appointment	Hiroyasu Sugiyama (April 11, 1956)	April 1981	Joined the Company	4,120 shares
		July 2012	Department Director of International Business Development Dept.	
		June 2013	Executive Officer, Department Director of International Business Development Dept.	
		June 2015	Executive Managing Officer (current position)	
<p>Reasons for Nomination as Candidate for Executive Director</p> <p>Mr. Hiroyasu Sugiyama is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of civil engineering and international business since joining the Company and also through his service as Executive Officer since June 2013. The Company therefore believes he has distinguished knowledge and highly specialized expertise required as qualifications of Executive Director and has nominated him as a new candidate for Executive Director.</p>				



Candidate Number	Name (Date of Birth)	Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities at the Company	Number of Shares of the Company Held
12 Reappointment Outside Director Independent Director	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</p> <p>&lt;Major Concurrent Positions&gt; • Attorney at law (KAJITANI LAW OFFICES)</p>	0 shares
<p>Reasons for Nomination as Candidate for Outside Director</p> <p>Mr. Go Kajitani has distinguished knowledge as an attorney at law and abundant experience in the legal profession. He also has experience to serve as outside audit &amp; supervisory board member of other companies. As he has demonstrated his distinguished knowledge and highly specialized expertise at the Board of Directors since appointment as Outside Director of the Company in June 2009, the Company has nominated him as a candidate to continue serving as Outside Director. Although he has no experience in the management of a company other than as an Outside Director/Outside Audit &amp; Supervisory Board Member, for the aforementioned reasons, the Company has judged that he would be able to appropriately execute the duties of Outside Director.</p>			

Candidate Number	Name (Date of Birth)	Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities at the Company	Number of Shares of the Company Held
13 New Appointment Outside Director Independent Director	Tomonori Ito (January 9, 1957)	<p>April 1979      Joined The Bank of Tokyo, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>March 1990      Vice President of Investment Banking Group, Bank of Tokyo Trust Company, New York Branch</p> <p>April 1994      Vice President of Emerging Market Group, The Bank of Tokyo, Ltd., New York Branch</p> <p>March 1995      Manager of Business Development Daini, Union Bank of Switzerland, Tokyo Branch (currently UBS)</p> <p>August 1997      General Manager of Tokyo Branch and Head of Investment Banking, Union Bank of Switzerland</p> <p>June 1998      Head of Investment Banking and Managing Director, UBS Securities Japan Co., Ltd.</p> <p>April 2011      Visiting Professor of Graduate School of International Corporate Strategy, Hitotsubashi University</p> <p>May 2012      External Director of PARCO CO., LTD. (current position)</p> <p>October 2012      Professor of Graduate School of International Corporate Strategy, Hitotsubashi University (current position)</p> <p>June 2014      Outside Director of Aozora Bank, Ltd. (current position)</p> <p>&lt;Major Concurrent Positions&gt;</p> <ul style="list-style-type: none"> <li>• Professor of Graduate School of International Corporate Strategy, Hitotsubashi University</li> <li>• External Director of PARCO CO., LTD.</li> <li>• Outside Director of Aozora Bank, Ltd.</li> </ul>	0 shares
<p>Reasons for Nomination as Candidate for Outside Director</p> <p>Mr. Tomonori Ito has abundant experience in investment banking business both inside and outside Japan, and also has distinguished knowledge acquired through researches in financial theory as Professor of Graduate School of International Corporate Strategy at Hitotsubashi University. He also has experience to serve as outside director of other companies. He therefore has the distinguished knowledge and highly specialized expertise required to satisfy the qualifications of a Director of the Company, and the Company has nominated him as a new candidate for Outside Director.</p>			

Candidate Number	Name (Date of Birth)	Brief Personal History, Status of Major Concurrent Positions, and Duties and Responsibilities at the Company	Number of Shares of the Company Held
14 New Appointment Outside Director Independent Director	John Buchanan (October 31, 1951)	<p>October 1974    Joined Lloyds Bank Group (Bank of London and South America, Lloyds Bank International, Lloyds Merchant Bank)</p> <p>January 1981    Representative, subsequently Branch Manager, Lloyds Bank International, Osaka</p> <p>August 1983    Branch Manager, Bank of London and South America, Barcelona</p> <p>October 1987    Joined S.G. Warburg &amp; Co. Ltd.</p> <p>October 1992    Director of S.G. Warburg &amp; Co. Ltd.</p> <p>October 1995    Joined The Sumitomo Bank, Limited, London Branch</p> <p>May 2000        Joined Daiwa Securities SB Capital Markets Europe Limited</p> <p>August 2006    Research Associate of Centre for Business Research, University of Cambridge (current position)</p> <p>&lt;Major Concurrent Positions&gt;</p> <ul style="list-style-type: none"> <li>• Research Associate of Centre for Business Research, University of Cambridge</li> </ul>	0 shares
<p>Reasons for Nomination as Candidate for Outside Director</p> <p>Mr. John Buchanan has abundant experience in investment advisory business both inside and outside Japan, and also has distinguished knowledge acquired through researches concerning corporate governance at University of Cambridge. He also has experience to serve as director of other companies. He therefore has the distinguished knowledge and highly specialized expertise required to satisfy the qualifications of a Director of the Company, and the Company has nominated him as a new candidate for Outside Director.</p>			

- Notes:
1. There is no conflict of interest between any of the Director candidates and the Company.
  2. Of the Director candidates, Messrs. Masayoshi Kitamura, Toshifumi Watanabe, Hitoshi Murayama, Masato Uchiyama, Junji Nagashima, Shuji Etoh, Itaru Nakamura, Yoshiki Onoi, Akihito Urashima and Go Kajitani are currently Directors of the Company, and their duties and responsibilities are as described in Attachments on pages 30 to 31.
  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) He currently serves as an Outside Director of the Company, and his term of office will be seven years as of the end of this General Meeting of Shareholders.
    - (2) 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. Mr. Tomonori Ito is an Outside Director candidate. If he is elected, the Company intends to appoint him as an independent director/auditor specified by the Tokyo Stock Exchange. Also, 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.
  5. Mr. John Buchanan is an Outside Director candidate. If he is elected, the Company intends to appoint him as an independent director/auditor specified by the Tokyo Stock Exchange. Also, 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.

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

The term of office for Mr. Hirotada Tanou, who serves as an Audit & Supervisory Board Member, expires 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 at the Company</b>	<b>Number of Shares of the Company Held</b>
New Appointment	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>December 2011   Executive Officer, Department Director of Civil &amp; Architectural Engineering Dept.</p> <p>June 2012      Executive Managing Officer</p> <p>June 2013      Executive Director and Executive Managing Officer (current position)</p>	12,200 shares
<p><b>Reasons for Nomination as Candidate for Audit &amp; Supervisory Board Member</b></p> <p>Mr. Naori Fukuda is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of planning, civil engineering, nuclear power, and international business since joining the Company and also through his service as Executive Officer since June 2010. As concurrently serving as Executive Director since June 2013, he has also continued not only fulfilling duties that fall under his responsibility as Executive Director but addressing various management issues related to the overall electric power business. The Company therefore believes he has distinguished knowledge and highly specialized expertise required as qualifications of an Audit &amp; Supervisory Board Member and has nominated him as a new candidate for Audit &amp; Supervisory Board Member.</p>			

Note: There is no conflict of interest between the Audit & Supervisory Board Member candidate and the Company.

