

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



June 1, 2017

Dear Shareholder:

Toshifumi Watanabe
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 65th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 65th 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 27, 2017, Japan time.

Notice

1. Date & Time: 10:00 a.m., Wednesday, June 28, 2017 (Reception desk will open at 9:00 a.m.)

2. Place: Ho-Oh-No-Ma, 2F, Tokyo Prince Hotel
3-1, Shibakoen 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 65th fiscal year (from April 1, 2016 to March 31, 2017), 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 65th fiscal year (from April 1, 2016 to March 31, 2017)

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 65th fiscal year.

1. Items relating to the year-end dividend:

| | |
|---|--|
| Type of dividend assets | Cash |
| Distribution of dividends | 35 yen per share of common stock of the Company Total amount: 6,406,741,915 yen |
| Effective date of the distribution | Thursday, June 29, 2017 |

2. Other items relating to the appropriation of surplus:

| | |
|--------------------------|---|
| Increased surplus | General reserve: 40,000,000,000 yen |
| Decreased surplus | Retained earnings carried forward: 40,000,000,000 yen |

Proposal 2: Election of Fourteen (14) Directors

The term of office for all fourteen (14) Directors expires as of the end of this meeting.

Accordingly, the Company proposes the election of fourteen (14) Directors.

The details for the candidates for Directors are given on pages 5 through 12.

| Candidate Number | Name | | | Current Positions at the Company |
|------------------|-----------------|------------------|---------------------------------------|--|
| 1 | Reappointment | | Masayoshi Kitamura | Chairman and Representative Director |
| 2 | Reappointment | | Toshifumi Watanabe | President and Representative Director |
| 3 | Reappointment | | Hitoshi Murayama | Executive Vice President and Representative Director |
| 4 | Reappointment | | Masato Uchiyama | Executive Vice President and Representative Director |
| 5 | Reappointment | | Shuji Etoh | Executive Vice President and Representative Director |
| 6 | Reappointment | | Akihito Urashima | Executive Director and Executive Managing Officer |
| 7 | Reappointment | | Yoshiki Onoi | Executive Director and Executive Managing Officer |
| 8 | Reappointment | | Hiromi Minaminosono | Executive Director and Executive Managing Officer |
| 9 | Reappointment | | Hiroyasu Sugiyama | Executive Director and Executive Managing Officer |
| 10 | New Appointment | | Hideki Tsukuda | Executive Managing Officer |
| 11 | New Appointment | | Makoto Honda | Executive Managing Officer |
| 12 | Reappointment | Outside Director | Independent Director Go Kajitani | Outside Director |
| 13 | Reappointment | Outside Director | Independent Director Tomonori Ito | Outside Director |
| 14 | Reappointment | Outside Director | Independent Director John Buchanan | Outside Director |

| 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 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 June 2016 Chairman and Representative Director (current position) | 33,740 shares |
| 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 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 June 2016 President and Representative Director (current position) | 16,500 shares |
| 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. | | | |

| 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 |  Yoshiki Onoi (July 14, 1955) | April 1979 Joined the Company 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) | 6,800 shares |
| Reasons for Nomination as Candidate for Executive Director 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. | | | |
| 8 Reappointment |  Hiromi Minaminosono (October 19, 1956) | April 1981 Joined the Company 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. June 2016 Executive Director and Executive Managing Officer (current position) | 5,720 shares |
| Reasons for Nomination as Candidate for Executive Director 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 & employee relations, sales and secretarial affairs & 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. As concurrently serving as Executive Director since June 2016, 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. | | | |

| 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 |
|--|--|--|---|--------------------------------------|
| 9 Reappointment |  Hiroyasu Sugiyama (April 11, 1956) | April 1981 July 2012 June 2013 June 2015 June 2016 | Joined the Company Department Director of International Business Development Dept. Executive Officer, Department Director of International Business Development Dept. Executive Managing Officer Executive Director and Executive Managing Officer (current position) | 6,320 shares |
| Reasons for Nomination as Candidate for Executive Director 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. As concurrently serving as Executive Director since June 2016, 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. | | | | |
| 10 New Appointment |  Hideki Tsukuda (June 7, 1957) | April 1981 June 2012 June 2013 June 2015 | Joined the Company Department Director of Thermal Power Engineering Dept. Executive Officer, Department Director of Thermal Power Dept. Executive Managing Officer (current position) | 3,100 shares |
| Reasons for Nomination as Candidate for Executive Director Mr. Hideki Tsukuda 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, business development and thermal power maintenance 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. | | | | |
| 11 New Appointment |  Makoto Honda (July 6, 1958) | April 1982 June 2010 June 2014 June 2016 | Joined the Company Department Director of Power Sales Dept. Executive Officer, Department Director of Corporate Planning & Administration Dept. Executive Managing Officer (current position) | 3,400 shares |
| Reasons for Nomination as Candidate for Executive Director Mr. Makoto Honda is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of personnel & employee relations, accounting & finance, sales and planning since joining the Company and also through his service as Executive Officer since June 2014. 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. | | | | |

| 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) | April 1967 Registered as an attorney at law (Dai-ichi Tokyo Bar Association) Joined KAJITANI LAW OFFICES April 1998 President of Dai-ichi Tokyo Bar Association, Vice President of Japan Federation of Bar Associations April 1999 Senior Partner of KAJITANI LAW OFFICES June 2003 Outside Audit & Supervisory Board Member of NICHIAS Corporation April 2004 President of Japan Federation of Bar Associations June 2007 Chairman of the Central Third-Party Committee to Check Pension Records, the Ministry of Internal Affairs and Communications June 2009 Non-Executive Director (Outside Director) of the Company (current position) April 2011 President of Japan Legal Support Center June 2011 Outside Audit & Supervisory Board Member of The Yokohama Rubber Company, Limited <Major Concurrent Positions> • Attorney at law (KAJITANI LAW OFFICES) | 0 shares |
| Reasons for Nomination as Candidate for Outside Director | | | |
| <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 & 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 & 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> | | | |
| Independence of Outside Director | | | |
| <p>The Company maintains transactional relationships with neither Mr. Kajitani nor the entities where he concurrently serves, and he fulfils both the requirements for independent directors/auditors stipulated by the Tokyo Stock Exchange and the “Criteria to Determine the Independence of Outside Officers” established by the Company. Accordingly, the Company has appointed him as an independent director/auditor in accordance with the specifications of the Tokyo Stock Exchange.</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 Reappointment 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>June 2016 Non-Executive Director (Outside Director) of the Company (current position)</p> <p><Major Concurrent Positions></p> <ul style="list-style-type: none"> • Professor of Graduate School of International Corporate Strategy, Hitotsubashi University • External Director of PARCO CO., LTD. • Outside Director of Aozora Bank, Ltd. | 0 shares |
| Reasons for Nomination as Candidate for Outside Director | | | |
| <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. 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 2016, the Company has nominated him as a candidate to continue serving as Outside Director.</p> | | | |
| Independence of Outside Director | | | |
| <p>The Company maintains transactional relationships with neither Mr. Ito nor the entities where he concurrently serves, and he fulfils both the requirements for independent directors/auditors stipulated by the Tokyo Stock Exchange and the “Criteria to Determine the Independence of Outside Officers” established by the Company. Accordingly, the Company has appointed him as an independent director/auditor in accordance with the specifications of the Tokyo Stock Exchange. Moreover, although The Bank of Tokyo-Mitsubishi UFJ, Ltd. (formerly The Bank of Tokyo, Ltd.), at which he served in the past as an executive officer, is currently one of the Company’s major lenders and shareholders, he resigned from the bank in February 1995, since which time roughly 22 years have elapsed. In addition, although UBS Securities Japan Co., Ltd. (formerly Union Bank of Switzerland / UBS Securities Japan Co., Ltd.), at which he served in the past as an executive officer, was the lead managing underwriter when the Company was listed on the stock exchange, he resigned from the company in March 2011, since which time roughly six years have elapsed.</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 Reappointment 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 & Co. Ltd.</p> <p>October 1992 Director of S.G. Warburg & 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>June 2016 Non-Executive Director (Outside Director) of the Company (current position)</p> <p><Major Concurrent Positions></p> <ul style="list-style-type: none"> • Research Associate of Centre for Business Research, University of Cambridge | 0 shares |