(Attachments)

**BUSINESS REPORT** (from April 1, 2015 to March 31, 2016)

**I Items Regarding Status of Group Operations**

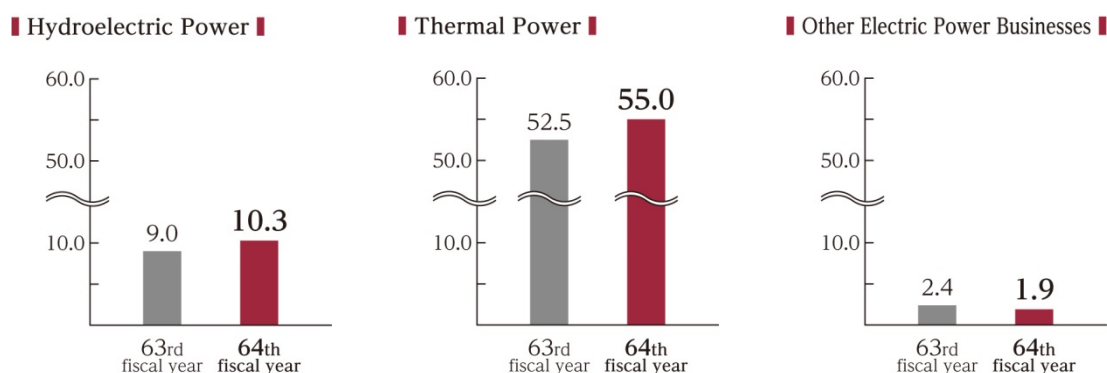
**1. Overview of Operations**

In the current fiscal year ended March 31, 2016, the Japanese economy continued on a moderate track of recovery owing to improvements in the employment and income environment, despite weakening export and personal consumption adversely affected by the factors such as slowdown in the emerging economies not least China.

Electricity demand in the current fiscal year was lower year on year. This was partly because temperatures during the summertime were generally lower and temperatures during wintertime were generally higher compared with the previous fiscal year, which led to a decline in demand for air-conditioning, and partly because of the promotion of the power-saving behavior throughout the year.

In the wholesale electric power business, electricity sales volumes from hydroelectric power plants for the current fiscal year showed 14.3% increase to 10.3 TWh, due mainly to the increase of water supply rate from 98% in the previous fiscal year to 111%. In thermal power, an increase in the load factor of thermal power plants from 76% to 80% resulted in 4.6% increase in electricity sales volume from the previous fiscal year to 55.0 TWh. As a result, electricity sales volume from both hydroelectric and thermal power plants in the wholesale electric power business increased 6.0% from the previous fiscal year to 65.3 TWh. Electricity sales volume in the other electric power businesses decreased 18.7% from the previous fiscal year to 1.9 TWh, due mainly to the exclusion of Ichihara Power, which in the previous fiscal year had been a consolidated subsidiary, from the scope of consolidation as all of its owned shares were sold in March 2015. As a result, electricity sales volume in the electric power business as a whole increased 5.1% from the previous fiscal year to 67.3 TWh.

**Electricity Sales Volumes** (TWh)

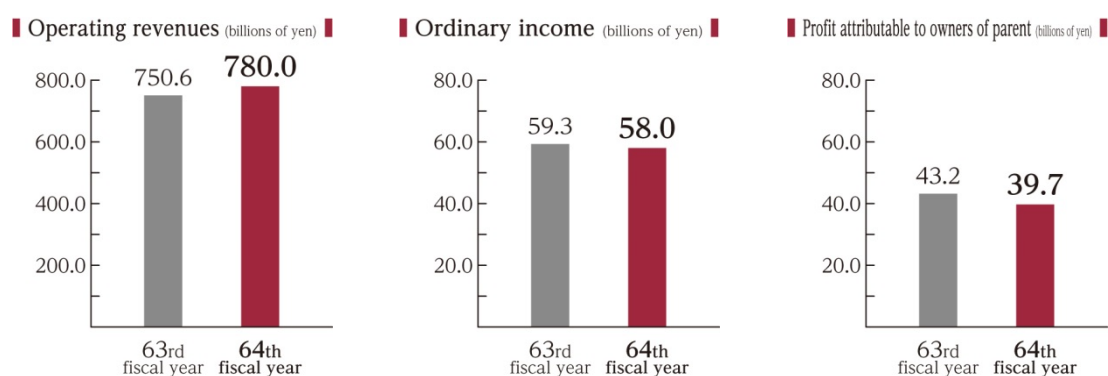


Also, electricity sales volume in the overseas business increased 60.1% from the previous fiscal year to 13.8 TWh. This was mainly due to the operation of Nong Saeng Power Project, which commenced commercial operation in 2014 (unit No. 1 in June 2014, unit No. 2 in December 2014), throughout the term and the commencement of commercial operation of U-Thai Power Project (unit No. 1 in June 2015, unit No. 2 in December 2015) in Thailand.

Sales (operating revenue) increased 3.9% from the previous fiscal year to 780.0 billion yen mainly due to the operation of Nong Saeng Power Project throughout the term and the commencement of commercial operation of U-Thai Power Project. Furthermore, total ordinary revenue including non-operating income also increased 3.2% from the previous fiscal year to 797.9 billion yen.

At the same time, operating expenses increased 2.2% from the previous fiscal year to 692.6 billion yen. This was mainly due to the increase of fuel costs with the operation of Nong Saeng Power Project throughout the term and the commencement of commercial operation of U-Thai Power Project. Non-operating expenses also increased 30.3% from the previous fiscal year to 47.2 billion yen due mainly to foreign exchange losses and total ordinary expenses increased 3.6% from the previous fiscal year to 739.9 billion yen.

As a result, ordinary income decreased 2.2% from the previous fiscal year to 58.0 billion yen and profit attributable to owners of parent after corporate income tax decreased 8.1% from the previous fiscal year to 39.7 billion yen.



## 2. Current Challenges

The business environment for electric power business in Japan is changing on a large scale. These changes include the formulation of the “Long-term Energy Supply and Demand Outlook” in July 2015, setting energy source mix targets for renewable energy, nuclear power and coal-fired thermal power, in addition to establishing new CO<sub>2</sub> reduction targets for international society. Furthermore, the full-scale liberalization of retail business and abolishment of wholesale regulations came into force in April 2016 and the unbundling of power generation and transmission is scheduled in 2020.

In response to these conditions, the J-POWER Group has established a Medium-term Management Plan (announced on July 31, 2015) to address the challenge of achieving further growth over the next decade by leveraging the increase in capital through the public offering and disposition of treasury shares carried out in March 2015.

In order to achieve further growth among changes in business environment, the Medium-term Management Plan has set three basic directions of our challenge, (1) the creation of a platform for further growth in the domestic market as it undergoes liberalization and in order to survive competition in power generation by being cost competitive, (2) to grow our overseas power generation business to contribute to sustainable development based on the energy circumstances in each region worldwide, and (3) to conduct business in Japan and abroad as a leading company in coal-fired thermal power generation by accelerating the development of technology aimed at reducing carbon emissions of coal-fired thermal power to adapt to measures addressing climate change. Following six specific subjects are the priority initiatives also stipulated in the Medium-term Management Plan.

Under its corporate philosophy to “meet people’s needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world,” the Group makes efforts to realize further growth and enhancement of its corporate value through initiatives in line with the Medium-term Management Plan.

### **(1) Promotion of Development of High-Efficiency Coal-fired Thermal Power and Technology Aimed at the Next Generation**

#### **(a) Development of high-efficiency coal-fired thermal power plants in Japan**

Coal is widely distributed throughout the world, and is a stable energy source with lower geopolitical risk than oil or gas. In addition, it is the lowest-cost energy imported into and consumed in Japan. The J-POWER Group aims to achieve growth while contributing to growth of the Japanese economy through the development of high-efficiency coal-fired thermal power as an important part of a balanced energy mix.

#### **(b) Development of technology aimed at higher efficiency and lower carbon emissions**

Aiming to continuously use coal while reducing impacts to climate change, the J-POWER Group intends to realize further reductions of carbon emissions through promoting development of more efficient oxygen-blown Integrated coal Gasification Combined Cycle (IGCC) technology and R&D initiatives for CO<sub>2</sub> Capture and Storage (CCS) technology, etc.

As one of such R&D initiatives, the Group has established OSAKI CoolGen Corporation (Osakikamijima-cho, Toyota-gun, Hiroshima Prefecture), a joint venture with The Chugoku Electric Power Co., Inc. In order to start trials of the oxygen-blown IGCC technology (Phase 1) in March 2017, test runs of facilities (166 MW) are being conducted. In addition, detailed design of CO<sub>2</sub> capture facilities is going forward aiming for commencement of trials of the oxygen-blown IGCC technology with CO<sub>2</sub> capture (Phase 2) in FY2019.

## **(2) Being Competitive in the Market Created by Liberalization and Improvement of Reliability of Facilities**

### **(a) Being competitive in the market created by liberalization**

Liberalization of domestic electricity business market is progressing in which regulations are relaxed and competition is introduced. Amid intensifying competition in the power generation business caused by abolishment of wholesale regulations and other factors, the J-POWER Group will achieve further growth by being cost competitive. At the same time, we will play the role expected of us to activate the wholesale electricity market essential for a competitive market.

We will conduct appropriate risk management and pursue increased returns in response to increased volatility in earnings associated with increased market competition.

### **(b) Strengthening of initiatives for stable operation**

While volatility in earnings will increase, the J-POWER Group considers ensuring stable operation of power generating facilities is the greatest priority of risk management. The Group will unceasingly pursue optimization of maintenance and operation of facilities aiming at stable operation and improve the value of facilities.

### **(c) Nationwide improvement and maintaining soundness of transmission facilities**

The efficient competitive market that is the objective of electricity system reform is supported by a nationwide transmission network functioning soundly. In order to support active market competition in addition to contributing to stable supply of electric power, the J-POWER Group will make further efforts for nationwide improvement of transmission facilities such as interconnecting lines and for ensuring that they function robustly.

Regarding the enhancement plan of the Sakuma frequency converter facility (from 300 MW to 600 MW) and relative transmission lines being examined by Organization for Cross-regional Coordination of Transmission Operators, JAPAN, J-POWER has been appointed as an executing body and will make best efforts utilizing the Group's knowledge and experience.

## **(3) Expansion of Renewable Energy**

The J-POWER Group will utilize our technological capabilities and continue to be a leader in the business of fully domestically produced and CO<sub>2</sub> free energy.

With regard to wind power, we will steadily promote projects already under development and will also continuously find and cultivate projects with good wind conditions aiming at expanding business platform, in addition to improving capacity utilization rates through more efficient maintenance and operation resulting in enhancing earnings capability.

From its establishment, the Group has been producing a large amount of electricity by hydroelectric power, which is fully domestically produced and CO<sub>2</sub> free energy, and will promote utilization of hydroelectric power (development of small to medium-scale plants, enhancement of capacity of existing plants by comprehensive renewal of main facilities, etc.).

The Group will also promote development of geothermal power, a baseload power source. In addition to taking steps to expand biomass mixed combustion in coal-fired thermal power plants, we will continue with initiatives in the biomass fuel production business (such as those relating to sewage sludge) to effectively promote the aforementioned steps.



#### **(4) Promotion of the Ohma Nuclear Power Project Based on the Premise of Safety**

The J-POWER Group is promoting construction of the Ohma Nuclear Power Plant which uses uranium-plutonium mixed oxide (MOX) fuel in Ohma-machi, Shimokita-gun, Aomori Prefecture.

This power plant will meet social needs for securing a baseload power source to support stable energy supply and for measures against global warming. It will also play a central role in nuclear fuel cycle by utilizing plutonium. We will continue to effectively promote this project and secure the understanding from local residents on the premise of safety.

On December 16, 2014, we submitted to Nuclear Regulation Authority (NRA) an application for permission for alteration of reactor installment license and an application for construction plan approval in order to undertake review of compliance with the new safety standards for nuclear power plants. Through sincerely and appropriately responding to compliance reviews by NRA and steadily implementing necessary safety measures, the Group will make best efforts to construct a safe plant and aim at early start of operation.

#### **(5) Promotion of Overseas Power Generation Business**

The J-POWER Group is now preparing for development of Central Java coal thermal Independent Power Producer (IPP) project in Indonesia. Site acquisition has been completed and preparation for full-scale construction is going forward aiming to start commercial operation in 2020. In consideration of the above progress status, the deadline of finance close stipulated in the long-term electricity sales agreement had been extended to April 2016, but after a review of the development status, it was extended again to June 2016.

The Group steadily promotes projects that it is preparing for development and makes efforts to enhance earnings capability in overseas power generation business including existing projects. In addition, we aim for acquiring new development projects including highly-efficient coal-fired thermal power projects mainly in Asia where there is burgeoning energy demand. In the United States, which has an advanced liberalized market and is expected to present abundant business opportunities, we will aim to expand its business while incorporating diverse forms of sales based on our current business platform.

#### **(6) Improvement of Efficiency of Assets by Screening Businesses**

While the J-POWER Group aims for growth as a global power generator, unceasing increase of the efficiency of assets is essential to become more endurable to risk amid such changes in business environment as the new Basic Energy Plan, Japan's response to climate change issues, and the advancement of liberalization.

In addition to initiatives (1) through (5), the Group will proceed to screen businesses by constantly reassessing their value and promoting initiatives to further increase earnings capability.

## [Major projects under construction or planning]

### 1. High-efficiency coal-fired thermal power generation

Project	Location	Capacity	Start of operations (Scheduled)
Takehara Thermal Power Plant Unit New No. 1 replacement project	Takehara-shi, Hiroshima Pref.	600 MW	2020
Takasago Thermal Power Plant Unit New No. 1/No.2 replacement project	Takasago-shi, Hyogo Pref.	2 units of 600 MW	Unit New No. 1: 2021 Unit New No. 2: From 2027 on
Kashima Power project *1	Kashima-shi, Ibaraki Pref.	650 MW class	2020
Yamaguchi Ube Power project *2	Ube-shi, Yamaguchi Pref.	2 units of 600 MW class	Unit No. 1: 2023 Unit No. 2: 2025

\*1 Joint venture with NIPPON STEEL & SUMITOMO METAL CORPORATION

\*2 Joint venture with Osaka Gas Co., Ltd. and Ube Industries, Ltd.

### 2. Renewable energy

Project	Location	Capacity	Start of operations (Scheduled)
Ohma Wind Farm	Ohma-machi, Shimokita-gun, Aomori Pref.	19.5 MW	2016
Yurihonjo Bayside Wind Farm	Yurihonjo-shi, Akita Pref.	16.1 MW	2017
Setana-Ohsato Wind Farm Project	Setana-cho, Kudo-gun, Hokkaido	50 MW	2018
Nikaho No. 2 Wind Farm Project (Tentative name)	Nikaho-shi, Akita Pref.	41.4 MW	2019
Kuzumaki No. 2 Wind Farm Project (Tentative name)	Kuzumaki-machi, Iwate-gun, Iwate Pref.	44.6 MW	2019
Wasabizawa Geothermal Power Plant *	Yuzawa-shi, Akita Pref.	42 MW	2019
Konokidani Power Plant (hydroelectric)	Ono-shi, Fukui Pref.	199 kW	2016
Shinkatsurazawa Power Plant (hydroelectric)	Mikasa-shi, Hokkaido	16.8 MW	2020

\* Joint venture with Mitsubishi Materials Corporation and Mitsubishi Gas Chemical Company, Inc.

### 3. Nuclear power generation

Project	Location	Capacity	Start of operations (Scheduled)
Ohma Nuclear Power Plant	Ohma-machi, Shimokita-gun, Aomori Pref.	1,383 MW	To be determined

### 4. Overseas power generation business

Project	Location	Capacity	Start of operations (Scheduled)
Central Java coal thermal IPP project *	Indonesia	2,000 MW	2020

\* Joint venture with PT. ADARO POWER and ITOCHU Corporation

### 3. Capital Investment

(1) Total Capital Investment: 126,354 million yen

#### (2) Major Facilities Completed

Segment	Facility Type	Facility Name	Capacity
Overseas Business	Power Generation (Thermal Power)	U-Thai Power Project Unit No.1/No.2 Power Plants (Thailand)	1,600 MW (2 units x 800 MW)

#### (3) Major Facilities under Construction

Segment	Facility Type	Facility Name	Capacity
Electric Power Business	Power Generation (Nuclear Power)	Ohma Nuclear Power Plant	1,383 MW
Electric Power Business	Power Transmission	Ohma Main-Transmission Line	500 kV, 61 km in length
Electric Power Business	Power generation (Thermal Power)	Takehara Thermal Power Plant Unit New No.1	600 MW

### 4. Financing Activities

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

Category	Amount	Remarks
Long-term Loans	96,697 million yen	

## 5. Trend in Assets and Profit/Loss

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

Category	61st fiscal year (FY2012)	62nd fiscal year (FY2013)	63rd fiscal year (FY2014)	64th fiscal year (FY2015)
Operating revenue (millions of yen)	656,056	706,835	750,627	780,072
Ordinary income (millions of yen)	44,825	40,077	59,350	58,033
Profit attributable to owners of parent (millions of yen)	29,808	28,694	43,206	39,719
Earnings per share (yen)	198.65	191.23	284.43	216.99
Total assets (millions of yen)	2,169,909	2,385,216	2,659,149	2,546,272
Net assets (millions of yen)	453,885	519,477	696,298	680,982

Note: Effective from the current fiscal year, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ (Accounting Standards Board of Japan) Statement No. 21, September 13, 2013), etc. and former “net income” is now presented as “profit attributable to owners of parent.”