Reasons for Nomination as Candidate for Outside Director

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. 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 2016, the Company has nominated him as a candidate to continue serving as Outside Director.

Independence of Outside Director

The Company maintains transactional relationships with neither Mr. Buchanan nor the entities where he concurrently serves, and he fulfils both the requirements for independent directors/auditors stipulated by the Tokyo Stock Exchange and the “Criteria to Determine the Independence of Outside Officers” established by the Company. Accordingly, the Company has appointed him as an independent director/auditor in accordance with the specifications of the Tokyo Stock Exchange.

Moreover, although Sumitomo Mitsui Banking Corporation (formerly The Sumitomo Bank, Limited), at which he served in the past as a person who executes business, is currently one of the Company’s major lenders and shareholders, he resigned from the bank in April 2000, since which time roughly 17 years have elapsed. Also, although he served in the past as a person who executes business of Daiwa Securities SB Capital Markets Europe Limited, a group company of Sumitomo Mitsui Banking Corporation, he resigned from the company in August 2002, since which time roughly 15 years have elapsed.

- 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, Shuji Etoh, Akihito Urashima, Yoshiki Onoi, Hiromi Minaminosono, Hiroyasu Sugiyama, Go Kajitani, Tomonori Ito and John Buchanan are currently Directors of the Company, and their duties and responsibilities are as described in Attachments on pages 32 to 34.
 3. Mr. Go Kajitani currently serves as an Outside Director of the Company, and his term of office will be eight years as of the end of this General Meeting of Shareholders.
 4. Mr. Tomonori Ito currently serves as an Outside Director of the Company, and his term of office will be one year as of the end of this General Meeting of Shareholders.
 5. Mr. John Buchanan currently serves as an Outside Director of the Company, and his term of office will be one year as of the end of this General Meeting of Shareholders.
 6. The Company has entered into a contract with Messrs. Go Kajitani, Tomonori Ito and John Buchanan that limits their 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 they are elected, it is planned to continue the limited liability contract.

(Reference) Criteria to Determine the Independence of Outside Officers

The Company has established the “Criteria to Determine the Independence of Outside Officers” and determines that an outside officer is independent when all of the following criteria are met.

Outside Officers must not fall under any of the following items:

1. Persons whose major business partner (*1) is the Company or the Company’s subsidiaries or persons executing business for such persons.
 2. Persons who are major business partners (*1) of the Company or the Company’s subsidiaries, or persons executing business for our major business partners.
 3. Consultants, accounting professionals, and legal professionals who have received large amounts of money (*2) and/or other properties other than officers’ remuneration from the Company or the Company’s subsidiaries. (If the persons that have received such properties are corporations, general partnerships, or other organizations, this means persons that belong to such organizations.)
 4. Persons who fall under any of (1) to (3) below during the past ten years:
 - (1) Persons listed in paragraphs 1 to 3 above;
 - (2) Persons who execute business, or Directors who do not execute business of the Company or the Company’s subsidiaries; or
 - (3) Audit & Supervisory Board Members of the Company or the Company’s subsidiaries.
 5. Persons who are close relatives of any of the persons listed in (1) to (4) below (excluding immaterial persons):
 - (1) Persons listed in paragraphs 1 to 4 above;
 - (2) Persons who executes business, or Directors who do not execute business of the Company or the Company’s subsidiaries;
 - (3) Audit & Supervisory Board Members of the Company or the Company’s subsidiaries; or
 - (4) Persons who fall under (2) or (3) above during the past ten years.
- *1 “Major business partners” refer to business partners whose annual amount of transactions with the Company during the past 3 fiscal years accounted for 2% or more of the total consolidated sales of the Company or that of the other party.
- *2 “Large amounts of money” refers to ten million yen or more a year, on average during the past 3 fiscal years.

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

The term of office for Mr. Akira Samata, 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:

| | Name (Date of Birth) | Brief Personal History, Status of Major Concurrent Positions, and Duties at the Company | Number of Shares of the Company Held |
|--|---|--|---|
| New Appointment |  Shinichi Kawatani (February 14, 1957) | April 1980 Joined the Company May 2008 Department Director of Nuclear Power Management Dept. June 2012 Department Director of International Business Management Dept. June 2013 Executive Officer, Department Director of International Business Management Dept. June 2015 Executive Managing Officer, Department Director of International Business Management Dept. June 2016 Executive Managing Officer (current position) | 5,200 shares |
| Reasons for Nomination as Candidate for Audit & Supervisory Board Member Mr. Shinichi Kawatani is well-versed in overall business operations of the Company with abundant business experience he acquired through his assignments in the departments of accounting & finance, planning, nuclear power and international business 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 an Audit & Supervisory Board Member and has nominated him as a new candidate for Audit & Supervisory Board Member. | | | |

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

(Attachments)

BUSINESS REPORT (from April 1, 2016 to March 31, 2017)

I Items Regarding Status of Group Operations

1. Overview of Operations

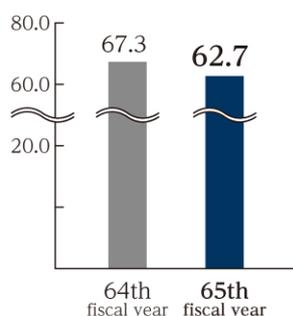
In the fiscal year under review that ended March 31, 2017, the overall global economy achieved a moderate recovery despite weakness in certain areas caused by factors such as the heightened uncertainty resulting from the UK's decision to leave the EU, and the slowdown in emerging economies. The Japanese economy continued its moderate recovery trend, with the employment environment and income conditions showing some improvement against the background of governmental economic policies and the Bank of Japan's policy of monetary easing.