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

Category	61st fiscal year (FY2012)	62nd fiscal year (FY2013)	63rd fiscal year (FY2014)	64th fiscal year (FY2015)
Operating revenue (millions of yen)	586,993	582,861	557,943	552,341
Ordinary income (millions of yen)	28,839	31,060	28,938	39,670
Profit (millions of yen)	18,594	22,117	22,442	30,458
Earnings per share (yen)	123.92	147.40	147.74	166.39
Total assets (millions of yen)	1,870,291	1,926,731	2,058,609	1,990,798
Net assets (millions of yen)	358,950	374,689	512,276	523,416

## 6. Major Areas of Operation (as of March 31, 2016)

### (1) Business Segment

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.

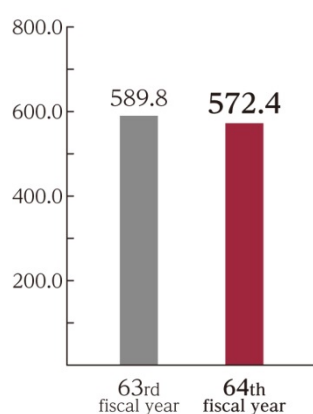
### (2) A Brief Overview of the Business Results of Each Business Segment

Electric Power Business	Wholesale electric power business; other electric power businesses
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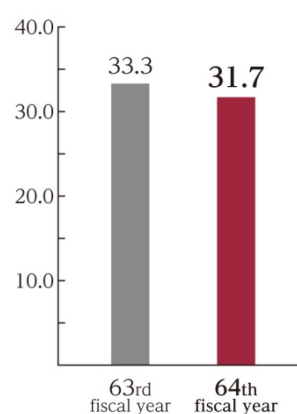
Although revenues in the wholesale electric power business increased due mainly to the increase of water supply rate for hydroelectric power plants, sales (electric utility operating revenue) decreased 2.9% from the previous fiscal year to 572.4 billion yen. This was mainly due to the exclusion of Ichihara Power from the scope of consolidation in the other electric power businesses.

Segment income decreased 4.9% from the previous fiscal year to 31.7 billion yen due mainly to decrease in sales.

■ Operating revenues (billions of yen) ■



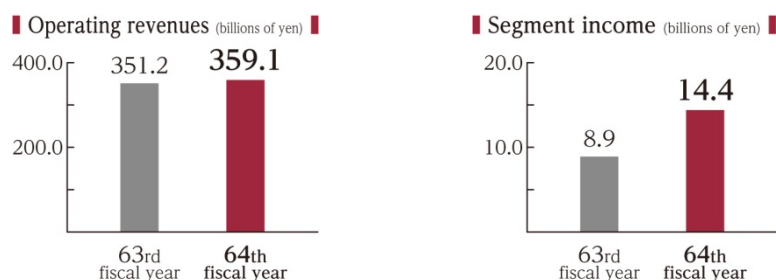
■ Segment income (billions of yen) ■



Electric Power-Related Businesses	Design, installation, inspection, and repair of power generation equipment for power plants; 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.
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Sales (other business operating revenue) increased 2.3% from the previous fiscal year to 359.1 billion yen due mainly to increase in revenues from accepting orders of equipment replacement in consolidated subsidiaries.

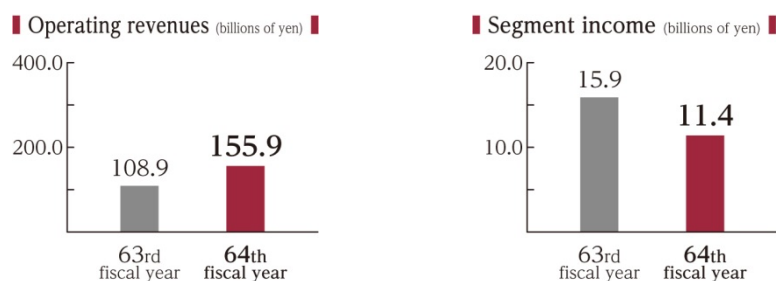
Segment income increased 61.2% from the previous fiscal year to 14.4 billion yen due mainly to increase in sales.



Overseas Business	Investment in overseas power generation and its related businesses; overseas engineering consulting business, etc.
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Sales (overseas business operating revenue) increased 43.2% from the previous fiscal year to 155.9 billion yen due mainly to the operation of Nong Saeng Power Project throughout the term and the commencement of commercial operation of U-Thai Power Project.

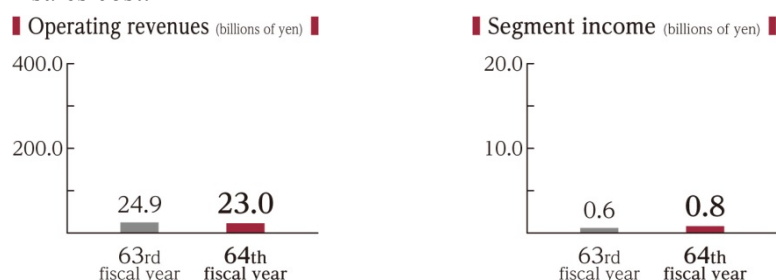
Segment income decreased 28.2% from the previous fiscal year to 11.4 billion yen due mainly to foreign exchange losses despite increase in sales.



Other Businesses	Waste-fueled power generation; cogeneration system business; environment-related businesses; IT communications; domestic engineering consulting business; and coal sales business, etc.
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Sales (other business operating revenue) decreased 7.6% from the previous fiscal year to 23.0 billion yen.

Segment income increased 32.6% from the previous fiscal year to 0.8 billion yen due mainly to decrease in sales cost.



## 7. Major Subsidiaries (as of March 31, 2016)

Company Name	Head Office Location	Capital (millions of yen)	Equity Share (%)	Major Areas of Operation
<b>Electric Power Business</b>				
Bay Side Energy Co., Ltd.	Chuo-ku, Tokyo	2,400	100	Thermal power business
Mihama Seaside Power Co., Ltd.	Chiba-shi, Chiba Pref.	914	100	Thermal power business
J-Wind Co., Ltd.	Chuo-ku, Tokyo	100	100	Wind power business
Japan Clean Energy Development Co., Ltd.	Chuo-ku, Tokyo	95	100	Wind power business
Yurihonjo Wind Power Co., Ltd.	Chuo-ku, Tokyo	9	100	Wind power business
J-Wind OOMA Co., Ltd.	Chuo-ku, Tokyo	5	100	Wind power business
J-Wind NIKAHO Co., Ltd.	Chuo-ku, Tokyo	5	100	Wind power business
J-Wind KUZUMAKI Co., Ltd.	Chuo-ku, Tokyo	5	100	Wind power business
Minami Kyushu Wind Power Co., Ltd.	Minami Osumi-cho, Kimotsuki-gun, Kagoshima Pref.	320	99	Wind power business
J-Wind SETANA Co., Ltd.	Chuo-ku, Tokyo	5	90	Wind power business
ITOIGAWA POWER Inc.	Itoigawa-shi, Niigata Pref.	1,006	80	Thermal power business
Nagasaki-Shikamachi Wind Power Co., Ltd.	Sasebo-shi, Nagasaki Pref.	490	70	Wind power business
Nikaho-kogen Wind Power Co., Ltd.	Nikaho-shi, Akita Pref.	100	67	Wind power business
<b>Electric Power-Related Businesses</b>				
J-POWER AUSTRALIA PTY. LTD.	Australia	548 (million AUD)	100	Investment in coal mine development projects in Australia
JPec Co., Ltd.	Chuo-ku, Tokyo	500	100	Construction, engineering, design, consulting, and maintenance inspections for thermal and nuclear power plants; shipping of coal for thermal power plants; sales of fly ash, and marine transport of coal fuel for electricity generation; environmental protection studies and planning

Company Name	Head Office Location	Capital (millions of yen)	Equity Share (%)	Major Areas of Operation
JPHYTEC Co., Ltd.	Chiyoda-ku, Tokyo	500	100	Construction, engineering, design, consulting, and maintenance inspections for hydroelectric power plants and transmission & transformation facilities; real estate indemnity; land surveying; civil engineering work; general architecture; construction supervision
JP Business Service Corporation	Koto-ku, Tokyo	450	100	Management of welfare facilities; building maintenance; administrative and labor services; computer software development
J-POWER RESOURCES Co., Ltd.	Chuo-ku, Tokyo	450	100	Imports, sales and transportation of coal
J-POWER EnTech Inc.	Minato-ku, Tokyo	177	100	Engineering of equipment for removal of atmospheric and water pollutants
KEC Corporation	Bunkyo-ku, Tokyo	110	100	Installation and maintenance of applied electronic and communications equipment
JPOWER GENEX CAPITAL Co., Ltd.	Chuo-ku, Tokyo	100	100	Management of IPP joint venture projects
J-Wind Service Co., Ltd.	Chuo-ku, Tokyo	50	100	Maintenance and operation of wind power facilities
JP Design Co., Ltd.	Chiyoda-ku, Tokyo	20	100	Design, supervision, research and consultant services for electric power facilities and other general facilities
Miyazaki Wood Pellet Co., Ltd.	Kobayashi-shi, Miyazaki Pref.	300	98	Management and maintenance of woody pellet production facilities; procurement of forest waste
JM Activated Coke, Inc.	Kitakyushu-shi, Fukuoka Pref.	490	90	Production and sales of activated coke
EPDC CoalTech and Marine Co., Ltd.	Chuo-ku, Tokyo	20	100 (100)	Marine transport of coal ash and fly ash
<b>Overseas Business</b>				
J-Power Investment Netherlands B.V.	The Netherlands	54 (million USD)	100	Management of investments
J-POWER Consulting (China) Co., Ltd.	The People's Republic of China	6 (million RMB)	100	Management, research and development of investments
J-POWER North America Holdings Co., Ltd.	U.S.A.	1 (USD)	100	Management of investments
J-POWER Holdings (Thailand) Co., Ltd.	Thailand	29,756 (million bahts)	100 (100)	Management of investments
J-POWER Generation (Thailand) Co., Ltd.	Thailand	39 (million bahts)	100 (100)	Management, research and development of investments
J-POWER USA Investment Co., Ltd.	U.S.A.	32 (USD)	100 (100)	Management of investments



Company Name	Head Office Location	Capital (millions of yen)	Equity Share (%)	Major Areas of Operation
J-POWER USA Development Co., Ltd.	U.S.A.	1 (USD)	100 (100)	Management, research and development of investments
Gulf JP Co., Ltd.	Thailand	32,890 (million bahts)	90 (90)	Management of investments
Gulf JP UT Co., Ltd.	Thailand	11,933 (million bahts)	90 (90)	Thermal power business
Gulf JP NS Co., Ltd.	Thailand	11,104 (million bahts)	90 (90)	Thermal power business
Gulf JP NNK Co., Ltd.	Thailand	1,490 (million bahts)	90 (90)	Thermal power business
Gulf JP CRN Co., Ltd.	Thailand	1,440 (million bahts)	90 (90)	Thermal power business
Gulf JP NK2 Co., Ltd.	Thailand	1,370 (million bahts)	90 (90)	Thermal power business
Gulf JP TLC Co., Ltd.	Thailand	1,365 (million bahts)	90 (90)	Thermal power business
Gulf JP KP1 Co., Ltd.	Thailand	1,360 (million bahts)	90 (90)	Thermal power business
Gulf JP KP2 Co., Ltd.	Thailand	1,275 (million bahts)	90 (90)	Thermal power business
Gulf JP NLL Co., Ltd.	Thailand	1,384 (million bahts)	67 (67)	Thermal power business
<b>Other Businesses</b>				
KAIHATSU HIRYOU Co., Ltd.	Takehara-shi, Hiroshima Pref.	450	100	Production and sales of coal ash-based fertilizer
Japan Network Engineering Co., Ltd.	Chuo-ku, Tokyo	50	100	Telecommunications; operation and maintenance of telecommunications facilities
Omuta Plant Service Co., Ltd.	Omuta-shi, Fukuoka Pref.	50	100	Operation and maintenance of waste-fueled power plants
Greencoal Saikai Co., Ltd.	Saikai-shi, Nagasaki Pref.	100	60	Operation of facilities processing non-industrial waste into carbonized fuel
Biocoal Osaka-Hirano Co., Ltd.	Osaka-shi, Osaka Pref.	50	60	Construction and operation of facilities processing sewage sludge into carbonized fuel

Notes: 1. Equity share in parentheses indicates the level of indirect holdings.

2. The Company has 70 consolidated subsidiaries, including the major subsidiaries as listed above, and 81 affiliates accounted for by the equity method.

**8. Major Business Locations** (as of March 31, 2016)

**(1) The Company's Major Offices and Power Plants**

**(a) Head Office**

Name	Location
Head Office	Chuo-ku, Tokyo

**(b) Offices**

Office Name		Location
Regional Headquarters	East Regional Headquarter	Kawagoe-shi, Saitama Pref.
	Chubu Regional Headquarter	Kasugai-shi, Aichi Pref.
	West Regional Headquarter	Osaka-shi, Osaka Pref.
Regional Transmission System & Telecommunications Center	North Regional Transmission System & Telecommunications Center	Nanae-cho, Kameda-gun, Hokkaido Pref.
	East Regional Transmission System & Telecommunications Center	Kawagoe-shi, Saitama Pref.
	Central Regional Transmission System & Telecommunications Center	Kasugai-shi, Aichi Pref.
	West Regional Transmission System & Telecommunications Center	Kurashiki-shi, Okayama Pref.

**(c) Power Plants**

<b>Sector</b>	<b>Power Plant Name (Location)</b>
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.) (46 other power plants 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**

Head office locations of major subsidiaries are provided in “7. Major Subsidiaries” on pages 23 to 25.

## 9. Employees (as of March 31, 2016)

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

Segment	Number of Employees
Electric Power Business	2,338
Electric Power-Related Businesses	3,967
Overseas Business	731
Other Businesses	189
Total	7,225

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

Number of Employees	Change Since Previous FY	Average Age	Average Years of Service
2,360	-6	41.1	19.9

Notes: 1. The number of employees represents a number of employees at work, and does not include 726 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, 2016)

Lender	Loan Balance at End of this Fiscal Year
Mizuho Bank, Ltd.	90,360 million yen
Sumitomo Mitsui Banking Corporation	81,800 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	58,259 million yen
Nippon Life Insurance Company	51,900 million yen
The Norinchukin Bank	50,000 million yen

Note: In addition to those listed above, there are two other major loan for overseas business projects under loan syndication arrangements (221,162 million yen in total).

## II Items Regarding Shares of the Company

Shares (as of March 31, 2016)

- (1) Number of shares authorized for issue 660,000,000 shares
- (2) Number of shares issued 183,051,100 shares  
(including 1,191 shares of treasury stock)
- (3) Number of shareholders 34,158
- (4) Major shareholders (top 10 shareholders)

Shareholder Name	Number of shares held (thousands)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Account in Trust)	11,907	6.50
Nippon Life Insurance Company	9,152	5.00
The Master Trust Bank of Japan, Ltd. (Account in Trust)	7,883	4.31
Mizuho Bank, Ltd.	7,465	4.08
Japan Trustee Services Bank, Ltd. (Account in Trust 9)	5,136	2.81
Sumitomo Mitsui Banking Corporation	4,295	2.35
J-POWER Employees Shareholding Association	3,547	1.94
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,331	1.82
Fukoku Mutual Life Insurance Company	3,025	1.65
THE BANK OF NEW YORK - JASDEC NON-TREATY ACCOUNT	2,820	1.54

Notes: 1. The above shareholding ratios are calculated excluding treasury stock.

2. The number of shares held by Fukoku Mutual Life Insurance Company includes its contribution of 600,000 shares to the employees' retirement benefit trust. The holder of said shares, as listed in the Shareholders' Register, is "Japan Trustee Services Bank, Ltd. (Fukoku Mutual Life Insurance Company Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)."