For the electric power industry, a full-scale liberalization of retail business and abolishment of wholesale regulations came into force in April 2016. In response to these conditions, the J-POWER Group is taking moving ahead with initiatives to realize the Medium-term Management Plan that was drawn up in July 2015.

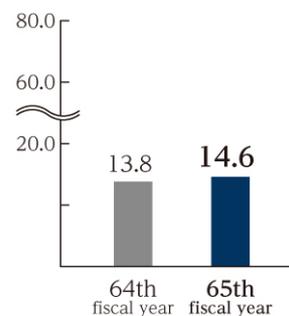
In the electric power business, electricity sales volume from hydroelectric power plants for the current fiscal year showed 17.6% decrease to 8.5 TWh, due mainly to the decrease of water supply rate from 111% in the previous fiscal year to 92%. In thermal power, a decrease in the load factor of thermal power plants of the Company (non-consolidated) from 80% to 75% resulted in 4.9% decrease in electricity sales volume from the previous fiscal year to 53.5 TWh. Mainly due to these factors, total electricity sales volume in the electric power business decreased 6.7% from the previous fiscal year to 62.7 TWh.

Electricity Sales Volumes (TWh)

■ In Japan ■



■ Outside Japan ■



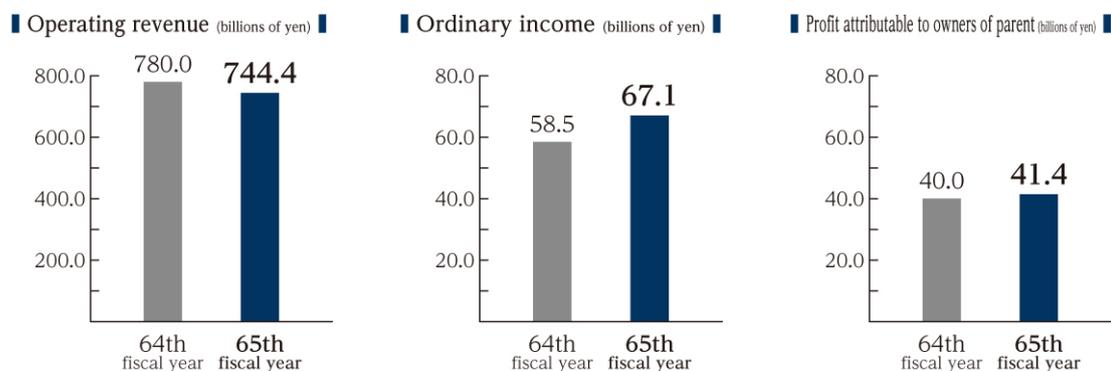
Electricity sales volume in the overseas business increased 5.7% from the previous fiscal year to 14.6 TWh. This was mainly due to the operation of U-Thai Power Project in Thailand, which commenced commercial operation in 2015 (unit No.1 in June 2015, unit No.2 in December 2015), throughout the term.

Sales (operating revenue) decreased 4.6% from the previous fiscal year to 744.4 billion yen mainly due to the decline of the fuel price and the decrease of the load factor of thermal power plants in the electric power business. Furthermore, total ordinary revenue including non-operating income also decreased 4.1% from the previous fiscal year to 764.9 billion yen.

In spite of the increase of retirement benefit expenses, operating expenses decreased 4.3% from the previous fiscal year to 662.6 billion yen. This was mainly due to the decrease of fuel costs associated with the decline of the fuel price and the decrease of the load factor of thermal power plants, in addition to the decrease of depreciation and amortization costs as a result of the Company's change of the depreciation and amortization method (from declining-balance method to straight-line method) from this fiscal year. Non-operating expenses also decreased 25.7% from the previous fiscal year to 35.1 billion yen due mainly to the elimination of foreign exchange losses and total ordinary expenses decreased 5.6% from the previous fiscal year to 697.7 billion yen.

As a result, ordinary income increased 14.7% from the previous fiscal year to 67.1 billion yen and profit attributable to owners of parent after corporate income tax increased 3.4% from the previous fiscal year to 41.4 billion yen.

Please note that accounting policies regarding "Inclusion of loan interest in asset acquisition cost" were changed from this fiscal year, and the comparison with the previous fiscal year is based on figures after retroactively applying the change.



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 CO₂ 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 CO₂ 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. Trials of the oxygen-blown IGCC technology (Phase 1) have commenced in March 2017. In addition, detailed design of CO₂ capture facilities is going forward aiming for commencement of trials of the oxygen-blown IGCC technology with CO₂ 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 formulated by Organization for Cross-regional Coordination of Transmission Operators, JAPAN, the Company 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 CO₂ 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. In the process of public offering for "Hibikinada off-shore wind generating facilities installing and operating entity" conducted by Kitakyushu-shi, Fukuoka Prefecture, the consortium including the Company has been granted rights of first refusal. We are going to conduct research aiming for materialization.

From its establishment, the Group has been producing a large amount of electricity by hydroelectric power, which is fully domestically produced and CO₂ 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. Currently, the Group is sincerely and appropriately responding to compliance reviews by NRA and continuing to steadily implement necessary safety measures, and through this 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 engaging in construction of Central Java coal thermal Independent Power Producer (IPP) project in Indonesia. As site acquisition and the loan agreement with banks have been already completed, this project is going forward according to the construction plan which aims to commence operation in June 2020 (Unit No. 1) and in December 2020 (Unit No. 2).

The Group steadily promotes projects under construction and makes efforts to enhance earnings capability in overseas power generation business including existing projects. In order to achieve 10 GW target for overseas owned capacity mentioned in the Medium-term Management Plan, 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 our 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. | 645 MW | 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) |
|--|--|-------------|---------------------------------|
| Setana-Ohsato Wind Farm Project | Setana-cho, Kudo-gun, Hokkaido | 50 MW | 2019 |
| 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 |
| Onikobe Geothermal Power Plant replacement project | Osaki-shi, Miyagi Pref. | 15 MW class | 2024 |
| Shinkatsurazawa Power Plant (hydroelectric) | Mikasa-shi, Hokkaido | 16.8 MW | 2022 |

* 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) |
|--|-----------|----------|---------------------------------|
| Westmoreland Power Plant (Gas combined-cycle) *1 | U.S. | 926 MW | 2018 |
| Central Java coal thermal IPP project *2 | Indonesia | 2,000 MW | 2020 |