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

#### 1. Directors and Audit & Supervisory Board Members (as of March 31, 2016)

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	Toshifumi Watanabe	<ul style="list-style-type: none"> <li>• Assistant to the president for business described below: Corporate oversight</li> <li>• Disaster readiness</li> <li>• Department Deputy Director of Nuclear Power Business (delegation of administrative works)</li> </ul>
Executive Vice President and Representative Director	Hitoshi Murayama	<ul style="list-style-type: none"> <li>• Assistant to the president for business described below: Production/technology oversight</li> </ul>
Executive Vice President and Executive Director	Masato Uchiyama	<ul style="list-style-type: none"> <li>• Assistant to the president for business described below: Development/sales oversight</li> <li>• Department Director of Energy Business (delegation of administrative works)</li> </ul>
Executive Vice President and Executive Director	Junji Nagashima	<ul style="list-style-type: none"> <li>• Assistant to the president for business described below: Nuclear power oversight</li> <li>• Department Director of Nuclear Power Business (delegation of administrative works)</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 and international power business (matters under special assignment)</li> <li>• Department Deputy Director of Nuclear Power Business (delegation of administrative works)</li> </ul>
Executive Director and Executive Managing Officer	Shuji Etoh	<ul style="list-style-type: none"> <li>• Corporate Planning &amp; Administration Dept.</li> <li>• Siting &amp; Environment Dept.</li> <li>• Procurement Dept.</li> <li>• Nuclear Power Management Dept.</li> <li>• Department Deputy Director of Nuclear Power Business (delegation of administrative works)</li> </ul>
Executive Director and Executive Managing Officer	Itaru Nakamura	<ul style="list-style-type: none"> <li>• Accounting &amp; Finance Dept.</li> <li>• Personnel &amp; Employee Relations Dept.</li> <li>• General Affairs Dept.</li> <li>• Energy Planning Dept.</li> <li>• Department Deputy Director of Energy Business (delegation of administrative works)</li> </ul>
Executive Director and Executive Managing Officer	Yoshiki Onoi	<ul style="list-style-type: none"> <li>• International Business Management Dept.</li> <li>• International Business Development Dept.</li> <li>• Department Director of International Business (delegation of administrative works)</li> </ul>

Title	Name	Roles and responsibilities of the current position and other major concurrent positions
Executive Director and Executive Managing Officer	Akihito Urashima	<ul style="list-style-type: none"> <li>• Nuclear Power Engineering Dept.</li> <li>• Ohma General Management Dept.</li> <li>• Department Deputy Director of Nuclear Power Business (delegation of administrative works)</li> </ul>
Outside Director	Go Kajitani	<Major concurrent positions> <ul style="list-style-type: none"> <li>• Attorney at law (KAJITANI LAW OFFICES)</li> </ul>
Senior Audit & Supervisory Board Member (Full-time)	Akira Samata	
Senior Audit & Supervisory Board Member (Full-time)	Hiroshi Fujioka	
Audit & Supervisory Board Member (Full-time)	Hirotada Tanou	
Audit & Supervisory Board Member	Mutsutake Otsuka	<Major concurrent positions> <ul style="list-style-type: none"> <li>• Advisor of East Japan Railway Company</li> <li>• Outside Director of JX Holdings, Inc.</li> <li>• Outside Director of NIPPON STEEL &amp; SUMITOMO METAL CORPORATION</li> </ul>
Audit & Supervisory Board Member	Kiyoshi Nakanishi	<Major concurrent positions> <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 has no special relationship with the Company.
3. Mr. Hiroshi Fujioka, 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.
4. Mr. Hiroshi Fujioka, 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 long experience in the administration of fiscal and financial issues, etc.
5. Mr. Hiroshi Fujioka, who serves as an Outside Audit & Supervisory Board Member of the Company, will assume the position as an Outside Corporate Auditor of the Nishi-Nippon City Bank, Ltd. on June 29, 2016.
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. NIPPON STEEL & SUMITOMO METAL CORPORATION and the Company established, by joint capital investment, “Kashima Power Co., Ltd.”, to promote a plan to construct a coal-fired thermal power plant (650MW class).
9. Mr. Mutsutake Otsuka, who serves as an Outside Audit & Supervisory Board Member of the Company, retired from his position as Vice Chairman of Nippon Keidanren on June 2, 2015.
10. 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.
11. GENESIS RESEARCH INSTITUTE, INC. and TOYOTA TECHNOCRAFT Co., LTD. have no special relationship with the Company.
12. Outside Director Ms. Mariko Fujii resigned on October 21, 2015. She was an Outside Director of the Company at the time of her resignation. She was also serving as a Professor at the Research Center for Advanced Science and Technology, the University of Tokyo (National University Corporation) at that time. The Center has no special relationship with the Company.

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

Category	Number of Persons	Total Amount
Directors (Outside Directors)	17 (2)	427 million yen (15 million yen)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	5 (3)	108 million yen (43 million yen)
Total	22	536 million yen

Notes: 1. The Directors' remuneration includes a performance-linked bonus of 49 million yen for this fiscal year.

2. The number of Directors includes four Directors who resigned at the end of 63rd Ordinary General Meeting of Shareholders held on June 25, 2015 and one Director who resigned on October 21, 2015.

## 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 under “1. Directors and Audit & Supervisory Board Members” on pages 30 to 31.

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

Name (Title)	Key Activities
Go Kajitani (Outside Director)	Has attended 12 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.
Mariko Fujii (Outside Director)	Has attended 6 of the 6 Board of Directors meetings during the current fiscal year until her resignation on October 21, 2015 and made comments primarily based on her distinguished knowledge and a wide range of experience she acquired through working in the administration and research of financial economics and public policy.
Hiroshi Fujioka (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 administration of fiscal and financial issues, etc.
Mutsutake Otsuka (Audit & Supervisory Board Member)	Has attended 10 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.
Kiyoshi Nakanishi (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.

##### (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.

##### (4) Election of Outside Directors

While the Company had elected two Outside Directors, one of them resigned on October 21, 2015, leaving one Outside Director at the moment. We will submit a proposal for election of Directors including multiple candidates for Outside Directors at the 64th Ordinary General Meeting of Shareholders scheduled to be held on June 22, 2016.

**IV Status of Accounting Auditors**

**1. Name of Accounting Auditors**

Ernst & Young ShinNihon LLC

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

<b>Segment</b>	<b>Amount Paid</b>
Amount of compensation paid in this fiscal year	99 million yen
Total amount owed to Accounting Auditor by the Company and its subsidiaries in the form of cash or other financial benefit	158 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. After receiving from the Accounting Auditor of the accounting audit plan for the current fiscal year including the number of days for audit and the allocation of personnel, the verification and assessment of the actual audit in the previous fiscal year, the appropriateness of the audit conducted by the Accounting Auditor, and the grounds for calculating the estimate providing the basis for the remuneration and scrutinizing the details thereof, the Audit & Supervisory Board gave its consent to the amount of Accounting Auditor remuneration.
3. Of the Company’s major 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-re-election of Accounting Auditors**

When it is acknowledged that an Accounting Auditor is subject to the Items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will discharge the Accounting Auditor with the consent of all Audit & Supervisory Board Members. Besides the foregoing, if the Accounting Auditor is deemed unable to adequately perform its duties, or there is another justifiable reason, the Audit & Supervisory Board shall decide the details of a proposal on the discharge or non-re-election of the Accounting Auditor to be presented to the General Meeting of Shareholders.

**5. Business Suspension Order to Which the Accounting Auditor Was Subject During Past Two Years**

**(1) Subject of the action**

Ernst & Young ShinNihon LLC

**(2) Description of the action**

- Suspension from accepting new engagements for three months from January 1, 2016 to March 31, 2016
- Order for improvement of business operations (improvement of business management system)

**(3) Reason for the action**

- In regard to the audit of financial statements for a company other than the Company, the above-mentioned audit corporation's certified public accountants had, in negligence of due care, attested the financial statements containing material misstatements as if the statements contained no material misstatements.
- The audit corporation's operation of services was found to be grossly inappropriate.

## **V Corporate Structure and Policies**

### **1. Systems for Ensuring Appropriate Business Operations and Operation Status of the System**

#### **(1) Systems for Ensuring Appropriate Business Operations**

Details of the systems for ensuring appropriate business operations (basic policy) resolved by the Board of Directors of the Company are as follows:

##### **(a) 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 of the Company and its subsidiaries to seek advice on compliance issues, while providing thorough protection of them. 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.

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

Directors with special titles 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.

**(c) 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.

**(d) 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 meetings attended by all Directors with special titles, 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 matters to be proposed in the Board of Directors’ meetings and the President and Executive Vice President’s execution of business operations on the basis of policies decided by the Board of Directors.

Meetings of the Management Executing Committee composed of all Directors with special titles, Executive Officers, and full-time Audit & Supervisory Board Members, in principle, shall 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 the Board of Directors, the Executive Committee and the 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 Directors with special titles and Executive Officers.

**(e) 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.

**(f) 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; and Matters Concerning the Effectiveness of Instructions from Audit & Supervisory Board Members to Said Employees**

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.

**(g) Systems Whereby Directors and Employees, etc. of the Company and Its Subsidiaries Report to Audit & Supervisory Board Members and Other Systems Involving Reports Made to Audit & Supervisory Board Members; and Systems to Ensure That Those Who Reported to Audit & Supervisory Board Members Will Not Be Given Unfavorable Treatment Due to Said Reporting**

The following shall be reported by Directors and employees, etc. of the Company and its subsidiaries to Audit & Supervisory Board Members. It shall also be ensured that those who reported to Audit & Supervisory Board Members will not be given unfavorable treatment due to said reporting:

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

**(h) Matters Concerning Procedures for Prepayment or Reimbursement of Expenses Arising from Execution of Business Operations by Audit & Supervisory Board Members and Other Policy for Treatment of Expenses and Liabilities Arising from Execution of Said Business Operations**

Necessary expenses shall be budgeted in advance for the execution of business operations by Audit & Supervisory Board Members and those expensed urgently or temporarily shall also be reimbursed.

**(i) 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, the Executive Committee, the 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) Operation Status of Systems for Ensuring Appropriate Business Operations**

The outline of the operation status of the systems above during the current fiscal year is as follows:

**(a) Status of Efforts Made Concerning Compliance**

In accordance with the “J-POWER Corporate Philosophy” and the “J-POWER Codes of Conduct for Corporate Activities,” the Company endeavors to develop a spirit of compliance with the law and an ethical outlook. We also ensure transparency of management for the whole Group through the clarification of procedures for resolutions and the authorities of those in charge of each department of the Group.

To promote compliance, the Company continuously conducts deliberations on measures to promote compliance in the whole company and evaluates their implementation through all meeting bodies, including the Company-wide Compliance Action Committee, and compliance-related activities. In addition, the Company strives to prevent breaches of laws and regulations, and the Articles of Incorporation while appropriately addressing compliance violations through the implementation of employee education and the development of an internal notification system.

**(b) Execution of Business Operations by Directors and Employees**

To discuss and decide essential Company-wide matters, meetings of the Board of Directors, the Executive Committee, and the Management Executing Committee are held as necessary. In addition, regarding their contents, the Company appropriately records, maintains and manages meeting minutes, etc. in accordance with laws and regulations as well as internal regulations.

Directors with special titles and Executive Officers report on situations involving the execution of business operations to the Board of Directors and the Executive Committee every month.

**(c) Risk Control**

The Company has established and implements provisions in internal regulations for prevention, reduction, and control of risks concerning individual businesses.

When making decisions on essential Company-wide matters, the Board of Directors, the Executive Committee, and the Management Executing Committee fully discuss risks and measures to avoid them.

In order to ensure appropriate execution of business operations, the Internal Audit Department, being functionally separated from other departments of the Company, independently conducts internal audit activities. The Internal Audit Department does so based on the annual internal audit plan which is formulated by taking into consideration various issues in management and the results of audit in the previous fiscal year, etc.

**(d) Management of Affiliated Companies**

In accordance with internal regulations, the Company manages affiliated companies by approving their business executions or receiving reports, according to their importance.

Audit & Supervisory Board Members and the Internal Audit Department implement audits on affiliated companies with the objective of ensuring the propriety of their business operations.

**(e) Execution of Business Operations by Audit & Supervisory Board Members**

Audit & Supervisory Board Members implement audits by themselves by attending meetings of the Board of Directors, the Executive Committee, and the Management Executing Committee and other such business meetings, as well as investigating all company institutions and major subsidiaries. Audit & Supervisory Board Members also improve the effectiveness of audits by closely cooperating with the Internal Audit Department and the Accounting Auditor to exchange information and opinions.

If there occur events with the potential to inflict significant losses on the Company, Directors, etc. report to Audit & Supervisory Board Members. It is also ensured that those who made such reporting are not given unfavorable treatment due to the reporting.

In order to assist in the business operations of Audit & Supervisory Board Members, the Audit & Supervisory Board Members' Office has been set up independent of the chain of command of the Directors, and a necessary exclusive staff has been assigned. In addition, regulations for procedures for prepayment or reimbursement of expenses arising from the execution of business operations by the Audit & Supervisory Board Members of the Company have been established and appropriately implemented.



## **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 people's needs for energy without fail, and play its part for the sustainable development of Japan and the rest of 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 plants 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, 2016)

(millions of yen)

<b>Assets</b>	
<b>Non-current assets</b>	2,237,836
<b>Electric utility plant and equipment</b>	952,230
Hydroelectric power production facilities	344,014
Thermal power production facilities	316,532
Internal combustion engine power production facilities	3,754
Renewable power production facilities	35,960
Transmission facilities	161,784
Transformation facilities	29,960
Communication facilities	8,449
General facilities	51,772
<b>Overseas business facilities</b>	357,448
<b>Other non-current assets</b>	101,827
<b>Construction in progress</b>	444,814
Construction and retirement in progress	444,814
<b>Nuclear fuel</b>	73,447
Nuclear fuel in processing	73,447
<b>Investments and other assets</b>	308,067
Long-term investments	234,506
Deferred tax assets	41,655
Investments and other assets	31,950
Allowance for doubtful accounts	(45)
<b>Current assets</b>	308,436
Cash and deposits	87,659
Notes and accounts receivable - trade	66,312
Short-term investments	72,410
Inventories	41,199
Deferred tax assets	5,268
Other current assets	35,601
Allowance for doubtful accounts	(14)
<b>Total assets</b>	2,546,272

**CONSOLIDATED BALANCE SHEETS** (as of March 31, 2016) *(Continued)*

(millions of yen)

<b>Liabilities</b>	
<b>Non-current liabilities</b>	1,561,072
Bonds payable	575,079
Long-term loans payable	867,276
Lease obligations	479
Other provision	89
Net defined benefit liability	65,912
Asset retirement obligations	11,685
Deferred tax liabilities	18,294
Other non-current liabilities	22,254
<b>Current liabilities</b>	304,100
Current portion of non-current liabilities	158,131
Short-term loans payable	28,009
Notes and accounts payable - trade	37,033
Accrued taxes	23,344
Other provision	265
Asset retirement obligations	635
Deferred tax liabilities	22
Other current liabilities	56,656
<b>Reserves under special laws</b>	116
Reserve for fluctuation in water levels	116
<b>Total liabilities</b>	1,865,289
<b>Net Assets</b>	
<b>Shareholders' equity</b>	656,367
Capital stock	180,502
Capital surplus	109,902
Retained earnings	365,967
Treasury stock	(4)
<b>Accumulated other comprehensive income</b>	15,775
Valuation difference on available-for-sale securities	12,516
Deferred gains or losses on hedges	(14,395)
Foreign currency translation adjustment	30,464
Remeasurements of defined benefit plans	(12,809)
<b>Non-controlling interests</b>	8,839
<b>Total net assets</b>	680,982
<b>Total liabilities and net assets</b>	2,546,272

**CONSOLIDATED STATEMENTS OF INCOME** (from April 1, 2015 to March 31, 2016)

(millions of yen)