*1 Joint venture with Tenaska, Inc. and Diamond Generating Corporation

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

3. Capital Investment

(1) Total Capital Investment: 105,837 million yen

(2) 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 issuance of bonds, and long-term loans have been made in order to fund capital investment and pay down interest-bearing debt.

| Category | Amount | Remarks |
|-----------------|---------------------|-------------------------|
| Bonds | 80,000 million yen | Domestic straight bonds |
| Long-term Loans | 83,762 million yen | |
| Total | 163,762 million yen | |

5. Trend in Assets and Profit/Loss

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

| Category | 62nd fiscal year (FY2013) | 63rd fiscal year (FY2014) | 64th fiscal year (FY2015) | 65th fiscal year (FY2016) |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Operating revenue (millions of yen) | 706,835 | 750,627 | 780,072 | 744,402 |
| Ordinary income (millions of yen) | 40,077 | 59,350 | 58,538 | 67,150 |
| Profit attributable to owners of parent (millions of yen) | 28,694 | 43,206 | 40,081 | 41,429 |
| Earnings per share (yen) | 191.23 | 284.43 | 218.97 | 226.33 |
| Total assets (millions of yen) | 2,385,216 | 2,659,149 | 2,540,723 | 2,606,285 |
| Net assets (millions of yen) | 519,477 | 696,298 | 675,433 | 764,019 |

Note: Accounting policies regarding “Inclusion of loan interest in asset acquisition cost” were changed from this fiscal year, and this change has been retroactively applied to the figures for the 64th fiscal year.

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

| Category | 62nd fiscal year (FY2013) | 63rd fiscal year (FY2014) | 64th fiscal year (FY2015) | 65th fiscal year (FY2016) |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Operating revenue (millions of yen) | 582,861 | 557,943 | 552,341 | 522,460 |
| Ordinary income (millions of yen) | 31,060 | 28,938 | 40,174 | 56,470 |
| Profit (millions of yen) | 22,117 | 22,442 | 30,820 | 51,552 |
| Earnings per share (yen) | 147.40 | 147.74 | 168.37 | 281.63 |
| Total assets (millions of yen) | 1,926,731 | 2,058,609 | 1,985,248 | 2,060,881 |
| Net assets (millions of yen) | 374,689 | 512,276 | 517,867 | 562,192 |

Note: Accounting policies regarding “Inclusion of loan interest in asset acquisition cost” were changed from this fiscal year, and this change has been retroactively applied to the figures for the 64th fiscal year.

6. Major Areas of Operation (as of March 31, 2017)

(1) Business Segment

The business of the J-POWER Group is comprised of four business segments. The “electric power business,” which consists of power generation business utilizing power plants owned by the Company or its affiliated companies, including hydroelectric, thermal and wind power plants, and transmission business utilizing our power transmission and transforming facilities owned by the Company. 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

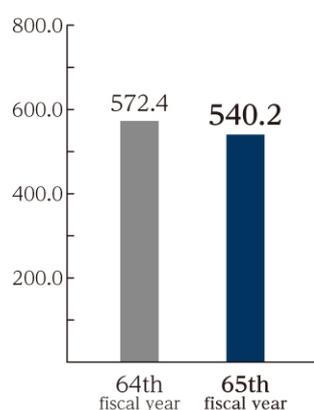
The following shows a brief overview of the business results of each business segment. Please note that accounting policies regarding “Inclusion of loan interest in asset acquisition cost” were changed from this fiscal year, and the comparison with the previous fiscal year is based on figures after retroactively applying the change.

| | |
|-------------------------|--|
| Electric Power Business | Power generation business; transmission businesses |
|-------------------------|--|

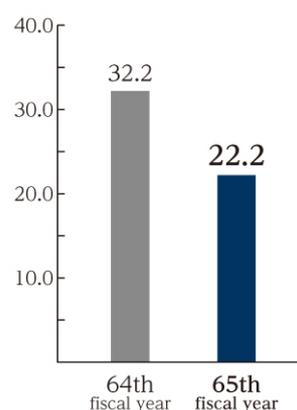
Sales (electric utility operating revenue) decreased 5.6% from the previous fiscal year to 540.2 billion yen mainly due to the decline of the fuel price and the decrease of the load factor of thermal power plants.

Segment income decreased 31.1% from the previous fiscal year to 22.2 billion yen due mainly to the decrease in sales and the increase of retirement benefit expenses.

■ Operating revenue (billions of yen) ■



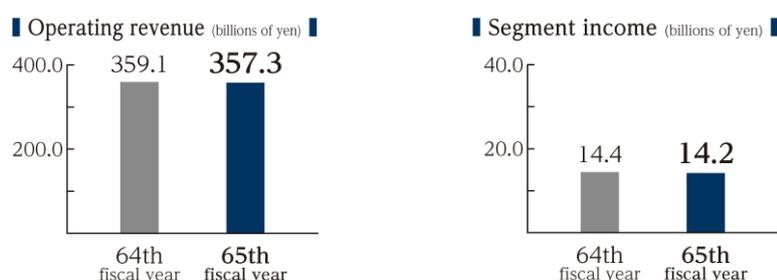
■ Segment income (billions of yen) ■



| | |
|-----------------------------------|--|
| 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. |
|-----------------------------------|--|

Sales (other business operating revenue) resulted in 357.3 billion yen, the same level of the previous fiscal year.

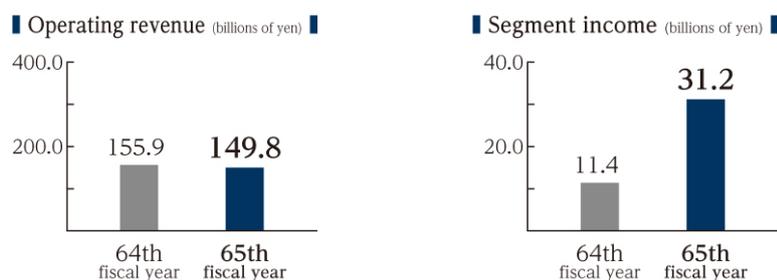
Segment income decreased 1.5% from the previous fiscal year to 14.2 billion yen due mainly to posting of impairment loss for machinery in a coal mine.



| | |
|-------------------|--|
| Overseas Business | Overseas power generation and its related businesses; overseas engineering consulting business, etc. |
|-------------------|--|

Sales (overseas business operating revenue) decreased 3.9% from the previous fiscal year to 149.8 billion yen due mainly to the decline of the fuel price and the impact of foreign currency exchange caused by the stronger yen, in spite of the increase in electricity sales volume.

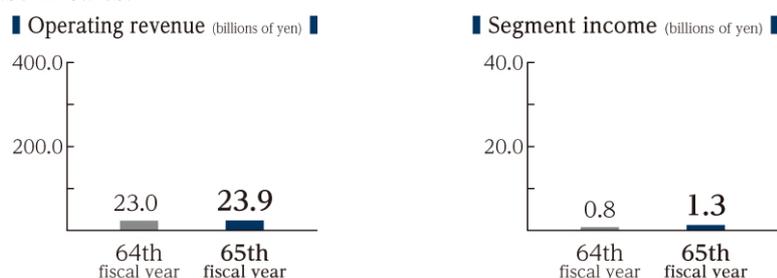
Segment income increased 172.0% from the previous fiscal year to 31.2 billion yen due mainly to the operation of U-Thai Power Project in Thailand throughout the term and the elimination of foreign exchange losses.



| | |
|------------------|---|
| Other Businesses | Waste-fueled power generation; cogeneration system business; environment-related businesses; IT communications; domestic engineering consulting business; and coal sales business, etc. |
|------------------|---|

Sales (other business operating revenue) increased 4.0% from the previous fiscal year to 23.9 billion yen.

Segment income increased 69.9% from the previous fiscal year to 1.3 billion yen due mainly to the increase in sales.



7. Major Subsidiaries (as of March 31, 2017)

| Company Name | Head Office Location | Capital (millions of yen) | Equity Share (%) | Major Areas of Operation |
|--|--|---------------------------|------------------|---|
| Electric Power Business | | | | |
| 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 |
| Nikaho-kogen Wind Power Co., Ltd. | Nikaho-shi, Akita Pref. | 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 |
| Nagasaki-Shikamachi Wind Power Co., Ltd. | Sasebo-shi, Nagasaki Pref. | 490 | 70 | Wind power business |
| ITOIGAWA POWER Inc. | Itoigawa-shi, Niigata Pref. | 1,006 | 64 | Thermal power business |
| Electric Power-Related Businesses | | | | |
| 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 |
| Overseas Business | | | | |
| J-Power Investment Netherlands B.V. | The Netherlands | 52 (million USD) | 100 | Management of investments |
| J-POWER Consulting (China) Co., Ltd. | The People's Republic of China | 6 (million RMB) | 100 | Management of investments, research and development of projects |
| 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 of investments, research and development of projects |
| 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 of investments, research and development of projects |
| Gulf JP Co., Ltd. | Thailand | 32,890 (million bahts) | 60 (60) | Management of investments |
| Gulf JP UT Co., Ltd. | Thailand | 11,933 (million bahts) | 60 (60) | Thermal power business |
| Gulf JP NS Co., Ltd. | Thailand | 11,104 (million bahts) | 60 (60) | Thermal power business |
| Gulf JP NNK Co., Ltd. | Thailand | 1,490 (million bahts) | 60 (60) | Thermal power business |
| Gulf JP CRN Co., Ltd. | Thailand | 1,440 (million bahts) | 60 (60) | Thermal power business |
| Gulf JP NK2 Co., Ltd. | Thailand | 1,370 (million bahts) | 60 (60) | Thermal power business |
| Gulf JP TLC Co., Ltd. | Thailand | 1,365 (million bahts) | 60 (60) | Thermal power business |
| Gulf JP KP1 Co., Ltd. | Thailand | 1,360 (million bahts) | 60 (60) | Thermal power business |
| Gulf JP KP2 Co., Ltd. | Thailand | 1,275 (million bahts) | 60 (60) | Thermal power business |
| Gulf JP NLL Co., Ltd. | Thailand | 1,384 (million bahts) | 45 (45) | Thermal power business |
| Other Businesses | | | | |
| 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 71 consolidated subsidiaries, including the major subsidiaries as listed above, and 83 affiliates accounted for by the equity method.

8. Major Business Locations (as of March 31, 2017)

(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

| Sector | Power Plant Name (Location) |
|---|---|
| Hydroelectric Power (Output of 100 MW or more) | Okutadami, Tagokura, Otori, Shimogo (all in Fukushima Pref.), Okukiyotsu, Okukiyotsu #2 (both in Niigata Pref.), Numappara (Tochigi Pref.), Shintoyone (Aichi Pref.), Sakuma (Shizuoka Pref.), Miboro (Gifu Pref.), Nagano (Fukui Pref.), Tedorigawa #1 (Ishikawa Pref.), Ikehara (Nara Pref.), Sendaigawa #1 (Kagoshima Pref.) (47 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 25 to 27.

9. Employees (as of March 31, 2017)

(1) Employees of the J-POWER Group

| Segment | Number of Employees |
|-----------------------------------|---------------------|
| Electric Power Business | 2,381 |
| Electric Power-Related Businesses | 3,965 |
| Overseas Business | 719 |
| Other Businesses | 166 |
| Total | 7,231 |

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 |
|---------------------|--------------------------|-------------|--------------------------|
| 2,398 | +38 | 41.2 | 20.0 |

Notes: 1. The number of employees represents a number of employees at work, and does not include 684 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, 2017)

| Lender | Loan Balance at End of this Fiscal Year |
|--|---|
| Mizuho Bank, Ltd. | 95,360 million yen |
| Sumitomo Mitsui Banking Corporation | 86,700 million yen |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 63,558 million yen |
| The Norinchukin Bank | 52,500 million yen |
| Nippon Life Insurance Company | 51,900 million yen |

Note: In addition to those listed above, there are two other major loan for overseas business projects under loan syndication arrangements (208,825 million yen in total).

II Items Regarding Shares of the Company

Shares (as of March 31, 2017)

- (1) Number of shares authorized for issue 660,000,000 shares
- (2) Number of shares issued 183,051,100 shares
(including 1,331 shares of treasury stock)
- (3) Number of shareholders 36,018
- (4) Major shareholders (top 10 shareholders)

| Shareholder Name | Number of shares held (thousands) | Shareholding ratio (%) |
|---|-----------------------------------|------------------------|
| Japan Trustee Services Bank, Ltd. (Account in Trust) | 9,749 | 5.33 |
| Nippon Life Insurance Company | 9,152 | 5.00 |
| The Master Trust Bank of Japan, Ltd. (Account in Trust) | 7,923 | 4.33 |
| Mizuho Bank, Ltd. | 7,465 | 4.08 |
| Japan Trustee Services Bank, Ltd. (Account in Trust 9) | 5,974 | 3.26 |
| Sumitomo Mitsui Banking Corporation | 4,295 | 2.35 |
| JP MORGAN CHASE BANK 385632 | 4,243 | 2.32 |
| J-POWER Employees Shareholding Association | 3,744 | 2.05 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 3,331 | 1.82 |
| Fukoku Mutual Life Insurance Company | 3,025 | 1.65 |