<b>Ordinary revenue</b>	
<b>Operating revenue</b>	780,072
Electric utility operating revenue	570,837
Overseas business operating revenue	155,952
Other business operating revenue	53,282
<b>Non-operating income</b>	17,871
Dividend income	2,409
Interest income	905
Equity in earnings of affiliates	10,889
Other	3,667
<b>Total ordinary revenue</b>	797,944
<b>Ordinary expenses</b>	
<b>Operating expenses</b>	692,695
Electric utility operating expenses	506,772
Overseas business operating expenses	131,605
Other business operating expenses	54,317
[Operating income	87,376]
<b>Non-operating expenses</b>	47,214
Interest expenses	30,460
Foreign exchange losses	12,888
Other	3,865
<b>Total ordinary expenses</b>	739,910
<b>Ordinary income</b>	58,033
<b>Provision or reversal of reserve for fluctuation in water levels</b>	116
Provision of reserve for fluctuation in water levels	116
<b>Profit before income taxes</b>	57,917
<b>Income taxes - current</b>	12,821
<b>Income taxes - deferred</b>	4,916
<b>Profit</b>	40,178
<b>Profit attributable to non-controlling interests</b>	459
<b>Profit attributable to owners of parent</b>	<b>39,719</b>

(Reference)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(from April 1, 2015 to March 31, 2016)

(millions of yen)

<b>Profit</b>	40,178
<b>Other comprehensive income</b>	
Valuation difference on available-for-sale securities	(7,349)
Deferred gains or losses on hedges	1,481
Foreign currency translation adjustment	(17,882)
Remeasurements of defined benefit plans, net of tax	(14,844)
Share of other comprehensive income of associates accounted for using equity method	(5,693)
Total other comprehensive income	(44,288)
<b>Comprehensive income</b>	<b>(4,110)</b>
(Comprehensive income attributable to abstract)	
Comprehensive income attributable to owners of parent	(3,772)
Comprehensive income attributable to non-controlling interests	(337)

**NON-CONSOLIDATED BALANCE SHEETS** (as of March 31, 2016)

(millions of yen)

<b>Assets</b>	
<b>Non-current assets</b>	1,825,753
<b>Electric utility plant and equipment</b>	935,773
Hydroelectric power production facilities	354,506
Thermal power production facilities	323,216
Renewable power production facilities	1,061
Transmission facilities	164,513
Transformation facilities	31,208
Communication facilities	9,039
General facilities	52,227
<b>Incidental business facilities</b>	1,944
<b>Non-operating facilities</b>	331
<b>Construction in progress</b>	442,465
Construction in progress	442,327
Retirement in progress	138
<b>Nuclear fuel</b>	73,447
Nuclear fuel in processing	73,447
<b>Investments and other assets</b>	371,790
Long-term investments	61,773
Long-term investment for subsidiaries and associates	265,759
Long-term prepaid expenses	25,553
Deferred tax assets	18,703
<b>Current assets</b>	165,044
Cash and deposits	3,969
Accounts receivable - trade	26,789
Other accounts receivable	4,636
Short-term investments	72,399
Supplies	31,758
Advance payments	71
Prepaid expenses	2,140
Short-term receivables from subsidiaries and associates	5,293
Deferred tax assets	3,217
Other current assets	14,767
<b>Total assets</b>	1,990,798

**NON-CONSOLIDATED BALANCE SHEETS** (as of March 31, 2016) *(Continued)*

(millions of yen)

<b>Liabilities</b>	
<b>Non-current liabilities</b>	1,184,707
Bonds payable	575,079
Long-term loans payable	562,520
Long-term accrued liabilities	269
Lease obligations	188
Long-term debt to subsidiaries and associates	1,425
Provision for retirement benefits	38,548
Asset retirement obligations	1,604
Other non-current liabilities	5,070
<b>Current liabilities</b>	282,557
Current portion of non-current liabilities	145,540
Short-term loans payable	16,250
Accounts payable - trade	1,731
Accounts payable - other	7,587
Accrued expenses	10,016
Accrued taxes	9,319
Deposits received	323
Short-term debt to subsidiaries and associates	87,863
Other advances	786
Other current liabilities	3,137
<b>Reserves</b>	116
Reserve for fluctuation in water levels	116
<b>Total liabilities</b>	1,467,381

**NON-CONSOLIDATED BALANCE SHEETS** (as of March 31, 2016) *(Continued)*

(millions of yen)

<b>Net Assets</b>	
<b>Shareholders' equity</b>	512,356
<b>Capital stock</b>	180,502
<b>Capital surplus</b>	109,904
Legal capital surplus	109,904
<b>Retained earnings</b>	221,954
Legal retained earnings	6,029
Other retained earnings	215,925
Reserve for special disaster	66
Exchange-fluctuation preparation reserve	1,960
General reserve	162,861
Retained earnings brought forward	51,037
<b>Treasury stock</b>	(4)
<b>Valuation and translation adjustments</b>	11,059
Valuation difference on available-for-sale securities	11,178
Deferred gains or losses on hedges	(118)
<b>Total net assets</b>	523,416
<b>Total liabilities and net assets</b>	1,990,798



**NON-CONSOLIDATED STATEMENTS OF INCOME** (from April 1, 2015 to March 31, 2016)

(millions of yen)

<b>Ordinary revenue</b>	
<b>Operating revenue</b>	552,341
<b>Electric utility operating revenue</b>	543,019
Sold power to other suppliers	490,235
Transmission revenue	48,991
Other electricity revenue	3,792
<b>Incidental business operating revenue</b>	9,322
Operating revenue - consulting business	1,807
Operating revenue - coal sale business	6,036
Operating revenue - other businesses	1,478
<b>Non-operating income</b>	18,319
<b>Financial revenue</b>	17,079
Dividends income	15,825
Interest income	1,253
<b>Non-operating revenue</b>	1,240
Gain on sales of non-current assets	10
Miscellaneous revenue	1,230
<b>Total ordinary revenue</b>	570,661
<b>Ordinary expenses</b>	
<b>Operating expenses</b>	511,309
<b>Electric utility operating expenses</b>	502,864
Hydroelectric power production expenses	62,759
Thermal power production expenses	344,528
Renewable power production expenses	2,183
Purchased power from other suppliers	14
Transmission expenses	25,869
Transformation expenses	6,347
Selling expenses	1,362
Communicating expenses	4,671
General and administrative expenses	48,135
Enterprise tax	6,993

**NON-CONSOLIDATED STATEMENTS OF INCOME**(from April 1, 2015 to March 31, 2016) (Continued)

	(millions of yen)
<b>Incidental business operating expenses</b>	8,444
Operating expenses - consulting business	1,144
Operating expenses - coal sale business	5,971
Operating expenses - other businesses	1,327
[Operating income	41,032]
<b>Non-operating expenses</b>	19,681
<b>Financial expenses</b>	17,840
Interest expenses	17,840
<b>Non-operating expenses</b>	1,840
Loss on sales of non-current assets	4
Miscellaneous expenses	1,835
<b>Total ordinary expenses</b>	530,990
<b>Ordinary income</b>	39,670
<b>Provision or reversal of reserve for fluctuation in water levels</b>	116
Provision of reserve for fluctuation in water levels	116
<b>Profit before income taxes</b>	39,553
<b>Income taxes</b>	9,095
Income taxes-current	6,267
Income taxes-deferred	2,827
<b>Profit</b>	30,458

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

Report of Independent Auditors

May 10, 2016

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

Ernst & Young ShinNihon LLC  
Hidehito Uchida  
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 64th fiscal year from April 1, 2015 through March 31, 2016.

*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 64th fiscal year ended March 31, 2016 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 10, 2016

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

Ernst & Young ShinNihon LLC  
Hidehito Uchida  
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 64th fiscal year from April 1, 2015 through March 31, 2016.

*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 64th fiscal year ended March 31, 2016 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 64th fiscal year, from April 1, 2015 to March 31, 2016, 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
  - (1) 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.
  - (2) 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, and audits were implemented as follows:
    - (i) Audit & Supervisory Board Members 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. Regarding subsidiaries, Audit & Supervisory Board Members worked to communicate with Directors, Audit & Supervisory Board Members, and other parties at those subsidiaries, and when necessary conducted hearings regarding the status of their performance of duties, including surveys of operations and assets.
    - (ii) Audit & Supervisory Board Members were responsible for monitoring and verifying the status of creation and operation 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 operations of the J-POWER Group comprising the Company as a stock corporation and its subsidiaries 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).
    - (iii) 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.
    - (iv) 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 Business Report and supplemental statements, 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 13, 2016

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

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

Hiroshi Fujioka (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 Hiroshi Fujioka, 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.