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, 2017)

| Title | Name | Roles and responsibilities of the current position and other major concurrent positions |
|--|---------------------|---|
| Chairman and Representative Director | Masayoshi Kitamura | <ul style="list-style-type: none"> • Company-wide compliance |
| President and Representative Director | Toshifumi Watanabe | |
| Executive Vice President and Representative Director | Hitoshi Murayama | <ul style="list-style-type: none"> • Assistant to the president for business described below: Production/technology oversight • Technical administration |
| Executive Vice President and Representative Director | Masato Uchiyama | <ul style="list-style-type: none"> • Assistant to the president for business described below: Development/sales oversight/international business • Department Director of Energy Business (delegation of administrative works) |
| Executive Vice President and Representative Director | Junji Nagashima | <ul style="list-style-type: none"> • Assistant to the president for business described below: Nuclear power oversight • Department Director of Nuclear Power Business (delegation of administrative works) |
| Executive Vice President and Representative Director | Shuji Etoh | <ul style="list-style-type: none"> • Assistant to the president for business described below: Corporate oversight • Disaster readiness • Department Deputy Director of Nuclear Power Business (delegation of administrative works) |
| Executive Director and Executive Managing Officer | Itaru Nakamura | <ul style="list-style-type: none"> • Accounting & Finance Dept. • Personnel & Employee Relations Dept. • General Affairs Dept. • Energy Planning Dept. • Department Deputy Director of Energy Business (delegation of administrative works) |
| Executive Director and Executive Managing Officer | Yoshiki Onoi | <ul style="list-style-type: none"> • International Business Management Dept. • International Business Development Dept. • Department Director of International Business (delegation of administrative works) |
| Executive Director and Executive Managing Officer | Akihito Urashima | <ul style="list-style-type: none"> • Nuclear Power Engineering Dept. • Ohma General Management Dept. • Department Deputy Director of Nuclear Power Business (delegation of administrative works) |
| Executive Director and Executive Managing Officer | Hiromi Minaminosono | <ul style="list-style-type: none"> • Secretarial Affairs & Public Relation Dept. • Siting & Environment Dept. • Power Business Planning & Development Dept. • Nuclear Power Management Dept. • Department Deputy Director of Energy Business (delegation of administrative works) • Department Deputy Director of Nuclear Power Business (delegation of administrative works) |

| Title | Name | Roles and responsibilities of the current position and other major concurrent positions |
|---|-------------------|--|
| Executive Director and Executive Managing Officer | Hiroyasu Sugiyama | <ul style="list-style-type: none"> • Civil & Architectural Engineering Dept. • Hydroelectric Power Business, Thermal Power Engineering Business and International Business (matters under special assignment) • Department Deputy Director of Nuclear Power Business (delegation of administrative works) |
| Outside Director | Go Kajitani | <Major concurrent positions> <ul style="list-style-type: none"> • Attorney at law (KAJITANI LAW OFFICES) |
| Outside Director | Tomonori Ito | <Major concurrent positions> <ul style="list-style-type: none"> • Professor of Graduate School of International Corporate Strategy, Hitotsubashi University • External Director of PARCO CO., LTD. • Outside Director of Aozora Bank, Ltd. |
| Outside Director | John Buchanan | <Major concurrent positions> <ul style="list-style-type: none"> • Research Associate of Centre for Business Research, University of Cambridge |
| Senior Audit & Supervisory Board Member (Full-time) | Akira Samata | |
| Senior Audit & Supervisory Board Member (Full-time) | Hiroshi Fujioka | <Major concurrent positions> <ul style="list-style-type: none"> • Audit Committee Member (Outside Director) of the Nishi-Nippon City Bank, Ltd. |
| Senior Audit & Supervisory Board Member (Full-time) | Naori Fukuda | |
| Audit & Supervisory Board Member | Mutsutake Otsuka | <Major concurrent positions> <ul style="list-style-type: none"> • Advisor of East Japan Railway Company • Outside Director of JX Holdings, Inc. • Outside Director of NIPPON STEEL & SUMITOMO METAL CORPORATION |
| Audit & Supervisory Board Member | Kiyoshi Nakanishi | <Major concurrent positions> <ul style="list-style-type: none"> • Adviser of GENESIS RESEARCH INSTITUTE, INC. • Audit & Supervisory Board Member of TOYOTA TECHCRAFT Co., LTD. |

- 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. Tomonori Ito, 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.
4. Graduate School of International Corporate Strategy, Hitotsubashi University, PARCO CO., LTD. and Aozora Bank, Ltd. have no special relationship with the Company.
5. Mr. John Buchanan, 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.
6. Centre for Business Research, University of Cambridge has no special relationship with the Company.
7. 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.
8. 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.
9. Mr. Hiroshi Fujioka, who serves as an Outside Audit & Supervisory Board Member of the Company, changed the position from an Outside Corporate Auditor to Audit Committee Member (Outside Director) of

- the Nishi-Nippon City Bank, Ltd. on October 3, 2016.
10. The Nishi-Nippon City Bank, Ltd. has no special relationship with the Company.
 11. 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.
 12. East Japan Railway Company and JX Holdings, Inc. have no special relationship with the Company.
 13. Effective April 1, 2017, JX Holdings, Inc. changed its company name to JXTG Holdings, Inc.
 14. 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 (645 MW).
 15. 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.
 16. GENESIS RESEARCH INSTITUTE, INC. and TOYOTA TECHNOCRAFT Co., LTD. have no special relationship with the Company.

2. Directors’ and Audit & Supervisory Board Members’ Remuneration

| Category | Number of Persons | Total Amount |
|--|-------------------|-------------------------------------|
| Directors (Outside Directors) | 16 (3) | 438 million yen (24 million yen) |
| Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members) | 6 (3) | 111 million yen (44 million yen) |
| Total | 22 | 550 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 and the number of Audit & Supervisory Board Members include two Directors and one Audit & Supervisory Board Member, respectively, who retired from office at the end of 64th Ordinary General Meeting of Shareholders held on June 22, 2016.

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 32 to 34.

(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. |
| Tomonori Ito (Outside Director) | Has attended 9 of 10 Board of Directors meetings after assuming his current position as of June 22, 2016 and made comments primarily based on his distinguished knowledge and a wide range of experience acquired through abundant experience in investment banking business both inside and outside Japan, and researches in financial theory. |
| John Buchanan (Outside Director) | Has attended 10 of 10 Board of Directors meetings after assuming his current position as of June 22, 2016 and made comments primarily based on his distinguished knowledge and a wide range of experience acquired through abundant experience in investment advisory business both inside and outside Japan, and researches concerning corporate governance. |
| 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 12 of the 12 Board of Directors meetings and 12 of the 12 Audit & Supervisory Board meetings and made comments primarily based on his distinguished knowledge and a wide range of experience in the management of a listed company. |
| Kiyoshi Nakanishi (Audit & Supervisory Board Member) | Has attended 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.

IV Status of Accounting Auditors

1. Name of Accounting Auditors

Ernst & Young ShinNihon LLC

2. Amount of Accounting Auditor Remuneration in this Fiscal Year

| Segment | Amount Paid |
|--|-----------------|
| Amount of compensation paid in this fiscal year | 101 million yen |
| Total amount owed to Accounting Auditor by the Company and its subsidiaries in the form of cash or other financial benefit | 172 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 Duties 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. With respect to the system for promoting compliance, the Company appointed an Executive Vice President in charge of compliance who shall assist the Chairman and President and execute business operations promoting compliance; and, 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, it has set up the “Company-wide Compliance Action Committee” chaired by the Chairman, which is supported by two subcommittees, one on company-wide compliance promotion activities and one 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 Duties

Directors with special titles and Executive Officers shall regularly, and whenever required, report on situations involving the execution of duties 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 duties 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 Duties

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 Duties; 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 Duties by Audit & Supervisory Board Members and Other Policy for Treatment of Expenses and Liabilities Arising from Execution of Said Duties

Necessary expenses shall be budgeted in advance for the execution of duties 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 duties 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 a whistle-blowing system.

(b) Execution of Duties 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 duties 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 Duties 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 duties 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 duties 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, 2017)

(millions of yen)

| | |
|--|-----------|
| Assets | |
| Non-current assets | 2,271,046 |
| Electric utility plant and equipment | 958,754 |
| Hydroelectric power production facilities | 346,037 |
| Thermal power production facilities | 313,198 |
| Internal combustion engine power production facilities | 3,301 |
| Renewable power production facilities | 46,170 |
| Transmission facilities | 157,790 |
| Transformation facilities | 29,598 |
| Communication facilities | 8,186 |
| General facilities | 54,470 |
| Overseas business facilities | 332,010 |
| Other non-current assets | 92,501 |
| Construction in progress | 476,171 |
| Construction and retirement in progress | 476,171 |
| Nuclear fuel | 73,682 |
| Nuclear fuel in processing | 73,682 |
| Investments and other assets | 337,926 |
| Long-term investments | 253,660 |
| Net defined benefit asset | 2 |
| Deferred tax assets | 40,514 |
| Investments and other assets | 43,794 |
| Allowance for doubtful accounts | (45) |
| Current assets | 335,239 |
| Cash and deposits | 117,240 |
| Notes and accounts receivable - trade | 78,805 |
| Short-term investments | 51,344 |
| Inventories | 47,172 |
| Deferred tax assets | 4,564 |
| Other current assets | 36,129 |
| Allowance for doubtful accounts | (18) |
| Total assets | 2,606,285 |

CONSOLIDATED BALANCE SHEETS (as of March 31, 2017) *(Continued)*

(millions of yen)

| | |
|---|-----------|
| Liabilities | |
| Non-current liabilities | 1,497,888 |
| Bonds payable | 494,991 |
| Long-term loans payable | 891,200 |
| Lease obligations | 353 |
| Other provision | 120 |
| Net defined benefit liability | 58,079 |
| Asset retirement obligations | 11,971 |
| Deferred tax liabilities | 23,387 |
| Other non-current liabilities | 17,783 |
| Current liabilities | 344,377 |
| Current portion of non-current liabilities | 208,760 |
| Short-term loans payable | 24,957 |
| Notes and accounts payable - trade | 24,616 |
| Accrued taxes | 19,843 |
| Other provision | 267 |
| Asset retirement obligations | 592 |
| Deferred tax liabilities | 5 |
| Other current liabilities | 65,333 |
| Total liabilities | 1,842,266 |
| Net Assets | |
| Shareholders' equity | 689,542 |
| Capital stock | 180,502 |
| Capital surplus | 119,927 |
| Retained earnings | 389,117 |
| Treasury stock | (5) |
| Accumulated other comprehensive income | 34,276 |
| Valuation difference on available-for-sale securities | 15,594 |
| Deferred gains or losses on hedges | (2,183) |
| Foreign currency translation adjustment | 21,295 |
| Remeasurements of defined benefit plans | (430) |
| Non-controlling interests | 40,200 |
| Total net assets | 764,019 |
| Total liabilities and net assets | 2,606,285 |

CONSOLIDATED STATEMENTS OF INCOME (from April 1, 2016 to March 31, 2017)

(millions of yen)

| | |
|---|---------------|
| Ordinary revenue | |
| Operating revenue | 744,402 |
| Electric utility operating revenue | 538,558 |
| Overseas business operating revenue | 149,888 |
| Other business operating revenue | 55,955 |
| Non-operating income | 20,526 |
| Dividend income | 1,689 |
| Interest income | 1,024 |
| Equity in earnings of affiliates | 13,258 |
| Other | 4,554 |
| Total ordinary revenue | 764,929 |
| Ordinary expenses | |
| Operating expenses | 662,675 |
| Electric utility operating expenses | 487,766 |
| Overseas business operating expenses | 119,535 |
| Other business operating expenses | 55,374 |
| [Operating income | 81,726] |
| Non-operating expenses | 35,103 |
| Interest expenses | 29,798 |
| Other | 5,304 |
| Total ordinary expenses | 697,779 |
| Ordinary income | 67,150 |
| Profit before income taxes | 67,150 |
| Income taxes - current | 18,634 |
| Income taxes - deferred | 2,847 |
| Profit | 45,667 |
| Profit attributable to non-controlling interests | 4,238 |
| Profit attributable to owners of parent | 41,429 |

(Reference)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(from April 1, 2016 to March 31, 2017)

(millions of yen)

| | |
|---|---------|
| Profit | 45,667 |
| Other comprehensive income | |
| Valuation difference on available-for-sale securities | 3,071 |
| Deferred gains or losses on hedges | 6,104 |
| Foreign currency translation adjustment | (3,960) |
| Remeasurements of defined benefit plans, net of tax | 12,379 |
| Share of other comprehensive income of entities accounted for using equity method | (1,257) |
| Total other comprehensive income | 16,336 |
| Comprehensive income | 62,004 |
| (Comprehensive income attributable to abstract) | |
| Comprehensive income attributable to owners of parent | 53,069 |
| Comprehensive income attributable to non-controlling interests | 8,934 |

NON-CONSOLIDATED BALANCE SHEETS (as of March 31, 2017)

(millions of yen)

| | |
|---|-----------|
| Assets | |
| Non-current assets | 1,892,648 |
| Electric utility plant and equipment | 932,819 |
| Hydroelectric power production facilities | 357,508 |
| Thermal power production facilities | 318,961 |
| Renewable power production facilities | 939 |
| Transmission facilities | 160,596 |
| Transformation facilities | 30,988 |
| Communication facilities | 8,815 |
| General facilities | 55,009 |
| Incidental business facilities | 2,199 |
| Non-operating facilities | 313 |
| Construction in progress | 483,067 |
| Construction in progress | 482,143 |
| Retirement in progress | 923 |
| Nuclear fuel | 73,682 |
| Nuclear fuel in processing | 73,682 |
| Investments and other assets | 400,565 |
| Long-term investments | 63,824 |
| Long-term investment for subsidiaries and affiliates | 277,179 |
| Long-term prepaid expenses | 36,609 |
| Deferred tax assets | 22,953 |
| Current assets | 168,232 |
| Cash and deposits | 5,169 |
| Accounts receivable - trade | 43,488 |
| Other accounts receivable | 2,838 |
| Short-term investments | 51,000 |
| Supplies | 36,360 |
| Prepaid expenses | 2,752 |
| Short-term receivables from subsidiaries and affiliates | 5,381 |
| Deferred tax assets | 2,305 |
| Other current assets | 18,936 |
| Total assets | 2,060,881 |

NON-CONSOLIDATED BALANCE SHEETS (as of March 31, 2017) *(Continued)*

(millions of yen)

| Liabilities | |
|--|-----------|
| Non-current liabilities | 1,156,280 |
| Bonds payable | 494,991 |
| Long-term loans payable | 605,486 |
| Long-term accrued liabilities | 269 |
| Lease obligations | 133 |
| Long-term debt to subsidiaries and affiliates | 1,805 |
| Provision for retirement benefits | 47,395 |
| Asset retirement obligations | 1,646 |
| Other non-current liabilities | 4,552 |
| Current liabilities | 342,408 |
| Current portion of non-current liabilities | 190,745 |
| Short-term loans payable | 16,650 |
| Accounts payable - trade | 6,141 |
| Accounts payable - other | 10,560 |
| Accrued expenses | 14,391 |
| Accrued taxes | 7,362 |
| Deposits received | 294 |
| Short-term debt to subsidiaries and affiliates | 92,253 |
| Other advances | 3,067 |
| Other current liabilities | 941 |
| Total liabilities | 1,498,688 |

NON-CONSOLIDATED BALANCE SHEETS (as of March 31, 2017) *(Continued)*

(millions of yen)

| | |
|---|-----------|
| Net Assets | |
| Shareholders' equity | 545,629 |
| Capital stock | 180,502 |
| Capital surplus | 109,904 |
| Legal capital surplus | 109,904 |
| Retained earnings | 255,228 |
| Legal retained earnings | 6,029 |
| Other retained earnings | 249,198 |
| Reserve for special disaster | 69 |
| Exchange-fluctuation preparation reserve | 1,960 |
| General reserve | 182,861 |
| Retained earnings brought forward | 64,308 |
| Treasury stock | (5) |
| Valuation and translation adjustments | 16,562 |
| Valuation difference on available-for-sale securities | 14,276 |
| Deferred gains or losses on hedges | 2,286 |
| Total net assets | 562,192 |
| Total liabilities and net assets | 2,060,881 |

NON-CONSOLIDATED STATEMENTS OF INCOME (from April 1, 2016 to March 31, 2017)

(millions of yen)

| | |
|---|---------|
| Ordinary revenue | |
| Operating revenue | 522,460 |
| Electric utility operating revenue | 510,909 |
| Sold power to other suppliers | 457,953 |
| Transmission revenue | 49,021 |
| Other electricity revenue | 3,933 |
| Incidental business operating revenue | 11,551 |
| Operating revenue - consulting business | 2,591 |
| Operating revenue - coal sale business | 7,912 |
| Operating revenue - other businesses | 1,047 |
| Non-operating income | 45,458 |
| Financial revenue | 43,456 |
| Dividends income | 42,543 |
| Interest income | 913 |
| Non-operating revenue | 2,002 |
| Gain on sales of non-current assets | 2 |
| Miscellaneous revenue | 1,999 |
| Total ordinary revenue | 567,919 |
| Ordinary expenses | |
| Operating expenses | 494,829 |
| Electric utility operating expenses | 484,288 |
| Hydroelectric power production expenses | 57,093 |
| Thermal power production expenses | 322,317 |
| Renewable power production expenses | 645 |
| Purchased power from other suppliers | 4,283 |
| Transmission expenses | 23,560 |
| Transformation expenses | 5,751 |
| Selling expenses | 1,209 |
| Communicating expenses | 4,301 |
| General and administrative expenses | 58,071 |
| Expenses for third party's power transmission service | 478 |
| Enterprise tax | 6,577 |

NON-CONSOLIDATED STATEMENTS OF INCOME(from April 1, 2016 to March 31, 2017) (Continued)

| | (millions of yen) |
|---|-------------------|
| Incidental business operating expenses | 10,540 |
| Operating expenses - consulting business | 1,905 |
| Operating expenses - coal sale business | 7,896 |
| Operating expenses - other businesses | 738 |
| [Operating income | 27,630] |
| Non-operating expenses | 16,619 |
| Financial expenses | 15,739 |
| Interest expenses | 15,442 |
| Bond issuance cost | 297 |
| Non-operating expenses | 879 |
| Loss on sales of non-current assets | 15 |
| Miscellaneous expenses | 863 |
| Total ordinary expenses | 511,449 |
| Ordinary income | 56,470 |
| Profit before income taxes | 56,470 |
| Income taxes | 4,917 |
| Income taxes-current | 7,691 |
| Income taxes-deferred | (2,773) |
| Profit | 51,552 |

THE AUDIT REPORT OF INDEPENDENT AUDITORS
CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Auditors

May 10, 2017

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 65th fiscal year from April 1, 2016 through March 31, 2017.

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 65th fiscal year ended March 31, 2017 in conformity with accounting principles generally accepted in Japan.

Emphasis of Matters

We draw attention to the information described in the notes related to changes in accounting policy, which describes that, previously, the Company had used the declining balance method for depreciating buildings and structures, and machinery and equipment. However from the fiscal year ended March 31, 2017, this has been changed to the straight-line method.

This matter has had no influence the opinion of the independent auditors.

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, 2017

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 65th fiscal year from April 1, 2016 through March 31, 2017.

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 65th fiscal year ended March 31, 2017 in conformity with accounting principles generally accepted in Japan.

Emphasis of Matters

We draw attention to the information described in the notes related to changes in accounting policy, which describes that, previously, the Company had used the declining balance method for depreciating buildings and structures, and machinery and equipment. However from the fiscal year ended March 31, 2017, this has been changed to the straight-line method.

This matter has had no influence the opinion of the independent auditors.

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 65th fiscal year, from April 1, 2016 to March 31, 2017. This Audit Report was prepared as the consensus of opinion of all Audit & Supervisory Board Members, based on reports prepared by each Audit & Supervisory Board Member, and as a result of subsequent deliberations.

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 from the Directors and the Accounting Auditors regarding the performance of their duties, 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 that Directors’ duties are executed in compliance 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 duties by 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 16, 2017

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)

Naori Fukuda (seal)
Senior 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.